

Company Registration No. 197802690R

**Nera Telecommunications Ltd  
and its Subsidiaries**

Condensed Interim Financial Statements (Unaudited)  
For the six months and full year ended 31 December 2021

## Nera Telecommunications Ltd and its Subsidiaries

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**Nera Telecommunications Ltd and its Subsidiaries**

**Condensed Interim Statements of Financial Position  
As at 31 December 2021**

		<b>Group</b>			<b>Company</b>	
	<b>Note</b>	<b>31 Dec 2021 (unaudited) \$'000</b>	<b>31 Dec 2020 (restated) \$'000</b>	<b>1 Jan 2020 (restated) \$'000</b>	<b>31 Dec 2021 (unaudited) \$'000</b>	<b>31 Dec 2020 (audited) \$'000</b>
<b>Non-current assets</b>						
Property, plant and equipment	5	5,469	6,235	4,294	230	370
Right-of-use assets		3,860	4,165	4,696	2,899	2,912
Intangible assets		971	835	795	869	720
Investments in subsidiaries		–	–	–	3,624	5,971
Long term trade and other receivables		682	648	473	–	–
Deferred tax assets		781	806	1,494	239	239
		<b>11,763</b>	<b>12,689</b>	<b>11,752</b>	<b>7,861</b>	<b>10,212</b>
<b>Current assets</b>						
Stocks	6	10,157	6,074	9,728	5,858	3,844
Contract assets		36,489	34,410	40,121	12,864	12,971
Trade receivables	8	47,603	64,409	63,528	14,205	13,489
Other receivables, deposits and prepayments		22,134	21,650	20,384	17,421	16,544
Amounts due from subsidiaries						
- trade		–	–	–	18,972	19,736
- non-trade		–	–	–	19,061	17,567
Fixed deposits		647	659	2,259	–	–
Cash and bank balances		22,856	22,458	10,745	7,748	10,393
		<b>139,886</b>	<b>149,660</b>	<b>146,765</b>	<b>96,129</b>	<b>94,544</b>
<b>Current liabilities</b>						
Trade payables		27,892	32,112	38,592	6,726	8,916
Other payables and accruals		8,722	9,223	9,024	1,732	3,791
Contract liabilities		30,855	21,661	24,896	21,699	16,805
Amounts due to subsidiaries (trade)		–	–	–	60	39
Short-term borrowings	10	32,000	28,500	16,500	32,000	28,500
Lease liabilities		894	714	652	144	124
Provision for taxation		527	1,024	694	–	225
Provision for warranty	9	531	859	1,222	390	563
		<b>101,421</b>	<b>94,093</b>	<b>91,580</b>	<b>62,751</b>	<b>58,963</b>
<b>Net current assets</b>		<b>38,465</b>	<b>55,567</b>	<b>55,185</b>	<b>33,378</b>	<b>35,581</b>
<b>Non-current liabilities</b>						
Lease liabilities		3,217	3,578	4,001	2,900	2,890
Defined benefit obligation		423	537	470	–	–
		<b>3,640</b>	<b>4,115</b>	<b>4,471</b>	<b>2,900</b>	<b>2,890</b>
<b>Net assets</b>		<b>46,588</b>	<b>64,141</b>	<b>62,466</b>	<b>38,339</b>	<b>42,903</b>
<b>Equity attributable to equity holders of the Company</b>						
Share capital	11	29,909	29,909	29,909	29,909	29,909
Revenue reserve		19,070	36,811	35,673	8,430	12,994
Translation reserve		(2,881)	(2,949)	(3,521)	–	–
Other reserve		490	370	405	–	–
		<b>46,588</b>	<b>64,141</b>	<b>62,466</b>	<b>38,339</b>	<b>42,903</b>

Nera Telecommunications Ltd and its Subsidiaries

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the 12 months ended 31 December 2021

	Note	6 months ended 31 Dec 2021 (unaudited) \$'000	6 months ended 31 Dec 2020 (restated) \$'000	12 months ended 31 Dec 2021 (unaudited) \$'000	12 months ended 31 Dec 2020 (restated) \$'000	Increase/ (Decrease) 12 months ended %
Revenue	7	59,072	64,682	102,380	131,118	(21.9)
Cost of sales		(48,713)	(49,070)	(82,819)	(101,285)	(18.2)
<b>Gross profit</b>		10,359	15,612	19,561	29,833	(34.4)
Distribution and selling expenses		(15,989)	(8,198)	(22,765)	(15,400)	47.8
Administrative expenses		(5,057)	(5,664)	(9,561)	(10,536)	(9.3)
Other (expenses)/income	12	(1,857)	(891)	(1,551)	1,094	nm
<b>(Loss)/Profit from operating activities</b>	13	(12,544)	859	(14,316)	4,991	nm
Finance income	15	62	156	143	254	(43.7)
Finance expenses	16	(336)	(456)	(647)	(826)	(21.7)
<b>(Loss)/Profit before tax</b>		(12,818)	559	(14,820)	4,419	nm
Tax	17	(946)	(1,047)	(1,112)	(1,472)	(24.5)
<b>(Loss)/Profit after tax</b>		(13,764)	(488)	(15,932)	2,947	nm
<b>Other comprehensive income:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translation of financial statements of foreign operations		482	484	68	572	(88.1)
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurement of defined benefit obligation		120	(71)	120	(35)	nm
<b>Other comprehensive income for the year, net of tax</b>		602	413	188	537	(65.0)
<b>Total comprehensive (loss)/income for the period attributable to owners of the Company</b>		(13,162)	(75)	(15,744)	3,484	nm
<b>Earnings per share attributable to owners of the Company (cents per share)</b>						
Basic	18 (a)	(3.80)	(0.13)	(4.40)	0.81	nm
Diluted	18 (a)	(3.80)	(0.13)	(4.40)	0.81	nm

Nera Telecommunications Ltd and its Subsidiaries

Condensed Interim Statements of Changes in Equity  
For the 12 months ended 31 December 2021

	Attributable to equity holders of the Company				Total equity \$'000
	Share capital \$'000	Revenue reserve \$'000	Translation reserve \$'000	Other reserve \$'000	
<b>Group</b>					
<b>At 1 January 2021</b>	29,909	36,811	(2,949)	370	64,141
Loss for the year	–	(15,932)	–	–	(15,932)
Other comprehensive loss for the year	–	–	68	120	188
<b>Total comprehensive loss for the year</b>	–	(15,932)	68	120	(15,744)
<u>Contributions by and distributions to owners</u>					
Dividends (Note 19)	–	(1,809)	–	–	(1,809)
<b>Total contributions by and distributions to owners</b>	–	(1,809)	–	–	(1,809)
<b>At 31 December 2021</b>	29,909	19,070	(2,881)	490	46,588
<b>At 1 January 2020 (as previously reported)</b>	29,909	36,978	(3,528)	405	63,764
Adjustment (Note 23)	–	(1,305)	7	–	(1,298)
<b>At 1 January 2020 (as restated)</b>	29,909	35,673	(3,521)	405	62,466
Profit for the year (as previously reported)	–	3,761	–	–	3,761
Adjustment (Note 23)	–	(814)	(3)	–	(817)
Other comprehensive income for the year	–	–	575	(35)	540
<b>Total comprehensive income for the year (as restated)</b>	–	2,947	572	(35)	3,484
<u>Contributions by and distributions to owners</u>					
Dividends (Note 19)	–	(1,809)	–	–	(1,809)
<b>Total contributions by and distributions to owners</b>	–	(1,809)	–	–	(1,809)
<b>At 31 December 2020 (as restated)</b>	29,909	36,811	(2,949)	370	64,141

**Nera Telecommunications Ltd and its Subsidiaries**

**Condensed Interim Statements of Changes in Equity  
For the 12 months ended 31 December 2021**

	Attributable to equity holders of the Company		
	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
<b>Company</b>			
<b>At 1 January 2021</b>	29,909	12,994	42,903
Loss for the year	–	(2,755)	(2,755)
<b>Total comprehensive loss for the year</b>	–	(2,755)	(2,755)
<u>Contributions by and distributions to owners</u>			
Dividends (Note 19)	–	(1,809)	(1,809)
<b>Total contributions by and distributions to owners</b>	–	(1,809)	(1,809)
<b>At 31 December 2021</b>	29,909	8,430	38,339
<b>At 1 January 2020</b>	29,909	8,033	37,942
Profit for the year	–	6,770	6,770
<b>Total comprehensive income for the year</b>	–	6,770	6,770
<u>Contributions by and distributions to owners</u>			
Dividends (Note 19)	–	(1,809)	(1,809)
<b>Total contributions by and distributions to owners</b>	–	(1,809)	(1,809)
<b>At 31 December 2020</b>	29,909	12,994	42,903

**Nera Telecommunications Ltd and its Subsidiaries**

**Condensed Interim Consolidated Statement of Cash Flow  
For the 12 months ended 31 December 2021**

	Note	12 months ended 31 Dec 2021	2020 (Restated)
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
(Loss)/Profit before tax		(14,820)	4,419
Adjustments for:			
Amortisation of intangible asset		193	88
Bad debts written off	13	91	38
Depreciation of property, plant and equipment	13	575	668
Depreciation of right-of-use assets	13	947	971
Interest expense	16	647	826
Interest income	15	(143)	(254)
Net fair value (income) / loss on derivatives	13	(98)	55
Net write off /(gain) on disposal of property, plant and equipment	13	233	(7)
Net allowance / (write-back) for contract assets		1,836	(77)
Stocks write-down		583	169
Net allowance / (write-back) for doubtful trade debts	13	7,690	(54)
Net provision for warranty	9	76	119
Gain on sale of contract		(861)	—
Pension cost		29	48
<b>Operating (loss)/profit before working capital changes</b>		<b>(3,022)</b>	<b>7,009</b>
Decrease/(increase) in:			
Stocks		(4,864)	3,574
Contract assets		(4,208)	5,767
Trade receivables		8,603	(1,507)
Other receivables, deposits and prepayments		(1,351)	(1,919)
Increase/(decrease) in:			
Trade payables		(3,206)	(6,474)
Other payables and accruals		(415)	323
Contract liabilities		9,180	(3,315)
Provision for warranty		(396)	(486)
Effect of exchange rates changes		746	566
<b>Cash generated from operations</b>		<b>1,067</b>	<b>3,538</b>
Income tax (paid) / refund		(1,184)	120
Interest paid		(374)	(494)
Benefits paid out from pension fund		(23)	(33)
<b>Net cash flows (used in) / generated from operating activities</b>		<b>(514)</b>	<b>3,131</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		5	8
Purchase of property, plant and equipment	5	(216)	(2,241)
Purchase of intangible assets		(333)	(130)
Proceeds from sale of contract		1,304	—
Interest received		138	246
<b>Net cash flows generated from / (used in) investing activities</b>		<b>898</b>	<b>(2,117)</b>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders of the Company	19	(1,809)	(1,809)
Proceeds from bank loans		37,000	49,000
Repayment of bank loans		(33,500)	(37,000)
Repayment of lease liabilities		(1,051)	(1,008)
<b>Net cash flows (used in)/generated from financing activities</b>		<b>640</b>	<b>9,183</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,024</b>	<b>10,197</b>
Effect of exchange rates changes on cash and bank balances		(641)	(91)
Cash and cash equivalents at beginning of year		23,020	12,914
<b>Cash and cash equivalents at end of year</b>		<b>23,403</b>	<b>23,020</b>
<b>Cash and cash equivalents comprise:</b>			
Cash and bank balances		22,856	22,458
Fixed deposits		647	659
Deposits pledged		(100)	(97)
		<b>23,403</b>	<b>23,020</b>

## **Nera Telecommunications Ltd and its Subsidiaries**

### **Other Information Required by Listing Manual For the 12 months ended 31 December 2021**

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#### **1. Corporate information**

The Company is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The ultimate holding company is PGA Partners Ltd, acting solely in its capacity as general partner of Canopus Asia Systems, L.P.. The immediate holding company is Asia Systems Ltd, a wholly-owned subsidiary of Canopus Asia Systems, L.P.. Asia Systems Ltd, PGA Partners Ltd and Canopus Asia Systems, L.P. are domiciled in Cayman Islands.

The registered office and principal place of business of the Company is 109 Defu Lane 10, Singapore 539225.

The principal activities of the Company are to engage in the sale, distribution, design, engineering, servicing, installation and maintenance of telecommunication systems and products in transmission networks and satellite communications and information technology networks.

There have been no significant changes in the nature of these activities during the current reporting period.

#### **2. Summary of significant accounting policies**

##### **2.1 *Basis of preparation***

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the year ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except for the adoption of new and amended standards as set out in Note 2.2 and the restatement of comparative figures as presented in Note 23.

The condensed interim financial statements are presented in Singapore dollars (SGD or \$) and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

##### **2.2 *Adoption of new and amended standards and interpretations***

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change accounting policies or make retrospective adjustments as a result of adopting these standards.



**2. Summary of significant accounting policies (cont'd)**

**2.3 Revenue**

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

**(a) Sale and installation of network equipment**

The Group supplies and installs network equipment. The sale of equipment and rendering of installation service are either sold separately or in a bundled contract. For bundled contract, the Group accounts for the sale of equipment and installation service separately. The transaction price is allocated to the sale of equipment and installation service based on their relative stand-alone selling prices. See Note 2.3(b) for the revenue recognition relating to the installation services. For sale of equipment, revenue is recognised upon delivery of equipment and criteria for acceptance being satisfied.

**(b) Rendering of services**

**(i) Professional services**

The Group is in the business of providing design and engineering, installation and service of satellite infrastructure network and info-communications network infrastructure. Revenue from providing services is recognised over time, based on cost incurred to date relative to the total estimated cost to satisfy the performance obligation.

**(ii) Maintenance services**

The Group provides maintenance services for network system and solutions. Maintenance revenue is recognised over time on a straight-line basis over the specified contract period. Maintenance revenue received in advance is recognised as contract liabilities and recognised as income over the life of the maintenance contracts.

**(c) Turnkey project**

The Group is in the business of providing full suite of turnkey network and wireless solutions. The Group recognises revenue from contracts by reference to the stage of completion of the respective contract activity (i.e., performance obligations) of its projects at the end of each reporting period. The stage of completion is measured by reference to the cost incurred to date relative to the total estimated cost to satisfy the performance obligation.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified project milestones. A contract asset is recognised when the Group has performed under the contract but has yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

**2. Summary of significant accounting policies (cont'd)**

**2.3 Revenue (cont'd)**

**(c) Turnkey project (cont'd)**

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognised the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

**(d) Rental income**

Rental income arising from operating leases on equipment is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

For the revenue streams stated above, in determining the transaction price, the Group adjusts the promised consideration for the effects of the time value of money for contracts with customers that includes a significant financing component. In adjusting for the significant financing component, the Group uses a discount rate that would be reflected in a separate financing transaction between the Group and its customers.

**3. Significant accounting judgments and estimates**

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

**4. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

**Nera Telecommunications Ltd and its Subsidiaries**

**Other Information Required by Listing Manual  
For the 12 months ended 31 December 2021**

**5. Property, plant and equipment**

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$239,000 (2020: \$2,528,000). The cash outflow on acquisition of property, plant and equipment amounted to \$216,000 (2020: \$2,241,000). The remaining amount of \$23,000 (2020: \$287,000) were unpaid and is recorded in other payables as at year end.

**6. Stocks**

	<b>31 Dec 2021</b>	<b>Group 31 Dec 2020</b>	<b>1 Jan 2020</b>	<b>Company 31 Dec 2021</b>	<b>31 Dec 2020</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Network equipment	10,157	6,074	9,728	5,858	3,844

At 31 December 2021, stocks recognised as an expense in the consolidated statement of comprehensive income under line item "Cost of sales" for the Group amounted to \$31,738,000 (2020: \$57,449,000) inclusive of stocks net write-down of \$583,000 (2020: \$169,000).

**7. Revenue**

(a) **Disaggregation of revenue**

Segments	WIN		NI		Total revenue	
	6 months ended 31 Dec		6 months ended 31 Dec		6 months ended 31 Dec	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Primary geographical markets</b>						
Singapore	2,452	1,147	23,979	24,441	26,431	25,588
Indonesia	2,534	1,834	6,214	9,327	8,748	11,161
Malaysia	2,216	1,103	9,741	8,203	11,957	9,306
Morocco	2,310	5,302	–	–	2,310	5,302
Pakistan	5,325	2,654	341	1,039	5,666	3,693
Philippines	250	1,260	892	600	1,142	1,860
Thailand	383	2,291	241	1,185	624	3,476
Australia	–	–	(9)	1,213	(9)	1,213
Other EMEA countries	1,950	1,727	–	–	1,950	1,727
Others (including China)	147	1,176	106	180	253	1,356
	17,567	18,494	41,505	46,188	59,072	64,682
<b>Major product or service lines</b>						
Sale of equipment	2,906	8,299	13,187	10,982	16,093	19,281
Rendering of services	5,939	2,732	24,176	23,159	30,115	25,891
Turnkey project	8,722	7,463	4,142	12,047	12,864	19,510
	17,567	18,494	41,505	46,188	59,072	64,682

Nera Telecommunications Ltd and its Subsidiaries

Other Information Required by Listing Manual  
For the 12 months ended 31 December 2021

7. Revenue (cont'd)

(a) *Disaggregation of revenue (cont'd)*

Segments	WIN		NI		Total revenue	
	6 months ended 31 Dec		6 months ended 31 Dec		6 months ended 31 Dec	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Timing of transfer of goods or services</b>						
At a point in time	2,906	8,299	13,187	10,982	16,093	19,281
Over time	14,661	10,195	28,318	35,206	42,979	45,401
	17,567	18,494	41,505	46,188	59,072	64,682

Segments	WIN		NI		Total revenue	
	12 months ended 31 Dec		12 months ended 31 Dec		12 months ended 31 Dec	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Primary geographical markets</b>						
Singapore	2,941	3,571	46,184	52,497	49,125	56,068
Indonesia	5,311	2,758	8,307	17,174	13,618	19,932
Malaysia	3,279	2,084	16,433	16,522	19,712	18,606
Morocco	4,253	8,042	–	–	4,253	8,042
Pakistan	6,374	5,816	650	1,914	7,024	7,730
Philippines	370	2,334	2,663	2,991	3,033	5,325
Thailand	1,025	2,600	403	2,290	1,428	4,890
Australia	–	–	42	2,044	42	2,044
Other EMEA countries	2,617	4,982	–	–	2,617	4,982
Others (including China)	1,321	3,209	207	290	1,528	3,499
	27,491	35,396	74,889	95,722	102,380	131,118
<b>Major product or service lines</b>						
Sale of equipment	6,414	11,969	20,341	25,655	26,755	37,624
Rendering of services	8,329	5,283	39,656	43,491	47,985	48,774
Turnkey project	12,748	18,144	14,892	26,576	27,640	44,720
	27,491	35,396	74,889	95,722	102,380	131,118

Other Information Required by Listing Manual  
For the 12 months ended 31 December 2021

7. Revenue (cont'd)

(a) *Disaggregation of revenue (cont'd)*

Segments	WIN		NI		Total revenue	
	12 months ended 31 Dec		12 months ended 31 Dec		12 months ended 31 Dec	
	2021	2020	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Timing of transfer of goods or services</b>						
At a point in time	6,414	11,969	20,341	25,655	26,755	37,624
Over time	21,077	23,427	54,548	70,067	75,625	93,494
	27,491	35,396	74,889	95,722	102,380	131,118

(b) **Judgment and methods used in estimating revenue**

- (i) Determining transaction price and amounts allocated to sale of equipment with installation services, sale of equipment with maintenance services and turnkey project with maintenance services

For the bundled contracts, the Group allocates the transaction price to sale of equipment with installation services, sale of equipment with maintenance services and turnkey project with maintenance services based on their relative stand-alone selling prices. The standalone selling prices are determined based on estimated cost-plus margin.

- (ii) Recognition of revenue from professional services and turnkey project over time

For rendering of professional services and turnkey projects where the Group satisfies its performance obligations over time, management has determined that cost-based input method provides a faithful depiction of the Group's performance in transferring control to the customers, as it reflects the Group's efforts incurred to date relating to the total inputs expected to be incurred. The measurement of progress is based on the costs incurred to date as a proportion of the costs to be incurred to the satisfaction of the performance obligation.

The estimated total costs are based on contractual amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends for the amount incurred in its other similar services and projects.

- (iii) Estimating variable consideration for turnkey projects

In estimating the variable consideration for liquidated damages, the Group uses the most likely amount method to predict the liquidated damages. Management relies on historical experiences with similar turnkey projects, customers and geographical areas. Management has exercised significant judgment in estimating the amount of consideration to which it expects to be entitled and of which the amount is included in the contract revenue to the extent that it is probable that there will be no significant reversal when the uncertainties are resolved.

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**7. Revenue (cont'd)**

**(c) Contract assets and contract liabilities**

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

	<b>31 Dec 2021</b>	<b>Group 31 Dec 2020</b>	<b>1 Jan 2020</b>	<b>Company 31 Dec 2021</b>	<b>31 Dec 2020</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables (Note 8)	47,603	64,409	63,528	14,205	13,489
Contract assets	36,489	34,410	40,121	12,864	12,971
Contract liabilities	30,855	21,661	24,896	21,699	16,805

At 31 December 2021, the Group has recognised a net impairment loss on receivables arising from contracts with customers amounting to \$7,690,000 (2020: net write-back of impairment losses of \$54,000). The Group has also recognised a net impairment loss on contract assets amounting to \$1,836,000 (2020: net write-back of expected credit loss on contract assets of \$77,000).

**8. Trade receivables**

	<b>31 Dec 2021</b>	<b>Group 31 Dec 2020</b>	<b>1 Jan 2020</b>	<b>Company 31 Dec 2021</b>	<b>31 Dec 2020</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Trade receivables	57,008	66,470	65,821	14,570	13,849
Less: Allowance for impairment of trade receivables	(9,405)	(2,061)	(2,293)	(365)	(360)
<b>Total trade receivables</b>	<b>47,603</b>	<b>64,409</b>	<b>63,528</b>	<b>14,205</b>	<b>13,489</b>

At 31 December 2021, retention sums relating to contracts included in trade receivables of the Group and the Company are \$5,779,000 and \$nil (2020: \$6,310,000 and \$58,000) respectively. Significant increase in allowance for impairment of trade receivables are mainly due to Indonesia and Malaysia.

**9. Provision for warranty**

A provision is recognised for expected warranty claims on goods and services sold in the past 12 months (average warranty period) based on past experience of the level of repairs and returns. The provision is classified as current liability as it is difficult to predict the timing of warranty utilisation due to the following reasons:

- (a) there is unpredictability in the network system in which it is possible for a failed IT equipment to cause the whole network to not be operational;
- (b) the Group continues to work on projects and install equipment for customers in environments that are considerably more challenging;
- (c) the Group continues to use equipment from new vendors whose equipment may not be fully tested in different environments; and
- (d) there is a mismatch of the duration of the warranty coverage.

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**9. Provision for warranty (cont'd)**

Movements in provision for warranty during the period are as follows:

	<b>Group</b>			<b>Company</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>1 Jan 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
At 1 January	859	1,222	1,996	563	867
Provision for the year	493	769	1,588	390	563
Write-back of provision	(417)	(650)	(1,685)	(208)	(386)
Utilised during the year	(396)	(485)	(688)	(355)	(481)
Currency realignment	(8)	3	11	–	–
<b>At 31 December</b>	<b>531</b>	<b>859</b>	<b>1,222</b>	<b>390</b>	<b>563</b>

**10. Borrowings**

	<b>The Group and the Company</b>		
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>1 Jan 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Amount repayable within one year or on demand</b>			
Secured	–	–	–
Unsecured	32,000	28,500	16,500
<b>Amount repayable after one year</b>			
Secured	–	–	–
Unsecured	–	–	–

**11. Share capital**

	<b>Group and Company</b>					
	<b>Number of shares</b>					
	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>1 Jan 2020</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>	<b>1 Jan 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Issued and fully paid ordinary shares:	29,909	29,909	29,909	361,897	361,897	361,897

The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

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**12. Other (expenses) / income**

	Group			
	6 months ended 31 Dec		12 months ended 31 Dec	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Amortisation of intangible asset	(120)	(45)	(193)	(88)
Foreign exchange gain loss, net	(1,122)	(1,467)	(927)	(1,019)
Government grants	117	382	290	1,822
Net (write off) / gain on disposal of property, plant and equipment	(233)	1	(233)	7
Gain on sale of contract *	861	–	861	–
Others **	(1,360)	238	(1,349)	372
	(1,857)	(891)	(1,551)	1,094

\*Proceeds from disposal of equipment and infrastructure, receivables and novation of operator's agreements to a purchaser in Indonesia.

\*\*Includes write off of prepayment made to a supplier as the contract was subsequently discontinued and costs accrued for a Philippines's project.

**13. Loss/(Profit) from operating activities**

The following items have been included in arriving at loss/(profit) from operating activities:

	Group			
	6 months ended 31 Dec		12 months ended 31 Dec	
	2021 \$'000	2020 \$'000 (Restated)	2021 \$'000	2020 \$'000 (Restated)
Depreciation of property, plant and equipment	292	323	575	668
Depreciation of right-of-use assets	543	479	947	971
Bad debts written off	91	38	91	38
Write-back for doubtful trade receivables	(19)	(102)	(107)	(222)
Impairment loss on trade receivables	7,703	–	7,797	168
Foreign exchange (gain) / loss, net – forward currency contracts	39	11	(98)	55
Foreign exchange loss, net – others	1,083	1,456	1,025	964
Net write off /(gain) on disposal of property, plant and equipment	233	(1)	233	(7)
Legal fee	1,169	–	1,169	–
Tax liability payable	452	814	452	814



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**14. Personnel expenses and employee benefits**

	Group			
	6 months ended 31 Dec		12 months ended 31 Dec	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Wages, salaries and bonuses	6,675	7,408	13,026	14,172
Pension contributions	837	841	1,694	1,689
Other personnel benefits	1,032	746	1,896	1,513
Termination benefits	–	31	–	31
	8,544	9,026	16,616	17,405

**15. Finance income**

	Group			
	6 months ended 31 Dec		12 months ended 31 Dec	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Interest income from:				
Bank deposits	34	33	63	74
Long term trade receivables	28	123	80	180
	62	156	143	254

**16. Finance expenses**

	Group			
	6 months ended 31 Dec		12 months ended 31 Dec	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Interest expense	229	307	428	578
Interest on lease liabilities	107	149	219	248
	336	456	647	826

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**17. Tax**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	6 months ended 31 Dec		12 months ended 31 Dec	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Consolidated income statement:</b>				
Current income tax:				
Current income taxation	878	789	1,044	1,075
Under / (over) provision in respect of previous years	68	(284)	68	(312)
Deferred income tax:				
Current year	(28)	545	(28)	545
Prior year	28	(3)	28	164
Income tax expense recognised in profit and loss	946	1,047	1,112	1,472

**18. Earnings per share**

(a) **Continuing operations**

Basic earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period (adjusted for the effects of dilutive options).

The following tables reflect the income and share data used in the computation of basic and diluted earnings per share for the year ended 31 December:

	Group	
	12 months ended 31 Dec	
	2021 \$'000	2020 (restated) \$'000
Net profit attributable to ordinary equity holders of the Company for basic and diluted earnings per share	(15,932)	2,947
Weighted average number of ordinary shares for basic and diluted earnings per share computation	361,897	361,897

There have been no transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the completion of these financial statements.

(b) **Earnings per share computation**

The basic and diluted earnings per share are calculated by dividing the profit for the period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares for both basic and diluted earnings per share computation. The profit and share data are presented in Note 18(a) above.

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**19. Dividends**

	<b>Group and Company 12 months ended 31 Dec</b>	
	<b>2021</b>	<b>2020</b>
	\$'000	\$'000
Paid during the financial period		
<i>Dividends on ordinary shares:</i>		
- A final exempt (one-tier) dividend paid in respect of the previous financial year of 0.5 cent (2019: 0.5 cent) per share	1,809	1,809

**20. Net asset value**

	<b>Group</b>			<b>Company</b>	
	<b>31 Dec 2021</b>	<b>31 Dec 2020 (restated)</b>	<b>1 Jan 2020 (restated)</b>	<b>31 Dec 2021</b>	<b>31 Dec 2020</b>
	\$'000	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents):	12.87	17.72	17.26	10.59	11.86

**21. Segment information**

For management purposes, the Group is organised on a worldwide basis into operating businesses (divisions) as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. The Group is organised into two main operating businesses, namely:

- Wireless Infrastructure Networks ("WIN") – Sales, marketing and distribution, design and engineering, project implementation, service and maintenance of transmission products and systems and wireless solutions.
- Network Infrastructure ("NI") – Sales, marketing and distribution, design and engineering, project implementation, service and maintenance of info-communications network infrastructure, network security solutions, IP networks, optical networks and broadcast infrastructure.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

***Allocation basis and transfer pricing***

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment turnover, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

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**21. Segment information (cont'd)**

<b>6 months ended 31 Dec 2021</b>	<b>WIN \$'000</b>	<b>NI \$'000</b>	<b>Adjustments \$'000</b>		<b>Total \$'000</b>
Revenue	17,567	41,505			59,072
Cost of sales	(14,724)	(33,989)			(48,713)
Gross profit	2,843	7,516			10,359
Distribution and selling expenses	(3,068)	(12,921)			(15,989)
Administrative expenses	(2,342)	(2,715)			(5,057)
Other income / (expenses)	(3,351)	1,494			(1,857)
Loss from operating activities	(5,918)	(6,626)			(12,544)
Finance income					62
Finance expenses					(336)
Loss before tax					(12,818)
Tax					(946)
Net loss for the year					(13,764)
<b>Other information</b>					
Segment assets	44,673	59,876	47,100	A	151,649
Segment liabilities	20,803	42,586	41,672	B	105,061
Capital expenditure	71	108			179
Depreciation and amortisation	431	524			955
Other non-cash expenses (*)	210	8,379			8,589
<b>6 months ended 31 Dec 2020</b>					
	<b>WIN (Restated) \$'000</b>	<b>NI (Restated) \$'000</b>	<b>Adjustments \$'000</b>		<b>Total (Restated) \$'000</b>
Revenue	18,494	46,188			64,682
Cost of sales	(13,741)	(35,329)			(49,070)
Gross profit	4,753	10,859			15,612
Distribution and selling expenses	(2,455)	(5,743)			(8,198)
Administrative expenses	(1,545)	(4,119)			(5,664)
Other expenses	(273)	(618)			(891)
Profit from operating activities	480	379			859
Finance income					156
Finance expenses					(456)
Profit before tax					559
Tax					(1,047)
Net profit for the year					(488)
<b>Other information</b>					
Segment assets	47,410	68,856	46,083	A	162,349
Segment liabilities	19,447	39,477	39,284	B	98,208
Capital expenditure	43	940			983
Depreciation and amortisation	270	577			847
Other non-cash (income)/expenses (*)	(213)	(23)			(236)

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**21. Segment information (cont'd)**

<b>12 months ended 31 Dec 2021</b>	<b>WIN \$'000</b>	<b>NI \$'000</b>	<b>Adjustments \$'000</b>	<b>Total \$'000</b>
Revenue	27,491	74,889		102,380
Cost of sales	(23,379)	(59,440)		(82,819)
Gross profit	4,112	15,449		19,561
Distribution and selling expenses	(5,342)	(17,423)		(22,765)
Administrative expenses	(3,285)	(6,276)		(9,561)
Other income / (expenses)	(3,296)	1,745		(1,551)
Loss from operating activities	(7,811)	(6,505)		(14,316)
Finance income				143
Finance expenses				(647)
Loss before tax				(14,820)
Tax				(1,112)
Net loss for the year				(15,932)

**Other information**

Segment assets	44,673	59,876	47,100	A	151,649
Segment liabilities	20,803	42,586	41,672	B	105,061
Capital expenditure	93	146			239
Depreciation and amortisation	664	1,051			1,715
Other non-cash expenses (*)	800	8,615			9,415

<b>12 months ended 31 Dec 2020</b>	<b>WIN (Restated) \$'000</b>	<b>NI (Restated) \$'000</b>	<b>Adjustments \$'000</b>	<b>Total (Restated) \$'000</b>
Revenue	35,396	95,722		131,118
Cost of sales	(26,554)	(74,731)		(101,285)
Gross profit	8,842	20,991		29,833
Distribution and selling expenses	(4,952)	(10,448)		(15,400)
Administrative expenses	(2,945)	(7,591)		(10,536)
Other income	179	915		1,094
Profit from operating activities	1,124	3,867		4,991
Finance income				254
Finance expenses				(826)
Profit before tax				4,419
Tax				(1,472)
Net profit for the year				2,947

**Other information**

Segment assets	47,410	68,856	46,083	A	162,349
Segment liabilities	19,447	39,477	39,284	B	98,208
Capital expenditure	132	2,396			2,528
Depreciation and amortisation	634	1,093			1,727
Other non-cash (income)/expenses (*)	(180)	375			195

(\*) Other non-cash (income)/expenses include net provision for warranty, stocks write-down, net allowance/(write-back) for doubtful trade debts and net allowance/(write-back) for contract assets, bad debts written off and gain on sale of contract.

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**21. Segment information (cont'd)**

**Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements**

A The following items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	<b>6 and 12 months ended Dec 2021</b>	<b>6 and 12 months ended Dec 2020</b>
	\$'000	\$'000
Deferred tax assets	781	806
Other receivables, deposits and prepayments	22,816	22,160
Cash and cash equivalents	22,856	22,458
Fixed deposits	647	659
	<u>47,100</u>	<u>46,083</u>

B The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	<b>6 and 12 months ended Dec 2021</b>	<b>6 and 12 months ended Dec 2020 (restated)</b>
	\$'000	\$'000
Defined benefit obligation	423	537
Other payables and accruals	8,722	9,223
Borrowings	32,000	28,500
Provision for taxation	527	1,024
	<u>41,672</u>	<u>39,284</u>

**Geographical segments**

Revenue and non-current assets (excluding deferred tax assets) information based on the geographical location of customers and assets respectively are as follows:

	<b>Revenue</b>			
	<b>6 months ended 31 Dec</b>		<b>12 months ended 31 Dec</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	\$'000	\$'000	\$'000	\$'000
Singapore	26,431	25,588	49,125	56,068
Indonesia	8,748	11,161	13,618	19,932
Malaysia	11,957	9,306	19,712	18,606
Morocco	2,310	5,302	4,253	8,042
Pakistan	5,666	3,693	7,024	7,730
Philippines	1,142	1,860	3,033	5,325
Thailand	624	3,476	1,428	4,890
Australia	(9)	1,213	42	2,044
Other EMEA countries	1,950	1,727	2,617	4,982
Others (including China)	253	1,356	1,528	3,499
	<u>59,072</u>	<u>64,682</u>	<u>102,380</u>	<u>131,118</u>

## Nera Telecommunications Ltd and its Subsidiaries

### Other Information Required by Listing Manual For the 12 months ended 31 December 2021

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#### 21. Segment information (cont'd)

##### *Geographical segments*

	Non-current assets 6 and 12 months ended 31 Dec	
	2021 \$'000	2020 \$'000
Singapore	3,999	4,003
Indonesia	1,003	1,045
Malaysia	386	93
Morocco	12	42
Pakistan	145	255
Philippines	5,091	5,882
Thailand	277	341
Australia	–	142
Other EMEA countries	69	61
Others (including China)	–	19
	<hr/>	<hr/>
	10,982	11,883
	<hr/>	<hr/>

Non-current assets information presented above consist of intangible assets, property, plant and equipment, right-of-use assets, long term trade and other receivables.

#### 22. Contingent liabilities

During the financial period, the Group had reviewed the costs to complete of certain job orders entered by a subsidiary company and noted that these have become unfavorable to the Group. As a result, the Group opted to negotiate for commercial settlement and/or early termination of these job orders. Provisions have been set aside for costs to complete as well as for commercial settlement based on preliminary agreements with the customer and the estimates to date. However, should the preliminarily agreed settlement amounts with the customer not be reached or actual costs be higher than the estimated costs to complete, there is a possibility that additional provisions and liabilities may arise.

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**23. Restatement of FY2020 results**

The results of FY2020 have been adjusted as a result of incorrect application of tax rules resulting in indirect tax liabilities for two of its foreign subsidiaries.

In 2021, the foreign subsidiaries received Bills of Demand for under payment of indirect tax liability between 2018 to 2021, inclusive of penalties. The entities are required to pay the shortfall of the indirect tax liability to the local authorities. The foreign subsidiaries will apply to a program as announced by the local authorities that allows entities to obtain 100% waiver on the penalties levied and a discount on the tax liability of between 10% to 30%, on condition that the payment be settled in full by 30 June 2022 to the local authorities. The tax liability payable under this program is estimated to be \$2.4million.

The effect of the restatement on the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the financial year ended 31 December 2020 are summarized below.

<b><u>Consolidated Statement of Comprehensive Income for the financial year ended 31 December 2020</u></b>	<b>As per previously stated \$'000</b>	<b>Adjustments \$'000</b>	<b>As restated \$'000</b>
Administrative expenses	(9,722)	(814)	(10,536)
<b>Profit from operating activities</b>	<b>5,805</b>	<b>(814)</b>	<b>4,991</b>
<b>Profit before tax</b>	<b>5,233</b>	<b>(814)</b>	<b>4,419</b>
<b>Profit after tax</b>	<b>3,761</b>	<b>(814)</b>	<b>2,947</b>
Foreign currency translation of financial statement: of foreign operations	575	(3)	572
<b>Other comprehensive income for the year, net of tax</b>	<b>540</b>	<b>(3)</b>	<b>537</b>
<b>Total comprehensive income for the year attributable to owners of the Company</b>	<b>4,301</b>	<b>(817)</b>	<b>3,484</b>
<b>Earnings per share attributable to owners of the Company (cents per share)</b>			
Basic	1.04	(0.23)	0.81
Diluted	1.04	(0.23)	0.81
<b><u>Consolidated Cash Flow Statement for the financial year ended 31 December 2020</u></b>	<b>As per previously stated \$'000</b>	<b>Adjustments \$'000</b>	<b>As restated \$'000</b>
<b>Cash flows from operating activities</b>			
Profit before tax	5,233	(814)	4,419
Operating profit before working capital changes	7,823	(814)	7,009
Other payables and accruals	(491)	814	323



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**23. Restatement of FY2020 results (cont'd)**

The effect of the restatement on the Group's balance sheet as at 1 January 2020 is summarised below:

**Balance Sheet as at 1 January 2020**

<b>Group</b>	<b>As per previously stated \$'000</b>	<b>Adjustments \$'000</b>	<b>As restated \$'000</b>
<b>Current liabilities</b>			
Other payables and accruals	7,726	1,298	9,024
<b>Net current assets</b>	56,483	(1,298)	55,185
<b>Net assets</b>	63,764	(1,298)	62,466
<b>Equity attributable to equity holders of the Company</b>			
Revenue reserve	36,978	(1,305)	35,673
Translation reserve	(3,528)	7	(3,521)

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The effect of the restatement on the Group's balance sheet as at 31 December 2020 is summarised below:

**Balance Sheet as at 31 December 2020**

<b>Group</b>	<b>As per previously stated \$'000</b>	<b>Adjustments \$'000</b>	<b>As restated \$'000</b>
<b>Current liabilities</b>			
Other payables and accruals	7,108	2,115	9,223
<b>Net current assets</b>	57,682	(2,115)	55,567
<b>Net assets</b>	66,256	(2,115)	64,141
<b>Equity attributable to equity holders of the Company</b>			
Revenue reserve	38,930	(2,119)	36,811
Translation reserve	(2,953)	4	(2,949)

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**1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The Condensed Consolidated Statement of Financial Position of Nera Telecommunications Ltd and its subsidiaries as at 31 December 2021 and the related Condensed Consolidated Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the six-months period then ended and certain explanatory notes have not been audited or reviewed.

**2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: - (a) any significant factors that affected the revenue, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

**a) Revenue**

On a year-on-year ("YOY") basis, the Group's revenue for the six months ended 31 December 2021 ("2H 2021") decreased by 8.7%, or \$5.6 million to \$59.1 million from \$64.7 million in the second half of 2020 ("2H 2020"). The decrease was a result of lower revenue contribution from Service Provider ("SP") and Enterprise ("ENT") segments.

Compared to FY 2020, the Group's total revenue decreased by 21.9%, or \$28.7 million from \$131.1 million to \$102.4 million in FY 2021 as a result of lower revenue contribution from the Service Provider and Government, Transport and Utility ("GTU") segments.

The decrease was primarily due to slowdown of project progression across the majority of the Group's geographical markets as a result of the ongoing COVID-19 pandemic.

**Network Infrastructure ("NI")**

Against the corresponding period last year, revenue for 2H 2021 decreased by 10.2%, or \$4.7 million to \$41.5 million from \$46.2 million, mainly due to lower revenue contribution from Indonesia, Australia, Thailand and Pakistan, partially offset by the increase in revenue from Malaysia.

Compared to FY 2020, revenue for FY 2021 decreased by 21.7%, or \$20.8 million to \$74.9 million from \$95.7 million, mainly due to lower revenue contributed by Indonesia, Singapore, Australia, Thailand and Pakistan.

**Wireless Infrastructure Network ("WIN")**

On a YOY basis, revenue for 2H 2021 decreased by 4.9%, or \$0.9 million to \$17.6 million from \$18.5 million in 2H 2020, mainly due to lower revenue from Morocco, Thailand, Philippines, partially offset by higher revenue contribution from Pakistan, Singapore, Malaysia and Indonesia.

Revenue for FY 2021 decreased by 22.3%, or \$7.9 million to \$27.5 million from \$35.4 million in FY 2020. The decrease in revenue was mainly due to lower revenue from Philippines, Thailand and the EMEA markets, partially offset by higher revenue contributed from Indonesia and Malaysia.

**b) Gross Profit**

On a YOY basis, the Group recorded a decrease in gross profit for 2H 2021 by 33.3%, or \$5.2 million to \$10.4 million. Gross profit margin dropped by 6.6% to 17.5% in 2H 2021 from 24.1% in 2H 2020.

Gross profit in FY 2021 decreased by 34.2%, or \$10.2 million to \$19.6 million from \$29.8 million in FY 2020, in line with the lower revenue, additional stock provisions and impairment of contract assets recognised during the year. As for gross profit margin, this dipped by 3.7 percentage points to 19.1% in FY2021, from 22.8% as compared to FY2020.

**c) Other (Expenses)/Income**

On a YOY basis, the Group's other expense increased by \$1.0 million in 2H 2021 as compared to 2H 2020. The increase was mainly due to foreign exchange loss of \$1.1 million, cost of \$1.0 million accrued for a Philippines's project, partially offset by gain of \$0.9 million on sale of contract in Indonesia.

For FY 2021, other income decreased by \$2.7 million. The decrease was mainly attributable to lower government grants, decrease in contingency cost accrued for Philippines's project and write-off of prepayment to a supplier as the contract was subsequently discontinued. The decrease was partially offset by gain on divestment of Indonesia assets.

**d) Operating Expenses**

On a YOY basis, total operating expenses for 2H 2021 and FY 2021 increased by 51.1%, or \$7.1 million and 24.7%, or \$6.4 million respectively as compared to the corresponding periods last year. The increase in operating expenses were mainly due to higher distribution and selling expenses, partially offset by the decrease in administrative expenses.

Administrative expenses decreased by 10.5%, or \$0.6 million in 2H 2021 and 8.6%, or \$0.9 million for FY 2021, mainly due to lower subsidiary sales and service tax, software cost and staff cost, partially offset by the increase in professional fees.

Distribution and selling expenses increased \$7.8 million in 2H 2021 compared with 2H 2020 and increased by 48.1% (\$7.4 million) in FY 2021 from \$15.4 million in FY 2020, mainly due to provision for doubtful debts in Indonesia and Malaysia and higher legal fees. The higher legal fee is explained by the closure of arbitration proceedings against Sandvine Corporation.

**d) Finance income/(expense)**

Decrease in interest expense was mainly due to repayment of bank borrowings during the year. Decrease in interest income was mainly due to lower placements in fixed deposits.

**e) (Loss)/Profit Before Tax**

The Group registered a loss before tax of \$12.8 million for 2H 2021, a decrease of \$13.4 million from profit before tax of \$0.6 million in 2H 2020. The decrease in profit before tax for 2H 2021 is explained by the lower revenue and impairments of contract assets, provision for doubtful debts and additional stock provision.

The Group registered a loss before tax of \$14.8 million for FY 2021, the decrease in profit before tax for FY 2021 is explained by the lower revenue and impairments of contract assets, provision for doubtful debts and additional stock provision.

**f) Tax**

Against the corresponding periods last year, there was a slight increase in income tax expense in 2H 2021 and a decrease in FY 2021 by \$0.4 million.

g) **(Loss)/Profit After Tax**

Overall, the Group reported a loss after tax of \$15.9 million in FY 2021 as compared to profit after tax of \$2.9 million for FY 2020.

**Statements of Financial Position**

h) **Non-current assets**

The Group's non-current assets decreased by \$0.9 million mainly due to decrease in property, plant and equipment ("PPE") and right-of-use assets ("ROU"). Decrease in PPE was mainly due to write-off of damaged equipment pertaining to a project that was affected by the typhoon in the Philippines. Decrease of right-of-use assets was mainly due to the disposal of some of these right-of-use assets in Indonesia as contracts have been sold. The decrease was partially offset by the increase in intangible assets due to implementation costs incurred on the new ERP system.

i) **Current assets**

The Group's current assets decreased by \$9.8 million mainly due to lower trade receivables, explained by the timely repayment of debts from customers as compared to last year and provision of doubtful debts. The decrease was partially offset by the increase in contract assets and stocks in anticipation of usage in the future.

j) **Current liabilities**

The Group's current liabilities increased by \$7.3 million mainly due to increase in contract liabilities and short-term borrowings for working capital purpose. The increase was partially offset by the decrease in trade and other payables.

k) **Non-current liabilities**

The Group's non-current liabilities decreased by \$0.5 million due to payments on the lease liabilities.

l) **Cash flow**

For FY 2021, the increase in cash and cash equivalents of \$1 million was mainly due to:

- net cash outflow from operating activities of \$0.5 million
- net proceeds of bank loans of \$3.5 million; and partially offset by
- net cash inflow from investing activities of \$0.9 million
- payment of dividends of \$1.8 million
- Repayment of lease liabilities of \$1.0 million

**3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

In the Company's profit guidance announcement dated 26 January 2022, the Company stated that the Group is expected to report a net loss for the full year ended 31 December 2021. The Group reported a net loss of \$15.9 million in FY2021.

**Other Information Required by Listing Manual  
For the 12 months ended 31 December 2021**

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**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

In FY 2021, the Group secured approximately \$137.7 million in order intake, an increase of 14.8% (\$17.7 million) compared to \$120.0 million in FY 2020. The Group's closing order backlog was \$149.1 million in FY 2021, an increase of 20.6% as compared to FY 2020 (\$123.6 million).

The Group's NI business segment contributed approximately \$97.6 million, or 70.9% of the total FY 2021 order intake, an increase of 11.8% (\$10.3 million) compared to \$87.3 million recorded in FY 2020. The Group's WIN business segment contributed the remaining \$40.1 million in order intake, an increase of 22.6% (\$7.4 million) compared to \$32.7 million in FY 2020.

With the progressive economic reopening as most countries devise a "living with COVID" strategy, the Group has seen more opportunities and leads especially from the Enterprise, as well as the Government, Transport and Utilities segments, leading to the higher order book for FY 2021. Looking ahead, the COVID-19 pandemic, and the spread of the more contagious COVID-19 variants, will likely continue to create uncertainties for the Group's business outlook. In addition, the Ukraine crisis has created further uncertainties. Navigating through these uncertainties, the Group will continue to take a conservative approach and be selective in the projects that it chooses to undertake.

**5. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**6. If no dividend has been declared/recommendeded, a statement to that effect.**

No dividend has been proposed or recommended as the management plans to conserve cash for the Group's working capital.

**Nera Telecommunications Ltd and its Subsidiaries**

**Other Information Required by Listing Manual  
For the 12 months ended 31 December 2021**

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- 7. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

There is no IPT mandate obtained.

- 8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured the revised undertakings from all directors and from executive officers in the format set out in Appendix 7.7 under Rule 720(1).

- 9. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder.**

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

**Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the twelve-months year ended 31 December 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Wong Su-Yen  
Chairman

Chong Hoi Ming  
Director

01 March 2022