

NEWS RELEASE

NERATEL RECORDS HIGHER ORDER INTAKE OF \$137.7 MILLION IN FY2021

- ***Uptick of 14.8% in order intake to approximately \$137.7 million across all three business segments in line with progressive reopening of economies***
- ***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)***
- ***Net loss of \$15.9 million with lower revenue and one-off impairments***
- ***To further pursue opportunities in identified growth domains – Systems Integration, Cybersecurity and 5G-related opportunities***

Singapore, 01 March 2022 – Mainboard-listed Nera Telecommunications Ltd (“**NeraTel**”, 挪拉电讯, or the “**Group**”), a leading Communications and Network Solutions Provider, reported revenue of \$102.4 million and a net loss of \$15.9 million for the full year ended 31 December 2021 (“**FY2021**”).

Mr. Chong Hoi Ming (莊海明), NeraTel’s newly appointed Chief Executive Officer and Executive Director, said, “The Group’s full-year performance has been adversely affected by one-off impairments, project delays or cancellations, and a general slowdown in most of our markets, stemming from disruptions caused by the global pandemic.

“We are encouraged to see the growth in the order intake and the higher closing order backlog with the reopening of economies. Notwithstanding that, macro uncertainties continue to linger with the unexpected surge in COVID-19 variants globally, supply chain disruptions brought on by shortages in the global semiconductor supply chain, and the ongoing conflict between Russia and Ukraine.

“Indeed, we are encouraged to have experienced a broad-based increase in order intake for all three business segments. With the continual nurturing of our business, the Group

has seen more opportunities and leads especially from the Enterprise, as well as the Government, Transport and Utilities segments.

“We have built-up a strong team at NeraTel over a solid 40-year track record. We will continue to reinforce the good working relationships we have with various partners, including global OEM vendors and technological players, as well as our long term customers, many of whom are Tier 1 Service Providers, as we navigate prudently through the pandemic.”

Financial Performance

NeraTel's FY2021 revenue decreased 21.9% to \$102.4 million from \$131.1 million in the corresponding period a year ago (“**FY2020**”) due mainly to a slowdown in project progression across a majority of the Group's geographical markets.

On a sequential or Q-o-Q basis, the Group reported a 8.3% increase in revenue contributions from the Service Provider (“**SP**”) segment to \$15.7 million for the fourth quarter ended 2021 (“**4Q 2021**”) as compared to \$14.5 million for the same corresponding period (“**3Q 2021**”). The Government, Transport and Utilities (“**GTU**”) segment surged 135.5% to \$12.0 million from \$5.0 million over the same period. The Enterprise segment rose 42.2% to \$7.0 million for 4Q 2021, up from \$5.0 million in 3Q 2021, reaffirming NeraTel's customer diversification efforts.

FY2021 gross profit fell 34.2% to \$19.6 million, from \$29.8 million in FY2020, mainly in line with the drop in revenue in FY2021. As for gross profit margin, this dipped by 3.7 percentage points to 19.1% in FY2021, from 22.8% as compared to FY2020.

Other income for FY2021 decreased by \$2.7 million, mainly due to a decrease in government grants, partially offset by a gain on divestment of the Group's Indonesia assets. Total operating expenses for FY2021 increased by 24.7%, or \$6.4 million as compared to FY2020, mainly due to higher distribution and selling expenses. These expenses rose 48.1% or by \$7.4 million in FY 2021, from \$15.4 million in FY 2020, mainly due to provision for doubtful debts in Indonesia, and an increase in legal fees

due to closure of arbitration proceedings against Sandvine Corporation. The one-off legal costs of \$1.1 million have since been paid in November 2021, bringing the legal proceedings against Sandvine Corporation to a close. As for the increase of operating expense due to the additional accrual of tax liabilities from two of the Group's foreign subsidiaries for an estimated total amount of \$2.4 million, this is subject to ongoing negotiations with relevant tax authorities.

As a result of the above, the Group incurred a net loss of \$15.9 million in FY2021, from a net profit of \$2.9 million in FY2020.

NeraTel's cash and cash equivalents stood at \$23.5 million as at 31 December 2021. Shareholders' equity stood at \$46.6 million at the end of the reporting period.

Outlook

Looking ahead, with the spread of the more contagious COVID-19 variants; and additionally, a spike in geo-political risks in the form of the conflict between Russia and Ukraine, this will likely create uncertainties for the Group's business outlook.

Notwithstanding macro uncertainties, in FY2021, NeraTel reported closing backlog of approximately \$149.1 million, which marked a 20.6% increase compared to \$123.6 million in FY2020. The Group has seen more opportunities and leads especially from the Enterprise, as well as the Government, Transport and Utilities segments as a result of the progressive reopening of economies as countries transition to a "living with COVID strategy".

In the long term, the outlook and growth of the 5G infrastructure and enterprise market remains positive¹. Likewise, the 5G infrastructure market is expected to reach \$128.6 billion by 2027, growing at a CAGR of 17.8% during the forecast period, 2021 to 2027². Additionally, new technology applications such as the Internet-of-Things (IoT), cloud

¹ J.P. Morgan Research – [The Future of 5G Adoption](#), 24 May 2021

² Industry Research - [GLOBAL 5G AND MOBILE NETWORK INFRASTRUCTURE MARKET SIZE, STATUS AND FORECAST 2022](#) – 6 Jan 2022

computing and Software-as-a-Service (SaaS) will present new forms of cyber threats, which would require more sophisticated solutions.

Mr Chong added, “With a renewed focus, we will push forward with our identified growth domains including Systems Integration, Cybersecurity and 5G-related opportunities. Market-wise, we will explore new growth areas in both existing and new ones to broaden our geographical reach globally.”

Navigating through the pandemic, the Group will continue to take a more conservative approach and be selective in the projects that it chooses to undertake. The Group will also look at opportunities to improve cash flow as well as optimise its working capital.

About Nera Telecommunications Ltd

Established in October 1978 and listed on the SGX Mainboard since 1 July 1999, Nera Telecommunications Ltd (“**NeraTel**”) is a leading Communications and Network Solutions Provider. With over four decades of established track record, the Singapore-headquartered NeraTel has a diversified geographical presence in over 16 countries in the Asia-Pacific, Europe, Middle East and Africa regions.

Supported by one of the largest team of certified engineers in Asia, NeraTel provides a full suite of turnkey network and wireless solutions – ranging from network security solutions, cloud network infrastructure to wireless network services – delivering cutting-edge services for the digital world. NeraTel serves a wide range of industries including telecommunications, enterprises, government organisations, transportation and utilities, amongst many others.

With its comprehensive range of customisable solutions, NeraTel empowers its customers to enhance their business processes and deliver new innovative services and business models.

For more details, please visit: <http://www.nera.net/>

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