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NEWS RELEASE

NERATEL RECORDS YEAR-ON-YEAR REVENUE JUMP OF 41.7% TO REACH S\$61.4 MILLION IN 1H 2022

- *Gross profit increased year-on-year by 52.2%, reaching S\$14.0 million in 1H2022.*
- *Order intake rose by 6.8% during the period under review, accumulating to S\$70.9 million.*
- *With more focus and resources expended on the Government, Transport and Utility (“GTU”) and Service Provider (“SP”) sectors, we saw strong order intake uptick year-on-year with an increase of 62.9% and 27.6% respectively.*

SINGAPORE, 12 August 2022 – Mainboard-listed **Nera Telecommunications Ltd** (“NeraTel”, 挪拉电讯, or the “Group”), a leading Communications and Network Solutions Provider, reported revenue of S\$61.4 million and net profit of S\$0.8 million for the half year financial period ended 30 June 2022 (“1H 2022”).

Mr. Chong Hoi Ming, CEO of NeraTel, said, “NeraTel has recovered and risen stronger after the turmoil brought about by the global COVID-19 pandemic. We recorded solid growth, profitability and improved order intake during this first half year of 2022.”

“NeraTel has achieved positive and sustainable growth, especially among the Government, Transport and Utility (“GTU”) and Service Provider (“SP”) sectors, due to the concentrated efforts from our team in partnership with our key technology partners in providing meaningful and timely solutions and services to our customers. The Group is also adapting well to Southeast Asia’s post-pandemic recovery by winning key opportunities across multiple geographies. This was enabled by applying our deep understanding of industry needs and trends and offering innovative turnkey solutions to our customers at large”, added Mr. Chong.

“Recent technological advancements in 5G connectivity and the growing demand for cybersecurity upgrades have accelerated the need for greater and better communications and network infrastructure across all sectors. The Group anticipates these trends to continue, creating more opportunities for NeraTel in the second half of 2022 and future years.”



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Financial Performance

NeraTel's 1H 2022 revenue increased by 41.7% year-on-year to S\$61.4 million from S\$43.3 million in 1H 2021, mainly due to the timely delivery of our solutions to customers in close collaboration with our technology partners to overcome the recent chip supply chain constraints. Building and maintaining a healthy backlog also played a prominent role in NeraTel's revenue growth.

The Group also reported revenue contributions of S\$21.0 million and S\$33.4 million from the GTU and SP sectors respectively. As part of the Group's efforts to grow revenues from other verticals, GTU sector's revenue grew 191% from S\$7.2M in 1H2021. NeraTel's core SP customer sector also grew 25% from S\$26.7M due to the renewed focus on these SP customers' needs.

In line with the current increase in revenues, NeraTel's gross profit rose by 52.2% to S\$14.0 million in 1H 2022, from S\$9.2 million in 1H 2021. The gross profit margin also improved by 1.6 percentage points, rising from 21.2% in 1H 2021 to 22.8% in 1H 2022.

Other expenses increased to S\$1.3 million against other income of S\$0.3 million in 1H 2021, mainly due to a decrease in government grants and higher unrealised foreign exchange losses. Total operating expenses increased by 3.5% (S\$0.4 million) in 1H 2022, primarily due to higher distribution and selling expenses and partially offset by lower administrative expenses.

The Group recorded a net profit of S\$0.8 million in 1H 2022, an improvement of S\$3.0 million from a net loss of S\$2.2 million in 1H 2021.

NeraTel's balance sheet remained healthy with cash and cash equivalents of S\$19.9 million as of 30 June 2022. Shareholders' equity stood at S\$47.7 million at the end of the reporting period.



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Outlook

In 1H 2022, NeraTel secured approximately S\$70.9 million worth of order intake, a 6.8% increase from the S\$66.5 million recorded in 1H 2021. The increased order intake is a result of major improvements from the GTU and SP sectors and strong demand from recovering markets across Indonesia, Malaysia, Singapore and other emerging EMEA markets.

The Group's focus on 5G-related opportunities since 2021 are beginning to bear results in 1H 2022. NeraTel is strategically positioning itself to pursue 5G connectivity projects with SPs and clients at large, which includes upgrades of existing IP infrastructure and broadband networks. The Group will also offer diverse cybersecurity products and solutions, as well as network planning, consultancy, RF benchmarking and optimisation services to operators and main contractors.

While the widespread adoption of 5G offers many benefits, it also creates new security concerns and challenges. As operators have taken steps to evaluate and minimise cyber threats arising from 5G and software-centric networks in their own organisations, NeraTel can offer 5G security services to enterprises seeking to deploy their own advanced wireless networks.

NeraTel continuously strives to adopt a proactive approach in the post-pandemic era and to further engage growing market segments. The Group also aims to further realise its strategic growth plans by pursuing opportunities to enter partnerships and contracts with anchor clients in the near future.

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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.

Supported by one of the largest teams of certified engineers in Asia, NeraTel provides a full suite of turnkey network and wireless solutions that ranges from network security solutions to cloud network infrastructure and wireless network services – all 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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