Nera Telecommunications Ltd

Co. Reg. No.197802690R
109 Defu Lane 10, Singapore 539225
Tel: (65) 6281 3388 | Fax: (65) 6383 9566
Website: www.nera.net

BUSINESS UPDATE FOR THE THIRD QUARTER / NINE MONTHS ENDED 30 SEPTEMBER 2022

"The Group recorded a revenue of $90.4 million for the nine months ended 30 September 2022, a solid year-on-year growth of 33.3% from $67.8 million in the corresponding period in 2021. The improved performance is attributable to a number of factors, including the Group's stronger market position following a recent restructuring exercise. The Group also benefitted from a higher order intake in Q3 2022, with two major contracts awarded in August and September 2022, both covering a minimum 12-month period worth approximately $8 million and $17 million respectively.

"The Group continued to secure significant wins from the Government, Transport and Utility ("GTU") and Service Provider ("SP") sectors, as a result of concerted efforts from our team and key partners in delivering state-of-the-art, reliable and timely solutions to our key customers. Our deep understanding of the complex Southeast Asian market, flexibility in service offerings and full spectrum of turnkey solutions have all contributed to maintaining and strengthening customer goodwill and faith in NeraTel.

"Looking ahead, the Group will further strengthen our offerings surrounding 5G connectivity and to meet growing demand for cybersecurity upgrades, which have both accelerated the need for improved communications and network infrastructure across all sectors. The Group anticipates these trends to create more business and partnership opportunities for NeraTel in Q4 2022 and in the years ahead."

Mr. Chong Hoi Ming, CEO of Nera Telecommunications Ltd

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Financial Highlights

9M Revenue Contribution by Customer Sectors

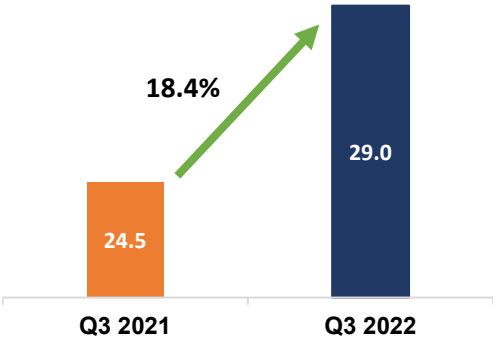
$(million)	9M 2021	9M 2022	% Change
Group Revenue	***67.8***	***90.4***	***33.3***
*Government, Transport and Utilities **("GTU")***	*12.2*	*29.4*	*141.0*
*Service Provider **("SP")***	*41.2*	*49.8*	*20.9*
*Enterprise **("ENT")***	*14.4*	*11.2*	*(22.2)*

Q3 YoY Revenue Contribution by Customer Sectors

$(million)	Q3 2021	Q3 2022	% Change
Group Revenue	***24.5***	***29.0***	***18.4***
*Government, Transport and Utilities **("GTU")***	*5.0*	*8.4*	*68.0*
*Service Provider **("SP")***	*14.5*	*16.4*	*13.1*
*Enterprise **("ENT")***	*5.0*	*4.2*	*(16.0)*

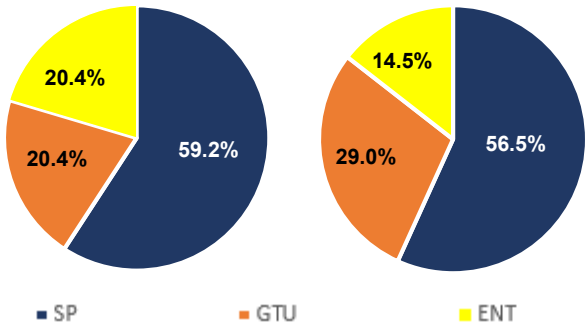
Revenue

($'m)



Revenue (By Customer Vertical)

Q3 2021 **Q3 2022**



For the third quarter ended 30 September 2022 ("**Q3 2022**"), Nera Telecommunications Ltd's ("**NeraTel**") revenue increased to $29.0 million, up 18.4% from $24.5 million in the same period one year earlier ("**Q3 2021**"). This was a result of NeraTel's streamlined sales push, targeting customers in need of both hardware and solutions upgrades to remain competitive in the post-pandemic era. For the nine months

Nera Telecommunications Ltd

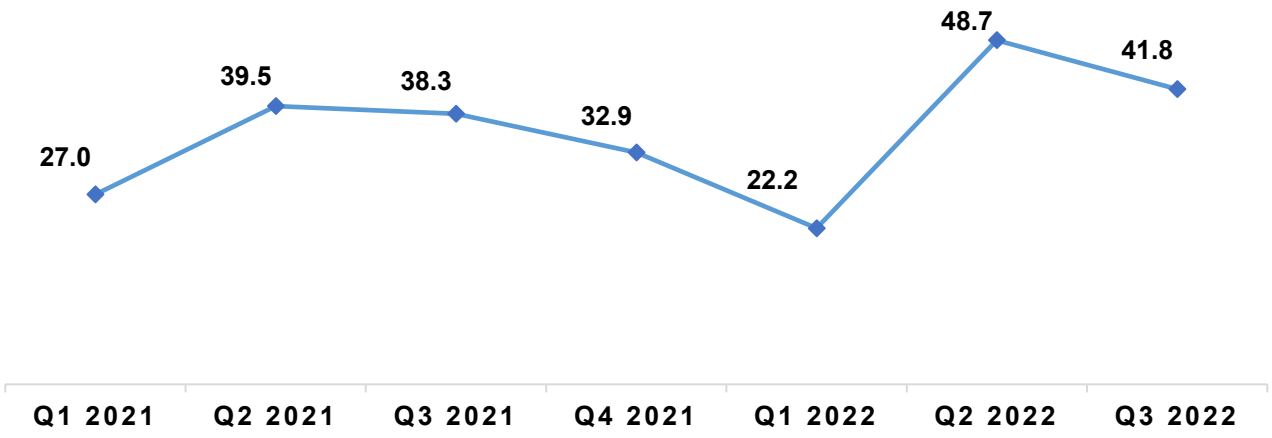
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ended 30 September 2022 ("**9M 2022**"), revenue increased by 33.3% to $90.4 million as compared to $67.8 million recorded in the corresponding period last year ("**9M 2021**").

Order Intake by Customer Sectors

Total Order Intake – from Q1 2021 to Q3 2022

($'m)



NeraTel's quarterly order intake has seen marked improvement from a low of $22.2 million in Q1 2022 to $41.8 million in Q3 2022. This is a continuum of the steady rise in opportunities as markets reopen and hybrid mode of work remains the norm.

YoY Growth in Order Intake for all Three Customer Sectors

$(million)	*Q3 2021*	*Q3 2022*	*YoY%*	*9M 2021*	*9M 2022*	*YoY%*
Total Order Intake	***38.3***	***41.8***	***9.1***	***104.8***	***112.7***	***7.5***
*Government, Transport and Utilities **("GTU")***	*17.7*	*14.4*	*(18.6)*	*30.0*	*34.6*	*15.3*
*Service Provider **("SP")***	*15.3*	*18.8*	*22.9*	*51.2*	*64.5*	*26.0*
*Enterprise **("ENT")***	*5.3*	*8.6*	*62.3*	*23.6*	*13.6*	*(42.4)*

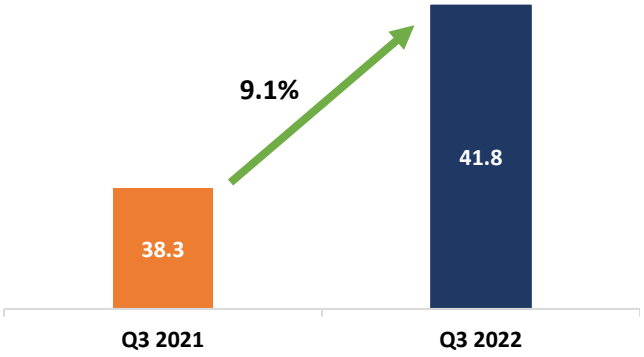
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Overall, NeraTel's total order intake of $41.8 million in Q3 2022 represents an increase of 9.1% YoY.

Total Order Intake – Q3 YoY

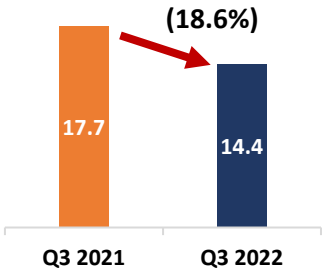
($'m)



Total order intake rose 9.1% to $41.8 million, up from $38.3 million despite slowdown in the semiconductor market due to multiple macroeconomic challenges. The ENT sector rose 62.3% to $8.6 million in Q3 2022, from $5.3 million in Q3 2021 as financial institutions continued to invest in and improve their digital infrastructure to better support clients and employees in the new norm of remote working.

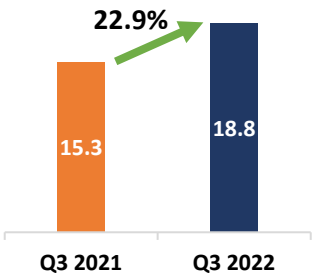
GTU

($'m)



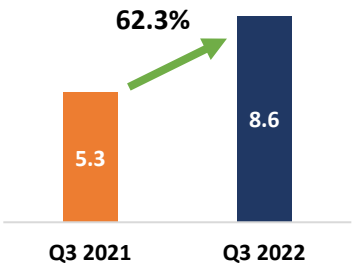
SP

($'m)



ENT

($'m)



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SP order intake rose 26.0% to $64.5 million in 9M 2022 as compared to $51.2 million in the same period last year. GTU order intake also increased in 9M 2022 by 15.3% to $34.6 million YoY as both sectors gained traction spurred by global digitalisation.

Outlook

The Group's outlook for Q4 2022 remains promising as global economies go into post-pandemic recovery mode and increase investments in digitalisation. Although global supply shortage of computer chips may persist amidst macroeconomic issues, the Group's ongoing strategic partnerships with renowned technology leaders and diversified offerings are expected to sustain business growth for the final quarter of 2022.

As the world continues to navigate post-pandemic headwinds and various sectors have increased their technological capabilities, so has the rise in cybersecurity threats. Alarmed C-levels are now doubling down on efforts to mitigate cybersecurity risks which can devastate companies and their employees, as well as their clients. According to a recent article on cybersecurity trends in 2022 by McKinsey, worldwide spending on cybersecurity service providers and consultants is projected to total $101.5 billion by 2025. In order to meet rising and urgent demand for full-suite cybersecurity solutions, NeraTel will continue to invest in new technologies and establish more strategic partnerships. Moreover, the global 5G infrastructure market size is expected to expand at a compound annual growth rate (CAGR) of 34.2% from 2022 to 2030, reaffirming the Group's 5G strategy of laying the foundations early to ride on this wave.

Looking forward, the Group remains cautiously optimistic and ready to seize new and existing opportunities fuelled by the needs of the market and that of our customers.

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About Nera Telecommunications Ltd

Nera Telecommunications Ltd ("NeraTel") is a leading Communications and Network Solutions Provider with an established track record delivering full suite turnkey network and wireless solutions. Incorporated in October 1978 and listed on the SGX Mainboard since July 1999, the company employs some of the best teams of certified engineers in the region with expertise in Network Infrastructure, Wireless Network Infrastructure, Cybersecurity, as well as Support and Managed Services to serve its strong customer base from a wide range of industries including telecommunications, enterprises, government organisations, transport and utilities, amongst others. Headquartered in Singapore, NeraTel has a diversified geographical presence in over 16 countries across Asia-Pacific, Europe, Middle East and Africa. For more details, please visit our website: http://www.nera.net/

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