Nera Telecommunications Ltd

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NEWS RELEASE

NeraTel Achieves 28.3% Growth in Order Intake to $89.2 Million in 9M2024, To Explore Synergies with Ennoconn Corporation to Enhance ESaaS Platform[1] and Expand Market Footprint

- *Order Intake growth driven by fresh orders mainly from Singapore and Indonesia*
- *9M2024 revenue impacted by market headwinds, declining to $71.0 million*
- *Healthy 4.4% increase in gross profit margin to 25.9% boosted mainly by stronger service margins*
- *Warmly welcomes new major shareholder, Ennoconn Group, a leading global industrial PC group, to explore business and market expansion strategies focusing on:*
  - *Railway dedicated networks, IoT + 5G smart manufacturing solutions, artificial intelligence technology applications, and environmental, social and governance initiatives*

SINGAPORE, 11 November 2024 – Mainboard-listed communications and network solutions provider **Nera Telecommunications Ltd** ("**NeraTel**", 挪拉电讯, or the "**Group**") announced today that its order intake for the nine months ended 30 September 2024 ("**9M2024**") grew 28.3% to $89.2 million, up from $69.5 million in the previous corresponding period ("**9M2023**"), supported by fresh orders secured from Service Provider and Enterprise segments, partially offset by Government, Transport and Utilities.

[1] *Ennoconn Solution as a Service.*

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Order Intake by Customer Sector

$(million)	3Q2024	3Q2023	(%) Change	9M2024	9M2023	(%) Change
Total Order Intake	**12.3**	**23.0**	**(46.5)**	**89.2**	**69.5**	**28.3**
Service Provider ("SP")	9.0	16.8	(46.4)	59.9	43.7	37.1
Government, Transport and Utilities ("GTU")	0.9	4.2	(78.6)	14.9	15.1	(1.3)
Enterprise ("ENT")	2.4	2.0	20.0	14.4	10.7	34.6

Renewal of a $17.6 million contract for managed services with a service provider in Singapore for a further three-year term commencing in July 2024 lifted the SP sector, which saw a significant 37.1% climb to $59.9 million in 9M2024, up from $43.7 million in 9M2023. ENT rose 34.6% to $14.4 million from $10.7 million over the same period backed by demand for network security services mainly from the banking industry in both Singapore and Indonesia. GTU on the other hand, dipped marginally by 1.3% to $14.9 million in 9M2024 from $15.1 million in 9M2023.

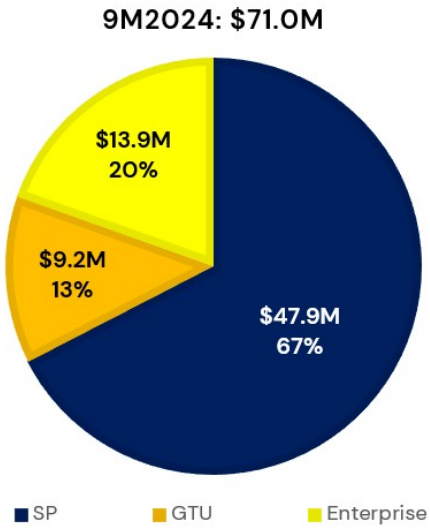
During the year, in January 2024, NeraTel also secured a five-year managed services component of a $10 million project with a leading Southeast Asian service provider to implement infrastructure across over 30 sites for the latter's digital economy operations. NeraTel was also part of the consortium that secured a $20 million project in February 2024 to revamp Singapore's bus ticketing depot system, under its GTU segment.

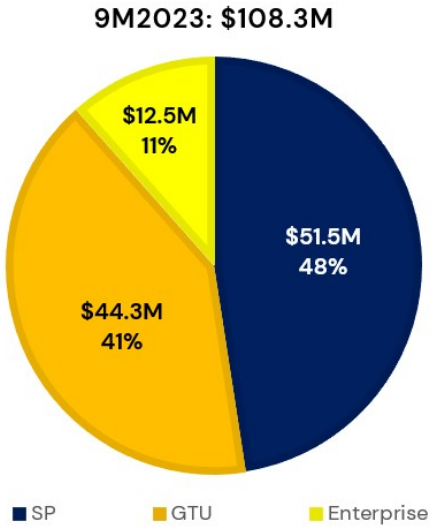
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Revenue Contribution by Customer Sector

$ (million)	3Q2024	3Q2023	(%) Change	9M2024	9M2023	(%) Change
Total	**23.6**	**27.9**	**(15.4)**	**71.0**	**108.3**	**(34.4)**
SP	16.4	13.8	18.8	47.9	51.5	(7.0)
GTU	2.6	8.5	(69.4)	9.2	44.3	(79.2)
ENT	4.6	5.6	(17.9)	13.9	12.5	11.2





The Group's revenue for the third quarter ended 30 September 2024 ("**3Q2024**") declined 15.4% to $23.6 million from $27.9 million a year ago ("**3Q2023**"). Revenue for 9M2024 decreased by 34.4% to $71.0 million from $108.3 million in 9M2023, mainly due to lower revenue from GTU and SP; partially offset by higher revenue from ENT, with strong demand for network security solutions mainly from the banking sector. Overall, market headwinds which led to a cut back in IT solutions, contributed to the lower revenue. At the same time, a decrease in order intake from the previous year and order backlog brought forward into FY2024 was another key contributing factor for the decline in revenue.

Revenue contribution from Network Infrastructure ("**NI**") in 9M2024 declined 36.4% to $57.5 million from $90.4 million a year ago, with softer demand as customers take a cautious approach towards expenditure, amidst a challenging operating environment brought on by various factors including heightened geopolitical tensions. Meanwhile, revenue for Wireless Infrastructure Network ("**WIN**") declined 24.6% to $13.5 million from $17.9 million, mainly due to lower contributions from the EMEA markets.

The Group recorded gross profit of $18.4 million in 9M2024, from $23.3 million in 9M2023, in line with the lower revenue for the period. 9M2023 gross profit margin increased by 4.4% to 25.9% in 9M2024 from 21.5% in 9M2023 mainly contributed by stronger services margins and project closure adjustments.

On the outlook, Ennoconn Corporation has completed its mandatory unconditional cash offer for NeraTel following its purchase of an approximate 63.77%[2] stake in the Group.

Together with Ennoconn, a leading global industrial PC group known for manufacturing customisable hardware solutions, NeraTel will explore joint synergies to enhance its ESaaS (Ennoconn Solution as a Service) platform strategy, focusing on key growth and innovation areas including railway dedicated networks ("**RDN**"), IoT + 5G smart manufacturing solutions, artificial intelligence technology applications, and environmental, social and governance ("**ESG**") initiatives.

As a comprehensive solutions provider, NeraTel excels and is focused on executing its corporate strategies in key areas such as network infrastructure, Internet of Things ("**IoT**"), information security, cloud and data centre solutions, and enterprise service management, across the Group's diverse client base including businesses in telecommunications, utilities, healthcare, education, transportation, logistics, financial services, and government organisations.

[2] *In this Announcement, the percentage shareholding interest referred to in this Announcement is rounded to two (2) decimal places and is based on 361,897,000 Shares which was obtained from publicly available information.*

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Mr Chong Hoi Ming (莊海明), CEO of NeraTel, said, "We warmly welcome Ennoconn, our major shareholder, marking an important step towards strengthening our position as a comprehensive solutions provider.

"With Ennoconn Group's expertise and support, we are poised to accelerate our transformation and complete our end-to-end OT solutions, with immediate enhancement to our portfolio with high-impact offerings in smart retail, smart building systems, smart factories, cybersecurity, artificial intelligence, and sustainability. These enhancements will enable us to meet our clients' evolving needs with greater agility and precision, unlocking new opportunities for impactful value creation."

The global economy continues to be volatile with heightened geopolitical tensions and higher operating costs, and NeraTel will prudently navigate ahead, tapping on a broadened business focus.

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 counts among its 1,000 employees worldwide, some of the most highly certified teams of engineers 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.

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Headquartered in Singapore, NeraTel has a diversified geographical presence across Asia-Pacific, Europe, Middle East and Africa.

For more information, please visit our website: http://www.nera.net/

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