

The NERA logo is rendered in a bold, red, sans-serif font. The letter 'A' is stylized with a sharp, upward-pointing triangular shape at its top right corner. The logo is positioned on the left side of the slide, overlapping the background imagery.

NERA

2H/FY 2020 RESULTS PRESENTATION

1 March 2021



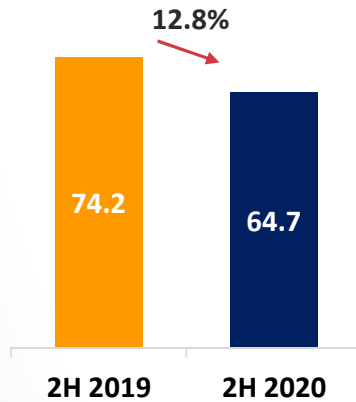
FINANCIAL HIGHLIGHTS



KEY FINANCIAL HIGHLIGHTS



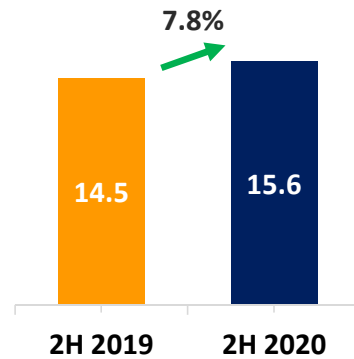
Revenue
(\$'m)



Revenue in 2H 2020 decreased by 12.8% to \$64.7 million due to lower contribution from GTU and Service Provider segments

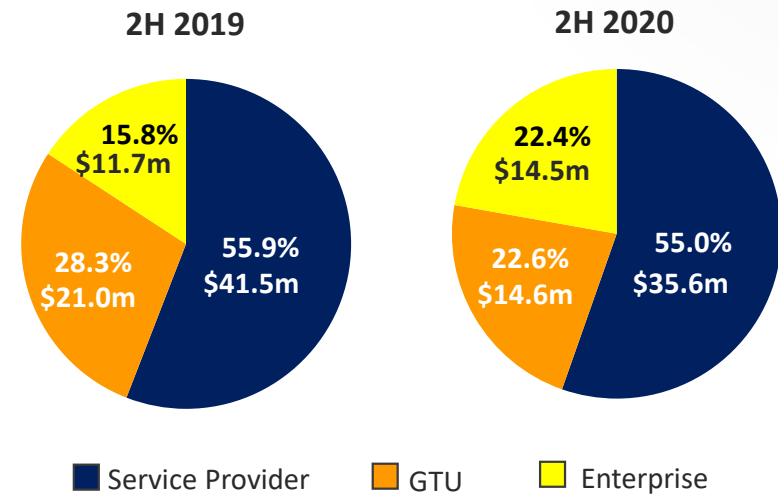
Gross profit in 2H 2020 rose 7.8% to \$15.6 million

Gross Profit
(\$'m)



The Group's gross profit margin in 2H 2020 increased 4.6 percentage points to 24.1% boosted by stronger gross margin from the Service Provider segment and absence of provision for contract assets relating to a project in the Philippines in FY 2019

Revenue (By Customer Vertical)

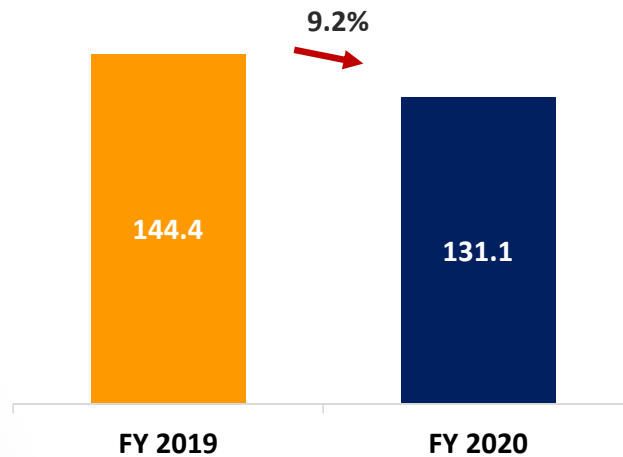


Revenue contribution from Enterprise segment rose 23.7% year-on-year in 2H 2020

KEY FINANCIAL HIGHLIGHTS

Revenue

(\$'m)

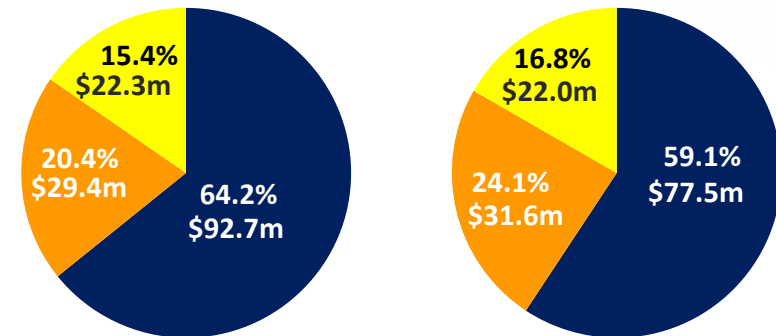


FY 2020 revenue fell 9.2% to \$131.1 million as a result of lower contribution from Service Provider and Enterprise segments

Revenue (By Customer Vertical)

FY 2019

FY 2020

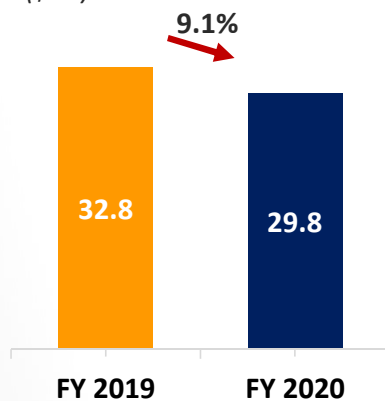


■ Service Provider ■ GTU ■ Enterprise

The Group made progress in the GTU segment with 7.4% increase in revenue contribution to \$31.6 million in FY 2020

KEY FINANCIAL HIGHLIGHTS

Gross Profit
(\$'m)

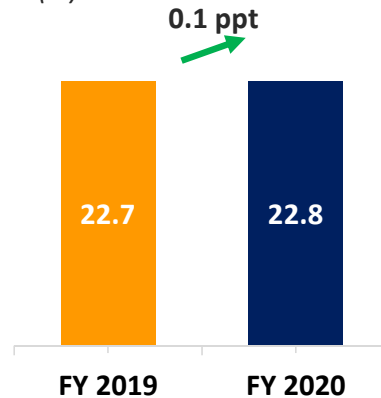


Gross profit in FY 2020 decreased by 9.1% to \$29.8 million mainly in line with the drop in revenue in FY 2020, as well as an absence of provision for contract assets relating to a project in the Philippines in FY 2019

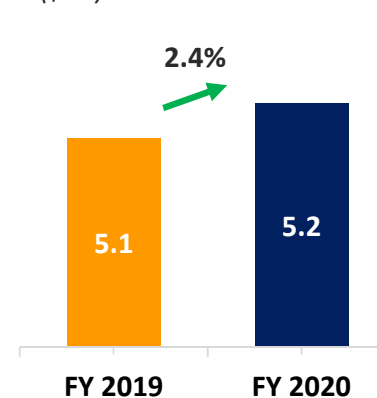
The Group's gross profit margin in FY 2020 remained fairly stable and in double-digits range at 22.8% in FY 2020, an increase of 0.1 percentage point as compared to FY 2019

Excluding the provision for contract assets in FY 2019, the gross profit margin edged down slightly by 1.4 percentage points from 24.2% in FY 2019 to 22.8% in FY 2020

Gross Profit Margin
(%)

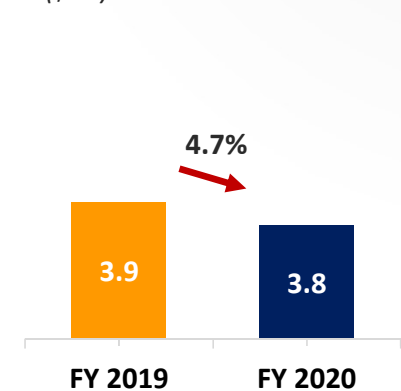


Profit before tax
(\$'m)



Achieved profitability notwithstanding the global pandemic
FY 2020 profit before tax increased 2.4% to \$5.2 million, mainly due to lower operating expenses and grants recognised from government relief measures related to the COVID-19 pandemic

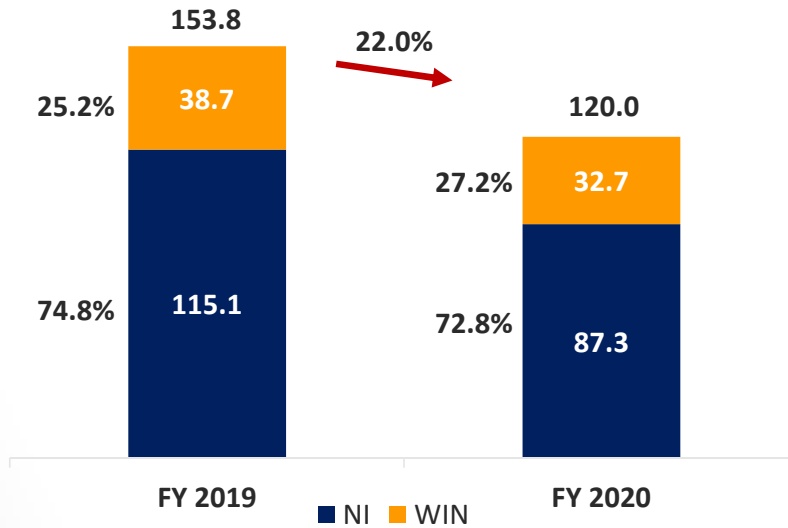
Net Profit
(\$'m)



FY 2020 net profit dipped 4.7% to \$3.8 million

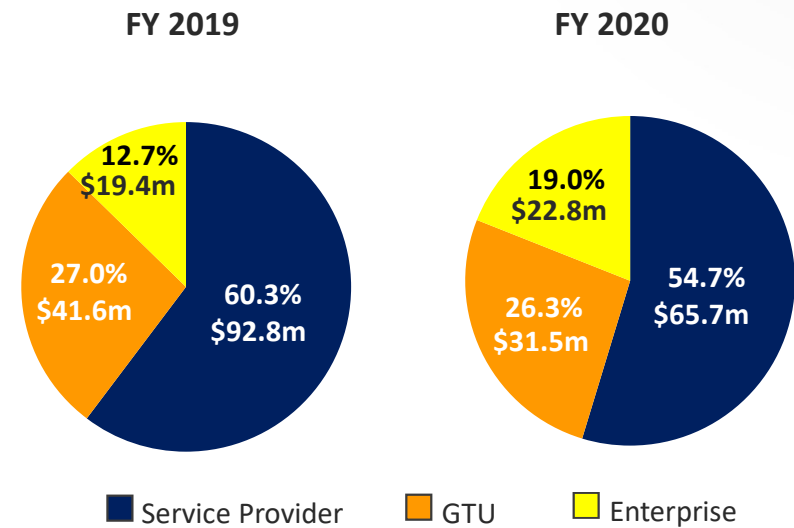
KEY FINANCIAL HIGHLIGHTS

Total Order Intake
(\$'m)



To actively tap on opportunities and leads to grow the GTU segment, and further diversify customer base

Total Order Intake By Customer Segment

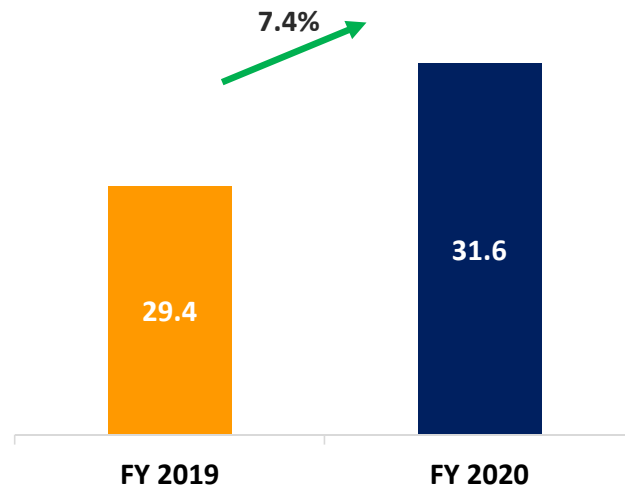


To leverage on opportunities resulting from the shift towards working-from-home amid the COVID-19 pandemic

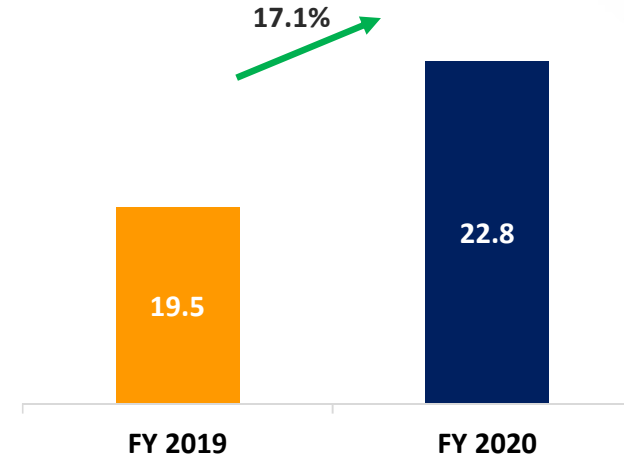
CORPORATE DEVELOPMENTS

- DIVERSIFICATION OF CUSTOMER BASE

Revenue by GTU segment
(\$'m)



Order Intake by Enterprise segment
(\$'m)



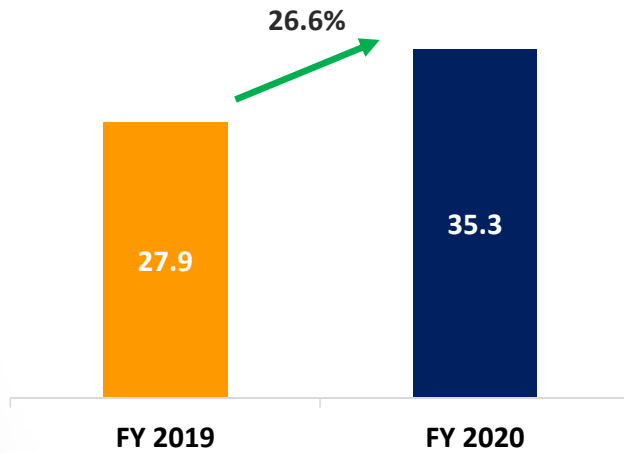
Continues to grow the GTU segment and drive customer diversification

- Enterprise FY 2020 order intake rose 17.1% to \$22.8 million

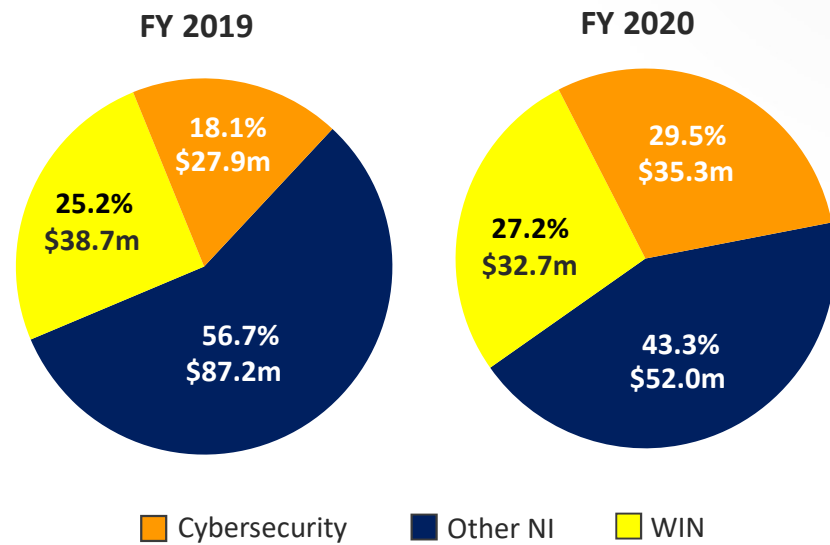
CORPORATE DEVELOPMENTS

- CYBERSECURITY GROWTH

Cybersecurity Order Intake
(\$'m)



Order Intake (By Nature)



NeraTel's cybersecurity solutions continue to gain traction, recording a 26.6% jump in order intake

FINANCIAL POSITION

\$'m	FY 2020	FY 2019	Change (%)
Revenue	131.12	144.39	(9.2)
Gross Profit	29.83	32.81	(9.1)
Gross Profit Margin (%)	22.8	22.7	0.1 pt
Total Operating Expenses	25.12	27.67	(9.2)
Net Profit After Tax	3.76	3.95	(4.7)
Net Profit Margin (%)	2.9	2.7	0.2 pt
Basic and Fully Diluted EPS (SGD cents)	1.04	1.09	(4.6)

FINANCIAL POSITION

\$'m	31 December 2020	31 December 2019
Current Assets	149.66	146.77
Current Liabilities	91.98	90.28
Net Current Assets	57.68	56.48
Total Assets	162.35	158.52
Total Liabilities	96.09	94.75
Total Borrowings	28.50	16.50
Cash and Bank Balances	23.12	13.00
Net (Debt)/Cash	(5.38)	(3.50)
NAV/Share (SGD cents)	18.31	17.62



OUTLOOK & STRATEGIES



MACRO OUTLOOK

Uneven Recovery and COVID-19 related uncertainties



GLOBAL OUTLOOK

- According to the International Monetary Fund (“IMF”), the global economy is projected to grow 5.5 per cent in 2021 and 4.2 per cent in 2022
- However, renewed waves and new variants of the virus pose concerns for the outlook



SINGAPORE OUTLOOK

- In Singapore, GDP is forecasted to grow between “4.0 to 6.0 per cent” in 2021 according to the Ministry of Trade and Industry (“MTI”), although this recovery remains uneven across sectors
- The MTI also noted that continued geopolitical uncertainty involving the major economies could weigh on global trade and the global economic recovery

As such, the COVID-19 pandemic and geo-political tensions will likely continue to create uncertainties in terms of the Group’s business outlook

KEY INDUSTRY DRIVERS – CYBERSECURITY



Cybersecurity

>US\$ **46.1B**
Cybersecurity Market (APAC)
(2023F)

18.3%
CAGR
(2020 – 2025F)

Key Drivers:

Adoption of new technologies: New technology applications such as the Internet-of-Things (IoT), cloud computing and Software-as-a-Service (SaaS), present new forms of cyber threats which would require more sophisticated solutions

Increased business spending on cybersecurity: As ransomware and malware attacks become more sophisticated and businesses grow increasingly reliant on cloud computing, businesses have been increasing their cybersecurity budgets. According to a VMWare Carbon Black survey, 77 percent of businesses indicated they purchased new security products, 69 percent reported an increase in security staff, and 56 percent reported an increase in IT staff in 2020

Digital transformation due to remote working: Remote working continues to be the default mode of work, both in Singapore and globally. As such, companies will need to shore up cybersecurity on their distributed networks and cloud-based platforms to prevent security breaches

CYBERSECURITY

- OVERVIEW



Industry-leading Hardware and Software Security, and Security Management Solutions



Next Generation
Firewall



Anti Distributed Denial
of Service



Privileged Access
Management



Data Loss Prevention



Encryption



Security Information and
Event Management

NeraTel's Competitive Strengths

- NeraTel has a **strong suite of security partners** to choose from when offering integrated security solutions
- Leverage existing relationships with clients as well as NeraTel's **knowledge of clients' network infrastructure**
- **Experienced sales team** to strengthen presence in existing markets and enter new markets with high growth potential
- Large pool of regional Certified Engineers to provide **quality integrated services and solutions**

KEY INDUSTRY DRIVERS – 5G



>US\$ **58.17B**
5G Infrastructure Market (Globally)
(2025F)

95.8%
CAGR
(2018 – 2025F)

- **Opportunities for 5G deployment in Southeast Asia**

- According to Valuates Reports, 5G global market is expected to reach US\$667.9 billion by 2026, growing at CAGR of 122.3 percent from 2021 to 2026
- More specifically, demand for 5G infrastructure within the 5G global market has also risen as a result of advances in technology, and projected to reach US\$58.2 billion by 2025, growing at CAGR of 95.8 percent from 2018 to 2025
- In ASEAN, Singapore is expected to be the first to launch 5G in 2020, followed by Vietnam, the Philippines, Malaysia, and Thailand

The Group is actively positioning itself appropriately to pursue 5G-related opportunities with Service Providers. These opportunities include the upgrading of existing IP infrastructure, fronthaul and backhaul networks; providing cybersecurity products as well as offering network planning, consultancy, RF benchmarking and optimisation services to operators and main contractors

5G DEPLOYMENT

– AREAS TARGETED BY NERATEL

Fronthaul/Backhaul/IP Core Network

- Full range of solutions as well as multi-year services targeted for all these domains:
 - IP: mainly routers and switches. Includes open networking products
 - Cybersecurity: Firewalls, anti-DDoS, SIEM, SOAR, and Network Data Analytics
 - Optical: DWDM and OTN related solutions
 - Microwave: PTP and Non-PTP. Long Haul and Short Haul Radios. Both Licenced as well Non Licenced band radios
 - Automation, SDN, NFV as well as multi-access edge computing solutions

Radio Access Network (RAN)

- As a major solutions provider of Common Antenna System (CAS), Nera will benefit from 5G network roll out as all existing and new buildings will need to upgrade their CAS system
- Nera also offers professional services such as network planning, consultancy, RF benchmarking and optimisation to operators and main contractors (example Ericsson and Nokia). We are also targeting products and services related to the installation of base stations (including the purchases and erection of tower and poles for example)
- Nera possesses the ability to offer Open-RAN products and services as well

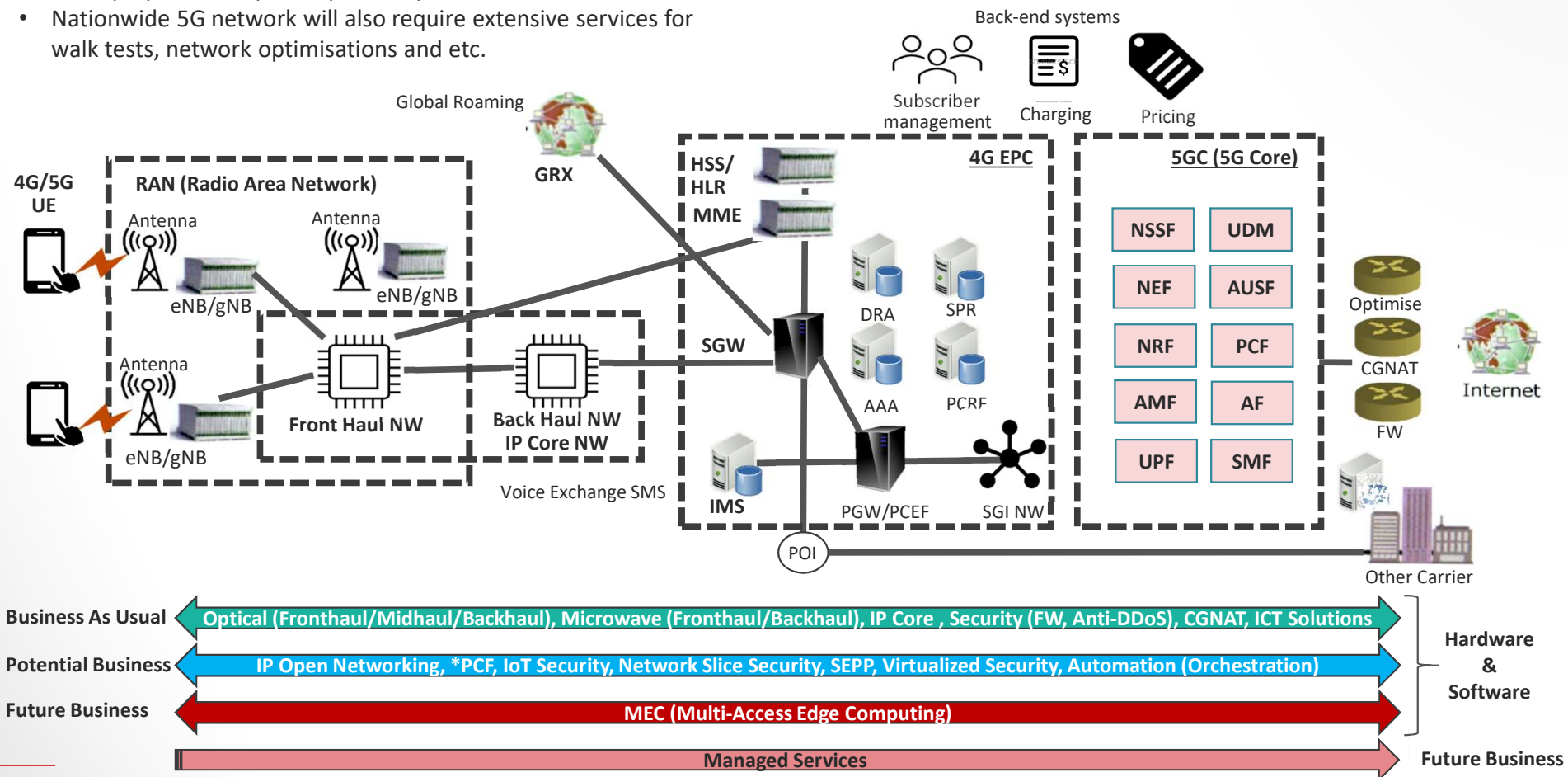
Core Systems and SGI Network

- Areas of opportunities includes Policy Control Solutions (PCF/PCRF/PCEF), Billings system(AAA), Cybersecurity (Firewalls and Privileged Access Management), as well as equipment for Carrier-Grade Network Address Translation (CGNAT)

5G DEPLOYMENT

- OVERVIEW

- 5G deployments requires system replacements and enhancements
- Nationwide 5G network will also require extensive services for walk tests, network optimisations and etc.



OUR KEY DIFFERENTIATORS

Experience	Extensive deployments across mobile ecosystem with Mobile Network Operators (MNOs), 20+ years in the industry and currently LEADERS in Optical Technology
Flexibility	Best-in-breed mobile transport (xHaul: fronthaul/midhaul) for Cloud RAN (C-RAN) and Distributed RAN (D-RAN) backhaul
Programmable & Open	Programmable fronthaul for CPRI/RoE, eCPRI, and ORAN
Differentiating Services	Holistic Network Slicing with orchestrated soft and hard slicing capabilities + low latency guarantees
Multilayer	Optimised backhaul transport with multilayer (IP + Optical) integration
End to End Capabilities	Provides Turnkey Solutions
Regional Footprint	Operates in 16 countries



NERA

2H/FY 2020 RESULTS PRESENTATION

THANK YOU