

NEWS RELEASE

NeraTel Records FY2023 Net Profit after tax of \$5.5 Million, Declares Dividend of 0.5 cent per share

- *Generated operating cash flow of \$7.9 million; strong balance sheet with \$8.6 million net cash*
- *Order intake of \$95.6 million as the Group took a deliberate approach to improve deal quality*
- *Recommends a first and final dividend of 0.5 cent per share*

SINGAPORE, 29 February 2024 – Nera Telecommunications Ltd (“NeraTel”, 挪拉电讯, or the “Group”) has proposed a first and final dividend of 0.5 cent per share for the financial year ended 31 December 2023 (“FY2023”) after recording net profit of \$5.5 million, sharply reversing a loss of \$7.3 million a year earlier, and strengthening its balance sheet with net cash of \$8.6 million.

The FY2023 net profit was achieved on the back of higher revenue with gross profit margin of 22.0%, reflecting its shift towards better quality of projects secured. The bottom-line was also lifted by the net gain from the disposal of its Singapore property, narrower forex losses and deferred tax assets adjustment that arose from deductible temporary differences and unused tax losses.

FY2023 Revenue Increase

The SGX Mainboard-listed IT network infrastructure leader said while revenue for the second half of 2023 (“2H2023”) declined to \$61.3 million (2H2022: \$71.2 million), FY2023 revenue increased 6.9% to \$141.7 million (FY2022: \$132.5 million). The increase was mainly due to higher contributions from the Government, Transport and Utility (“GTU”) and Enterprise (“ENT”) segments.

Revenue contribution from Network Infrastructure (“NI”) solutions rose 10.0% to \$113.4 million in FY2023 from \$103.1 million in FY2022, propelled by higher revenue contributions from Singapore, Indonesia and Europe/Middle East and Africa (“EMEA”). Revenue contribution from Wireless Infrastructure Network (“WIN”) solutions stood at \$28.3 million (FY2022: \$29.4 million), mainly due to lower revenue from EMEA.

Increase in Gross Profit and Profit After Tax

FY2023 gross profit rose to \$31.2 million, a 5.6% increase from \$29.6 million in FY2022, while FY2023 gross profit margin stood at 22.0% compared to 22.3% in FY2022. The Group recorded other income of \$3.7 million, which includes proceeds of \$6.3 million from the sale of the Group’s Defu Lane premises that was completed in January 2023, compared to other expenses of \$3.9 million in FY2022; and deferred tax assets adjustment that arose from deductible temporary differences and unused tax losses. As such, the Group recorded profit after tax of \$5.5 million for the year, compared to a loss after tax of \$7.3 million in FY2022.

Increase in Net Cash

The Group’s net cashflow from operations continued to improve, increasing to \$7.9 million in FY2023 (FY2022: \$7.6 million). The Group also strengthened its balance sheet, achieving a net cash position of \$8.6 million as of 31 December 2023, a significant improvement of \$11.4 million from net debt of \$2.8 million a year ago.

Order Intake & Deal Quality

Order intake for FY2023 declined to \$95.6 million, mainly due to headwinds in the operating environment with economic challenges and prolonged geopolitical tensions. However, the Group is confident that its emphasis on risk management and efforts to refine deal qualification will place it in a stronger position to seize opportunities that better align with its objectives.



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New Growth Areas & Strategic efforts on AI, Cybersecurity

The Group will be accelerating strategies to leverage its long-standing relationships with leading technology partners to offer AI-enabled solutions, cybersecurity, and Enterprise Service Management to customers. It is also diversifying into new industries such as logistics, transportation, Oil & Gas, utilities and financial services.

Quality Projects

The Group recently secured two strategic projects.

In January 2024, the Group clinched a \$10 million project, with a leading Southeast Asian service provider to implement infrastructure across 30 sites for the latter's digital economy operations. The project includes a five-year managed services component covering management, operation and maintenance of equipment, as well as round-the-clock support and network performance monitoring.

In February 2024, the Group secured, as part of a consortium with Panasonic subsidiary RFNet Technologies Pte Ltd ("RFNet"), a \$20 million project to revamp Singapore's bus ticketing depot system. Over the course of 47 months, the Group will work closely with RFNet to deploy a full suite of solutions across 14 existing bus depots, with an option to extend the same to new depots in the future.



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Stronger Position; Dividend

Chief Executive Officer Mr Chong Hoi Ming (莊海明) said, "NeraTel has recorded a commendable performance in the face of a challenging operating environment. The improved bottom-line and positive cash flow from operations as well as strategies to improve deal quality position us well to capture opportunities in new markets and new services."

NeraTel's Chairman Mr Basil Chan said, "To thank our loyal shareholders, the Board of Directors has proposed a final dividend of 0.5 cent per share for FY2023. Moving forward, the NeraTel team remains committed to adding long-term value for our shareholders."



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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 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. Headquartered in Singapore, NeraTel has a diversified geographical presence in over 16 countries across Asia-Pacific, Europe, Middle East and Africa.

For more information, please visit our website: <http://www.nera.net/> or contact:

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