

## NEWS RELEASE

### **NeraTel's FY2022 Gross Profit Growth Outpaces Revenue Growth Amid Pent-up Demand For Telco Services; Lowers Net Loss (Excluding Unrealised Forex Loss)**

- *FY2022 revenue rose 29.2% to \$132.5 million, while Gross Profit rose 51.6% to \$29.6 million*
- *Net cashflow from operations up significantly to \$7.6 million (negative \$0.5 million in FY2021)*
- *Net loss of \$7.3 million in FY2022. Excluding unrealised forex losses of \$4.7 million, net loss would have been even lower at S\$2.6 million compared to loss of \$16.0 million in FY2021*
- *Pent-up demand for network integration and telco infrastructure upgrades lifted order intake to \$158.3 million (FY2021: \$137.7 million)*

**SINGAPORE, 01 March 2023** – **Nera Telecommunications Ltd** (“NeraTel”, 挪拉电讯, or the “Group”) said today its gross profit (“GP”) for the July–December 2022 period (“2H2022”) rose 51.3% compared to a year earlier, outpacing revenue growth, as net cashflow from operations improved significantly amid post-pandemic demand in ASEAN and other emerging markets for telecommunication infrastructure services.

The SGX Mainboard-listed Communications and Network Solutions Provider said the 2H2022 GP of \$15.6 million (2H2021: \$10.3 million) was achieved on the back of revenue of \$71.2 million (2H2021: \$59.3 million). GP margin increased to 21.9% from 17.4% over the comparative periods, reflecting better internal efficiencies including reduced outsourcing to third-party vendors.

# NERA

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For the financial year ended 31 December 2022 (“FY2022”), GP margin rose to 22.3% from 19.0% in FY2021. Over the comparative years, gross profit increased 51.6% to \$29.6 million while revenue rose 29.2% to \$132.5 million.

The growth in revenue was propelled by higher demand for both Network Infrastructure (“NI”) and Wireless Infrastructure Network (“WIN”) solutions in Malaysia, Indonesia and Europe/Middle East and Africa (“EMEA”) as COVID-19 restrictions eased in these regions even as 5G adoption and network integration gathered pace.

Revenue in Indonesia rose to \$25.9 million in FY2022 (FY2021: \$13.6 million), to \$24.9 million for Malaysia (FY2021: \$20.1 million) and to \$22.7 million for EMEA (FY2021: \$15.1 million).

Revenue for the Service Provider segment – the Group’s core income driver – rose 41.5% sequentially to \$23.2 million for 4Q2022 from \$16.4 million in 3Q2022. NeraTel is also reaping success from its expansion in the Government, Transport and Utilities (“GTU”) segment where revenue rose 75.0% to \$14.7 million from \$8.4 million.

While there was healthy growth in revenue and GP margins, NeraTel’s performance was impacted by unrealised foreign exchange loss of \$4.7 million in FY2022 (FY2021: \$0.7million) due to the weakening of the Indonesian rupiah, Pakistan rupee and the Philippine peso against the Singapore dollar.

As a result, NeraTel recorded a loss after tax of \$7.3 million in FY2022, compared to a loss of \$16.0 million in FY2021. Excluding the foreign exchange loss, the loss after tax in FY2022 would have been lower at \$2.6 million.

The Group’s net cashflow from operations also increased significantly to \$7.6 million in FY2022 from negative \$0.5 million in FY2021.

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During 4Q2022, the Group also incurred costs and capital expenditure to relocate its corporate headquarters from 109 Defu Lane 10 to 19 Tai Seng Avenue. The relocation was completed in January 2023 as part of a transformation under Chief Executive Officer Mr Chong Hoi Ming (莊海明) (“Mr Chong”) to unlock value and improve internal efficiencies.

NeraTel also received \$6.3 million from the sale of its Defu Lane premises completed on 31 January 2023 and expects to record a net gain on disposal of \$6.2 million in 1H2023.

On the outlook, Mr Chong said, “The momentum to upgrade telecommunications infrastructure, especially for 5G, is clearly growing as the pressures of the pandemic ease. The order flow from Indonesia, Malaysia, Thailand and certain emerging markets remains healthy. This will enable us to focus on high-quality deals going forward.” NeraTel’s order intake in FY2022 rose to \$158.3 million from \$137.7 million a year earlier.

“At the same time, we are pursuing at least two other strategies – i) moving up the value chain by offering higher-margin products and services such as cybersecurity amid increasing cyberattacks, phishing and online fraud; and ii) reducing outsourcing and capturing more activities in-house to improve internal efficiencies. Our relocation to the new premises will facilitate this shift.”

The Group expects these strategies will strengthen NeraTel’s value proposition as a leader in telecommunication infrastructure services amid economic and geopolitical uncertainties.



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

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