

## **BUSINESS UPDATE FOR THE FIRST QUARTER ENDED 31 MARCH 2022**

“The Group’s solid opening backlog supported by our geographical, sector and solutions strategy has helped us evolve and ascent stronger with a 22.4% total revenue growth in first quarter 2022 as compared to preceding year quarter. The group remains cautious as on-going chip shortages affecting supply chains and the uncertainties from the Ukraine conflict linger on.”

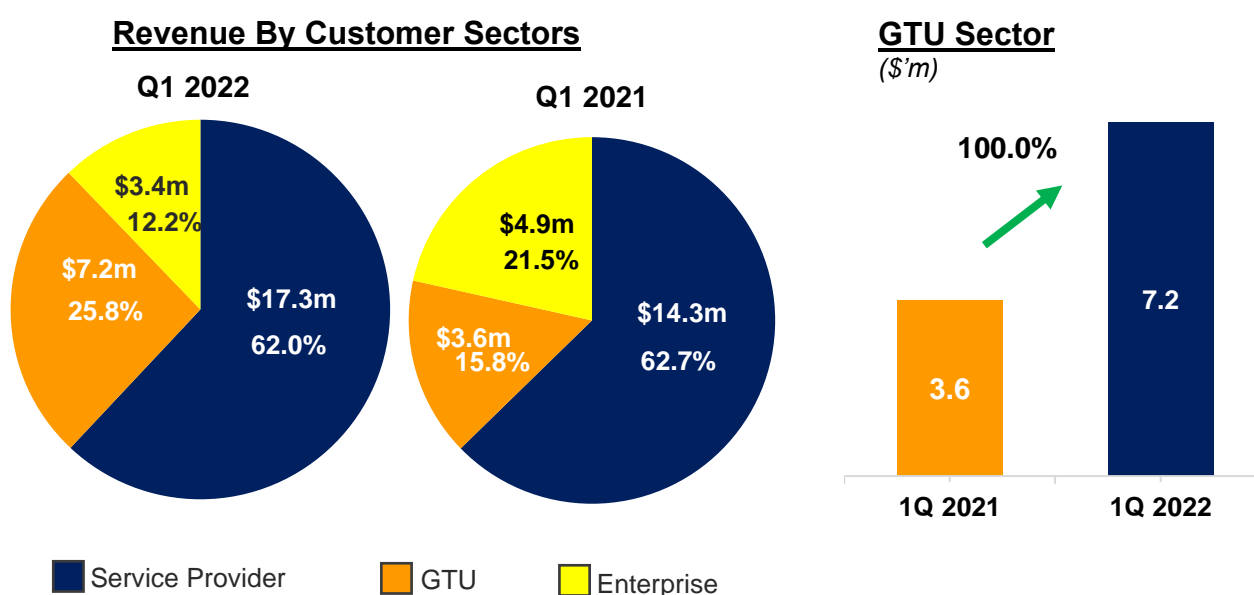
“Notwithstanding the rapidly evolving business environment from the majority of our markets that are moving into the Covid endemic phase, we are encouraged to have seen a major improvement in the Government, Transport and Utilities sector. Revenue from technology sales also increased as we work closely with our technology partners to navigate the supply chain issues from the on-going chip shortages. Looking ahead, with 5G rollouts in Singapore and the reopening of the economies, we hope to see a gradual pick-up in the Services Provider market, where we have long-term working relationships with a large number of Tier 1 Service Providers.”

**Mr. Chong Hoi Ming, CEO of Nera Telecommunications Ltd**

## Financial Highlights

### Revenue Contribution by Customer Sectors

\$(million)	Q1 2022	Q1 2021	% Change
<b>Group Revenue</b>	<b>27.9</b>	<b>22.8</b>	<b>22.4</b>
Government, Transport and Utilities (“ <b>GTU</b> ”)	7.2	3.6	100.0
Service Provider (“ <b>SP</b> ”)	17.3	14.3	21.0
Enterprise (“ <b>ENT</b> ”)	3.4	4.9	(30.6)



For the first quarter ended 31 March 2022 (“**Q1 2022**”), Nera Telecommunications Ltd.’s (“**NeraTel**”) revenue increased by 22.4%, from \$22.9 million for the first quarter ended 31 March 2021 (“**Q1 2021**”) to \$27.9 million, mainly due to the strong closing order backlog carried forward from year ended Dec 2021.

Notably, the Group has made major improvements in the Government, Transport and Utilities customer sector. For Q1 2022, revenue rose 100.0% to \$7.2 million for this sector, mainly due to an increase in IT infrastructure investments as a result of the progressive reopening of the economy with the “Living-with-COVID strategy”.

Revenue from Service Providers (“**SP**”) also recorded a 21% increase from \$14.3 million in Q1 2021 to \$17.3 million in Q1 2022.

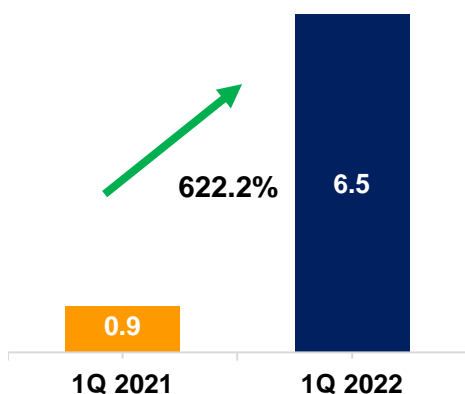
## Order Intake by Customer Sector

\$(million)	Q1 2022	Q1 2021	(%)
<b>Total Order Intake</b>	<b>22.2</b>	<b>27.0</b>	<b>(17.8)</b>
Government, Transport and Utilities (“ <b>GTU</b> ”)	6.5	0.9	622.2
Service Provider (“ <b>SP</b> ”)	13.6	16.4	(17.1)
Enterprise (“ <b>ENT</b> ”)	2.1	9.7	(78.4)

NeraTel recorded total order intake of \$22.2 million in Q1 2022, a decrease of 17.8% from \$27.0 million in Q1 2021, as a result of the Group’s renewed vigour in the negotiations and cautious approach in the selection of new bids, it therefore is delaying the conversion of those bids into orders.

Our customer diversification strategy continues to bear fruit, with the Government, Transport and Utilities (“GTU”) sector rose 622.2% to \$6.5 million in Q1 2022, up from \$0.9 million in Q1 2021.

### Government, Transport and Utilities (\$'m)



## **Transcend through the Post-Pandemic Market Recoveries and New Normal – Rise up Stronger**

The global markets have evolved and re-opened with a different way of living and working. During the pandemic turmoil, the Group has remained resilient and positive and has deployed cautious diversification and restructuring plans in preparation of the new age that dawns in the post-pandemic era.

- **Group Resources Rejuvenation** – The Group is undergoing a Strategic Review and Rejuvenation where we are actively recruiting new talents and augmenting the current team to reinforce our sales and delivery capabilities. This is in line with the new demands from the growing opportunities we are seeing from the market sectors that we are servicing to position ourselves for the expanding growth.
- **Build on Strength and Remain Cautiously Optimistic** – The Group has been focusing on optimising working capital and improving NeraTel's cash flow through better management of accounts receivables and accounts payables. Meanwhile, the Group is also enhancing our operating tools and processes whilst investing in enhancing our people's skills.
- **Further Build on Remote Working Global Trend** – The Group has already tapped into the latest opportunities brought by the pandemic in 2021, as remote working, be it wholly or partially, continues to be the default mode for businesses and organisations in Singapore and globally. With public and private businesses strengthening their IT hardware, storage and security infrastructures throughout the pandemic period, the Group has diversified and expanded into more sectors and business streams, answering to the changes requested from customers. With global and regional enterprises shifting to permanent remote working practices, we are confident that the Group's investments into the new era will fuel a rapid recovery for the Group as a whole.

- **5G Deployment** – The rollout of 5G networks in Singapore and the region will present further opportunities for NeraTel, with the deployment of networks. The Group has strategically positioned ourselves and are ready 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.

## **Outlook & Strategies**

Outlook for 2022 is improving though we remain cautious as the global supply chain constraints due to the chip shortages remain a challenge. With the Group's long term and new strategic partnerships with global technology leaders coupled with the rejuvenation of our offerings, we will build a more robust platform for the group to navigate for growth.

We believe success of the Group builds on the quality of our people, our adaptability to change and our vision towards the future. While we envision hybrid and remote working model is set to stay after all markets are re-opened, we are to invest continuously on new technologies to meet the surging needs.

According to a recent [HR Trends Survey for 2022 \(www.chiefstaff.asia/post/hr-trends-for-2022-hybrid-working-model-set-to-stay\)](https://www.chiefstaff.asia/post/hr-trends-for-2022-hybrid-working-model-set-to-stay), hybrid working mode has resulted in productivity increases of 15% to 40%. Such productivity surges would be backed by improved connectivity, storage and security for the sustainable growth of any business, regardless of region. Meanwhile, response to the Barclays 1H 2022 CIO survey indicated an accelerating improvement in the overall IT spending outlook for the year with 2022 spending increasing by 4.3% from 3.9% previously. Outlook improved specifically for hardware purchases.

During 2022, we expect users' 5G experience to improve further because operators will launch new versions of 5G and deploy more 5G spectrum in many markets, and smartphone makers are launching new 5G smartphone models with improved 5G chipsets, modems and radio front end (RFE) hardware. As a result, the gap between the 5G experience and older

mobile technologies will widen, which will increase the need for service operators to retire 2G and 3G networks so as to deploy modern standards.

Moving forward, the Group will further embrace new opportunities presented by the post-pandemic era and also focus on offerings to align with our target customer sector's needs.

## **About Nera Telecommunications Ltd**

Established in October 1978 and listed on the SGX Mainboard since 1 July 1999, Nera Telecommunications Ltd (“**NeraTel**”) is a leading Communications and Network Solutions Provider. With over four decades of established track record, the Singapore-headquartered NeraTel has a diversified geographical presence in over 16 countries in the Asia-Pacific, Europe, Middle East and Africa regions.

Supported by one of the largest team of certified engineers in Asia, NeraTel provides a full suite of turnkey network and wireless solutions – ranging from network security solutions, cloud network infrastructure to wireless network services – delivering cutting-edge services for the digital world. NeraTel serves a wide range of industries including telecommunications, enterprises, government organisations, transportation and utilities, amongst many others.

With its comprehensive range of customisable solutions, NeraTel empowers its customers to enhance their business processes and deliver new innovative services and business models.

For more details, please visit: <http://www.nera.net/>

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