

NEWS RELEASE

NeraTel Records Profit After Tax of \$1.4 Million

Significant Increase in Order Intake Across Three Business Sectors in 1H2024

- *Order Intake for 1H2024 grew 65.2% year-on-year to \$76.8 million, from \$46.5 million in 1H2023, propelled by fresh orders*
- *1H2024 revenue declined to \$47.3 million with lower contributions from GTU and SP business sectors, partially offset by higher contributions from the ENT sector*
- *Healthy 6.1% increase in gross profit margin to 27.7% in 1H2024*
- *Generated operating cash flow of \$4.2 million; strong balance sheet with \$10.2 million net cash*
- *Recurring income streams strengthened by managed services and maintenance support from recent three-year \$17.6 million renewal contract and five-year \$10 million project in Southeast Asia*

SINGAPORE, 06 August 2024 – Mainboard-listed communications and network solutions provider **Nera Telecommunications Ltd** (“**NeraTel**”, 挪拉电讯, or the “**Group**”) announced today that it recorded revenue of \$47.3 million and net profit of \$1.4 million for the six months ended 30 June 2024 (“**1H2024**”). Order intake for 1H2024 grew 65.2% to \$76.8 million from \$46.5 million in the previous corresponding period (“**1H2023**”).

Mr Chong Hoi Ming (莊海明), CEO of NeraTel, said, “The Group has successfully navigated a challenging first half of the year, achieving a robust growth in order intake. The higher order intake underscores our strategic focus on developing a pipeline of high-quality projects that will help minimise collection risks. We have improved our recurring income stream with our recent \$10 million project and \$17.6 Million contract renewal, which will enhance our cashflow.”

FINANCIAL REVIEW

1H2024 revenue declined 41.1% to \$47.3 million from \$80.4 million a year ago, largely due to lower contributions from the Government, Transport and Utility (“**GTU**”) and Service Provider (“**SP**”) sectors. The decline was partially offset by higher contributions from the Enterprise (“**ENT**”) sector, which rose 34.8% to \$9.3 million in 1H2024 from \$6.9 million in 1H2023.

For 1H2024, revenue contributions from Network Infrastructure (“**NI**”) declined 42.6% to \$38.6 million (1H2023: \$67.2 million) and Wireless Infrastructure Network (“**WIN**”) solutions decreased by 34.1% to \$8.7 million (1H2023: \$13.2 million). Lower order intake from the previous year and lower order backlog brought forward into FY2024 were the key contributing factors for the decline.

Consequently, 1H2024 gross profit declined 24.3% to \$13.1 million from \$17.3 million in 1H2023. Gross profit margin increased 6.1% to 27.7% in 1H2024, compared to 21.6% in 1H2023, attributable to stronger reported services margins and project closure adjustments.

The decrease of other income to \$0.5 million in 1H2024 against other income of \$6.0 million in 1H2023 was mainly due to the one-off gain of \$6.2 million on the disposal of its former Defu Lane premises last year. This was partially offset by higher unrealised foreign exchange gains. Total operating expenses decreased by 15.0% at \$2.2 million in 1H2024, primarily due to lower distribution and selling expenses, as well as administrative expenses.

In the absence of the one-off gain on disposal of property, the Group recorded net profit of \$1.4 million in 1H2024.

The Group’s net cashflow from operations continued to improve, increasing to \$4.2 million in 1H2024 (1H2023 : Nil). The Group also strengthened its balance sheet, achieving a net cash position of \$10.2 million and shareholders’ equity stood at \$45.6 million at the end of the reporting period.

OUTLOOK

The global economy continues to be volatile with heightened geopolitical tensions and higher operating costs due to high interest rates and inflationary pressures.

Industry-wise, in the longer term, by 2030, the value potential of the Internet of Things (“IoT”) ecosystem is estimated to reach USD\$12.6 trillion globally¹. In an increasingly connected world, constant technological advancements and the global Artificial Intelligence (“AI”) boom² continue to contribute to an ever-evolving landscape of cyber threats, which further propels demand for sophisticated cybersecurity solutions to address such vulnerabilities.

NeraTel is well positioned to capitalise on these megatrends by offering enhanced services to the Group’s customers, with a focus on AI-enabled solutions including Cybersecurity and Enterprise Service Management. This will enable NeraTel to secure higher margin opportunities in rapidly growing markets in South East Asia, and diversify its customer base whilst improving cost efficiencies.

Looking ahead, NeraTel is also expecting recurring income from the 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. This is in addition to 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. These projects will contribute positively to NeraTel’s FY2024 financial performance.

¹ Source: <https://www.mckinsey.com/featured-insights/mckinsey-explainers/what-is-the-internet-of-things>

² Source: <https://www.pwc.com/gx/en/issues/data-and-analytics/publications/artificial-intelligence-study.html>



Co. Reg. No.197802690R
19 Tai Seng Avenue, #06-01, Singapore 534054
Tel: (65) 6233 2433 | Fax: (65) 6233 2466
Website: www.nera.net

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 across Asia-Pacific, Europe, Middle East and Africa.

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

Investor Relations Contact:

Citigate Dewe Rogerson

158 Cecil Street

#05-01

Singapore 069545

Tel: (65) 6534 5122

Dolores Phua / Christel Yang

Neratel@citigatedewerogerson.com