

D-Link Reports First Quarter 2021 Financial Results

- First quarter 2021 net revenue was NT\$3.898 billion, down 6.2% QoQ and up 6.2% YoY.
- Gross margin exclusive of inventory related gain and loss was 31.2% as compared to 30.1% in 4Q20 and 28.3% in 1Q20
- Gross margin inclusive of inventory related gain and loss was 31.6%, as compared to 31.3% in 4Q20 and 29.4% in 1Q20
- Operating margin was 3.4%, as compared to 0.7% in 4Q20 and -1.5% in 1Q20
- Consolidated net income after tax and non-controlling interests was NT\$61 million, as compared to net income of NT\$990 million in 4Q20 and net loss of NT\$48 million in 1Q20
- EPS on weighted average capital of NT\$6.52 billion was NT\$0.09, as compared to NT\$1.52 per share in 4Q20 and -NT\$0.07 per share in 1Q20
- All of the above are based on consolidated numbers and 1Q21's net income is audited/reviewed.

Taipei, Taiwan, May 4, 2021 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TWSE: 2332) today announced its global consolidated financial results for the first quarter of 2021.

For the first quarter 2021, net revenue reported at NT\$3.898 billion, an increase of 6.2% year-over-year mainly due to higher projects shipments in Broadband and Mobile as well as sales recovery in regions that were negatively impacted by COVID lock down last year. Gross margin including inventory provisional gain/loss was NT\$1.232 billion or 31.6%, improved from 31.3% of 4Q20 and 29.4% of 1Q20. The company continued to focus on managing its operating expenses which reported at NT\$1.1 billion, down 13.4% QoQ and 3.1% YoY. Operating income for the reporting period was NT\$132 million. Net non-operating loss in 1Q21 was NT\$19 million primarily due to NT\$17 million loss recognized from long term investee companies under equity method. The Group's first quarter consolidated net income after tax and non-controlling interests was NT\$61 million and EPS was NT\$0.09 per share based on weighted average capital of NT\$6.52 billion.

D-Link's financial condition and liquidity remained sound at the end of 1Q21. Cash and S-T investment held were NT\$5.088 billion, decreased by NT\$1.367 billion primarily due to the investment in Cameo Communications, Inc. in 1Q21 through private placement. Accounts receivable were NT\$3.12 billion and A/R turnover days further improved to 76 days. Net inventory was NT\$2.53 billion, increased by N\$0.84 billion from 4Q20

considering anticipated component shortages, and inventory turnover days improved to 78 days. Overall, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 2.3 and 0.1 respectively. Annualized ROE for the first quarter of 2021 was 2.6%.

Consolidated Sales Breakdown by Region:

NT\$mIn	1Q21		4Q20		1Q20		QoQ	YoY
Emg. & APac	2,642	67.8%	2,832	68.2%	2,557	69.6%	-6.7%	3.3%
EU	954	24.5%	964	23.2%	745	20.3%	-1.0%	28.1%
NA	302	7.7%	359	8.6%	370	10.1%	-15.9%	-18.4%
Total	3,898	100.0%	4,155	100.0%	3,672	100.0%	-6.2%	6.2%

From a geographic perspective, 1Q21 revenue contribution from Emerging markets/Asia Pacific, Europe and North America were 67.8%, 24.5% and 7.7% respectively. Emerging markets/Asia Pacific and Europe sales were up 3.3% and 28.1% year-over-year respectively. The sales increased in EU was mainly due to project shipments and the stronger demand from retail channels. NA sales were down 18.4% partly impacted by product shortages in retail products.

Consolidated Sales Breakdown by Product Category:

With respect to 1Q21 consolidated revenue by product category, Switch products accounted for 37.3% of sales revenue, followed by Wireless & IoT at 28.0%, Mobile & Broadband at 15.2%, and Others at 19.5%. Switch sales were down 7.9% from sequential quarter or down 1.5% on YoY basis. Wireless & IoT sales were down 18.2% but about the same level on YoY basis. Project shipment in Mobile & Broadband was higher causing an increase of 35.4% from the comparable prior year quarter and an increase of 10.2% from sequential quarter.

About D-Link

D-Link is a global leader in connecting people, businesses, and cities with our computer networking solutions and technology. Our innovative products and services meet the needs of digital home consumers, small to medium sized businesses, enterprise environments, and service providers. D-Link implements and supports unified network solutions that integrate capabilities in switching, wireless, broadband, IP surveillance, and cloud-based network management. An award-winning designer, developer, and manufacturer for over 30 years, D-Link has grown from a group of friends in Taiwan into a global brand with over 2,000 employees in 60 countries.

For more information, visit <https://www.dlink.com/>.