

### D-Link Reports 2Q20 Consolidated Financials

- Second quarter 2020 net revenue was NT\$3.192 billion, down 13.1% from 1Q20
- Gross margin exclusive of inventory related gain and loss was 31.1%, as compared to 28.4% in 1Q20
- Gross margin inclusive of inventory related gain and loss was 32.3%, increase from 29.4% in 1Q20
- Operating margin was -3.1%, as compared to -1.5% in 1Q20
- Consolidated net loss after tax and non-controlling interest was -NT\$5 million, as compared to net loss of -NT\$48 million in 1Q20
- EPS on weighted average capital of NT\$6.52 billion was negative NT\$0.01, as compared to negative NT\$0.07 per share in 1Q20
- All of the above are based on consolidated numbers and 2Q20's net income is audited/reviewed.

**Taipei, Taiwan, August 11<sup>th</sup>, 2020** - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the second quarter of 2020.

For the first half of 2020, D-Link's net revenue was NT\$6.86 bln, down 16.8% as compared to NT\$8.25 bln of 1H19. Due mostly to Covid 19 impact, North America sales were down 11% from a year ago same period, Europe sales were down 16.6% and Asia Pacific region down 17.8%. Gross margin including inventory related gain/loss was 30.8% as compared to 27.4% in prior reporting period due to favorable products mix as well as less project sales. The Company continued to exercise a very cautious spending policy with OPEX decline 12.2% year over year basis. With lower revenue base, consolidated loss was NT\$53 million and EPS was negative 0.08.

For the second quarter 2020, net revenue was NT\$3.192 billion and decrease 13.1% from sequential quarter. The impact from the Covid19 lockdown has caused lower sales in many parts of the regions that we operated in. This coupled with ISP projects delay as user-based installation has come to a halt resulted in sales decrease in both retail as well as project pull. Gross margin including inventory provisional gain/loss was 32.3% or 2.9% improvement from sequential quarter due to favorable products mix as well as

NT\$38 million inventory provision loss write back. Operating expenses were about the same level as prior quarter. With the gain recorded from the maturing exchangeable bond and Alpha's shares sales, non-operating gain for 2Q20 was NT\$150 million. Consolidated net loss after taxes and non-controlling interests was NT\$5 million, significantly improved from first quarter loss of NT\$48 million despite the challenging market condition. EPS was -NT\$0.01 per share based on weighted average capital of NT\$6.52 billion.

D-Link's financial condition and liquidity remained stable at the end of 2Q20. Cash and S-T investment held was NT\$3.457 billion, increased by NT\$479 million as compared to previous quarter end. Accounts receivable was NT\$2.992 billion and AR turnover days remain stable at 78 days in line with the commercial terms offered. Net inventory was NT\$2.3 billion and inventory DOH increase to 92 days due to lower revenue achievement adversely impacted by the Covid19 situation worldwide. Overall, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 1.88 and 0.30 respectively. Annualized ROE for the second quarter of 2020 was -0.24%.

#### **Consolidated Sales Breakdown by Region:**

| NT\$mIn      | 2Q20         |             | 1Q20         |             | 2Q19         |             | QoQ           | YoY           |
|--------------|--------------|-------------|--------------|-------------|--------------|-------------|---------------|---------------|
| NA           | 432          | 13.5%       | 370          | 10.1%       | 477          | 11.8%       | 16.8%         | -9.4%         |
| EU           | 583          | 18.3%       | 745          | 20.3%       | 800          | 19.8%       | -21.7%        | -27.1%        |
| Emg. & APac  | 2,177        | 68.2%       | 2,557        | 69.6%       | 2,772        | 68.4%       | -14.9%        | -21.5%        |
| <b>Total</b> | <b>3,192</b> | <b>100%</b> | <b>3,672</b> | <b>100%</b> | <b>4,049</b> | <b>100%</b> | <b>-13.1%</b> | <b>-21.2%</b> |

From a geographic perspective, 2Q20 revenue contribution from North America, Europe and Emerging/Asia Pacific were 13.5%, 18.3% and 68.2% respectively. North America sales were up 16.8% QoQ attributing to increase sales in wireless and mobile products. Europe's 2Q20 sales were down 21.7% and Emerging and APAC down 14.9% mainly due to lockdown in some of our major markets. Outlook for the second half will largely dependent on the recovery pace of the regions impacted by Covid and overcoming supply chain's long lead time and critical part shortages in some cases.

#### **Consolidated Sales Breakdown by Product Category:**

With respect to 2Q20 consolidated revenue by products category, Wireless contributed 42.6%, followed by Switch at 32.1%, Broadband at 7%, Digital Home at 4.8%, and Others at 13.5%. Wireless sales increase 23% QoQ due to increase sales in North America. Switch and digital home were down 30.5% and 31% respectively as lower

demand from enterprises with employees under “work at home mode”.

### **About D-Link**

D-Link is the global leader in total products shipped for consumer networking connectivity according to reports published by the In-Stat Research Group. D-Link is the worldwide leader and award winning designer, developer, and planner of networking, broadband, digital electronics, voice and data communications solutions for the digital home, Small Office/Home Office (SOHO), Small to Medium Business (SMB), and Workgroup to Enterprise environments. With in-depth worldwide channel coverage over 100 countries and full-range product offering of Ethernet adapters, switches and routers for professional and home users, D-Link is a dominant market participant and price/performance leader in the networking and communications market. D-Link Corporation is headquartered at No.289, Sinhu 3rd Road, Neihu District, Taipei City 114, Taiwan. Phone: 886-2-6600-0123; FAX: 886-2-6600-9898; [http:// www.dlink.com.tw](http://www.dlink.com.tw)

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