

4Q20 News Release

D-Link Reports 4Q20 Consolidated Financials

- Fourth quarter 2020 net revenue was NT\$4.154 billion, about the same level as in sequential quarter.
- Gross margin exclusive of inventory related gain and loss was 30.1%, down 4.8% from 3Q20.
- Gross margin inclusive of inventory related gain and loss was 31.3%, down from 32.7% in 3Q20.
- Operating margin was 0.7%, compared to 4.8% in 3Q20.
- Consolidated net income after tax attributable to owners of parent was NT\$ 990 mln for 4Q20 as compared to NT\$303 million reported last quarter.
- EPS on weighted-average capital of NT\$6.52 bln was NT\$1.52, compared to NT\$0.46 per share in 3Q20.
- All of the above figures are based on consolidated numbers and 4Q20 net income is audited/reviewed.

Taipei, Taiwan, March 17th, 2021 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TWSE 2332) today announced its global audited consolidated financial results for the YT4Q and fourth quarter of 2020.

For the fourth quarter of 2020, D-Link posted net revenue of NT\$4.154 bln, down 0.2% from sequential quarter. Sales in Europe were up 17.8% from previous quarter due to stronger channel pull in switch products and higher project shipment which made up for the drop in North America project sales. Sales in emerging market drop by 1.4% QoQ mainly due to lower project revenue as compared to sequential quarter. Gross margin excluding inventory provisional gain/loss was 30.1% and including inventory related gain/loss, gross margin improved to 31.3%. Through products differentiation such as improving software features and cloud applications, the company's gross margin excluding inventory valuation has improved 1.4% this quarter YoY basis. Operating expenses were 9.5% higher this quarter as compared to sequential quarter mainly due to higher R&D and NRE related spending. Non-operating income in 4Q20 was NT\$1.079 billion mainly comprised of NT\$25 million gain recognized from long term investee companies under equity method and NT\$1,069 million capital gain from the asset disposal of the company's entire holding of Alpha networks shares. The Group reported fourth quarter consolidated net income attributable to owners of parent was NT\$990 million and EPS was NT\$1.52 per share this

quarter.

For the year ended 2020, D-Link's net revenue was NT\$15.179 bln, down 10.7% from a year ago mostly impacted by the global pandemic which disrupted business in major markets starting from the second quarter of 2020 and gradually returning to normal in the second half of the year. Furthermore, other disruptions such as supply constraints, logistics lockdowns; unreliable schedule and heightening transportation cost have also added challenges to the company supply chain management. Product shortages and increasing order lead time is expected to prevail into 2021. During this challenging period, the company initiate cost optimization program, renegotiation of key contracts, etc. which contributed to a 8.4% OPEX reduction as compared to 2019. With improved products gross margin 30.3% as compared to 28.2% and NT\$178 million inventory valuation write back, gross profit 2 reported at 31.5% as compared to 27.9% last year. Combining with lower OPEX level, the company reported NT\$80 million operating profit vs a loss of NT\$385 million a year ago. Non-operating gain were mainly derived from Alpha network shares disposal. Net income for 2020 attribute to owners of parent were NT\$1.24 billion and EPS for the year NT\$1.9.

D-Link Group's financial condition and liquidity remained sound at the end of 4Q20. Cash and short-term investment held increased by NT\$2.64 billion to NT\$6.4 billion from sequential quarter mainly attribute to Alpha's share disposal. Account Receivables were NT\$3.06 bln, and AR DOH improved to 80 days. Inventory level reported at NT\$2.443 bln and inventory turnover increase to 93 days reflecting higher safety stock level in light of the long procurement lead time to mitigate potential stock shortages. The company's liquidity position is sound with current ratio 2.35 and ROE 42.7% for the current reporting period.

Consolidated Sales Breakdown by Region:

NT\$M	4Q20		3Q20		4Q19		QoQ	YoY
Emg. & APac	2,832	68.2%	2,872	69.0%	3,099	69.5%	-1.4%	-8.6%
EU	964	23.1%	818	19.7%	943	21.2%	17.8%	2.2%
NA	359	8.7%	472	11.3%	414	9.3%	-23.9%	-13.3%
Total	4,155	100%	4,162	100%	4,456	100%	-0.2%	-6.7%

From a geographic perspective, 4Q20 revenue from Emerging/Asia Pacific, Europe and North America were 68.2%, 23.1% and 8.7% respectively. The emerging market decrease 1.4% from sequential quarter mainly due to less project shipment in Japan and SE Asia. Sales in Europe up 17.8% from sequential quarter due to higher channel sales to

meet seasonality demand as well as higher project shipment. North America dropped by 23.9% from sequential quarter partly impacted by product shortages as well as less project shipment.

Consolidated Sales Breakdown by Product Category:

With respect to 4Q20 consolidated revenue by product category, switch products accounted for 38% of sales, followed by wireless at 32.2%, Broadband at 5.8%, Digital Home at 6.3%, and Others at 17.7%. In US\$ term, switch and wireless sales were about the same level as in prior quarter and growth were mainly from non-brand products in Asia and emerging markets which were up 16.4% QoQ.

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 market 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 headquarter is located 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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