

An aerial view of a city, likely New York City, with a blue network overlay consisting of glowing nodes and connecting lines. The text is centered in the upper half of the image.

# 3Q22 Investor Conference

2022/12/19

**D-Link**

# Safe Harbor Statement

- D-Link's statements of its current expectations are forward-looking statements subject to significant risks and uncertainties and actual results may differ materially from those contained in the forward-looking statements, including the cyclical nature of our industry, our ability to compete effectively general economic and political conditions, demand in end market, impact of competitive products and pricing, exchange rate fluctuations, and other risks beyond the control of the Company.
- Except as required by law, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

# Agenda

- **Financial Results**
- **Business Outlook**
- **Awards & Global Recognition**
- **Q&A**

# Financial Results

# 3Q22 Income Statement – QoQ/YoY Comparison

NT\$M	Quarterly Results					YTD Results		
	3Q21	2Q22	3Q22	QoQ %	YoY %	YT 3Q21	YT 3Q22	YoY %
<b>Net Sales</b>	<b>3,958</b>	<b>4,157</b>	<b>4,485</b>	7.9	13.3	<b>11,224</b>	<b>12,657</b>	12.8
Gross Profit	1,015	1,227	923	(24.8)	(9.1)	3,193	2,958	(7.4)
Operating Expenses	922	1,000	896	(10.4)	(2.8)	3,068	2,787	(9.2)
<b>Operating Income</b>	<b>93</b>	<b>227</b>	<b>27</b>	<b>(88.1)</b>	<b>(71.0)</b>	<b>125</b>	<b>171</b>	<b>36.8</b>
Total Non-Op. Inc. (Loss)	(84)	(91)	44	148.4	152.4	(175)	(124)	29.1
Income Before Tax	9	136	71	(47.8)	688.9	(50)	47	194.0
<b>Net Income</b>	<b>(2)</b>	<b>40</b>	<b>48</b>	<b>20.0</b>	<b>2,500.0</b>	<b>(124)</b>	<b>(73)</b>	<b>41.1</b>
Non-controlling Interests	25	37	46	24.3	84.0	61	102	67.2
Net Income Attributable to Parent	(27)	3	2	(33.3)	107.4	(185)	(175)	5.4
EPS (NT\$)	(0.04)	0.01	0.00			(0.29)	(0.29)	
Outstanding shares (mn)	635	600	600			646	600	
Gross Profit % (GP %)	25.6%	29.5%	20.6%			28.4%	23.4%	
Operating Expenses % (OPEX %)	23.3%	24.1%	20.0%			27.3%	22.0%	
Operating Margin % (OPM %)	2.3%	5.5%	0.6%			1.1%	1.4%	
Net Income % (NI %)	-0.7%	0.1%	0.0%			-1.7%	-1.4%	
Return on Equity (ROE)						-2.7%	-2.5%	

# 3Q22 Balance Sheet – QoQ/YoY Comparison

## Quarterly Results

NT\$M	3Q21	2Q22	3Q22	QoQ %	YoY %
Cash & cash equivalents	3,214	2,548	3,031	19.0	(5.7)
Account Receivable	3,267	3,424	3,671	7.2	12.4
Inventory	3,485	3,882	4,035	3.9	15.8
Other Current Assets	1,073	1,179	925	(21.5)	(13.8)
Non-current Assets	3,980	4,271	4,245	(0.6)	6.7
<b>Total Assets</b>	<b>15,019</b>	<b>15,304</b>	<b>15,907</b>	<b>3.9</b>	<b>5.9</b>
Short-term loans	0	0	180	NA	NA
Accounts Payable	2,720	2,878	3,257	13.2	19.7
Other Current Liabilities	2,794	2,296	2,133	(7.1)	(23.7)
Non-current Liabilities	870	920	876	(4.8)	0.7
<b>Total Liabilities</b>	<b>6,384</b>	<b>6,094</b>	<b>6,446</b>	<b>5.8</b>	<b>1.0</b>
<b>Total Shareholders' Equity</b>	<b>8,636</b>	<b>9,210</b>	<b>9,461</b>	<b>2.7</b>	<b>9.6</b>
Book Value Per Share	13.5	14.4	14.7		
Current Ratio	200.2%	213.2%	209.4%		
Debt/Asset Ratio	42.5%	39.8%	40.5%		
Cash Conversion Cycle	106	127	123		



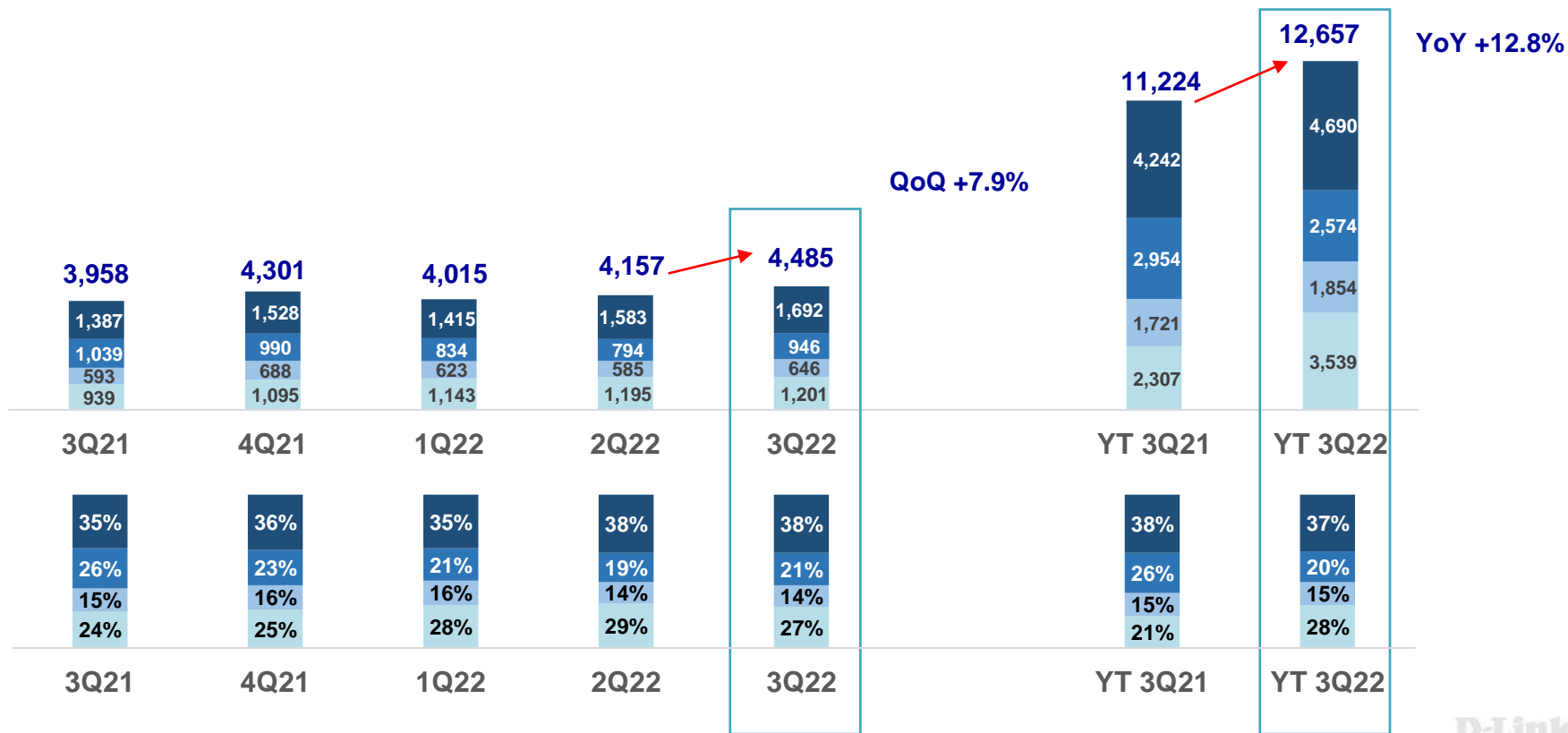


# Business Outlook

# Product Mix

(NT\$M)

■ Switch & Security ■ Wireless & IoT ■ Mobile & Broadband ■ Others

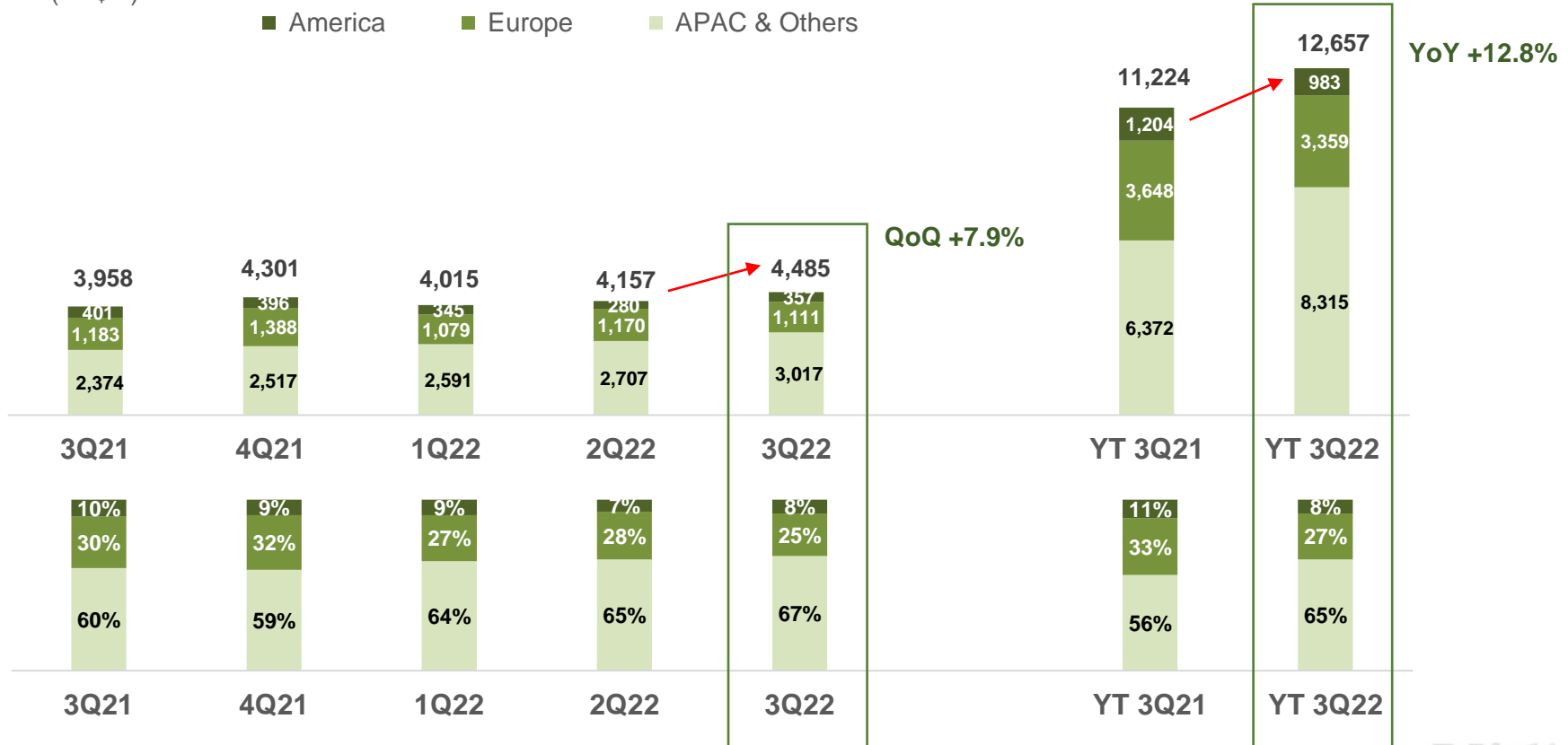




# Sales by Region

(NT\$M)

■ America    ■ Europe    ■ APAC & Others



# Long-term Strategies



The global leader in intelligent network equipment and comprehensive network solutions!

## EAGLE PRO AI

One Connection – Infinite Possibilities



### Smart Home 智慧家庭

- Router
- Mesh
- Camera
- Home IoT
- Extender



### Smart Business 智慧商業

- Switch
- EAP
- Gateway
- VPN Router

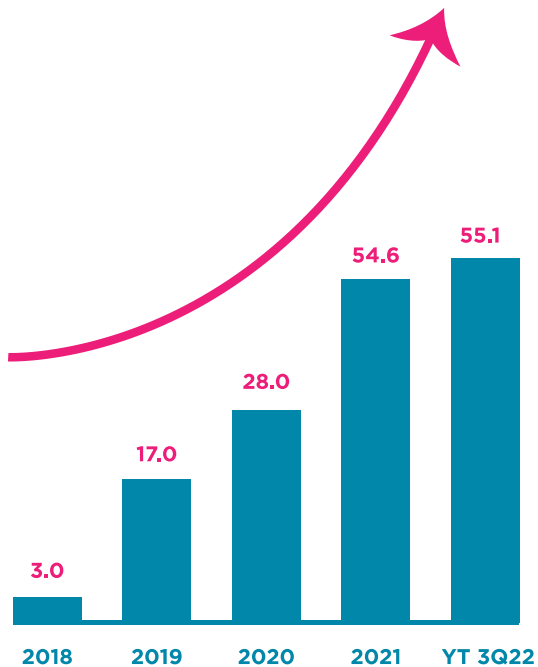


### Smart Industry 智慧產業

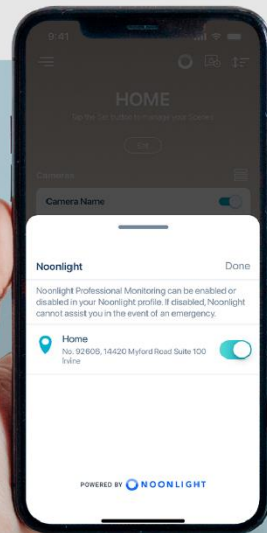
- M2M
- 5G
- IoT
- Industrial Switch/ERP



# Consumer solution



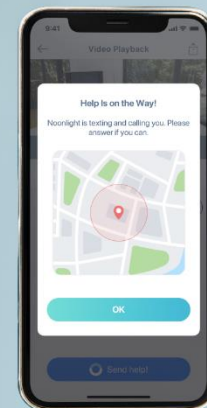
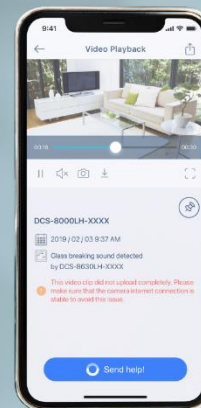
Subscription Revenue (NT\$M)



Trigger Noonlight alarm manually or connect with smart devices to ensure safety



Release the Noonlight button to automatically send your location for emergency services



# Smart Home solutions

What is  matter ?

- A new common standard called Matter, backed by 200 companies including Amazon, Apple, Google and Samsung, has become a smart home solution.
- Fortune Business Insights mentions that the global smart home market is expected to grow from US\$99.89 billion in 2021 to US\$380.52 billion in 2028, with a compound annual growth rate of 21.1% between 2021 and 2028.



# D-Link / DAIKIN

- To achieve further breakthrough, Daikin Singapore has entered into Partnership with D-Link International.
- Our Strategic Partnership aims at Innovating Smart Connectivity, with focus in areas of Surveillance, Network and Cyber Security solutions. Through exchange of technologies and expertise in delivering Integrated Security Solutions, Coverage Architectural Design and Secured Network Management Services to homes and all, Daikin Singapore and D-Link aim to bring to you a fast and seamless smart living experience.

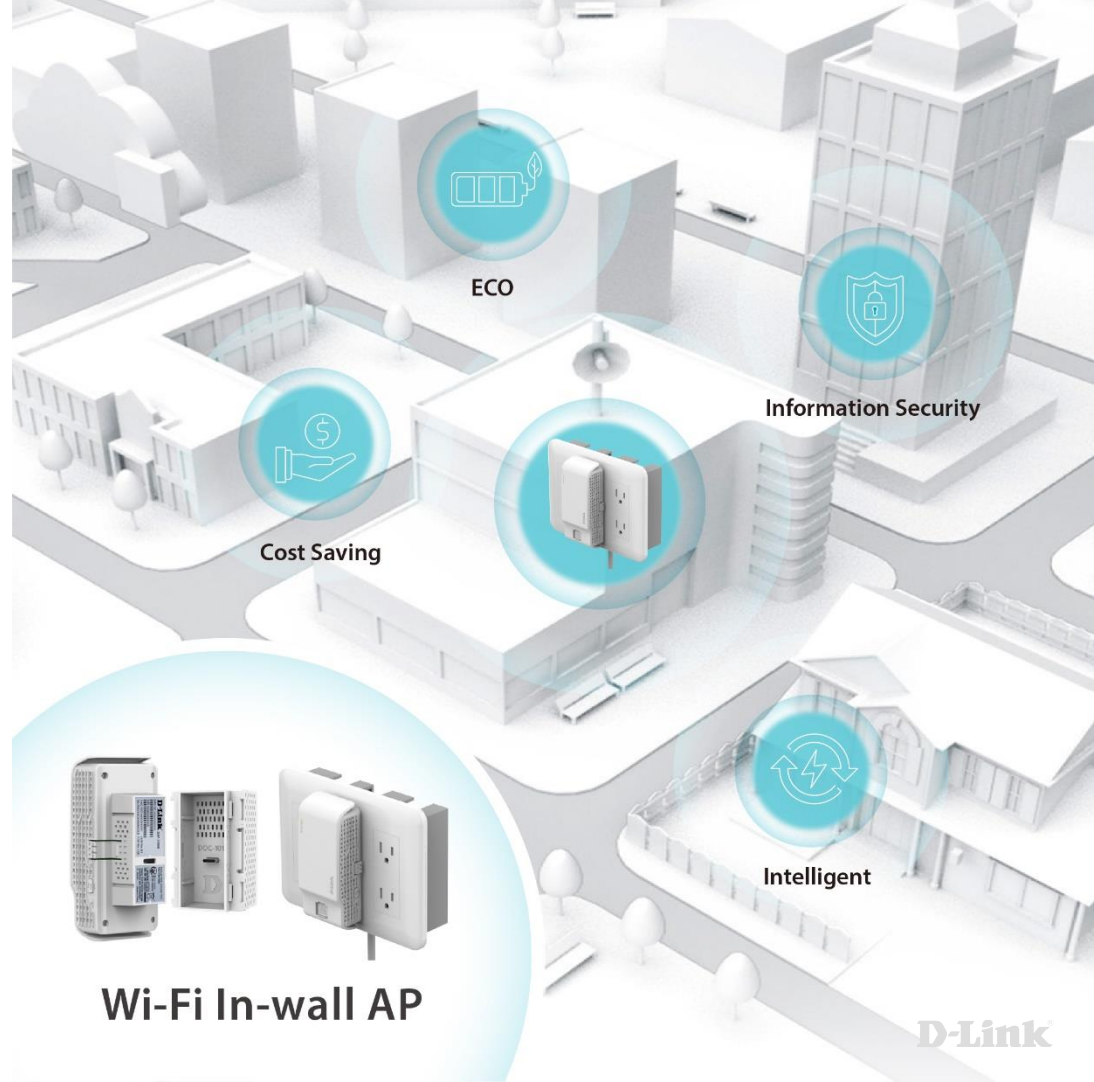


Singapore Daikin and D-Link signed a MOU: Tengah smart house development project.



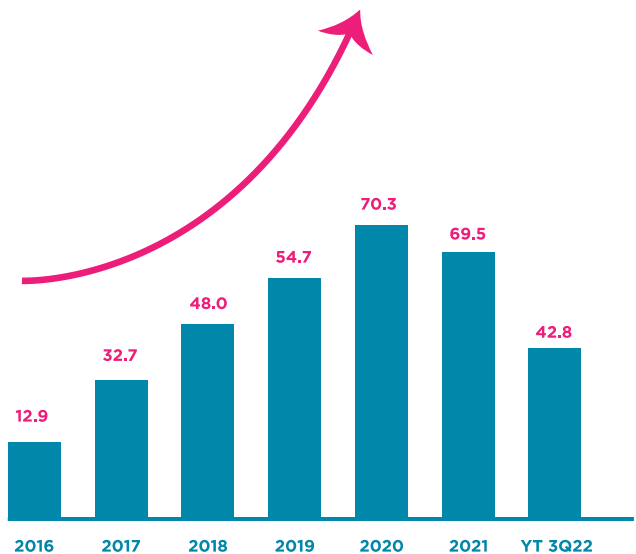
# Embedded Smart Home Solutions

- According to the survey results, there are still many apartments in the existing rental market that have not yet introduced the Internet because of new houses, and as the demand for remote office and distance learning increases, it is estimated that the growth rate of apartment ISP services will continue to rise.
- D-Link developed the world's first (detachable) Wi-Fi In-wall AP in Japan "to reduce the frequency of construction and replacement after installation into the wall. In the future, it is also planned to introduce the Matter smart home concept into the wall-mounted wireless access point, so that consumers can flexibly replace the required devices.



Wi-Fi In-wall AP

# Business solution



Subscription Revenue (NT\$M)

Case Study

D-Link × NTT 東日本

## D-Link Poised To Replicate NTT's Success Case to Global, Japan NTT 『Giga-raku VPN』 plan uses D-Link DBG-X1000.

### Strengths of Giga-raku VPN

POINT 1

Easy and affordable "subscription" service

POINT 2

Reduce management time and costs!  
Troublesome router and VPN settings are handled remotely by the help desk.

POINT 3

Equipped with convenient network and VPN operation functions.

POINT 4

"IPoE Compatible"  
Enables comfortable communication with less congestion

### Build a smooth remote office environment!

Are you trying to create a remote work environment?



Various situations that may be encountered!



Personal Information Leakage



Information Loss



Communication Fail

Make remote office stable and convenient!

### Internet

Out for work



Work From Home



Giga-raku VPN



Branches



Giga-raku VPN



Head Office



# AIoT Industrial Service Solution



Smart Factory



Smart Traffic



Smart Medical



Smart Building



Smart Energy



Smart Transportation



Application Platform



Network Mgmt. Platform



Gateway



Switch



Camera



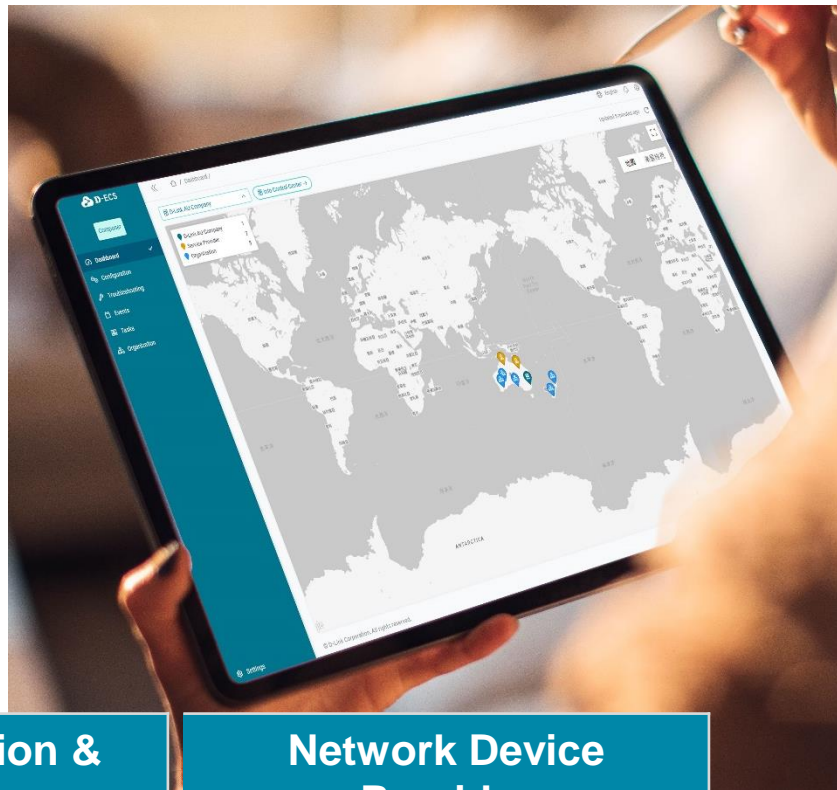
Router



WiFi AP



IoT Sensor



Industrial Application Solution

Network Solution & Maintenance

Network Device Provider

# AIoT Service Solution Case

D-Link has made successive achievements in promoting long-established M2M network solutions around the world.

D-Link industrial solutions adopt Robust security with different VPN tunneling protocols and encryption, customized remote management platform, and reliable hardware design compatible with various fields, and they are gradually being used in bank ATMs, high-speed rail, and charging piles.



Spanish  
High-Speed Rail



Brazilian Bank



Southeast Asia  
Charging Piles

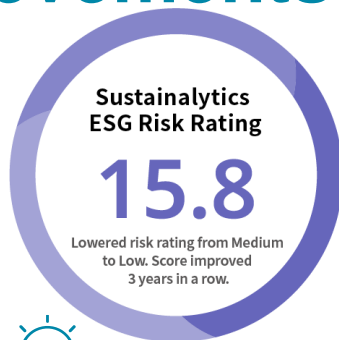
# Broadband Solution

- GPON/EPON RGW
- xDSL Router/HGW
- 5G/LTE Router



# Awards & Global Recognition

# 2022 ESG Achievements



## Governance

- Promoted the Corporate Governance Evaluation System Plan and evaluated key indicators to raise score by 4 levels.
- Established the Risk Management Task Forces in March with the president as the convener of Risk Management Policy implementation. Risk management meetings are held quarterly to assess the environmental, social and governance risks faced by the company and to implement corresponding risk mitigation measures. These results are reported annually to the ESG Committee and the Board of Directors.
- Obtained the TRUSTe Privacy seal in March to strengthen customer privacy protection.
- Introduced the Taiwan Intellectual Property Management System (TIPS) project in April and passed the TIPS certification in November.
- The first performance evaluation of Board of Directors was conducted by an external agency in July.
- Obtained ISO 27001:2013 Information Security Management and BS 10012 Personal Information Management certifications in September.
- We adjusted performance indicators of our CEO and President in November.

To comply with the ESG assessment, their performance indicators are thereafter linked to climate change and risk management factors.



## Environment

- D-Link Green Pack“ project launched in January. Changed the paper used for product packaging from single copper to grey copper containing up to 70% recycled waste pulp.
- We had identified three risks and opportunities of TCFD in August. Formulated the corresponding plan and strategy and assessed the financial impact of the three risks.
- ISO 14064-1 2018 external SGS verification had been completed in August.
- Completed external review of ISO 14001:2015 Environmental Management System certification in September.
- We had replaced a total of 463 LED lamps in September. It's expected to save 55,351 kWh of electricity per year, accounting for 1.97% of 2021.



## Society

- Published the first SGS-certified ESG report according to SASB standards in June.
- Established the D-Link Group Scholarship with National Taiwan University of Science and Technology in June.
  1. Award 10 master's degree scholarships with financial aid to encourage Ukrainian and other foreign students to study in Taiwan.
  2. Application for the Spring 2023 scholarships is opened in September 2022.
- We kicked off the "visually impaired massage therapist" project in August, and donated the money received through the project to the charity.
- Joined in 6 social participation events for the year as of November 2022.
  1. 2022 social participation events include 2 blood drives, social welfare agricultural fundraising, beach cleanup, and sports activities.
  2. Donations of second-hand materials, biodiversity project, and internet education/assistance programs to help disadvantaged communities are also expected to be completed by the end of the year.





In 2023, the proportion of green products reached 50.9% of the total product revenue



**DCH-S1621KT**  
Whole Home Smart Wi-Fi  
Water Leak Sensor Kit



**DBA-1210P**  
Nuclias Cloud-Managed  
AC1300 Wave 2 Access Point



**R32**  
Wi-Fi 6 AX3200  
Smart Router



**DBG-2000**  
Nuclias Cloud SD-WAN  
Security Gateway

**D-Link®**



D-Link Corporation made its debut in the Metaverse; The Worldwide first VR Air Bridge, creating a new era of immersive experience and was honored with the Taiwan Excellence Award 2023 at the 31st annual Taiwan Excellence Award Ceremony. D-Link is proud to share with ongoing commitment to making outstanding products that provide “innovative value”, D-Link has won this award for 19 consecutive years.

”



# KOL Unboxing Video



## KellsterVR



No lag, felt just good as good as if I was using a link cable and I think honestly visually it looked better since it don't have to compress the video down to a single USB type cable. Offer a near flawless wireless PC VR experience and it was worth every penny.



## KellsterVR



Air Bride does what it sets out to be perfectly by offering a seamless wireless PCVR experience without the need for a top of line router



## Lerrick Plays VR



VR Air Bridge is a lot cheaper than my dedicated Wi-Fi 6E router and I didn't really notice a huge difference in performance and visual quality. I like VR Air Bridge dongle is it's super easy to use.



## Flint Backwoods



It's basically plug and play. This device works perfect.



## cbutters Tech



The setup was very easy. You plug it in it recognizes, it says ready, it works, no driver installation. It works very well and I'd recommend it if you want to do wireless VR



## JHow in VR



This worth it if you are not able to play PCVR game at all, especially if you are trying to do it wirelessly. This is a great solution.

# Home Protection Beyond Your Expectation

DCS-8350LH



- Since 2009, D-Link has won international awards for design and quality for 13 consecutive years
- DCS-8350LH 2K QHD Indoor Wi-Fi Camera has won the iF Design Award 2022



# Q & A

*Website : <https://www.dlinktw.com.tw/index>*

*Email: [IR@dlinkcorp.com](mailto:IR@dlinkcorp.com)*

# Appendix



# Consolidated Income Statement

NT\$M	Yearly Results			Quarterly Results						YTD Results			
	2020	2021	YoY %	3Q21	4Q21	1Q22	2Q22	3Q22	QoQ %	YoY %	YT 3Q21	YT 3Q22	YoY %
<b>Net Sales</b>	<b>15,179</b>	<b>15,525</b>	<b>2</b>	<b>3,958</b>	<b>4,301</b>	<b>4,015</b>	<b>4,157</b>	<b>4,485</b>	7.9	13.3	<b>11,224</b>	<b>12,657</b>	12.8
Gross Profit	4,775	4,189	(12)	1,015	996	808	1,227	923	(24.8)	(9.1)	3,193	2,958	(7.4)
Operating Expenses	4,695	4,019	(14)	922	951	890	1,000	896	(10.4)	(2.8)	3,068	2,787	(9.2)
<b>Operating Income</b>	<b>80</b>	<b>170</b>	<b>113</b>	<b>93</b>	<b>45</b>	<b>(82)</b>	<b>227</b>	<b>27</b>	<b>(88.1)</b>	<b>(71.0)</b>	<b>125</b>	<b>171</b>	<b>36.8</b>
Total Non-Op. Inc. (Loss)	1,417	225	(84)	(84)	400	(78)	(91)	44	148.4	152.4	(175)	(124)	29.1
Income Before Tax	1,497	395	(74)	9	445	(160)	136	71	(47.8)	688.9	(50)	47	194.0
<b>Net Income</b>	<b>1,311</b>	<b>318</b>	<b>(76)</b>	<b>(2)</b>	<b>442</b>	<b>(160)</b>	<b>40</b>	<b>48</b>	<b>20.0</b>	<b>2,500.0</b>	<b>(124)</b>	<b>(73)</b>	<b>41.1</b>
Non-controlling Interests	71	79	11	25	17	20	37	46	24.3	84.0	61	102	67.2
Net Income Attributable to Parent	1,240	239	(81)	(27)	425	(180)	3	2	(33.3)	107.4	(185)	(175)	5.4
EPS (NT\$)	2	0	0	(0.04)	0.71	(0.30)	0.01	0.00			(0.29)	(0.29)	
Outstanding shares (mn)	652	635		635	600	600	600	600			646	600	
Gross Profit % (GP %)	31.5%	27.0%		25.6%	23.2%	20.1%	29.5%	20.6%			28.4%	23.4%	
Operating Expenses % (OPEX %)	30.9%	25.9%		23.3%	22.1%	22.2%	24.1%	20.0%			27.3%	22.0%	
Operating Margin % (OPM %)	0.5%	1.1%		2.3%	1.0%	-2.0%	5.5%	0.6%			1.1%	1.4%	
Net Income % (NI %)	8.2%	1.5%		-0.7%	9.9%	-4.5%	0.1%	0.0%			-1.7%	-1.4%	
Return on Equity (ROE)	13.3%	2.6%									-2.7%	-2.5%	

# Consolidated Balance Sheet

NT\$M	Yearly Results			Quarterly Results					YTD Results				
	2020	2021	YoY %	3Q21	4Q21	1Q22	2Q22	3Q22	QoQ %	YoY %	YT 3Q21	YT 3Q22	YoY %
Cash & cash equivalents	6,216	2,195	(64.7)	3,214	2,195	2,262	2,548	3,031	19.0	(5.7)	3,214	3,031	(5.7)
Account Receivable	3,064	3,430	11.9	3,267	3,430	3,382	3,424	3,671	7.2	12.4	3,267	3,671	12.4
Inventory	2,443	3,348	37.0	3,485	3,348	2,988	3,882	4,035	3.9	15.8	3,485	4,035	15.8
Other Current Assets	829	1,137	37.1	1,073	1,137	1,291	1,179	925	(21.5)	(13.8)	1,073	925	(13.8)
Non-current Assets	3,398	4,394	29.3	3,980	4,394	4,354	4,271	4,245	(0.6)	6.7	3,980	4,245	6.7
<b>Total Assets</b>	<b>15,950</b>	<b>14,504</b>	<b>(9.1)</b>	<b>15,019</b>	<b>14,504</b>	<b>14,277</b>	<b>15,304</b>	<b>15,907</b>	<b>3.9</b>	<b>5.9</b>	<b>15,019</b>	<b>15,907</b>	<b>5.9</b>
Short-term loans	0	0	0.0	0	0	0	0	180	NA	NA	0	180	NA
Accounts Payable	2,744	2,625	(4.3)	2,720	2,625	2,454	2,878	3,257	13.2	19.7	2,720	3,257	19.7
Other Current Liabilities	2,602	1,965	(24.5)	2,794	1,965	2,023	2,296	2,133	(7.1)	(23.7)	2,794	2,133	(23.7)
Non-current Liabilities	864	912	5.6	870	912	898	920	876	(4.8)	0.7	870	876	0.7
<b>Total Liabilities</b>	<b>6,210</b>	<b>5,502</b>	<b>(11.4)</b>	<b>6,384</b>	<b>5,502</b>	<b>5,375</b>	<b>6,094</b>	<b>6,446</b>	<b>5.8</b>	<b>1.0</b>	<b>6,384</b>	<b>6,446</b>	<b>1.0</b>
<b>Total Shareholders' Equity</b>	<b>9,740</b>	<b>9,002</b>	<b>(7.6)</b>	<b>8,636</b>	<b>9,002</b>	<b>8,902</b>	<b>9,210</b>	<b>9,461</b>	<b>2.7</b>	<b>9.6</b>	<b>8,636</b>	<b>9,461</b>	<b>9.6</b>
Book Value Per Share	14.2	14.1		13.5	14.1	13.9	14.4	14.7			13.5	14.7	
Current Ratio	234.8%	220.3%		200.2%	220.3%	221.6%	213.2%	209.4%			200.2%	209.4%	
Debt/Asset Ratio	38.9%	37.9%		42.5%	37.9%	37.6%	39.8%	40.5%			42.5%	40.5%	
Cash Conversion Cycle	101	104		106	104	120	127	123			106	123	

# Sales Breakdown

## Sales Breakdown by Products

NT\$M	Yearly Results			Quarterly Results					YTD Results				
	2020	2021	YoY %	3Q21	4Q21	1Q22	2Q22	3Q22	QoQ %	YoY %	YT 3Q21	YT 3Q22	YoY %
Switch & Security	5,699	5,770	1.2%	1,387	1,528	1,415	1,583	1,692	6.9%	22.0%	4,242	4,690	10.6%
Wireless & IoT	5,015	3,944	-21.4%	1,039	990	834	794	946	19.1%	-9.0%	2,954	2,574	-12.9%
Mobile & Broadband	2,074	2,409	16.2%	593	688	623	585	646	10.4%	8.9%	1,721	1,854	7.7%
Others	2,391	3,402	42.3%	939	1,095	1,143	1,195	1,201	0.5%	27.9%	2,307	3,539	53.4%
<b>Total</b>	<b>15,179</b>	<b>15,525</b>	<b>2.3%</b>	<b>3,958</b>	<b>4,301</b>	<b>4,015</b>	<b>4,157</b>	<b>4,485</b>	<b>7.9%</b>	<b>13.3%</b>	<b>11,224</b>	<b>12,657</b>	<b>12.8%</b>

## Sales Breakdown by Regions

NT\$M	Yearly Results			Quarterly Results					YTD Results				
	2020	2021	YoY %	3Q21	4Q21	1Q22	2Q22	3Q22	QoQ %	YoY %	YT 3Q21	YT 3Q22	YoY %
America	2,214	1,599	-27.8%	401	396	345	280	357	27.5%	-11.0%	1,204	983	-18.4%
Europe	4,747	5,036	6.1%	1,183	1,388	1,079	1,170	1,111	-5.0%	-6.1%	3,648	3,359	-7.9%
APAC & Others	8,218	8,890	8.2%	2,374	2,517	2,591	2,707	3,017	11.5%	27.1%	6,372	8,315	30.5%
<b>Total</b>	<b>15,179</b>	<b>15,525</b>	<b>2.3%</b>	<b>3,958</b>	<b>4,301</b>	<b>4,015</b>	<b>4,157</b>	<b>4,485</b>	<b>7.9%</b>	<b>13.3%</b>	<b>11,224</b>	<b>12,657</b>	<b>12.8%</b>