

D-Link Reports 1Q20 Consolidated Financials

- First quarter 2020 net revenue was NT\$3.672 billion, down 17.6% from 4Q19
- Gross margin exclusive of inventory related gain and loss was 28.4% as compared to 28.7% in 4Q19
- Gross margin inclusive of inventory related gain and loss was 29.4%, as compared to 27.9% in 4Q19
- Operating margin was -1.5%, as compared to -0.7% in 4Q19
- Consolidated net loss after tax and non-controlling interests was NT\$48 million, as compared to net loss of NT\$33 million in 4Q19
- EPS on weighted average capital of NT\$6.52 billion was -NT\$0.07, as compared to -NT\$0.05 per share in 4Q19
- All of the above are based on consolidated numbers and 1Q20's net income is audited/reviewed.

Taipei, Taiwan, May 5th, 2020 - D-Link Corporation ("D-Link", "the Company", or "the Group") (TAIEX 2332) today announced its global unaudited consolidated financial results for the first quarter of 2020.

For the first quarter 2020, net revenue reported at NT\$3.67 billion or 17.6% lower from sequential quarter. Global COVID-19 pandemic causing economic lock down in major markets that we operated has negatively impacted retail sales as well as significant slowdown in project pull. Gross margin including inventory provisional gain/loss was NT\$1.08 billion or 29.4%, improved from 27.9% last quarter mainly due to favorable product mix and NT\$40 million inventory loss reversal. The company continued to focus on managing its operating expenses which reported at NT\$1.13 billion, down 10.9% QoQ and 12.2% YoY. Operating loss for the reporting period was NT\$54 million. Net non-operating gain in 1Q20 was NT\$42 million comprising of NT\$19 million loss recognized from long term investee companies under equity method, NT\$10 million in foreign exchange loss, and NT\$71 million from financial and other income mostly from the true up gain derived from the company's exchangeable bond. The Group's first quarter consolidated net loss after tax and non-controlling interests was NT\$48 million and EPS was negative NT\$0.07 per share based on weighted average capital of NT\$6.520 billion.

D-Link's financial condition and liquidity remained stable at the end of 1Q20. Cash and

S-T investment held were NT\$2.97 billion, decreased by NT\$234 million attributing to normal business cash conversion cycle. Accounts receivable were NT\$3.28 billion and AR turnover days remain stable at 78 days in line with credit terms offered. Net inventory was NT\$1.94 billion and inventory turnover days improved to 76 days after the year-end sell out. Overall, the company's liquidity position remained sound with current ratio and net debt/equity ratio of 1.88 and 0.34 respectively. Annualized ROE for the first quarter of 2020 was -2.4%.

Consolidated Sales Breakdown by Region:

NT\$mIn	1Q20		4Q19		1Q19		QoQ	YoY
NA	370	10.1%	414	9.3%	424	10.1%	-10.6%	-12.8%
EU	745	20.3%	943	21.2%	792	18.9%	-21.0%	-6.0%
Emg. & APac	2,557	69.6%	3,099	69.5%	2,985	71.0%	-17.5%	-14.3%
Total	3,672	100%	4,456	100.0%	4,201	100.0%	-17.6%	-12.6%

From a geographic perspective, 1Q20 revenue contribution from North America, Europe and Emerging/Asia Pacific were 10.1%, 20.3% and 69.6% respectively. In contrast to peak retail season in the sequential quarter, a significant number of countries that the company have operations were under total or semi lock down due to COVID-19. Projects deployment were also slow to a halt in some cases. North America and Europe sales were down 10.6% and 21% respectively and emerging and APAC sales were down 17.5%.

Consolidated Sales Breakdown by Product Category:

With respect to 1Q20 consolidated revenue by product category, Wireless contributed 30.1%, followed by Switch at 40.2%, Broadband at 5.5%, Digital Home at 6.1%, and Others at 18.1%. Switch sales were down 15.2% from sequential quarter or at about the same level on YoY basis. Wireless sales were flat while digital home products were down 26.6%. Project shipment in Broadband was also lower causing 11% revenue drop from sequential quarter.

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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