

4Q19 News Release

D-Link Reports 4Q19 Consolidated Financials

- Fourth quarter 2019 net revenue was NT\$4.456 billion, up 3.8% from sequential quarter.
- Gross margin exclusive of inventory related gain and loss was 28.7%, at about the same level as in prior quarter.
- Gross margin inclusive of inventory related gain and loss was 27.9%, down from 28.8% in 3Q19.
- Operating margin was -0.7%, compared to -0.8% in 3Q19.
- Consolidated net loss after tax and non-controlling interests was NT\$ 33 mln for 4Q19 as compared to net loss of NT\$75 million reported last quarter.
- EPS on weighted-average capital of NT\$6.52 bln was -NT\$0.05, compared to -NT\$0.12 per share in 3Q19.
- All of the above figures are based on consolidated numbers and 4Q19 net income is audited/reviewed.

Taipei, Taiwan, March 18th, 2020 - D-Link Corporation (“D-Link”, “the Company”, or “the Group”) (TAIEX 2332) today announced its global unaudited consolidated financial results for the YT4Q and fourth quarter of 2019.

For the fourth quarter of 2019, D-Link posted net revenue of NT\$4.456 bln, and up 3.8% from sequential quarter. Sales in Europe were up 11.3% from previous quarter as a result of higher retail sales which made up for the decline in lower project shipments in North America. Sales in emerging market grew by 3.7% QoQ benefiting from higher project delivery. Gross margin excluding inventory provisional gain/loss was 28.7% and including inventory provision loss, gross margin dropped to 27.9%. As the company continues to focus on bottom line achievement and exercise strict cost discipline, operating expenses was 28.6% a decline of 1% from last quarter based on percentage to sales. Non-operating income in 4Q19 was NT\$47 million comprising of NT\$25 million gain recognized from long term investee companies under equity method and other capital gain, NT\$18 million foreign exchange gain and NT\$3 million derived from other financial gain. The Group reported fourth quarter consolidated net loss after tax and non-controlling interests of NT\$33 million and EPS was -NT\$0.05 per share based on weighted average capital of NT\$6.52 billion.

For the year ended 2019, D-Link's net revenue was NT\$16.996 bln, down 12.3% from a year ago mostly impacted by the higher volume projects included in prior year. In addition, gross margin lower to 27.9% due to unfavorable product mix and intense price competition especially in the wireless products segment. On the other hand, operating expenses was 4.3% lower than prior year. As a result of the lower revenue reached, the company reported net operating loss of NT385 mln.

D-Link Group's financial condition and liquidity remained sound at the end of 4Q19. Cash and short term investment held was NT\$3.21 billion. Account Receivables were NT\$3.6 bln, and AR DOH improve to 84 days due to projects collection. Inventory level reported at NT\$2.83 bln and inventory turnover improved to 89 days. Overall cash conversion cycle shorten by 5 days showing some of the result of the company's effort to shorten logistic cycle and better managed its inventory. The company's liquidity position is sound with current ratio and net debt/equity ratio of 1.71 and 0.4 respectively.

Consolidated Sales Breakdown by Region:

NT\$M	4Q19		3Q19		4Q18		QoQ	YoY
Emg. & APac	3,099	69.5%	2,989	69.7%	3,026	65.7%	3.7%	2.4%
EU	943	21.2%	847	19.7%	1,052	22.9%	11.3%	-10.4%
NA	414	9.3%	454	10.6%	526	11.4%	-8.9%	-21.3%
Total	4,456	100%	4,290	100%	4,604	100%	3.8%	-3.2%

From a geographic perspective, 4Q19 revenue from Emerging/Asia Pacific, Europe and North America were 69.5%, 21.2% and 9.3% respectively. The emerging market increase 3.7% on QoQ attributed to stable currency and economic condition. Sales in Europe up 11.3% from sequential quarter due to higher retail sales and drop 10.4% from YoY quarter largely due to higher project pull included in prior reporting period. North America dropped by 8.9% from sequential quarter as retail sales continued to be weaker than expected partly due to the US trade tension.

Consolidated Sales Breakdown by Product Category:

With respect to 4Q19 consolidated revenue by product category, wireless products accounted for 24.8% of sales, followed by Switch at 39.1%, Broadband at 5.1%, Digital Home at 6.8%, and Others at 24.2%. Switch sales were flat as compared to sequential quarter and less projects sales in broadband and wireless segment. On the other hand, digital home sales and other category were up 11.4% and 41.5% respectively.

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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