



(Incorporated in the Cayman Islands with limited liability)

Plover Bay Technologies Announces 1H20 Interim Results

Revenue grows 9.4% year over year amid challenging backdrop

HONG KONG - 30 July 2020 - Plover Bay Technologies Limited (“Plover Bay”, SEHK stock code: 1523), today reports its half-year financial results ended 30 June 2020 (“1H20”) with revenue of US\$24.1 million, net income of US\$5.1 million and diluted earnings per share of 0.48 US cents. In addition, Plover Bay declares an interim dividend of 3.03 HK cents per share for the period.

Financial Highlights:

Six months ended 30 June	1H19	1H20	Change
Revenue (US\$ thousands)	\$22,025	\$24,102	Up 9.4%
Gross margin %	63.8%	58.7%	Down 5.1pp
Operating expenses, other income and finance cost (US\$ thousands)	\$7,125	\$8,066	Up 13.2%
Profit before tax (US\$ thousands)	\$6,935	\$6,070	Down 12.5%
Net profit (US\$ thousands)	\$5,758	\$5,120	Down 11.1%
Diluted earnings per share (US cents)	0.54	0.48	Down 11.1%
Interim Dividend per share declared (HK cents)	3.49	3.03	Down 13.2%

Mr. Keith Chau, CEO of the Group said “During the first half of the year, we navigated through a very challenging business environment to deliver 9.4% revenue growth, driven by revenue growth of over 30% in both EMEA and Asia regions, and strong sales volume growth of our entry level SD-WAN routers. These broad based growth indicate that the demand for our products is steadily rising. Despite the uncertain economic backdrop, we remain confident in our business as a solid connectivity is the cornerstone of technology innovation, whether it is for business resilience amid the current pandemic or enabling novel applications with 5G network’s capabilities in the coming years.

1H20 Results

- Revenue was US\$24.1 million, up 9.4% year over year primarily driven by higher revenues in EMEA and Asia and strong volume growth of entry level SD-WAN routers.
- Gross margin was 58.7%, down 5.1 percentage points year over year due to the higher sales mix of lower margin entry level SD-WAN routers and an inventory write-down consisting of both finished goods and components.
- While the growth of entry level SD-WAN routers diluted overall gross margin, this is in line with our strategy to expand our customer base now and monetize with product upgrades and new software services in the future.
- Profit before tax was down 12.5% year over year, mainly because of the lower gross margin and the increased operating expenses from the newly setup Lithuania R&D office in November 2019 and increased team size in our Taiwan R&D team..
- Net income was \$5.1 million, down 11.1% year over year, and diluted earnings per share was US0.48 cents compared to US0.54 cents a year ago.

Upcoming products and business outlook

- Launch of SpeedFusion Cloud - SpeedFusion Cloud takes care of server infrastructure needed to deploy our SpeedFusion technology, which significantly reduces customers' capital cost and deployment complexity. SpeedFusion Cloud bundles everything needed into one single subscription, from SD-WAN appliance, software licenses, cloud management to warranty. In future updates, SpeedFusion Cloud will be further enhanced with integrated services from multiple network operators.
- Enhancement of product website and launch of SpeedFusion Marketplace, which expands from our existing forum community by adding a platform for channel partners to contribute their case studies and share knowledge with other partners. With aggregated user content and traffic, marketing efficiency and sales lead generation can be greatly improved.
- Reliable connectivity is the cornerstone of technology innovation, whether it is for business resilience amid the current pandemic or enabling novel applications with 5G network's capabilities in the coming years. Despite the uncertain short-term economic backdrop, Plover Bay remains confident in its longer term business outlook.
- Plover Bay has R&D and operation teams in Hong Kong, Taiwan, the US and Lithuania, which helps diversify the risk of operating in one single location and provides flexibility to adjust to any new challenges.

About Plover Bay Technologies Limited

Plover Bay Technologies (SEHK: 1523) is a world-leading Internet connectivity technology company. Under its own brands – ‘Peplink’ and ‘Pepwave’, the company develops and markets SD-WAN products, software and services that create high speed and “unbreakable” connectivity from any links, including fiber, broadband, LTE/5G, or other types of WAN. Plover Bay markets its brands to an extensive global network of more than 500 resellers in approximately 70 countries and is trusted by over 20,000 organizations.

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