



(Incorporated in the Cayman Islands with limited liability)

Plover Bay Technologies Announces 2020 Annual Results

Revenue and diluted EPS grew 15.0% and 16.7% year on year; Growth momentum resumed

HONG KONG - 25 February 2021 - Plover Bay Technologies Limited ("Plover Bay", SEHK stock code: 1523), today reports its full year financial results ended 31 December 2020 ("FY20 or 2020") with revenue of US\$52.8 million, net income of US\$14.2 million and diluted earnings per share of 1.33 US cents. In addition, Plover Bay declares a second interim plus special dividend for the period, totalling 8.0 HK cents per share.

Financial Highlights:

Six months ended 30 June	2020	2019	Change
Revenue (US\$ thousands)	\$52,818	\$45,910	+15.0%
Gross margin %	58.3%	62.7%	-4.4pp
Operating expenses, other income and finance cost (US\$ thousands)	\$14,758	\$14,780	-0.1%
Profit before tax (US\$ thousands)	\$16,042	\$13,994	+14.6%
Net profit (US\$ thousands)	\$14,230	\$12,089	+17.7%
Diluted earnings per share (US cents)	1.33	1.14	+16.7%
Dividend declared (HK cents)			
Second interim dividend	6.23	4.64	
Special dividend	2.17	2.98	
First interim dividend (declared and distributed)	3.03	3.49	

FY20 Results

- Revenue was US\$52.8 million, up 15.0% year over year primarily driven by strong revenue growth in EMEA and Asia regions and strong volume growth of basic to mid-market SD-WAN routers.
- Growth of basic to mid-market SD-WAN routers helped expand our customer base and product ecosystem and broadened our future monetization opportunity with recurring software and cloud services.
- Gross margin was 58.3%, down 4.4 percentage points year over year. due to the higher sales mix of lower margin basic and mid-market SD-WAN routers, and inventory write-down consisting of both finished goods and components.
- Operating expenses remained at similar levels as 2019. Excluding government grants totalling approximately \$1.4 million, operating expenses would have been 31.9% of sales (2019: 33.0%). At end-2020, the total number of full time employees was 167, compared to 159 in 2019.
- Net income increased 17.7% year over year to about \$16.2 million.
- Full year diluted earnings per share increased 16.7% year over year to 1.33 US cents, from 1.14 US cents a year ago.

Business outlook

- Stepping into the 5G upgrade cycle, we foresee demand for 5G for better speed and lower latency from locations and facilities currently relying on 4G LTE. Applications like surveillance cameras, Wi-Fi hotspots within transportations, live video streaming, fixed network failover, would create a strong demand on 5G wireless SD-WAN routers.
- 5G will likely lower the unit cost of bandwidth compared to LTE. Combined with the benefits of SD-WAN, more organizations will deploy mobile broadband instead of using only landline broadband.
- We will launch a subscription service to lower the barrier of adoption for smaller sized, always-moving and ad-hoc branch networks. This option will simplify the deployment and upfront cost of deploying a SpeedFusion enabled branch network. Users will be able to enjoy always-on connectivity anywhere with a single subscription with us.

Mr. Keith Chau, CEO of the Group said “The year 2020 was a year of accelerated change. The pandemic has changed many industries and how people work/learn, all within a very short period of time. Our patented technology, SpeedFusion has helped many organizations and schools to work/learn from home. It is also the technology behind many rapid deployment solutions for healthcare and government organisations for temporary locations. SpeedFusion is recognised as the technology behind a stable, reliable connection for video conferencing, video streaming, and secure network access.”

“On the operation side, our years of relentless focus on operational efficiency allows us to adapt quickly, minimise the impact from the various challenges from the supply chain, logistics and shipping challenges due to the pandemic. Our excellence on the technology front and operation is reflected by our revenue and diluted EPS growth at approximately 15.0% and 16.7% year-over-year, respectively.” Mr. Chau added.

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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