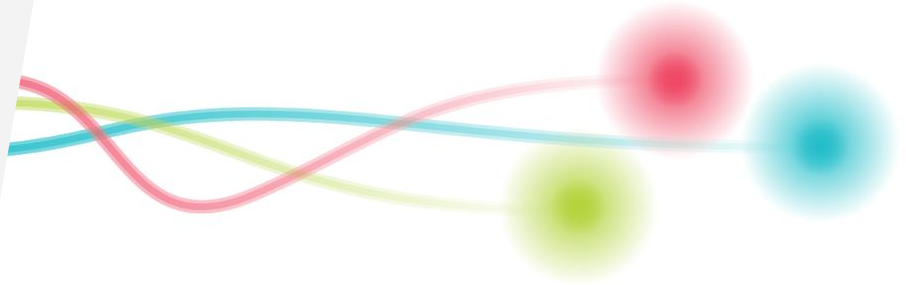




Supercharged Connectivity



Annual Results 2023

29 February, 2024

Our Vision

We make connectivity reliable,
anytime, anywhere

Key Facts

- Revenue (2023): US\$94.3M
- Net profit (2023): US\$28.1M
- Brands: Peplink, Pepwave

Who Are We?

Plover Bay Technologies Limited (stock code: 1523 HK) develops networking technologies that enable **supercharged connectivity**. By combining fixed, mobile and satellite connectivity, users can build always-on networks anywhere.

Our technologies are used by thousands of businesses and individuals in countless use cases. These include large and small enterprises, maritime, transport, retail, events, governments, industrials, prosumers, and more.

What is Connectivity?

• • • • •

Expectation

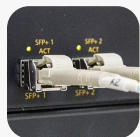
- Connectivity should be **simple**
- Connectivity should **always work**
- Connectivity should be **cost effective**
- Connectivity should **be there when needed**

Reality

- Existing solutions **overcomplicate**
- Fixed Lines **cannot** reach everywhere
- Mobile is **not 100%** reliable
- Your need for connectivity might be intermittent, but **contracts lock you in for years**

What We Do

Supercharging Connectivity



Fiber/
Broadband



Consumer
5G/LTE



Private
5G/LTE



LEO
Satellite

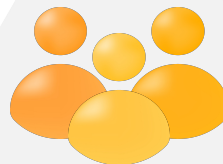
Choice of Multiple
Connectivities

Connectivity Software
& Cloud Services



Purpose-Designed
SpeedFusion Routers

Peplink
Ecosystem



Passion Driven
Go-to-Market Partners

Supercharged

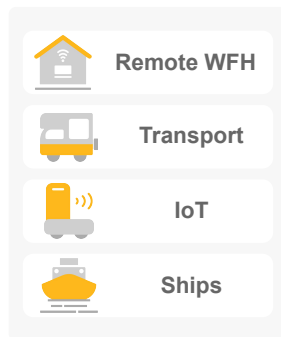
- Faster, more reliable network
- Deploy anywhere
- Enable new use cases

Customer
Benefits

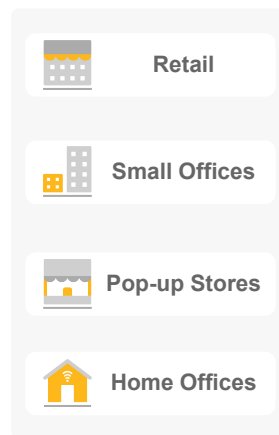
What We Do

Supercharged Connectivity

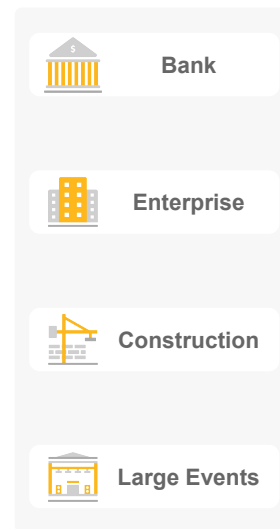
Wireless Connectivity



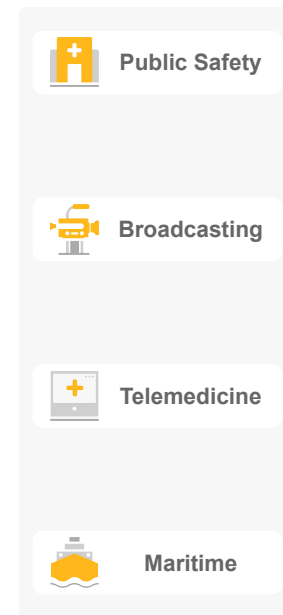
Better Connectivity



Essential Connectivity



Mission Critical Connectivity



Business Highlight

New Connectivity Options Create New Opportunities



First adopters begin using Peplink-Starlink solutions in small deployments such as RV and small remote sites.



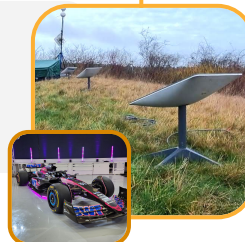
Awareness of Peplink-Starlink solutions spread. Larger deployments seen in more verticals such as first responders.

**Became Starlink
Authorized Technology
Provider in January 2024**

Small businesses and home users in remote communities also start to use the solution.



Bonding of multiple Starlink proven to be viable and seen in large events, mining sites, etc.



One of the largest cruise ship operators deployed large scale Peplink-Starlink solutions fleetwide.



Business Highlight

New Products Optimized for Scale, Ease of Use and Versatility

In early 2024, we launched the **B One series**

- Fixed and 5G variants
- Friendly price point and strong features for ecommerce sales
- Highly versatile, can bond multiple Fixed Wireless Access (FWA), Starlinks and other internet services
- Integrated features with Starlink



Peplink App - Manage your home or small office network your phone, strong emphasis on ease of use

- Available with a subscription
- Simplified and intuitive management of Peplink devices
- Supports key router product lines currently, rolling out to the whole product range

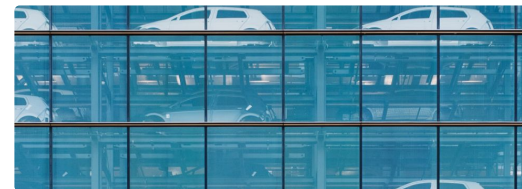


Business Highlight

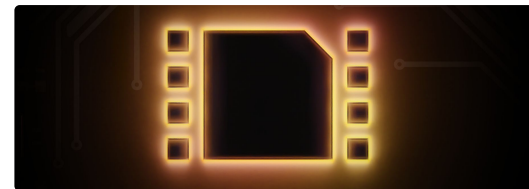
Increasing Deployment Scale and Depth

Global leading electric vehicle manufacturer deployed **hundreds of Peplink routers** in its factory in Texas, US.

Further opportunity to scale to the manufacturer's other factories in Germany and China.



Data services exceed 2% of revenue in 2023. While **NaaS business model continues strong growth**, other accounts are expanding rapidly to account for 20% of data sales.



Gearing up for growth on major ecommerce platform:

- Launched B One at price point and ease of use well-suited for ecomm shoppers
- Investing to boost lead generation and sales conversion



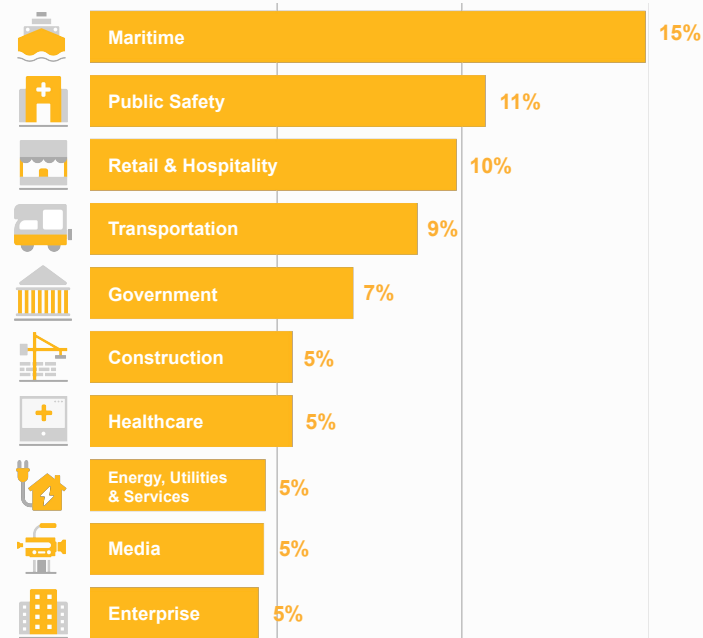
Investment Highlights

1. Growing Peplink Ecosystem



Trusted by customers across many industry verticals

Top 10 verticals by number of deals won in 2023



Investment Highlights

2. LEO services expands our addressable market:

We recently **became Starlink's first Authorized Technology Provider:**

- *Tapping into Starlink's fast-growing user base (2.2 million in Dec 2023)*
- *Enabling Peplink + Starlink enterprise solutions and support*
- *Increasing brand profile*
- *Receive direct referrals from Starlink*

3. Multiple drivers pushing the need for Supercharged Connectivity

Market trends from 2023 to 2030:

- Number of IoT connections **increasing at 16% CAGR¹**
- Mobile data traffic expected to **increase at 19% CAGR¹**
- 4G & 5G FWA connections expected to grow from **130 million to 330 million¹**

Recently launched the **B One series** routers, designed to address home offices and small businesses in the FWA market:

- *Highly competitive price point*
- *Versatile bonding options (Multiple FWA services, Starlink, 5G & broadband)*
- *Optimized for ease of use*

4. Growing recurring revenue pipeline

Underlying drivers of subscription growth:

- *Increasing user base, driven by device sales*
- *Increasing subscription content value to drive user subscription rates*

Strong subscription growth:

- *Number of devices under a subscription¹ at 31 December 2023 increased 40.2% YoY*
- *Subscription take up rate³ increased to 28.0% at Dec 2023 (Dec 2022: 24.5%)*

Additional recurring revenue growth potential with data services

- *Launched in 2021, exceeded 2% of total revenue in 2023*
- *Compounding growth from growing installed base and increasing data consumption trend*

Results 2023

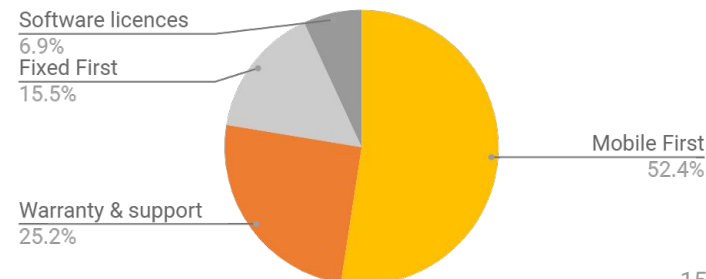
Financial Summary

Financial period (US \$'000)	Year ended 31 December		Growth YoY
	2022	2023	
Revenue	86,757	94,259	+8.6%
Gross profit	46,507	50,913	+9.5%
Operating expenses, Other income & gains, and Finance cost	(20,126)	(17,963)	n.m.
Profit before tax	26,381	32,950	+24.9%
Net profit	22,659	28,099	+24.0%
Gross profit margin	53.6%	54.0%	+0.4 pt
Net profit margin	26.1%	29.8%	+3.7 pt
Diluted EPS (US cents)	2.06 cents	2.55 cents	+23.8%
Dividend declared, total (HK cents per share)	14.59 cents	19.37 cents	+32.8%

Revenue by Product Segment

Product Segment / Financial Period (US\$'000)	Segment Revenue		Growth	Key drivers
	2022	2023	YoY	
Fixed First Connectivity (formerly Wired SD-WAN)	14,430	14,589	+1.1%	<ul style="list-style-type: none"> In Fixed First, sales of a key product line slowed as it approached late product cycle. New Fixed First product was launched in January 2024
Mobile First Connectivity (formerly Wireless SD-WAN)	46,773	49,393	+5.6%	<ul style="list-style-type: none"> Mobile First accelerated in 2H23 due to strong growth of 5G devices in both North America and EMEA markets
Warranty & Support Services	21,107	23,765	+12.6%	
Software Licences	4,447	6,512	+46.4%	<ul style="list-style-type: none"> Strong uptake of software features subscription
Total	86,757	94,259	+8.6%	

Revenue by Segment FY23



Recurring Revenue

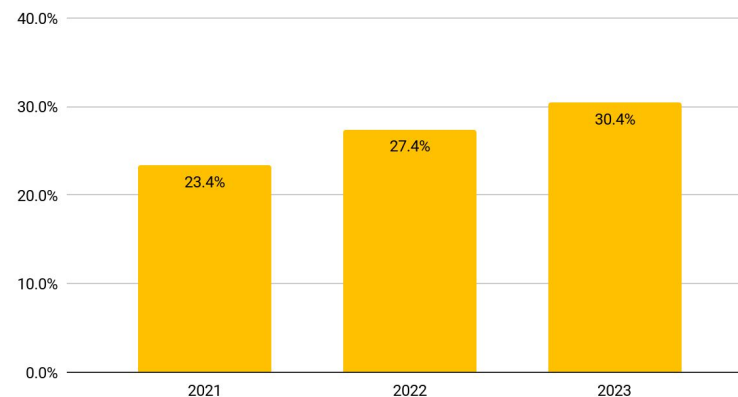
Recurring revenue (US\$'000)	Year ended 31 December	
	2022	2023
Recurring sales	23,753	28,680
YoY Growth	37.2%	20.7%

Contract liability (US\$'000)	As at 31 December	
	2022	2023
Contract liability - Short term	15,114	17,638
Contract liability - Long term	3,745	5,623
Total	18,859	23,261
YoY Growth	30.1%	23.3%

Recurring Revenue highlights

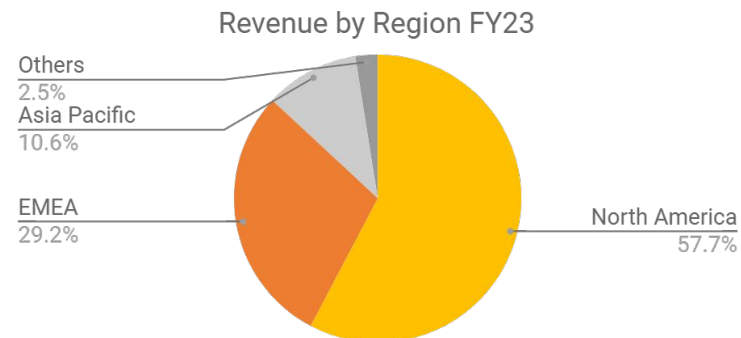
- No. of devices under subscription increased 40.2% YoY at Dec 2023
- Take up rate increased to 28.0% at Dec 2023 (Dec 2022: 24.5%)
- Subscription booking dollar amount increased 22.4% YoY
- Sales of data exceeded 2% of total revenue, continues to grow with strong momentum

Recurring revenue, % of total revenue



Revenue by Region

Geographic Segment	Segment Revenue		Growth
Financial Period (US\$'000)	2022	2023	(YoY)
North America	52,017	54,386	+4.6%
EMEA	21,736	27,536	+26.7%
Asia	11,121	9,976	-10.3%
Others	1,883	2,361	+25.4%
Total	86,757	94,259	+8.6%

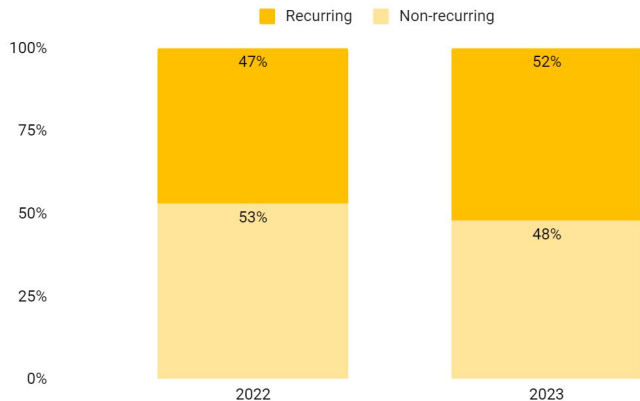


Gross margin

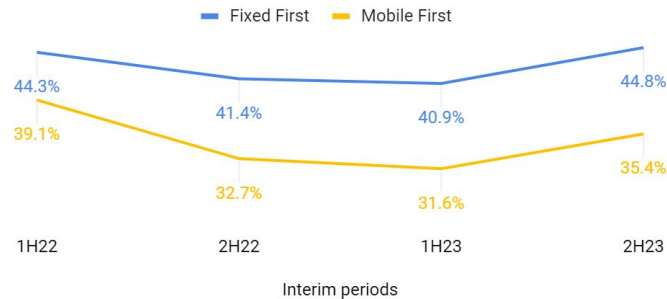
Recurring revenue now contributes over 50% of gross profit

- Overall gross margin has increased from 53.6% to 54.0%
- 52% of gross profit comes from recurring revenues
- Gross margin improved YoY due to:
 - Increasing sales mix of recurring revenue
 - Leveraging economies of scale
 - Product portfolio consolidation
 - Easing component shortages

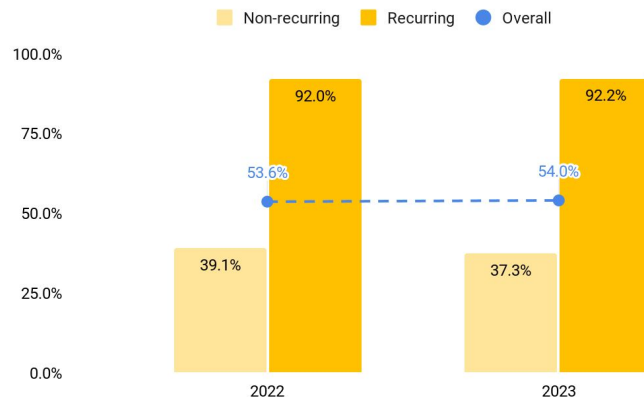
Contribution to gross profit



Fixed First & Mobile First segments gross margins



Gross margin by Recurring Sales & Non-recurring Sales



Operating expenses

Operating expenses	Amount		% of revenue	
Financial Period (US\$'000)	2022	2023	2022	2023
Selling & Distribution expenses	3,100	3,544	3.6%	3.8%
General & admin expenses	8,173	7,021	9.4%	7.4%
Research & development	8,792	8,411	10.1%	8.9%
Total Opex	20,065	18,977	23.1%	20.1%
Exclude: FX losses booked in General & admin	(1,657)	-	(1.9%)	-
Total Opex (ex. FX impact)	18,407	18,977	21.2%	20.1%

Balance Sheet and Cash Flow Highlights

Balance Sheet Summary (US\$'000)	2021	2022	2023
Trade and other receivables	13,692	14,688	22,385
Inventories	18,622	32,333	16,938
Trade and other payables	5,625	6,900	4,686
Contract liabilities	14,501	18,859	23,261
Bank borrowings	4,639	6,471	1,177
Cash and cash equivalents	31,641	28,658	36,745
Total equity	40,083	43,291	50,224
Return on average equity (%)	55.8%	54.4%	60.1%

Cash Flow Summary (US\$'000)	2021	2022	2023
Cash flows from operating activities	18,916	17,572	37,722
Cash flows from investing activities	(1,394)	(1,052)	(956)
Cash flows from financing activities	(16,913)	(19,383)	(28,829)

Working capital average turnover days (Number of days)	2021	2022	2023
Trade and other receivables	56 days	60 days	72 days
Inventories	183 days	231 days	207 days
Trade and other payables	59 days	57 days	49 days

- Easing of component shortages during the year leading to reduced need to accumulate inventory
- Optimized product portfolio improved efficiency

Appendix

Revenue Recognition of Different Segments

Segment	Product	Description	Revenue Model
Fixed first connectivity	SD-WAN Routers Supporting Networking Devices	<ul style="list-style-type: none"> Routers and supporting devices that are predominantly deployed in fixed environments Purchase includes 12 months warranty and full access to software features 	Non-recurring (~85% of selling price)
Mobile first connectivity	Mobile SD-WAN Routers Supporting Networking Devices Accessories	<ul style="list-style-type: none"> Routers and supporting devices that are predominantly deployed in mobile environments and remote locations Purchase includes 12 months warranty and full access to software features 	Non-recurring (~85% of selling price)
Warranty and support	Embedded warranty and support services	<ul style="list-style-type: none"> 1-year warranty and support services that included with the purchase of a Fixed first or Mobile first device Straight line recognition of embedded warranty and support services (valued at 15% of the device's selling price) over 12 months 	Recurring (~15% of selling price)
Warranty and support	Renewal of warranty and support services	<ul style="list-style-type: none"> Straight line recognition of subscription renewals for warranty and support services subscriptions, over the subscription period 	Recurring
Warranty and support	Peplink eSIM, SpeedFusion Protect and others	<ul style="list-style-type: none"> Prepaid & postpaid mobile data and cloud-hosted SpeedFusion 	Recurring
Software licence	Renewal of software subscriptions	<ul style="list-style-type: none"> Recognition of subscription revenues for InControl2 	Recurring
Software licence	Software feature upgrades	<ul style="list-style-type: none"> Perpetual licenses for on-premise hosting of SpeedFusion and InControl2 Various licenses to activate additional hardware / software features 	Non-recurring

Thank You

Contacts

Christopher Tse - CFO
christophert@ploverbay.com



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