Plover Bay Technologies Announces 1H21 Interim Results

Revenue and diluted EPS grew 35.9% and 79.2% year on year amid strong demand for products that enable resilient connectivity

HONG KONG – 27 July 2021 – Plover Bay Technologies Limited ("Plover Bay", SEHK stock code: 1523), today reports financial results for the interim period ended 30 June 2021 ("1H21 or the interim period") with revenue of US$32.8 million, net income of US$9.3 million and diluted earnings per share of 0.86 US cents. In addition, the board of Plover Bay declares an interim dividend of 0.532 HK cents per share.

Financial Highlights:

Financial Period	**1H21**	**1H20**	**Change**
Revenue (US$ thousands)	$32,751	$24,102	+35.9%
Gross margin %	60.0%	58.7%	+1.3 pp
Operating expenses, other income and finance cost (US$ thousands)	$8,603	$8,066	+6.7%
Profit before tax (US$ thousands)	$11,042	$6,070	+81.9%
Net profit (US$ thousands)	$9,292	$5,120	+81.5%
Diluted earnings per share (US cents)	0.86	0.48	+79.2%
Dividend declared (HK cents)			
– First interim dividend	5.32	3.03	

1H21 Results

- Revenue grew on all front to US$32.8 million, up 35.9% year over year. As post-COVID new normal takes hold, demand growth for resilient connectivity networking products, such as the Group's SpeedFusion technology, saw strong growth.
- In terms of products, wired SD-WAN routers grew 53.4%, wireless SD-WAN products grew 41.0%, software licenses grew 29.7%, and warranty and support services grew 15.0% year over year.
- In terms of geographic regions, North America market grew 32.9%, EMEA grew 49.7%, Asia grew 20.4% while Others (including Oceania and South America) grew 66.6%
- Our network controller, InControl2, recorded 307,000 registered devices at 30 June 2021, compared to 230,000 a year ago.

- Gross margin improved 1.3 percentage points year over year to 60.0% due to improved product mix and scaling benefits, while gross margins remained stable at a product SKU level. Overall, this is in line with our guided gross margin range of 58-63%.
- Increases in operating expenses was largely driven by increasing headcount across the Group, particularly in the R&D team. During the interim period, opex to revenue ratio was 27.1%, compared to 34.5% in the same period last year. At end-2020, the total number of full time employees was 185, compared to 167 as at December 2020.
- Net income increased 81.5% year over year to about US$9.3 million. Diluted earnings per share increased 79.2% year over year to 0.86 US cents.

Business outlook

- Connectivity and bandwidth consumption is universally growing. Apart from that, 5G's low latency is enabling new business models and applications, driving businesses to adopt mobile technology into their networks. Mobile data plans are also approaching parity to business broadband, making it a compelling choice for bandwidth expansion or failover bandwidth. All these are driving the demand for our connectivity technology – SpeedFusion – which combines multiple connectivities to create a single, resilient and consistent link.
- Plover Bay is moving from a networking equipment vendor towards an ecosystem vendor. We will soon launch a groundbreaking service that will greatly simplify mobile data plan acquisition and provisioning on a massive scale for enterprise users, and will enable new business models for MVNOs and other service providers. This service adds data service to our existing technologies, products and management software, and turns us into a one stop vendor for everything connectivity related.

Mr. Keith Chau, CEO of the Group said *"Whether it is 5G, WiFi 6 or something else, mobile is inherently unstable because the network is always dynamic. This is where our SpeedFusion comes in to solve this deficiency. We are well positioned for the upcoming intersection of multiple trends that will boost mobile connectivity adoption among enterprises, and we are confident that SpeedFusion will become a mainstream solution among organizations in the upcoming cycle."*

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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