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Supercharging Connectivity

Interim Results 2024

25 July, 2024

Our Vision

We make connectivity reliable, anytime, anywhere

Key Facts

- Revenue (1H24): US$57.3M
- Net profit (1H24): US$19.1M
- Brands: Peplink, Pepwave

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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

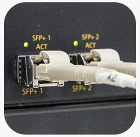
- Connectivity should be **simple**
- Connectivity should **always work**
- Connectivity should be **cost effective**
- Connectivity should **be easily accessible**

Reality

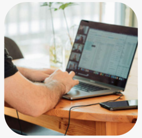
- Existing solutions **overcomplicate**
- Fixed Lines **cannot** reach everywhere
- Mobile is **not 100%** reliable
- The need for connectivity might be intermittent, but **contracts lock you in for years**

What We Do

Supercharging Connectivity



Fiber/
Broadband



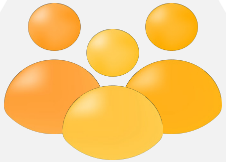
Consumer
5G/LTE

Private
5G/LTE

LEO
Satellite

Connectivity Software
& Cloud Services

Purpose-Designed
SpeedFusion Routers



Passion Driven
Go-to-Market Partners

Supercharged

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

Choice of Multiple
Connectivities

Peplink
Ecosystem

Customer
Benefits

What We Do

Supercharged Connectivity

Markets					Devices				
Public Safety	Broadcasting	Bank	Enterprise	**Enterprise Routers**	Balance 2500 EC	SDX Pro	EPX		+ and more
Events	Construction	Telemedicine	Maritime	**Enterprise Mobility**	HD1 Dome Pro	Dome Pro LR	MBX	PDX	+ and more
IoT	Transport	Pop-up Retail	Maritime	**Mobile Routers**	BR1 Mini	BR1 Pro 5G	BR2 Pro	Transit Duo Pro	+ and more
Remote WFH	Home Offices	Retail	Small Offices	**SOHO Routers**	SpeedFusion Relay	B One	B One 5G		+ and more

Business Highlight

New Connectivity Options Create New Opportunities

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Became Starlink Authorized Technology Provider in January 2024

Over 50 partners became Peplink Starlink solution providers.

Increasing adoption by enterprises for their critical networks.

Increasing scale and depth in new deployments

Further integration with Starlink

Integration with more LEO and other network service providers, creating further opportunities

Business Highlight

Elevating Market Standing leading to Larger Opportunities

During the period, **scale and depth of deployments with a major US carrier increased substantially**. Peplink helps the carrier generate multi-million new sales in data plans, on top of equipment sales

Secured large multi-year project for fire services vehicles in Australia, on merits of Peplink product’s superior performance, reliability and strong feature sets

Project wins in multiple large transport deployments, including passenger buses and railways, in multiple Europe countries and the US

Business Highlight

New Products Optimized for Scale, Ease of Use and Versatility

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

- Fixed-line only and 5G variants
- Highly versatile, can bond multiple Fixed Wireless Access (FWA), Starlinks and mobile networks
- Integrated features with Starlink
- Strong features and competitive price point for ecommerce sales

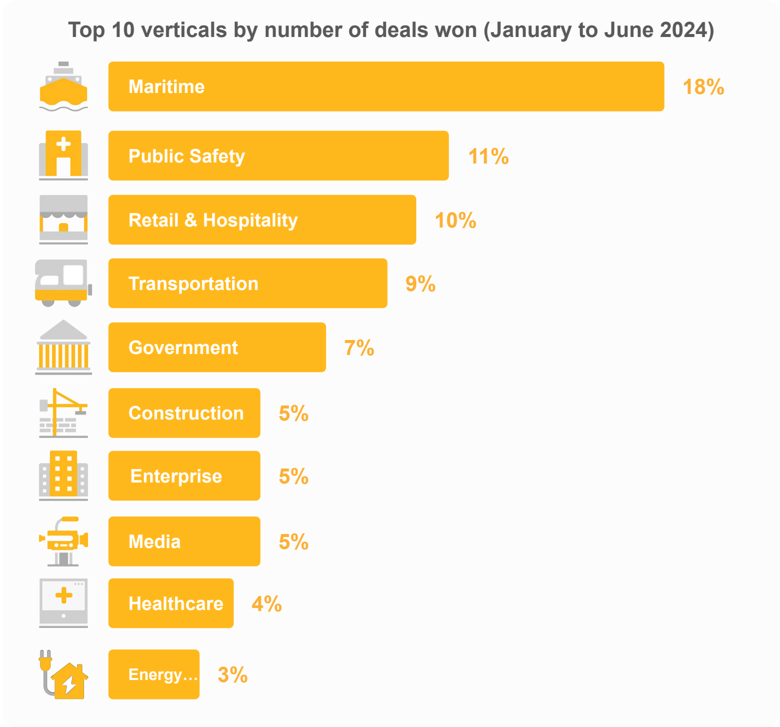
Peplink App - Manage your home or small office network your phone, strong emphasis on ease of use

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

Investment Highlights

1. Growing Peplink Ecosystem

Access to a wide range of industry verticals



Investment Highlights

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2. LEO services expands our addressable market:

Jan 2024 - Became Starlink's first Authorized Technology Provider:

- *Built-in management of Starlink dishes provides strong advantage over other solutions*
- *Created new channel program to promote Peplink + Starlinks solutions*

Result:

- ***Over 50 partners** signed up as Peplink & Starlink Solution Provider*
- *Strong uplift in brand recognition*
- *Blueprint for future collaboration with other LEO, FWA or other connectivity options*

Investment Highlights

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3. Constant growing need for better connectivity

Market trends from 2023 to 2030:

- *Number of IoT connections* ***increasing at 16% CAGR***[1]
- *Mobile data traffic expected to* ***increase at 19% CAGR***[1]
- *4G & 5G FWA connections expected to grow from* ***130 million to 330 million***[1]

1. *Ericsson Mobility Report*

Investment Highlights

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4. Growing recurring revenue pipeline

Strategies to drive subscription growth:

- ***Continue to grow user base*** *with capable devices priced at very competitive price points*
- ***Develop new convenience features & increase content value*** *to drive subscription rates*

Strong subscription growth:

- *Number of devices under a subscription[1] at 30 June 2024 increased 34.9% YoY*
- *Subscription take up rate[2] at 30 June 2024 increased to 29.8% (Dec 2023: 28.0%)*

Long term recurring revenue growth potential with data services

- *Data services growth leveraged to growing installed base and data consumption*
- *Currently accounts for 2% of total sales*

1. *Does not include devices currently under the coverage of an embedded subscription for warranty and support services*
2. *Subscription take up rate = number of active subscriptions / number of devices that are past embedded warranty and support period*

Interim Results 2024

Financial Summary

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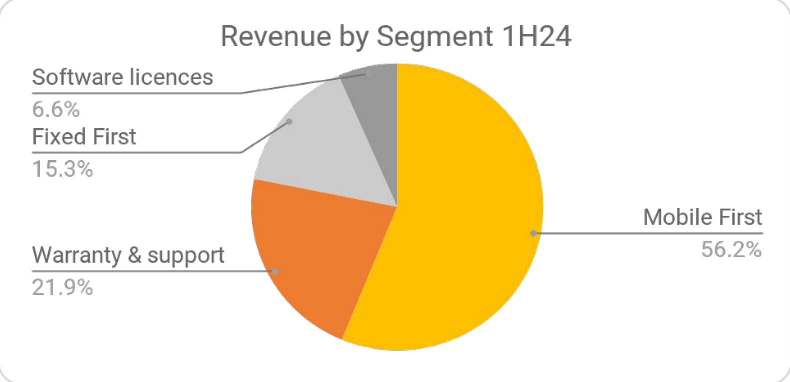
Financial summary (US$'000, unless otherwise stated)	Period ended 30 June 2023	 2024	YoY growth (%)
Revenue	44,632	57,298	+28.4%
Gross profit	23,799	31,745	+33.4%
Other income & gains, Operating expenses, and Finance cost	(8,912)	(9,035)	+1.4%
Profit before tax	14,887	22,710	+52.5%
Net profit	12,323	19,103	+55.0%
Gross profit margin	53.3%	55.4%	+2.1 pp
Net profit margin	27.6%	33.3%	+5.7 pp
Diluted EPS (US cents per share)	1.12	1.73	+54.5%
Dividend declared (HK cents per share)	7.01	10.83	+54.5%

Revenue by Product Segment

Segment (US$'000)	Period ended 30 June 2023	2024	YoY Growth (%)	Key drivers
Fixed First Connectivity	8,151	8,752	+7.4%	Peplink Starlink program contributed to the sales growth of both Connectivity segments
Mobile First Connectivity	21,713	32,194	+48.3%	Sizeable increase in high-volume products seen from multiple markets
Warranty & Support Services	11,774	12,575	+6.8%	Growth rate of deferred revenue is in line with previous year's hardware sales growth
Software Licenses	2,994	3,777	+26.2%	Driven by strong growth of software subscriptions
Total	**44,632**	**57,298**	**+28.4%**	



Recurring Revenue

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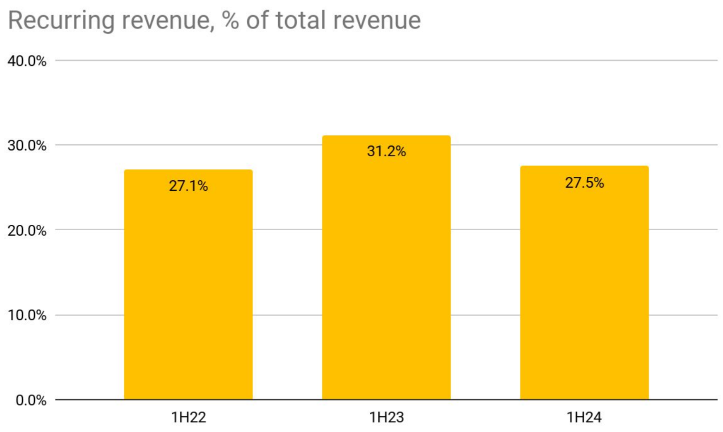
Recurring revenue (US$'000)	Period ended 30 June 2023	2024
Recurring sales	13,945	15,732
YoY Growth	28.3%	12.8%

Contract liability (US$'000)	Period ended 12/2023	6/2024
Contract liability - Current portion	17,638	18,744
Contract liability - Non-current portion	5,623	9,131
Total	23,261	27,875

Recurring Revenue highlights

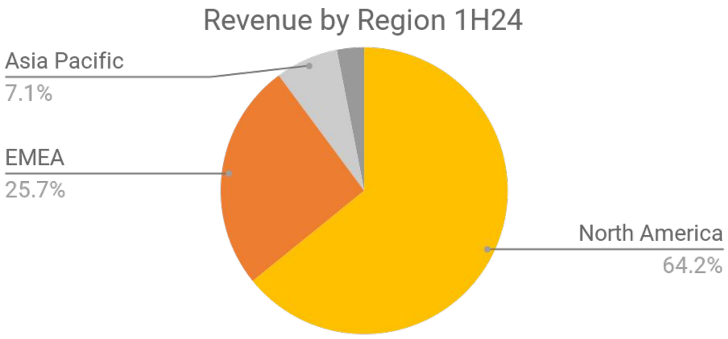
Underlying drivers of recurring revenue remains robust:

- No. of devices under subscription at June 2024 increased 34.9% YoY
- Take up rate at June 2024 increased to 29.8% (Dec 2023: 28.0%)
- Subscription booking dollar amount increased 45.5% YoY



Revenue by Region

Region	Period ended 30 June		Growth
US$ thousands	2023	2024	(YoY)
North America	26,667	36,761	+37.9%
EMEA	12,131	14,725	+21.4%
Asia	4,732	4,061	-14.2%
Others	1,102	1,751	+58.9%
Total	**44,632**	**57,298**	**+28.4%**



Gross margin

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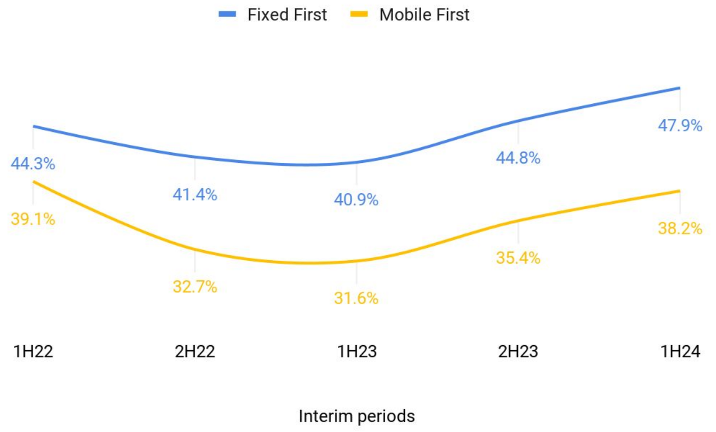
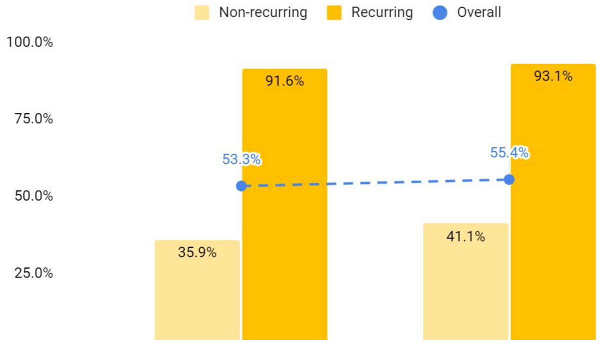
Continued margin improvement during the period

- Gross margin has increased from 53.3% in 1H23 to 55.4% in 1H24
- Gross margin improved due to:
  - Lower component cost for Fixed First & Wireless First products
  - More concentrated product portfolio enabled better economies of scale

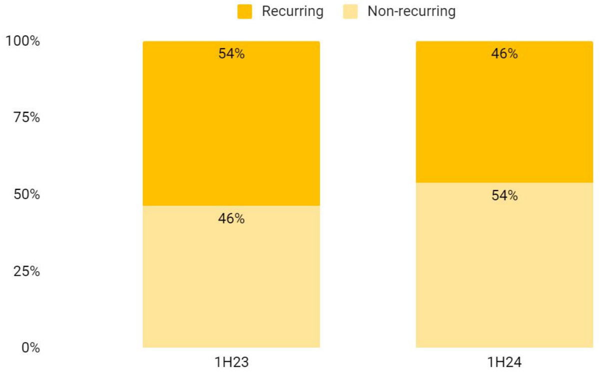
Fixed First & Mobile First segments gross margins



Gross margin by Recurring Sales & Non-recurring Sales



Contribution to gross profit



Operating expenses

Operating expenses	Period ended 30 June		% of revenue	
(US$'000)	2023	2024	2023	2024
Selling & Distribution expenses	1,519	1,853	3.4%	3.2%
General & admin expenses	3,454	3,688	7.7%	6.4%
Research & development	4,339	4,204	9.7%	7.3%
Total Opex	**9,312**	**9,745**	**20.8%**	**16.9%**

Balance Sheet and Cash Flow Highlights

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Balance Sheet Summary	Period ended		
(US$"000)	6/2023	12/2023	6/2024
Trade and other receivables	15,577	22,385	20,204
Inventories	24,826	16,938	13,129
Trade and other payables	3,161	4,686	3,117
Contract liabilities	20,161	23,261	27,875
Bank borrowings	5,891	1,177	4,300
Cash and cash equivalents	30,788	36,745	53,538
Total equity	43,957	50,224	52,059
Return on average equity (%)	56.5%	60.1%	74.7%

Cash flow summary	Period ended 30 June	
(US$"000)	2023	2024
Cash flows from operating activities	15,797	31,843
Cash flows from investing activities	(243)	138
Cash flows from financing activities	(13,514)	(15,370)

Working capital turnover days	Period ended		
(Number of days)	6/2023	12/2023	6/2024
Trade and other receivables	62 days	72 days	68 days
Inventories	250 days	207 days	107 days
Trade and other payables	44 days	49 days	27 days

- Optimized product portfolio allowed us to keep a lower inventory on hand

Appendix

Revenue Recognition of Different Segments

Segment	Product	Description	Revenue Model
Fixed first connectivity	SD-WAN Routers Supporting Networking Devices	• Routers and supporting devices that predominantly use fixed networks • 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	• Routers and supporting devices that use mobile networks • Purchase includes 12 months warranty and full access to software features	Non-recurring (~85% of selling price)
Warranty and support	Embedded warranty	• 12 months warranty and software features included with the purchase of a Fixed first or Mobile first device, • Embedded portion considered to represent 15% of device pricing • Straight line recognition over 12 months	Recurring (~15% of selling price)
Warranty and support	Organic warranty	• Renewal of warranty and support after 1 year embedded period • Straight line recognition over the subscription period	Recurring
Warranty and support	Peplink eSIM, SpeedFusion Connect and others	• Prepaid & postpaid cloud and mobile data traffic	Recurring
Software licence	Organic subscriptions	• Renewal of warranty and support after 1 year embedded period	Recurring
Software licence	Virtual appliance & Software feature upgrades	• Perpetual licenses for on-premise hosting of SpeedFusion and InControl2 • Various licenses to activate additional hardware / software features	Non-recurring

Thank You

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