

Deswell Announces Acquisition of New Manufacturing Equipment

FOR IMMEDIATE RELEASE

MACAO (June 17, 2021) - Deswell Industries, Inc. (Nasdaq: DSWL) (“Deswell” or the “Company”) today announced the purchase of new manufacturing equipment at both its electronics and plastics divisions. The Company expects to install the new equipment at the respective manufacturing facilities in August 2021.

Purchase Month	Equipment	Amount	Estimated installation date
February 2021	Two Panasonic SMT (Surface Mount Technology) placement systems for the electronic division	CNY2.6Million	August 2021
May 2021	Two HaiTian new generation 800 tons injection molding machines with 2 Star Seiki high speed 5 axis servo robots for the plastic division	CNY2.8Million	August 2021

“We are pleased to announce the addition of new state-of-the-art manufacturing equipment for both of our operating divisions,” stated Edward So, CEO of Deswell Industries. “Strategic capital investments such as these are important as we continue to execute our long term growth strategy and enhance our position as a reliable manufacturing partner for both existing and new customers.”

About Deswell

Deswell manufactures injection-molded plastic parts and components, electronic products and subassemblies, and metallic molds and accessory parts for original equipment manufacturers (“OEMs”) and contract manufacturers at its factories in the People’s Republic of China. The Company produces a wide variety of plastic parts and components used in the manufacture of consumer and industrial products; printed circuit board assemblies using surface mount (“SMT”) and finished products such as telephones, professional audio equipment, home audio products, and Internet-of-Things (IoT) products.

To learn more about Deswell Industries, Inc., please visit the Company’s website at www.deswell.com.

Forward-Looking Statements

Statements in this press release that are "forward-looking statements" are based on current expectations and assumptions that are subject to risks and uncertainties. For example, our statements regarding our expected growth in sales from the electronic division in the coming year and our efforts to reduce overhead costs in our plastic division are forward-looking statements. Actual results could differ materially because of the following factors, among others, which may cause revenues and income to fall short of anticipated levels or our overhead expenses to increase: our dependence on a few major customers; vigorous competition forcing product price reductions or discounts; the timing and amount of significant orders from our relatively few significant customers; continuing increases in resin prices that cannot be passed on to customers; unexpected production delays; obsolete inventory or product returns; losses resulting from fraudulent activity of our customers or employees; labor shortages that increase labor and costs; changes in the mix of product products we manufacture and sell; adverse currency fluctuations in the Renminbi and Hong Kong dollar when translated to US dollars; potential new accounting pronouncements; and the effects of travel restrictions and quarantines associated with major health problems, such as the Severe Acute Respiratory Syndrome, on general economic activity.

For further information regarding risks and uncertainties associated with the Company's business, please refer to the "Risk Factors" section of Company's Annual Report on Form 20-F, copies of which may be obtained from the Website maintained by the Securities and Exchange Commission at <http://www.sec.gov>.

All information in this release is made as of the date of this press release. Deswell undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in Deswell's expectations.

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