

Array Networks

Q4 FY16 INVESTOR UPDATE

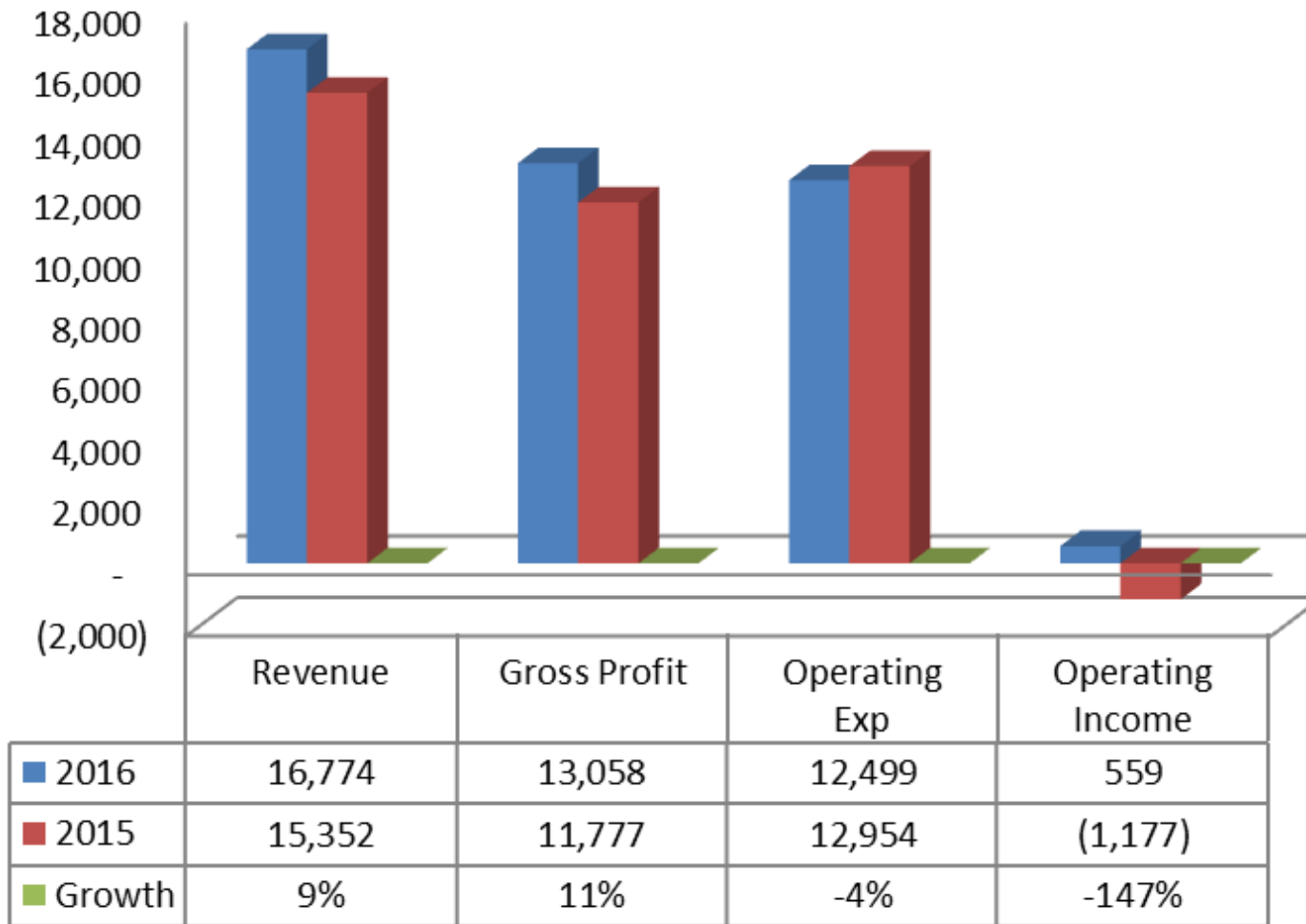
- This presentation may contain certain "forward-looking statements" concerning the business, operations and financial condition of Array, Inc. Although Array believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, there can be no assurance that its expectations will be realized.
- "Forward-looking statements" consist of all non-historical information, including the statements referring to the prospects and future performance of Array. Actual results could differ materially from those projected in Array forward-looking statements due to numerous known and unknown risks and uncertainties.
- Array does not undertake any obligation to publicly update any forward-looking statement to reflect events or circumstances after the date on which any such statement is made or to reflect the occurrence of unanticipated events.

- 2016 Extraordinary General Meeting has approved the disposal proposal of Array China on December 29, 2016 (Taiwan time). As a result, Array China has been defined as a discontinued operation in 2016's financial statement.
- According to IFRS 5, Array China's P&L shall be presented and reclassified under a single account –"Income from discontinued operations" in Array's Income statement in 2016 report, which included Array China's P&L in 2015 for comparison purpose.
- Array China's financial position (Assets & Liabilities account) shall be presented and reclassified under accounts of "Non-current Assets Held for Sale" and "Liabilities Directly Associated with Non-Current Assets Held for Sale" on Array's 2016 Balance sheet.

Year-to-date results

- US\$16.774M (NT\$541M) in revenue
- 78% gross profit margin
- 9% revenue growth vs. YTD 2015
- 123% revenue growth in China vs. YTD 2015
- 4% revenue growth in Japan vs. YTD 2015
- 3% revenue growth in India vs. YTD 2015
- 39% revenue growth in ROW vs. YTD 2015
- Headcount increase 5% vs. YTD 2015
- Operating expense decrease -4% vs. YTD 2015
- Operating Income increased by 147% vs. YTD 2015

YTD - Growth Trends FY16 vs. FY15 (US\$M)

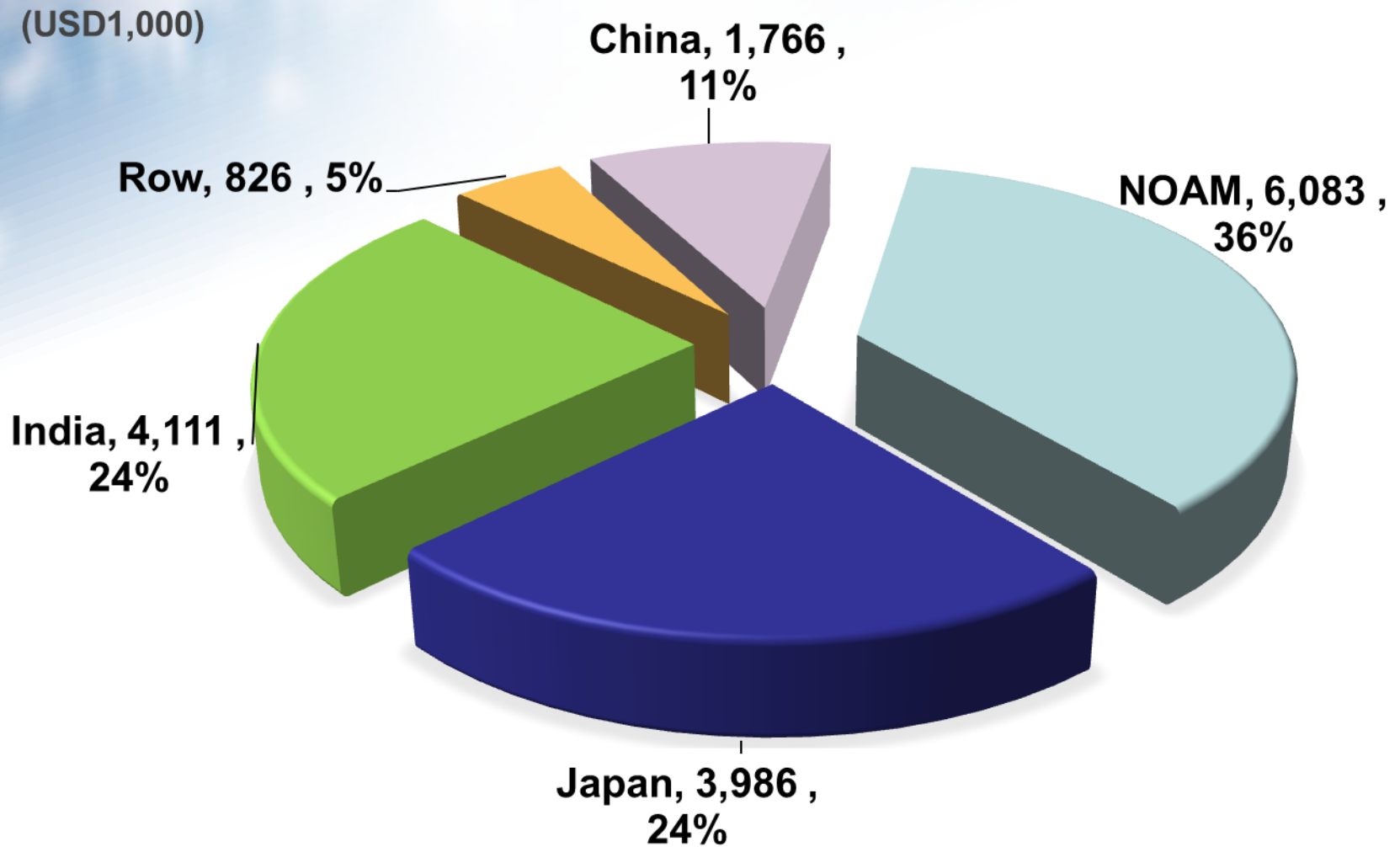


2016 Statement of Comprehensive Income

USD-TWD Average Rate	2016/12/31 32.263			2015/12/31 31.739			Comparison (US\$ base)	
	Jan. - Dec., 2016			Jan. - Dec., 2015			2016 vs 2015	Y/Y Change
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.		
Operating Revenues	16,784	541,523	100	15,375	487,974	100	1,409	9%
Sales Returns and Allowances	-10	-329	-	-23	-722	-	13	0%
Operating Revenue, Net	16,774	541,194	100	15,352	487,252	100	1,422	9%
Operating Cost	-3,716	-119,886	-22	-3,575	-113,493	-23	-141	4%
Gross profit	13,058	421,308	78	11,777	373,759	77	1,281	11%
Operating Expenses								
Sales expenses	-7,614	-245,658	-45	-7,278	-231,028	-47	-336	5%
Administrative expenses	-2,836	-91,512	-17	-2,838	-90,082	-18	2	0%
R&D expenses	-2,049	-66,122	-12	-2,838	-90,077	-18	789	-28%
Total operating Expenses	-12,499	-403,292	-75	-12,954	-411,187	-84	455	-4%
Operating (Loss) Income	559	18,016	3	-1,177	-37,428	-8	1,736	-147%
Non-operating Income & Expenses								
Other income	26	862	0	19	618	0	7	37%
Interest income	99	3,182	1	22	704	0	77	350%
Exchange gain (loss), net	-139	-4,484	-1	-411	-13,057	-3	272	-66%
Finance expense	-20	-650	0	-18	-578	0	-2	11%
Total Non-operating Income & (Expense)	-34	-1,090	0	-388	-12,313	-3	354	-91%
(Loss) Income before income tax	525	16,926	3	-1,565	-49,741	-10	2,090	-134%
Income tax expense	-190	-6,119	-1	-139	-4,420	-1	-51	37%
Income from discontinued operations	-2,477	-79,925	-15	3,324	102,083	21	-5,801	-175%
Consolidated Net (Loss) Income	-2,142	-69,118	-13	1,620	47,922	10	-3,762	-232%
Other comprehensive income and expense								
Earnings per share (NTD)								
Basic		-0.94			0.62			
Diluted		-0.94			0.61			

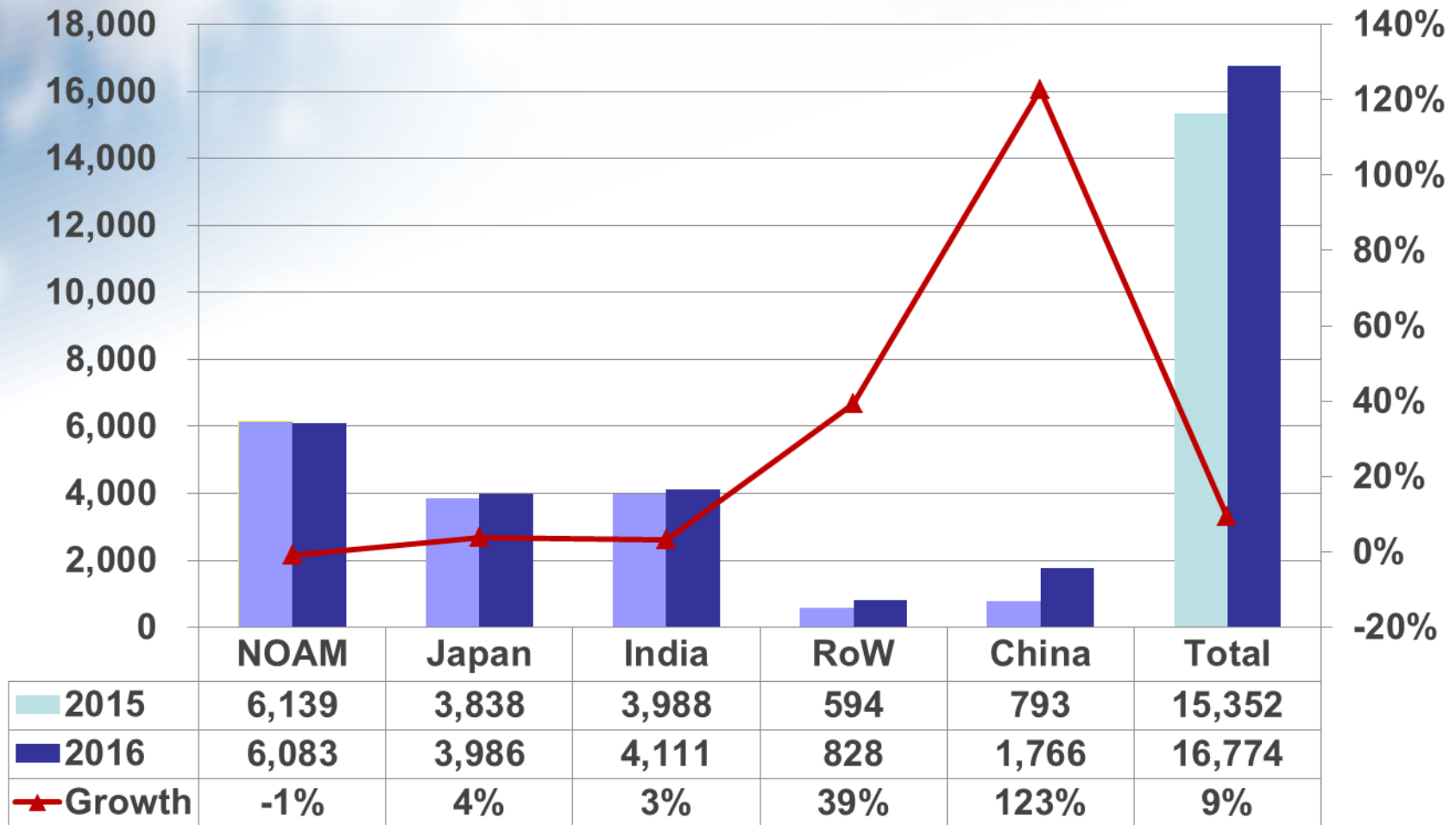
FY16 Revenue By Region

Array revenue of US\$16.77M in FY16 excludes revenue of US\$10M from Array China.



Growth by Region – FY16 vs. FY15

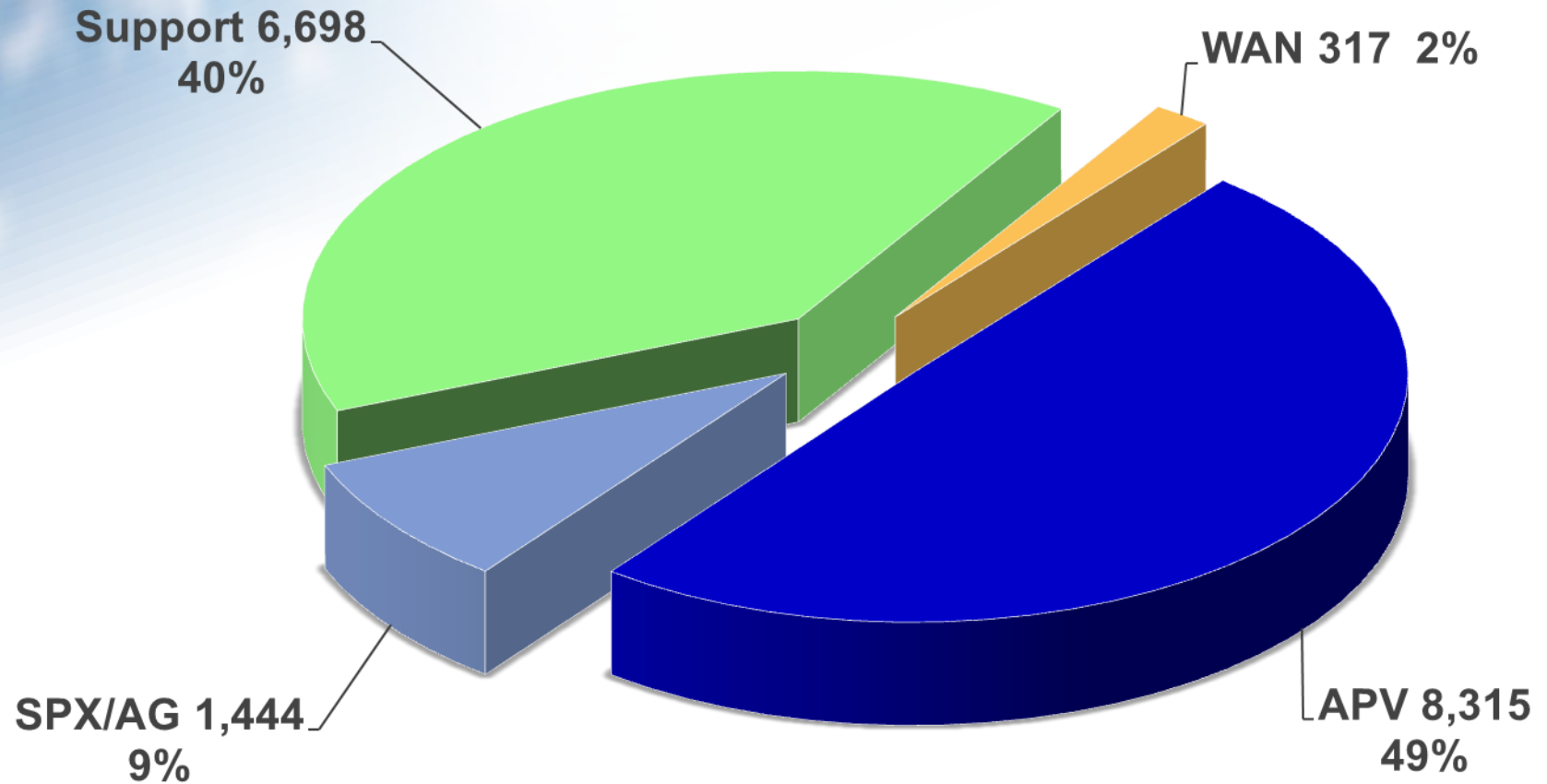
(USD1,000)



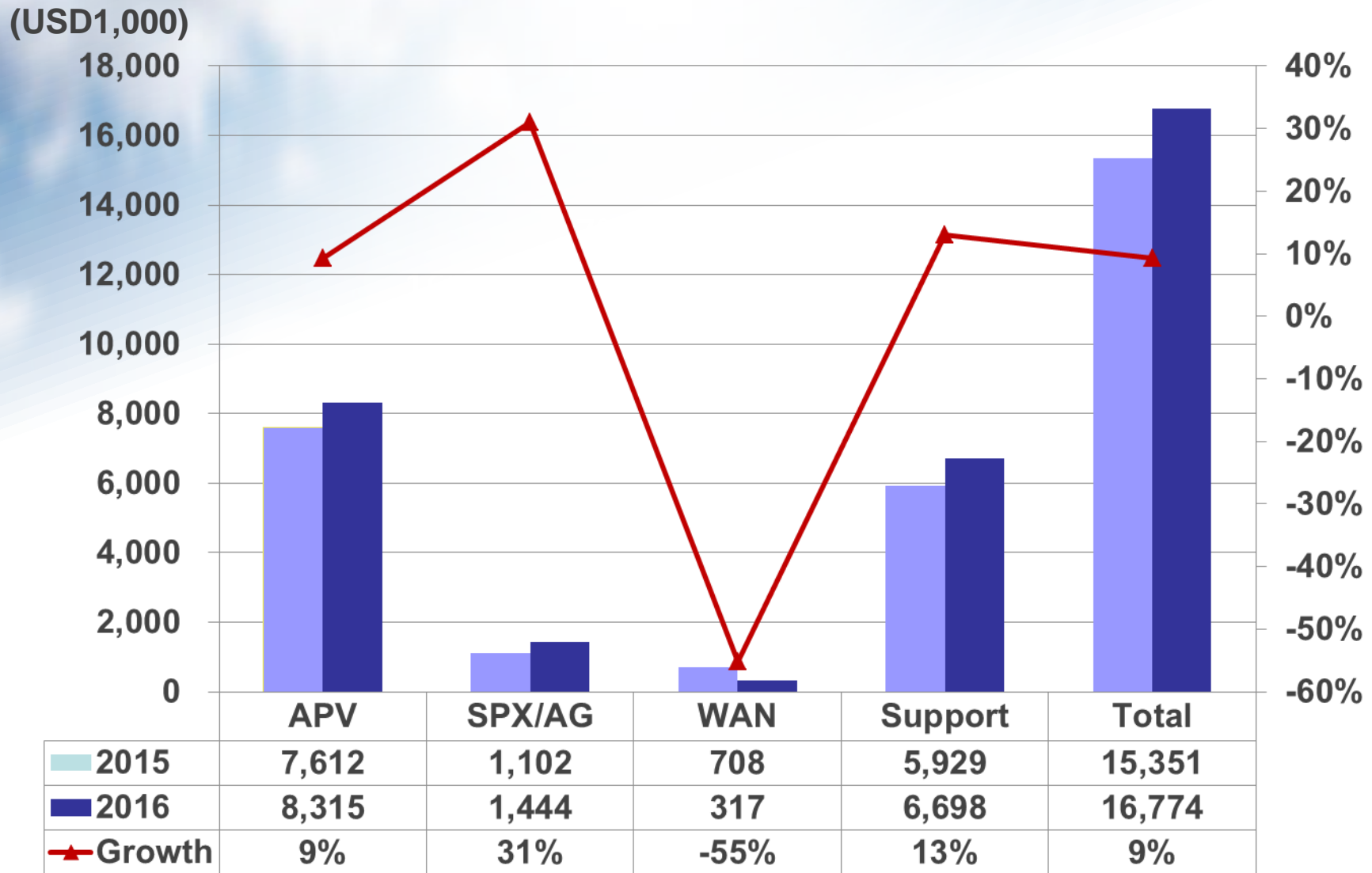
■ Array China 2015 & 2016 revenues of US\$10M each are excluded.

FY16 Revenue By Product

(USD1,000)



Performance By Product FY16 vs. FY15



FY16 vs. FY15 Operating Expense Growth

	2015	2016	Growth
Headcount	69	73	5%
IFRS Operating Expense	12,954	12,499	-4%
Option Expense	223	254	14%
Additional AR Reserve	-30	161	636%
Operating exp. (Excluded AR reserve & Option exp.)	12,761	12,084	-5%

Balance Sheet - Assets

USD-TWD Ending Rate	32.250			32.825		
	2016.12.31			2015.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Assets						
Cash and cash equivalents	\$23,049	\$743,317	50	\$36,122	\$1,185,691	68
Available-for-sale financial assets	257	8,292	1	259	8,506	0
Notes receivable	0	0	0	1,754	57,563	3
Accounts receivables	3,349	108,006	7	6,700	219,913	13
Other receivables	18	570	0	37	1,217	0
Inventory	2,128	68,631	5	2,027	66,525	4
Non-current Assets Held for Sale	12,338	397,905	27	0	0	0
Other current assets	181	5,827	0	419	13,758	1
Total of current assets	41,320	1,332,548	90	47,317	1,553,173	89
Non-current assets						
Property, plant and equipment	418	13,488	1	951	31,232	2
Intangible Assets						
Computer software	455	14,707	1	595	19,516	1
Goodwill	3,521	113,550	8	3,521	115,575	6
Brand	243	7,817	\$0	413	13,572	1
Deferred income tax assets	107	3,452	0	91	2,999	0
Refundable deposits	33	1,076	0	395	12,952	1
Other financial instruments	32	1,032	0	32	1050	0
Total of non-current assets	4,809	155,122	10	5,998	196,896	11
Total Assets	\$46,129	\$1,487,670	100	\$53,315	\$1,750,069	100

Balance Sheet – Liabilities & Equity

USD-TWD Ending Rate	32.250			32.825		
	2016.12.31			2015.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Liabilities and Equity						
Current Liabilities						
Accounts payable	\$753	\$24,286	2	\$507	\$16,647	1
Income Taxes payable	74	2,374	0	48	1,591	0
Other payables	1,215	39,170	3	3,036	99,667	6
Liabilities Directly Associated with Non-Current Assets Held for Sale	3,443	111,043	7	0	0	0
Deferred revenue - current	3,975	128,186	9	5,478	179,800	10
Other current liabilities	94	3,028	0	77	2,528	0
Total current liabilities	9,554	308,087	21	9,146	300,233	17
Non-current liabilities						
Deferred revenue - non-current	2,432	78,445	5	3,196	104,900	6
Other non-current liabilities	26	853	0	7	246	0
Total non-current liabilities	2,458	79,298	5	3,203	105,146	6
Total Liabilities	12,012	387,385	26	12,350	405,379	23
Equity attributable to owners of the parent						
Capital	23,036	747,345	50	23,986	778,043	44
Capital surplus	11,162	361,215	24	11,583	375,277	21
Retained earnings						
Legal reserve	339	10,535	1	190	5,743	0
Special reserve	21	134	0	21	134	0
Unappropriated retained earnings	3,888	114,261	8	6,179	188,171	11
Other Equity	-1,532	-44,391	-3	47	29,359	3
Treasury Stock	-2,797	-88,814	-6	-1,041	-32,037	-2
Total Equity	34,117	1,100,285	74	40,965	1,344,690	77
Total Liabilities and Equity	\$46,129	\$1,487,670	100	\$53,315	\$1,750,069	100

Array Networks

THANK YOU!