



Array Networks

Q4 FY17 INVESTOR UPDATE

Safe Harbor

- 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.

FY17 Financial Highlights

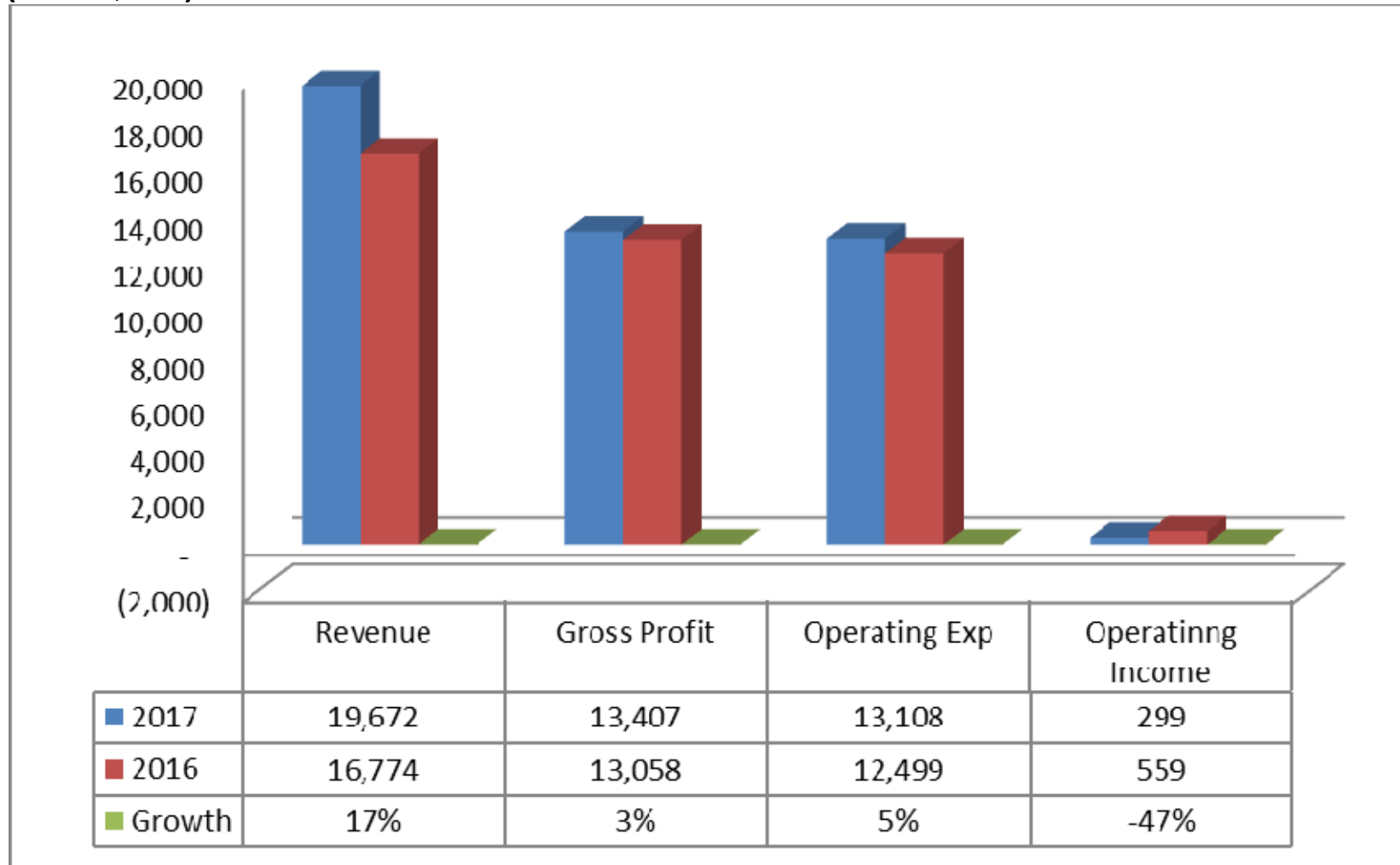
Year-to-date results

- US\$19.672M (NT\$599M) in revenue
- 68% gross profit margin
- 17% revenue growth vs. YTD 2016
- 259% revenue growth in China vs. YTD 2016
- 8% revenue growth in India vs. YTD 2016
- Headcount increase 7% vs. YTD 2016
- Operating expense increase by 5% vs. YTD 2016
- Operating Income is at US\$299K (NT\$9M)
- Net Income after tax and before consolidating income from discontinued operations is at US\$307K (NT\$9M)

YTD - Growth Trends FY17 vs. FY16 (US\$M)



(USD1,000)



Statement of Comprehensive Income

- 2016 & 2017



USD-TWD Average Rate	2017/12/31 30.432		2016/12/31 32.263				Comparison (US\$ base)	
	Jan. - Dec., 2017			Jan. - Dec., 2016			2017 vs 2016	Y/Y Change
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.		
Operating Revenues	19,672	598,669	100	16,784	541,523	100	2,888	17%
Sales Returns and Allowances	0	0	-	-10	-329	-	10	-100%
Operating Revenue, Net	19,672	598,669	100	16,774	541,194	100	2,898	17%
Operating Cost	-6,265	-190,650	-32	-3,716	-119,886	-22	-2,549	69%
Gross profit	13,407	408,019	68	13,058	421,308	78	349	3%
Operating Expenses								
Sales expenses	-7,422	-225,903	-38	-7,614	-245,658	-45	192	-3%
Administrative expenses	-2,785	-84,754	-14	-2,836	-91,512	-17	51	-2%
R&D expenses	-2,901	-88,248	-15	-2,049	-66,122	-12	-852	42%
Total operating Expenses	-13,108	-398,905	-66	-12,499	-403,292	-75	-609	5%
Operating (Loss) Income	299	9,114	3	559	18,016	3	-260	-47%
Non-operating Income & Expenses								
Other income	42	1,293	0	26	862	0	16	62%
Interest income	113	3,438	1	99	3,182	1	14	14%
Exchange gain (loss), net	-10	-294	0	-139	-4,484	-1	129	-93%
Finance expense	-24	-728	0	-20	-650	0	-4	20%
Other expense	-6	-196	0	0	0	0	0	n/a
Total Non-operating Income & (Exp)	115	3,513	1	-34	-1,090	0	155	-456%
(Loss) Income before income tax	414	12,627	2	525	16,926	3	-105	-20%
Income tax expense	-107	-3,258	-1	-190	-6,119	-1	83	-44%
Income from discontinued operations	-3,041	-93,185	-16	-2,477	-79,925	-15	-564	23%
Consolidated Net (Loss) Income	-2,734	-83,816	-14	-2,142	-69,118	-13	-586	27%
EPS - Basic (NT\$)		-1.30			-0.94			
EPS - Basic (NT\$) from continuing operations		0.15			0.15			

Statement of Comprehensive Income

- Q4., 2016 & 2017



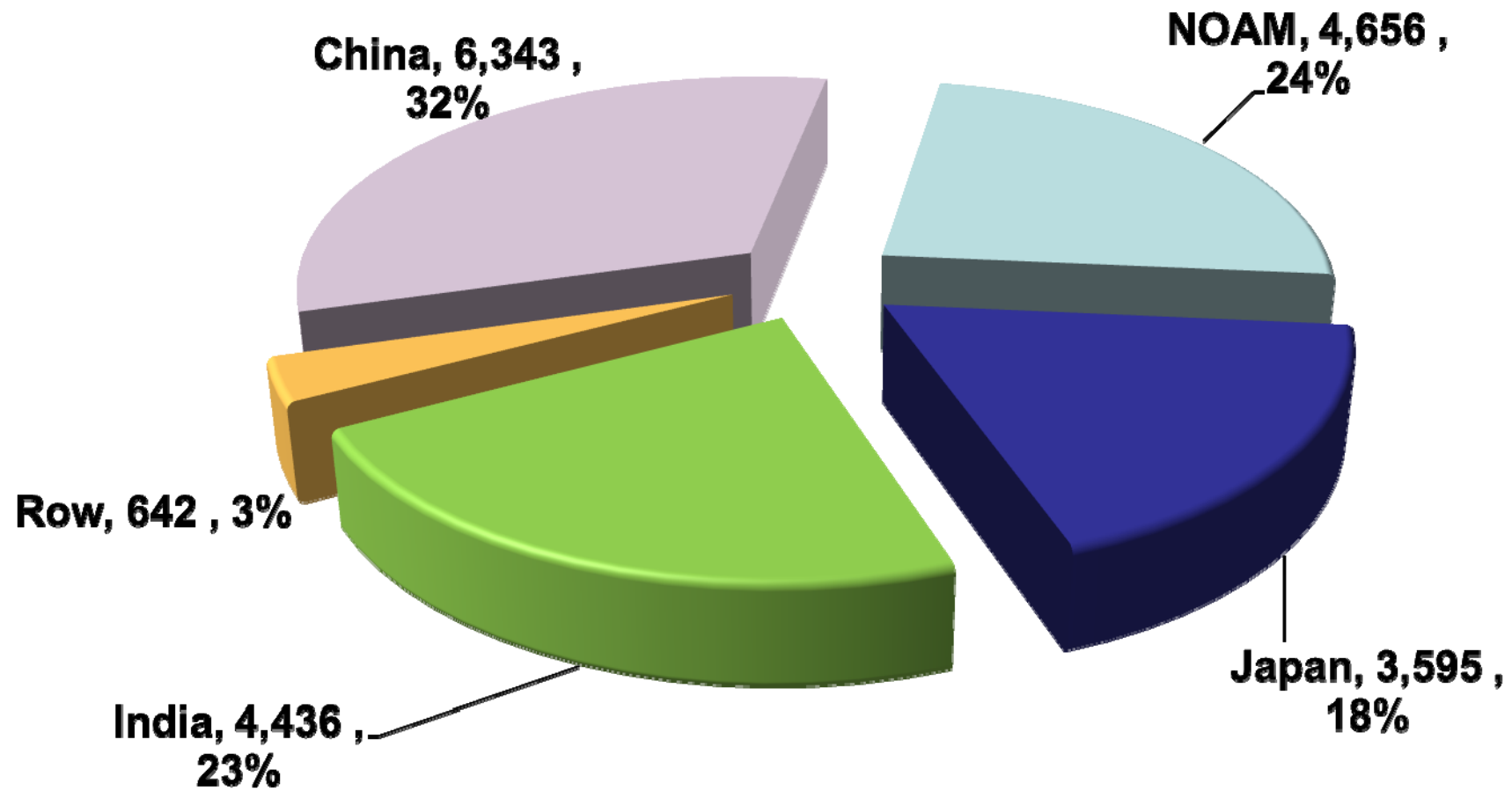
USD-TWD Average Rate	2017/12/31 30.432			2016/12/31 32.263			Comparison (US\$ base)	
	Q4, 2017			Q4, 2016				
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.	Q4 17 vs Q4 16	Q/Q Change
Operating Revenues	6,710	202,830	100	4,926	157,004	100	1,784	36%
Sales Returns and Allowances	0	0	-	-10	-329	-	10	-100%
Operating Revenue, Net	6,710	202,830	100	4,916	156,675	100	1,794	36%
Operating Cost	-2,239	-67,701	-33	-941	-29,898	-19	-1,298	138%
Gross profit	4,471	135,129	67	3,975	126,777	81	496	12%
Operating Expenses								
Sales expenses	-1,920	-57,871	-29	-1,888	-59,975	-38	-32	2%
Administrative expenses	-700	-21,088	-10	-761	-24,224	-15	61	-8%
R&D expenses	-1,284	-38,876	-19	-358	-11,290	-7	-926	259%
Total operating Expenses	-3,904	-117,835	-58	-3,007	-95,489	-61	-897	30%
Operating (Loss) Income	567	17,294	9	968	31,288	20	-401	-41%
Non-operating Income & Expenses								
Other income	36	1,116	1	-1	-6	0	37	-3721%
Interest income	31	933	0	28	877	1	3	11%
Exchange gain (loss), net	16	510	0	-35	-1,126	-1	51	-147%
Finance expense	-5	-139	0	-3	-104	0	-2	57%
Other expense	-6	-196	0	0	0	0	-6	n/a
Total Non-operating Income & (Exp)	73	2,224	1	-11	-359	0	84	-762%
(Loss) Income before income tax	640	19,518	10	957	30,929	20	-317	-33%
Income tax expense	82	2,509	1	-1	14	0	83	-9394%
Income from discontinued operations	0	0	0	72	2,736	2	-72	-99%
Consolidated Net (Loss) Income	722	22,027	11	1,028	33,679	21	-306	-30%
EPS - Basic (NT\$)		0.33			0.44			
EPS - Basic (NT\$) from continuing operations		0.33			0.42			

Key points of 2016 & 2017 Financial Statements

- 2016 Extraordinary General Meeting has approved Array China's disposal proposal on December 29, 2016 (Taiwan time). Based on this situation, Array China has been defined as a discontinued operation at 2016's financial statement.
- According to IFRS 5, Array China's P&L shall be presented and reclassified to a single account –"Income from discontinued operations" at Array's Income statement since 2016 report.
- Array China's financial position (Assets & Liabilities account) shall be presented and reclassified to account "Non-current Assets Held for Sale" and "Liabilities Directly Associated with Non-Current Assets Held for Sale" since Array's 2016 Balance sheet.
- The spin-off of Array China was successfully completed in August of 2017.

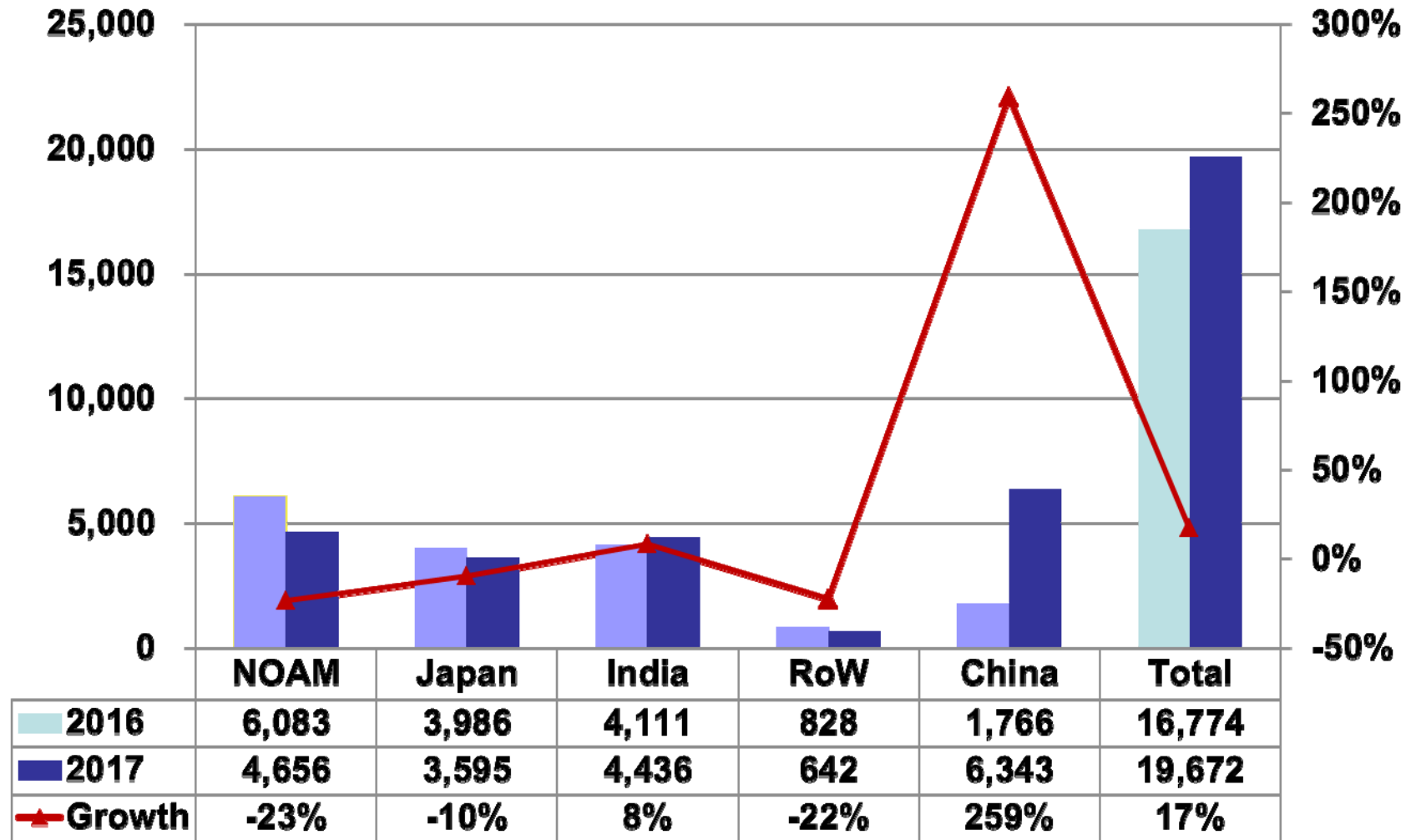
FY17 Revenue By Region

(USD1,000)



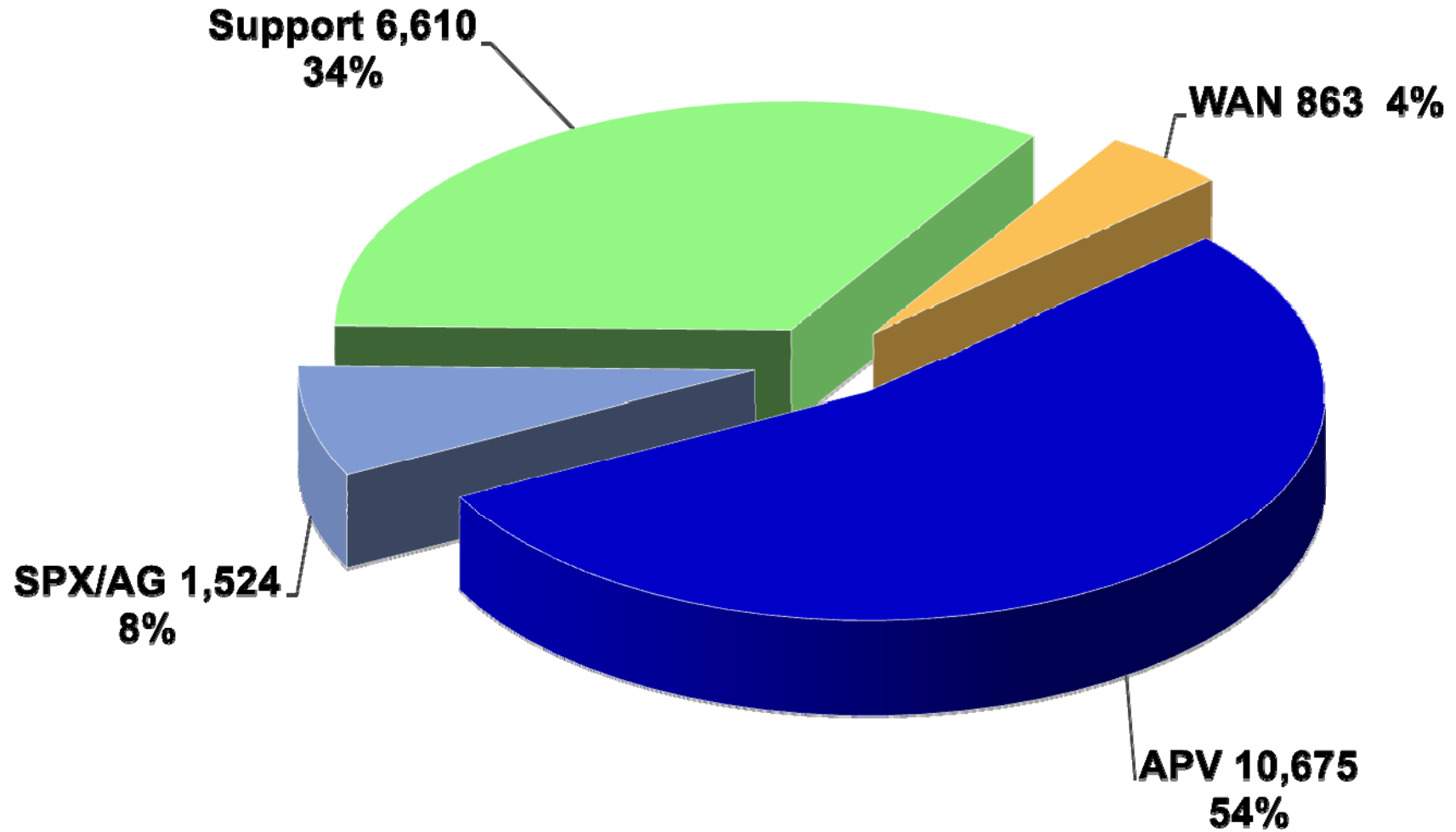
Growth by Region – FY17 vs. FY16

(USD1,000)

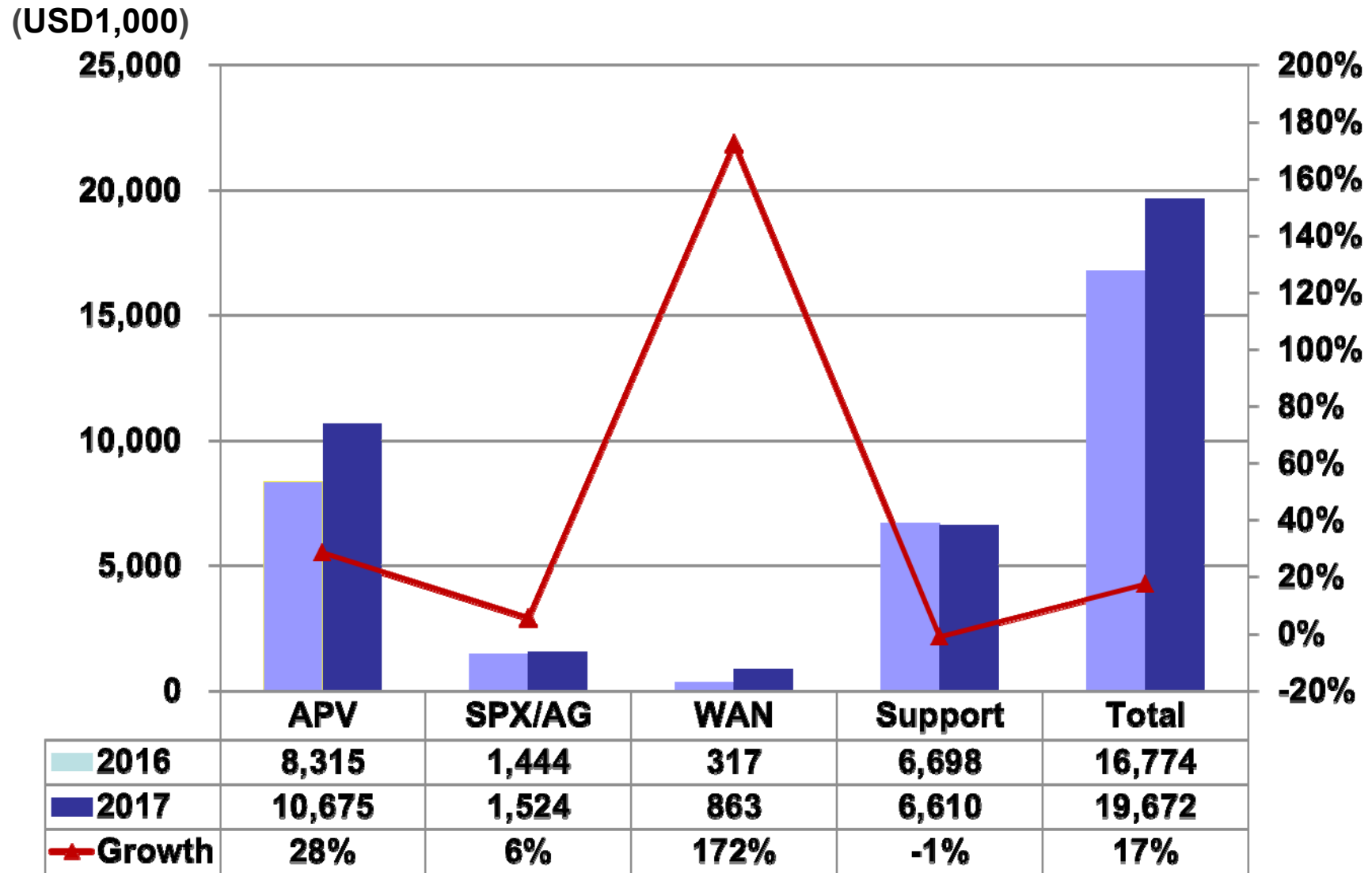


FY17 Revenue By Product

(USD1,000)



Performance By Product FY17 vs. FY16



FY17 vs. FY16 Operating Expense Growth

(USD1,000)

	2016	2017	Growth
Headcount	71	76	7%
IFRS Operating Expense	12,499	13,108	5%
Option Expense	119	48	-59%
Additional AR Reserve	161	-4	-103%
Operating exp. (Excluded AR reserve & Option exp.)	12,219	13,064	7%

Balance Sheet - Assets

USD-TWD Ending Rate	29.760			32.250		
	2017.12.31			2016.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Assets						
Cash and cash equivalents	14,539	432,675	41	\$23,049	\$743,317	50
Available-for-sale financial assets	262	7,805	1	257	8,292	1
Notes receivable	90	2,678	0	0	0	0
Accounts receivables	5,255	156,379	15	3,349	108,006	7
Accounts receivables-related parties	2,383	70,914	7	0	0	0
Other receivables	4,984	148,340	14	0	0	0
Inventory	2,113	62,875	6	2,128	68,631	5
Non-current Assets Held for Sale	0	0	0	12,338	397,905	27
Other current assets	262	7,799	0	199	6,397	0
Total of current assets	29,888	889,465	84	41,320	1,332,548	90
Non-current assets						
Financial assets at cost - non-current (ArrayChina 18% ownership)	1,080	32,141	3	0	0	0
Property, plant and equipment	363	10,802	1	418	13,488	1
Intangible Assets						
Computer software	356	10,592	1	455	14,707	1
Goodwill	3,521	104,783	10	3,521	113,550	8
Brand	71	2,122	0	243	7,817	\$0
Deferred income tax assets	131	3,884	0	107	3,452	0
Refundable deposits	33	993	0	33	1,076	0
Other financial instruments	32	952	0	32	1,032	0
Total of non-current assets	5,587	166,269	15	4,809	155,122	10
Total Assets	\$35,475	\$1,055,734	99	\$46,129	\$1,487,670	100

Balance Sheet – Liabilities & Equity



USD-TWD Ending Rate	29.760			32.250		
	2017.12.31			2016.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Liabilities						
Accounts payable	\$933	\$27,772	3	\$753	\$24,286	2
Income Taxes payable	0	0	0	74	2,374	0
Other payalbes	1,255	37,353	4	1,215	39,170	3
Liabilities Directly Associated with Non-Current Assets Held for Sale	0	0	0	3,443	111,043	7
Deferred revenue - current	3,937	117,152	11	3,975	128,185	9
Other current liabilities	79	2,360	0	94	3,028	0
Total current liabilities	6,204	184,637	18	9,554	308,086	21
Non-current liabilities						
Deferred revenue - non-current	2,626	78,154	7	2,432	78,446	5
Other non-current liabilities	35	1,041	0	26	853	0
Total non-current liabilities	2,661	79,195	7	2,458	79,299	5
Total Liabilities	8,865	263,832	25	12,012	387,385	26
Equity attributable to owners of the parent						
Capital	16,208	525,224	50	23,036	747,345	50
Capital surplus	10,085	343,420	33	11,162	361,215	24
Retained earnings						
Legal reserve	339	10,535	1	339	10,535	1
Special reserve	21	134	0	21	134	0
Unappropriated retained earnings	926	24,240	2	3,888	114,261	8
Other Equity	(139)	(84,803)	(8)	(1,532)	(44,391)	(3)
Treasury Stock	(830)	(26,848)	(3)	(2,797)	(88,814)	(6)
Total Equity	26,610	791,902	75	34,117	1,100,285	74
Total 'Liabilities and Equity	\$35,475	\$1,055,734	100	\$46,129	\$1,487,670	100



Array Networks

THANK YOU!