

Array Networks

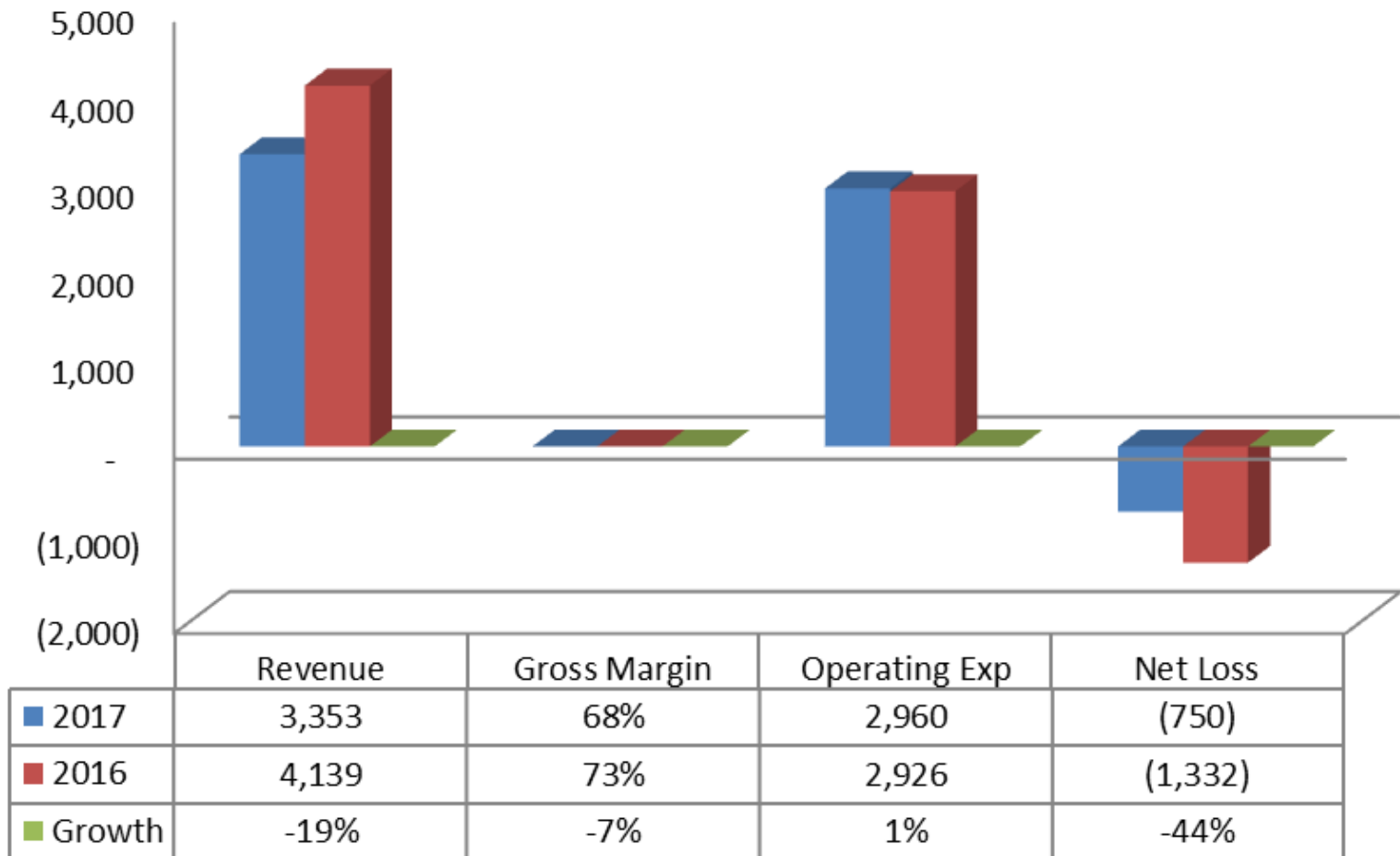
Q1 FY18 INVESTOR UPDATE

- 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.

Quarter-to-date results

- US\$3.353M (NT\$98M) in revenue
- 68% gross profit margin
- -19% revenue growth vs. Q1, 2017
- 34% revenue growth in India vs. Q1, 2017
- 181% revenue growth for AVX product line vs. Q1, 2017
- Headcount increase 10% vs. Q1, 2017
- Operating expense increased by 1% vs. Q1, 2017
- Net Loss is (\$750K) decreased by 44% vs. Q1, 2017

Q1 - Growth Trends FY18 vs. FY17 (US\$M)



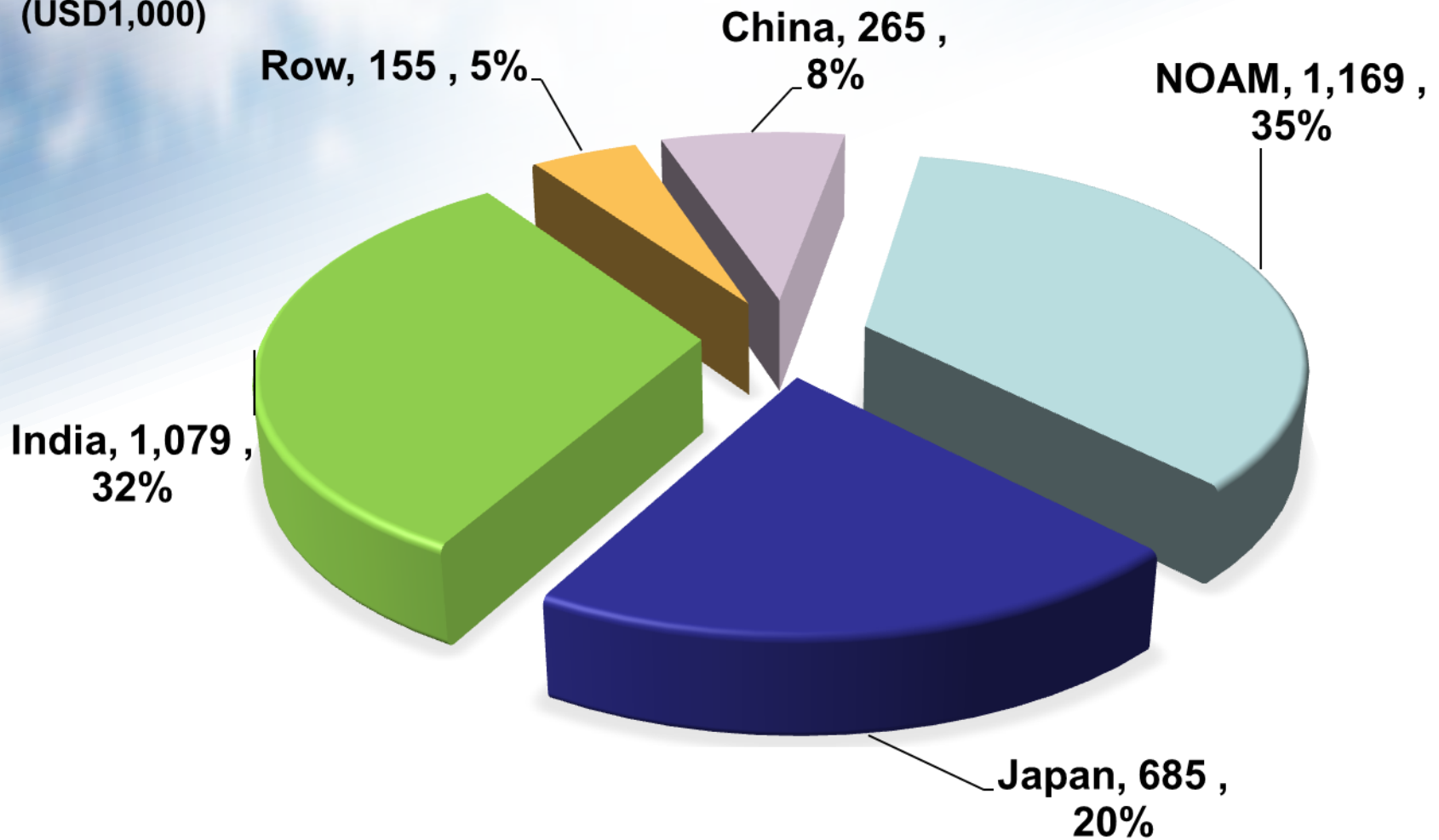
Statement of Comprehensive Income

- Q1, 2017 & 2018

USD-TWD Average Rate	2018/3/31 29.300		2017/3/31 31.095			Comparison (US\$ base)		
	Q1, 2018			Q1, 2017			Q1 18 vs Q1 17	%
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.		
Operating Revenues	3,353	98,237	100	4,139	128,690	100	-786	-19%
Sales Returns and Allowances	0	0	-	0	0	-	0	0%
Operating Revenue, Net	3,353	98,237	100	4,139	128,690	100	-786	-19%
Operating Cost	-1,077	-31,563	-32	-1,110	-34,514	-27	33	-3%
Gross profit	2,276	66,674	68	3,029	94,176	73	-753	-25%
Operating Expenses								
Sales expenses	-1,890	-55,367	-56	-1,826	-56,792	-44	-63	3%
Administrative expenses	-665	-19,472	-20	-716	-22,254	-17	51	-7%
R&D expenses	-406	-11,898	-12	-384	-11,952	-9	-22	6%
Total operating Expenses	-2,960	-86,737	-87	-2,926	-90,998	-70	-34	1%
Operating (Loss) Income	-685	-20,063	-19	102	3,178	3	-787	-770%
Non-operating Income & Expenses								
Other income	3	102	0	1	31	0	2	245%
Interest income	23	673	1	29	890	1	-6	-20%
Exchange gain (loss), net	-16	-466	0	-12	-384	0	-4	29%
(Loss) Income on Financial assets at fair value through profit or loss	-1	-35	0	0	0	0	-1	n/m
Other expense	-6	-176	0	-4	-127	0	-2	46%
Total Non-operating Income & (Exp)	3	98	0	13	410	0	-10	-75%
(Loss) Income before income tax	-681	-19,965	-20	115	3,588	3	-797	-691%
Income tax expense	-68	-2,002	-2	-46	-1,425	-1	-23	49%
Income from discontinued operations	0	0	0	-1,401	-43,569	-34	1,401	-100%
Consolidated Net (Loss) Income	-750	-21,967	-22	-1,332	-41,406	-32	582	-44%
EPS - Basic (NT\$)		-0.43			-0.55			
EPS - Basic (NT\$) from continuing operations		-0.43			0.03			

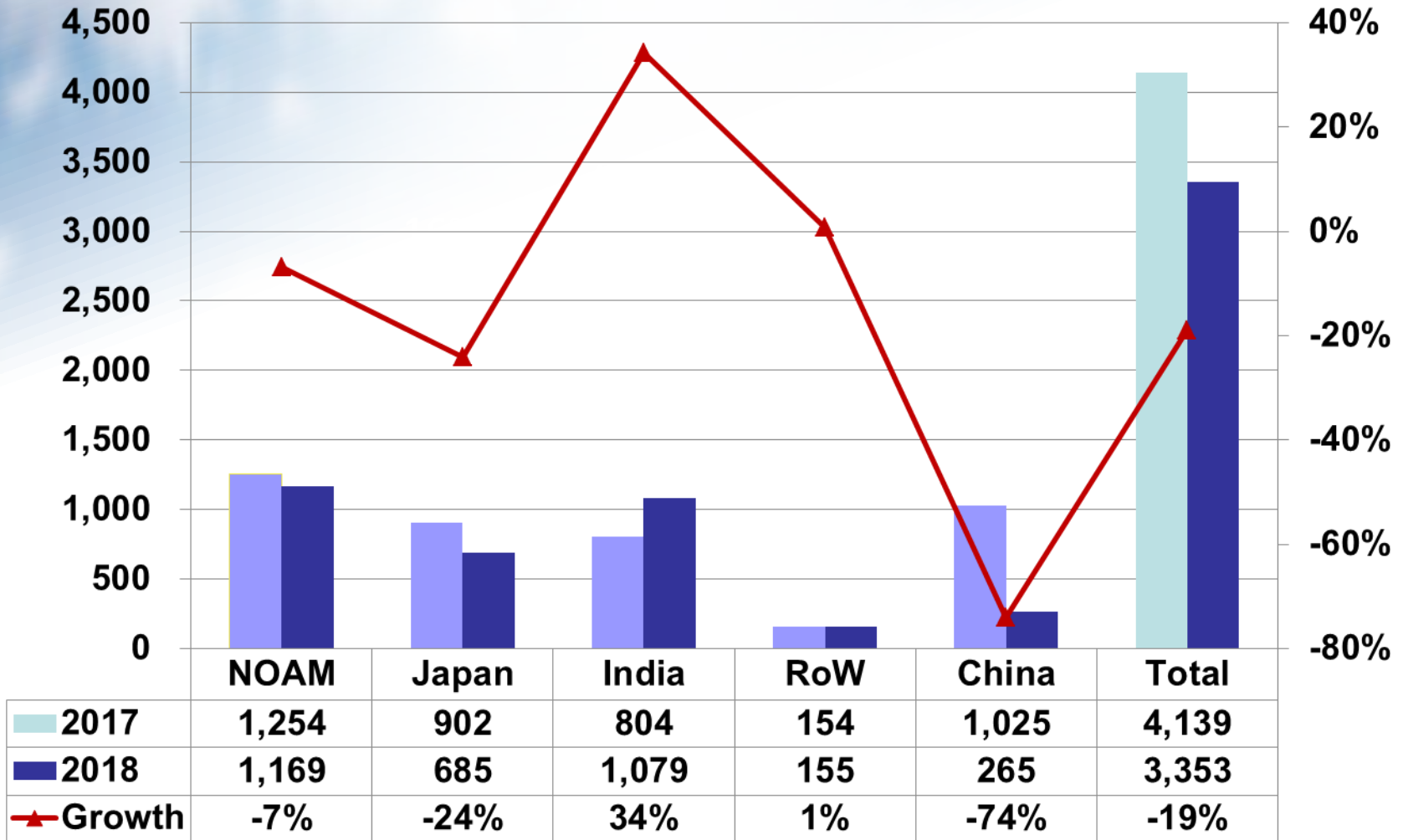
Q1, FY18 Revenue By Region

(USD1,000)



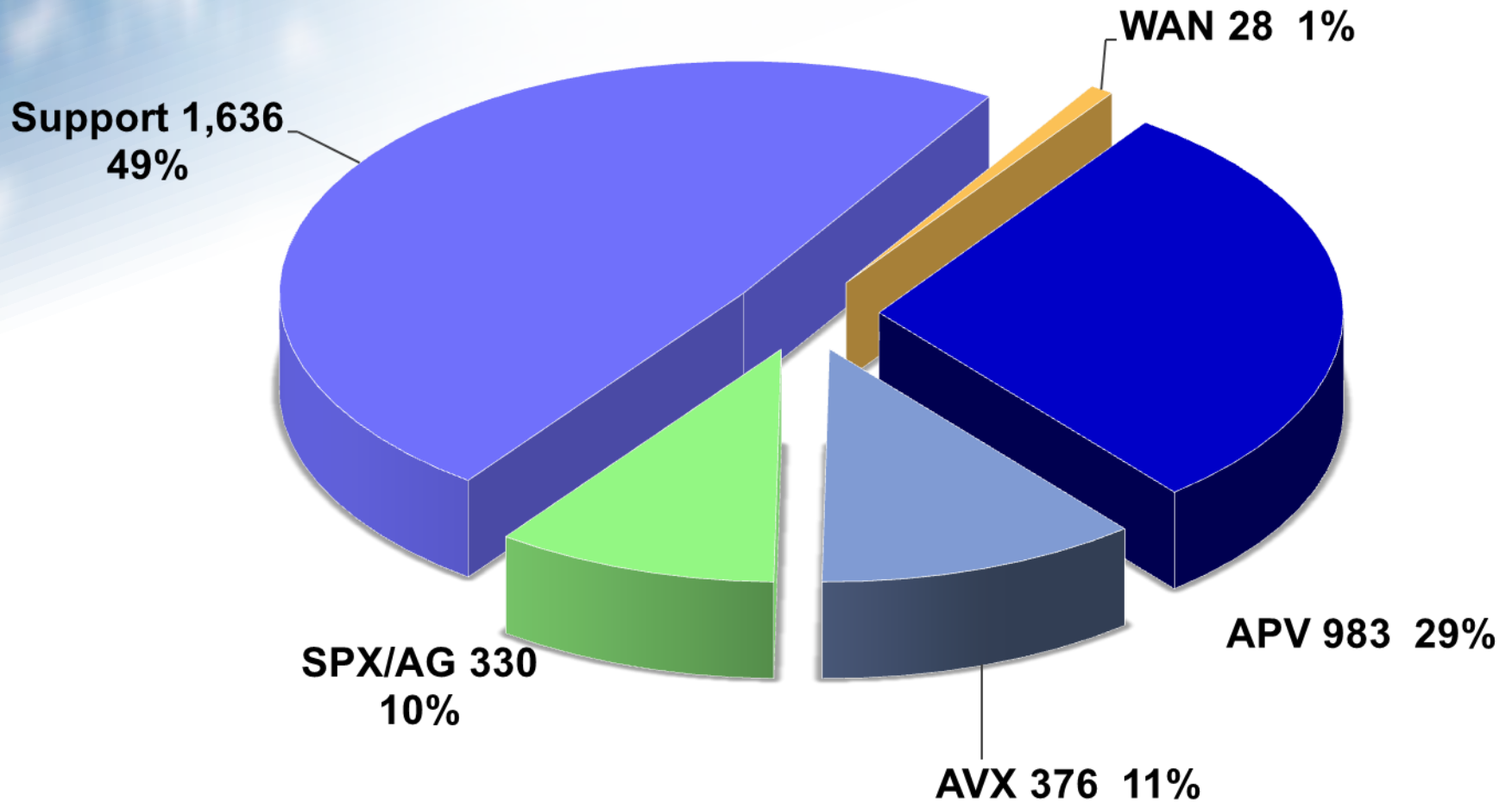
Growth by Region – Q1, FY18 vs. FY17

(USD1,000)

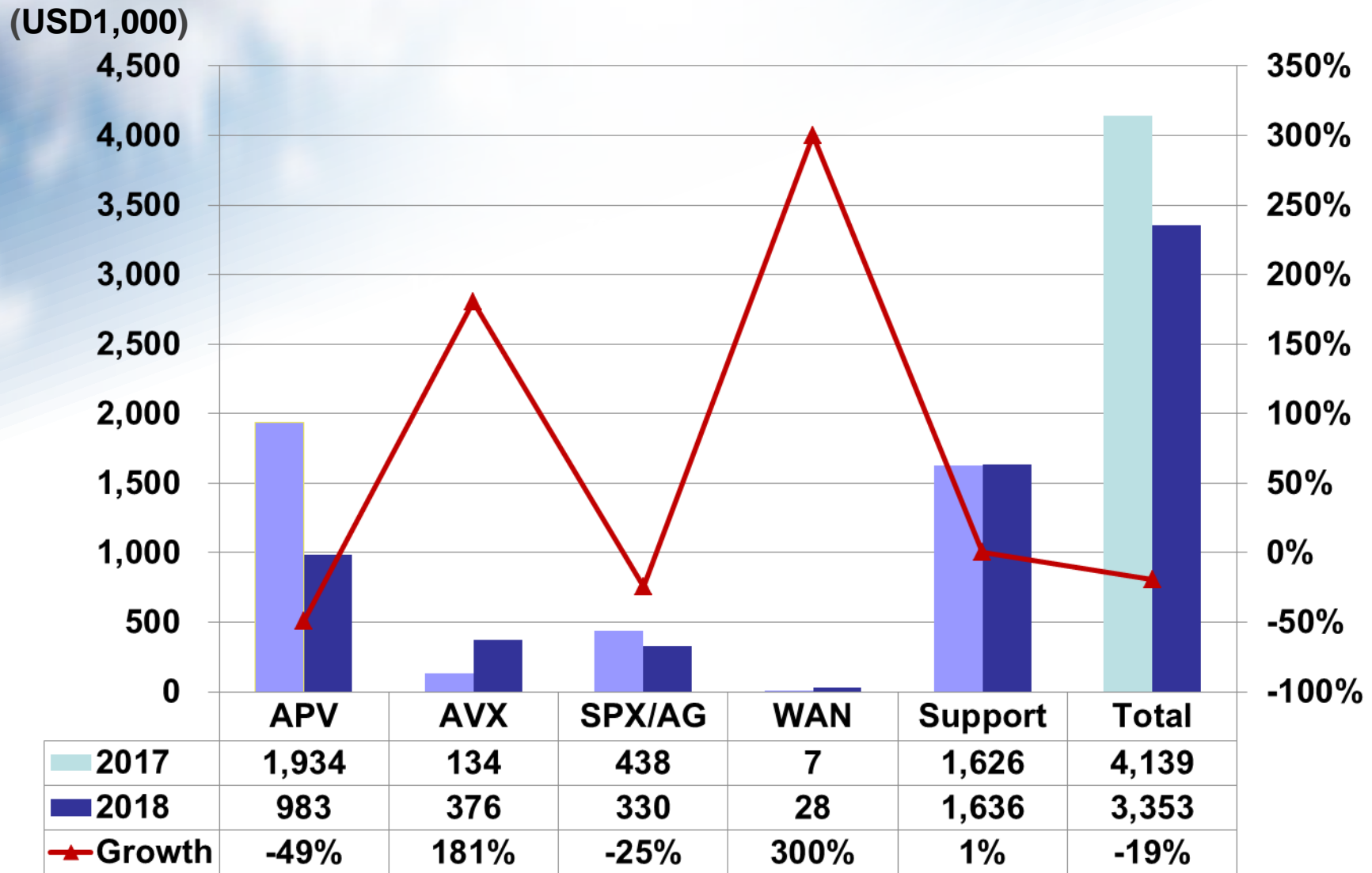


Q1, FY18 Revenue By Product

(USD1,000)



Performance By Product Q1, FY18 vs. FY17



Q1, FY18 vs. FY17 Operating Expense Growth

(USD1,000)	June FY17		June FY18
	2017	2018	Growth
Headcount	73	80	10%
IFRS Operating Expense	2,926	2,960	1%
Option Expense	21	1	-97%
Additional AR Reserve	-10	19	-291%
Operating exp. (Excluded AR reserve & Option exp.)	2,915	2,940	1%

Balance Sheet - Assets

USD-TWD Ending Rate	29.105			29.760			30.330		
	2018.3.31			2017.12.31			2017.3.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Assets									
Cash and cash equivalents	13,314	387,496	40	14,539	432,675	41	\$21,809	\$661,460	50
Available-for-sale financial assets	0	0	0	262	7,805	1	260	7,881	1
Financial assets at fair value through profit or loss—current	261	7,599	1	0	0	0	0	0	0
Notes receivable	28	817	0	90	2,678	0	0	0	0
Accounts receivables	3,772	109,778	11	5,255	156,379	15	4,361	132,279	10
Accounts receivables-related parties	2,829	82,325	8	2,383	70,914	7	0		
Other receivables	4,965	144,520	15	4,984	148,340	14	0	0	0
Inventory	2,453	71,401	7	2,113	62,875	6	2,042	61,928	5
Non-current Assets Held for Sale	0	0	0	0	0	0	9,986	302,868	23
Other current assets	411	11,963	1	262	7,799	1	213	6,468	1
Total of current assets	28,033	815,899	83	29,888	889,465	85	38,671	1,172,884	90
Non-current assets									
Financial assets at cost - non-current (ArrayChina 18% ownership)	0	0	0	1,080	32,141	3	0	0	0
Financial assets measured at fair value through profit or loss (ArrayChina 18% ownership)	1,260	36,672	4	0	0	0	0	0	0
Property, plant and equipment	289	8,413	1	363	10,802	1	378	11,473	1
Intangible Assets									
Computer software	318	9,244	1	356	10,592	1	410	12,439	1
Goodwill	3,521	102,477	10	3,521	104,783	10	3,521	106,790	8
Brand	29	830	0	71	2,122	0	200	6,054	0
Deferred income tax assets	137	3,998	1	131	3,884	0	112	3,399	0
Refundable deposits	33	971	0	33	993	0	33	1,012	0
Other financial instruments	32	931	0	32	952	0	32	971	0
Total of non-current assets	5,619	163,536	17	5,587	166,269	15	4,686	142,139	10
Total Assets	\$33,652	\$979,435	100	\$35,475	\$1,055,734	100	\$43,357	\$1,315,023	100

Balance Sheet – Liabilities & Equity

USD-TWD Ending Rate	29.105			29.760			30.330		
	2018.3.31			2017.12.31			2017.3.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Liabilities									
Accounts payable	\$403	\$11,729	1	\$933	\$27,772	3	\$416	\$12,624	1
Income Taxes payable	0	0	0	0	0	0	58	1,758	0
Other payalbes	968	28,172	3	1,255	37,353	4	1,038	31,481	2
Liabilities Directly Associated with Non-Current Assets Held for Sale	0	0	0	0	0	0	2,669	80,957	6
Deferred revenue - current	3,570	103,914	11	3,937	117,152	11	3,501	106,183	8
Other current liabilities	86	2,516	0	79	2,360	0	86	2,600	0
Total current liabilities	5,028	146,331	15	6,204	184,637	18	7,768	235,603	17
Non-current liabilities									
Deferred revenue - non-current	2,467	71,803	7	2,626	78,154	7	2,592	78,606	6
Other non-current liabilities	35	1,029	0	35	1,041	0	29	894	0
Total non-current liabilities	2,502	72,832	7	2,661	79,195	7	2,621	79,500	6
Total Liabilities	7,530	219,163	22	8,865	263,832	25	10,389	315,103	23
Equity attributable to owners of the parent									
Capital	16,208	525,224	54	16,208	525,224	50	23,043	747,545	57
Capital surplus	10,088	343,472	35	10,085	343,420	33	11,184	361,897	28
Retained earnings									
Legal reserve	339	10,535	1	339	10,535	1	339	10,535	1
Special reserve	21	134	0	21	134	0	21	134	0
Unappropriated retained earnings	166	2,016	0	926	24,240	2	2,556	72,855	6
Other Equity	68	(96,230)	(10)	(139)	(84,803)	(8)	(1,378)	(104,232)	(8)
Treasury Stock	(769)	(24,879)	(2)	(830)	(26,848)	(3)	(2,797)	(88,814)	(7)
Total Equity	26,122	760,272	78	26,610	791,902	75	32,968	999,920	77
Total 'Liabilities and Equity	\$33,652	\$979,435	100	\$35,475	\$1,055,734	100	\$43,357	\$1,315,023	100

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THANK YOU!