



Array Networks

1H FY 18 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.

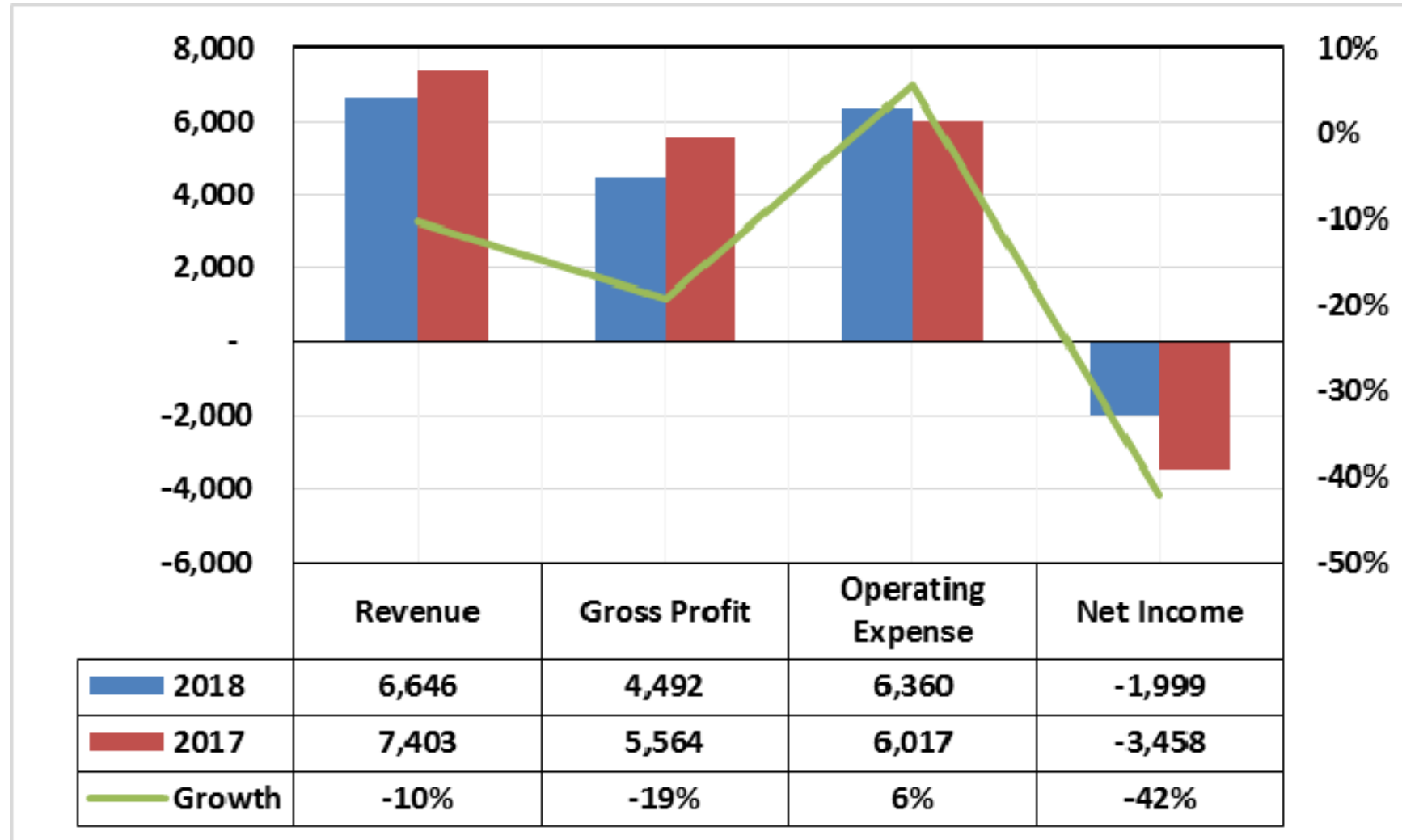
1H FY18 Financial Highlights

- **US\$ 6.646M in revenue**
- **68% gross profit margin**
- **-10% revenue increase in 1H, 2018 vs. 1H, 2017**
- **41% revenue growth in India in 1H, 2018 vs. 1H, 2017**
- **153% growth in revenue from AVX product line**
- **6% increase in Operating Expense US\$6.360M**
- **Net loss US\$1.999M in 1H, 2018 vs. net loss US\$3.458M in 1H, 2017**

1H Performance FY18 vs. FY17



(USD1,000)



Statements of Comprehensive Income

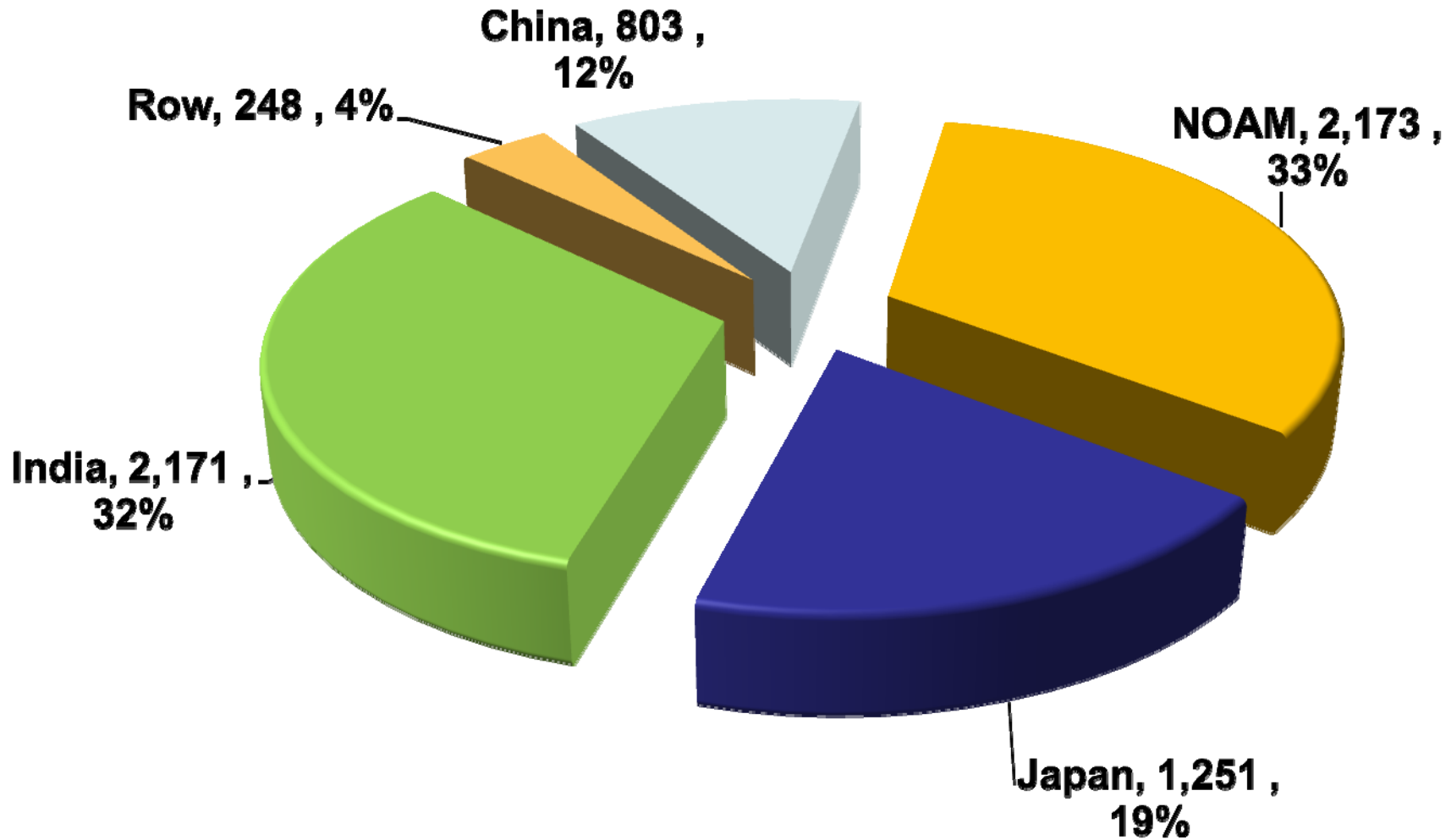
USD-TWD Average Rate	2018/6/30	29.537		2017/6/30	30.675		Comparison (US\$ base)	
	1H, 2018			1H, 2017			2018 vs 2017	Y/Y Change
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.		
Operating Revenues	6,646	196,306	100	7,403	227,099	100	-757	-10%
Sales Returns and Allowances	0	0	-	0	0	-	0	0%
Operating Revenue, Net	6,646	196,306	100	7,403	227,099	100	-757	-10%
Operating Cost	-2,154	-63,633	-32	-1,839	-56,411	-25	-315	17%
Gross profit	4,492	132,673	68	5,564	170,688	75	-1,073	-19%
Operating Expenses								
Sales expenses	-4,129	-121,941	-62	-3,747	-114,929	-51	-382	10%
Administrative expenses	-1,420	-41,953	-21	-1,410	-43,258	-19	-10	1%
R&D expenses	-811	-23,950	-12	-860	-26,393	-12	50	-6%
Total operating Expenses	-6,360	-187,844	-96	-6,017	-184,580	-81	-343	6%
Operating (Loss) Income	-1,868	-55,171	-28	-453	-13,892	-6	-1,415	312%
Non-operating Income & Expenses								
Other income	4	106	0	3	91	0	1	22%
Interest income	45	1,319	1	56	1,717	1	-11	-20%
Exchange gain (loss), net	-21	-631	0	-21	-637	0	-1	3%
(Loss) Income on Financial assets at fair value through profit or loss	-0	-1	0	-14	-426	0	14	-100%
Other expense	-16	-467	0	0	0	0	-16	100%
Total Non-operating Income & (Exp)	11	326	0	24	745	0	-13	-55%
(Loss) Income before income tax	-1,857	-54,845	-28	-429	-13,147	-6	-1,428	333%
Income tax expense	-142	-4,189	-2	-134	-4,117	-2	-8	6%
Income from discontinued operations	0	0	0	-2,895	-88,809	-39	2,895	-100%
Consolidated Net (Loss) Income	-1,999	-59,034	-30	-3,458	-106,073	-47	1,459	-42%
Earnings per share (NTD)								
EPS - Basic (NT\$)		-1.16			-1.42			

Q2 Statements of Comprehensive Income

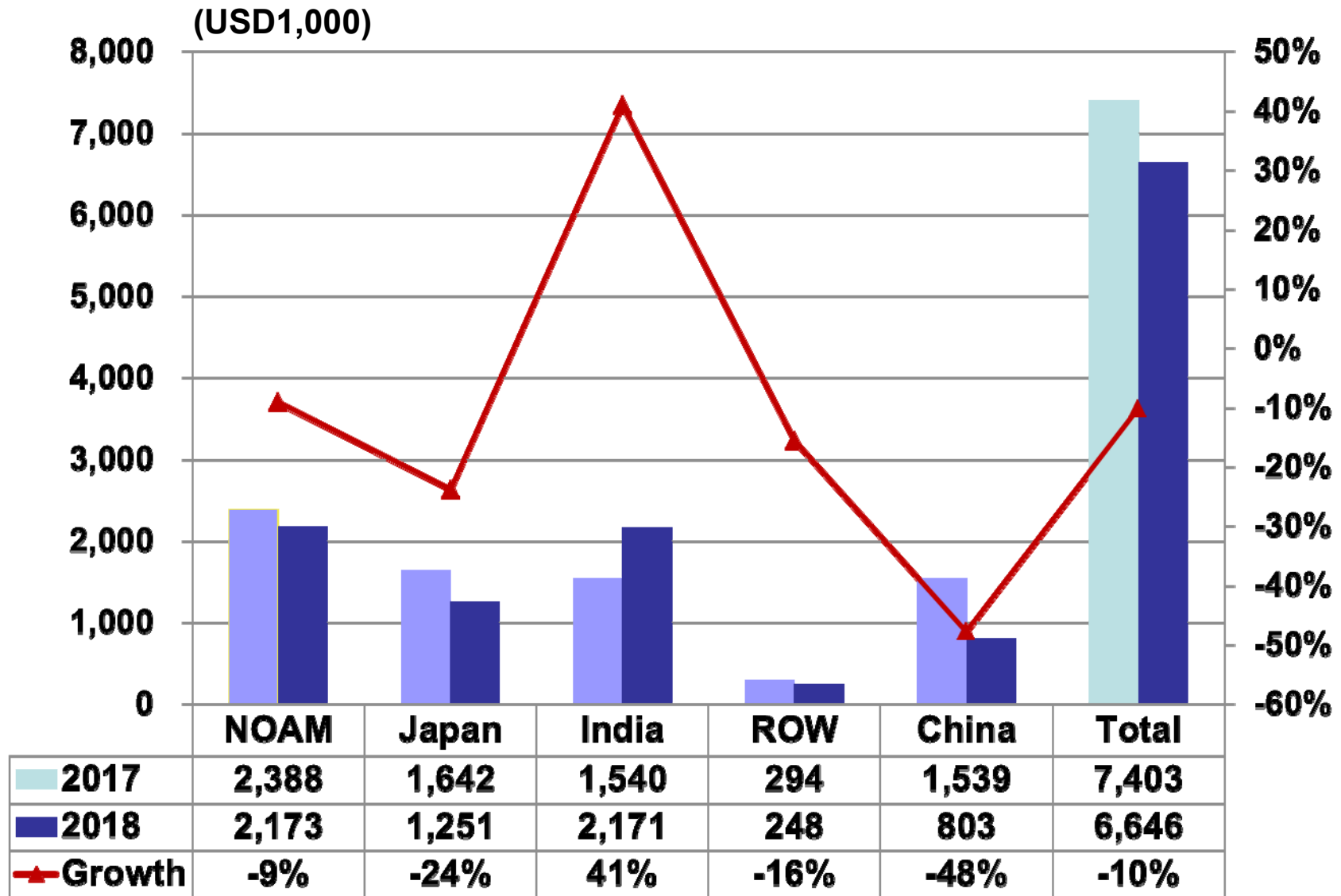
USD-TWD Average Rate	2018/6/30	29.537		2017/6/30	30.675		Comparison (US\$ base)	
	Q2, 2018			Q2, 2017			Q2 18 vs Q2 17	Q/Q Change
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.		
Operating Revenues	3,293	98,069	100	3,265	98,409	100	29	1%
Sales Returns and Allowances	0	0	-	0	0	-	0	0%
Operating Revenue, Net	3,293	98,069	100	3,265	98,409	100	29	1%
Operating Cost	-1,077	-32,070	-33	-729	-21,897	-22	-348	48%
Gross profit	2,216	65,999	67	2,536	76,512	78	-320	-13%
Operating Expenses								
Sales expenses	-2,239	-66,574	-68	-1,920	-58,137	-59	-319	17%
Administrative expenses	-756	-22,481	-23	-695	-21,004	-21	-81	9%
R&D expenses	-405	-12,052	-12	-476	-14,441	-15	71	-15%
Total operating Expenses	-3,400	-101,107	-103	-3,091	-93,582	-95	-309	10%
Operating (Loss) Income	-1,183	-35,108	-36	-555	-17,070	-17	-628	113%
Non-operating Income & Expenses								
Other Income	0	4	0	2	60	0	-2	-93%
Interest Income	22	646	1	27	827	1	-6	-21%
Exchange gain (loss), net	-5	-165	0	-8	-253	0	3	-35%
(Loss) Income on Financial assets at fair value through profit or loss	1	34	0	-14	-428	0	15	-108%
Other expense	-10	-291	0	4	127	0	-14	-340%
Total Non-operating Income & (Exp)	8	228	0	11	335	0	-3	-31%
(Loss) Income before Income tax	-1,176	-34,880	-36	-544	-18,735	-17	-632	116%
Income tax expense	-73	-2,187	-2	-88	-2,692	-3	15	-17%
Income from discontinued operations	0	0	0	-1,494	-45,240	-46	1,494	-100%
Consolidated Net (Loss) Income	-1,249	-37,067	-38	-2,126	-64,667	-66	877	-41%
Earnings per share (NTD)								
EPS - Basic (NT\$)		-0.73			-0.86			

Revenue By Region – 1H, FY18

(USD1,000)

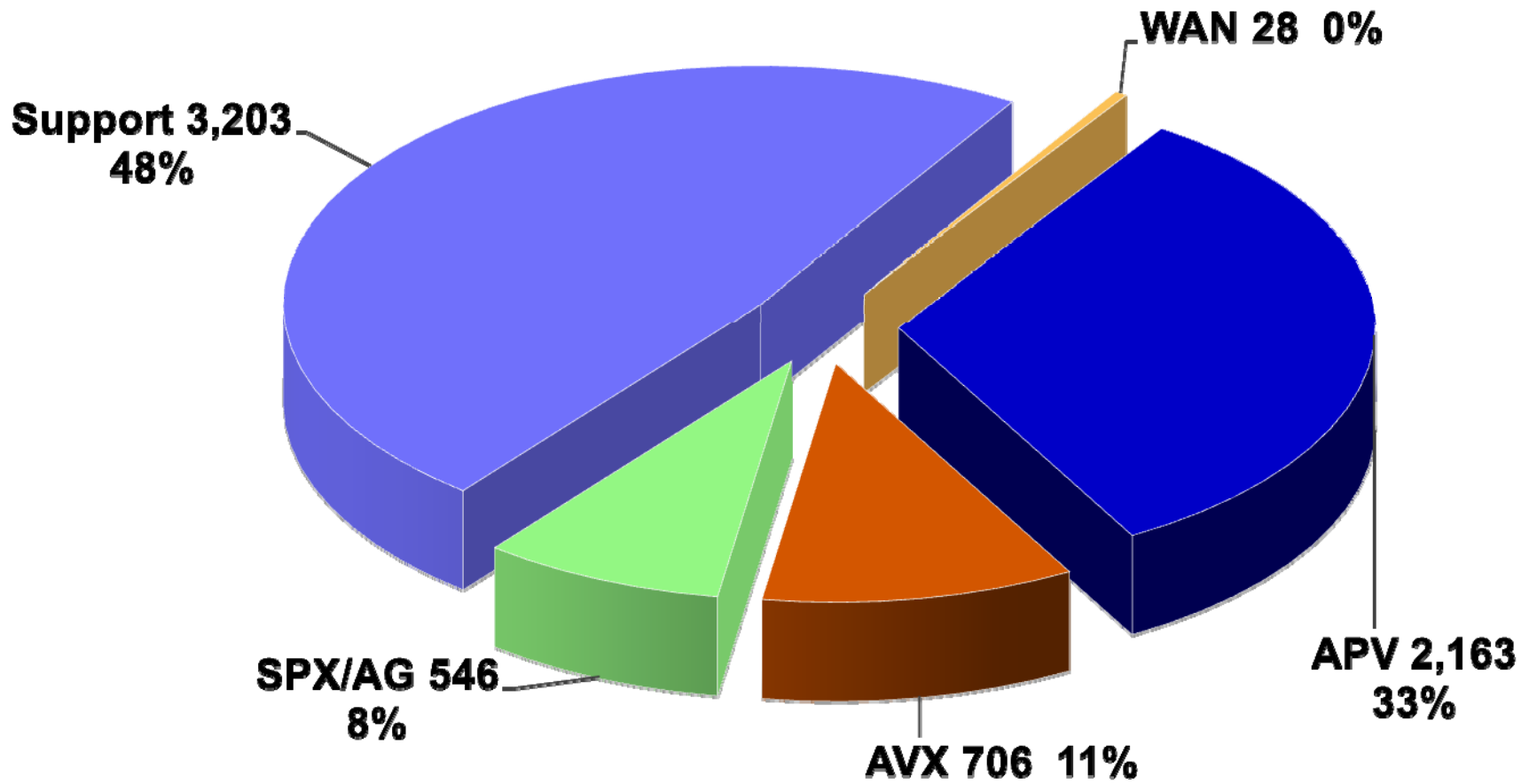


Growth by Region – 1H, FY18 vs. 1H, FY17



Revenue By Product – 1H, FY18

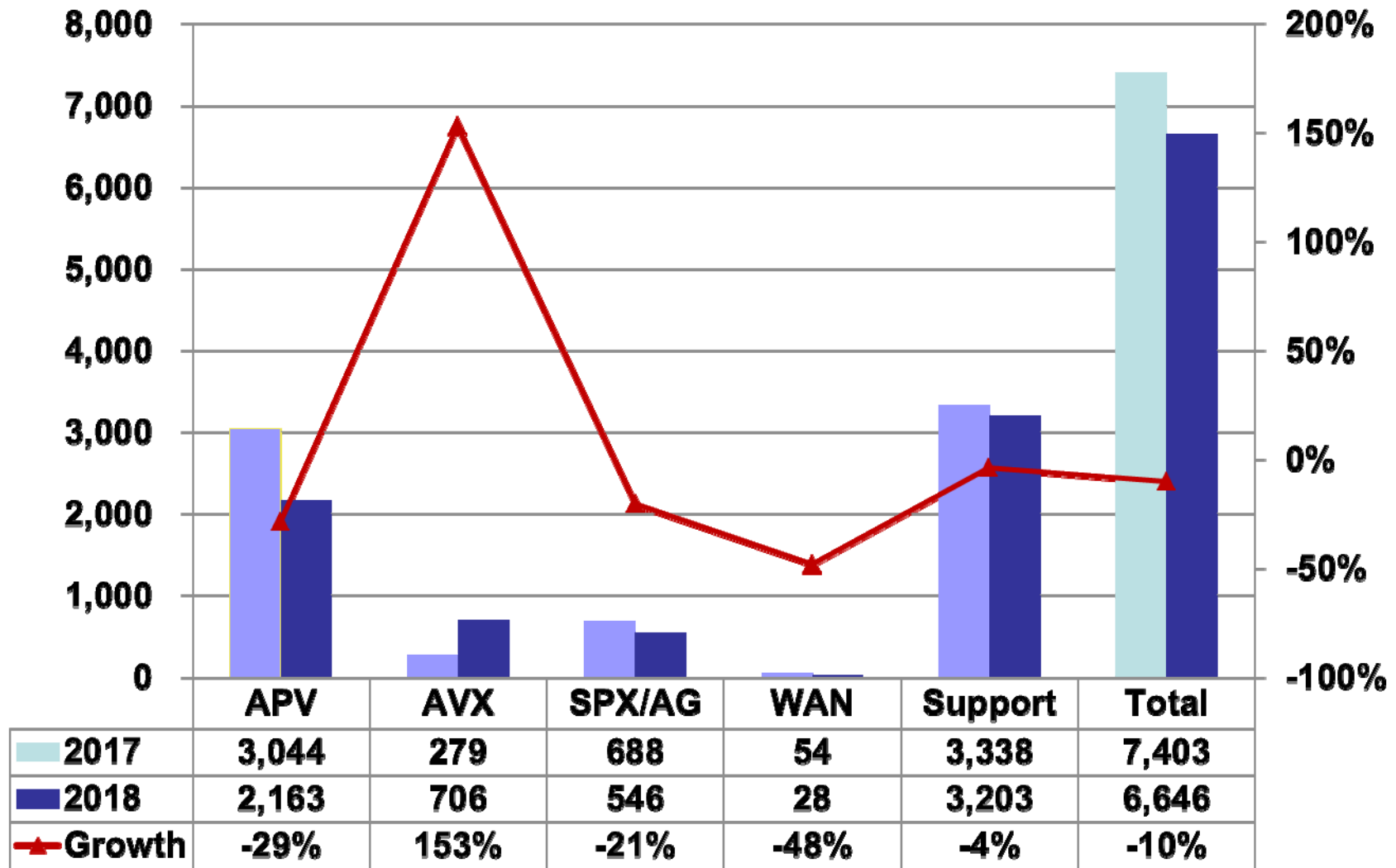
(USD1,000)



Performance By Product – 1H, FY18 vs. 1H, FY17



(USD1,000)



Operating Expense Growth – 1H, FY18 vs. 1H, FY17



	2017	2018	Growth
Headcount	74	81	9%
IFRS Operating Expense	6,017	6,360	6%
Option Expense	38	1	-97%
Additional AR Reserve	-32	12	-138%
Operating exp. (Excluded AR reserve & Option exp.)	6,012	6,347	6%

Balance Sheet - Assets

USD-TWD Ending Rate	30.460			29.760			30.420		
	2018.6.30			2017.12.31			2017.6.30		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Assets									
Cash and cash equivalents	\$14,533	442,682	43	\$14,539	432,675	41	\$24,341	\$740,447	57
Financial assets at fair value through profit or loss—current	262	7,993	1	0	0	0	0	0	0
Available-for-sale financial assets	0	0	0	262	7,805	1	262	7,965	1
Notes receivable	0	0	0	90	2,678	0	61	1,856	0
Accounts receivables	3,470	105,699	10	5,255	156,379	15	2,851	86,719	7
Accounts receivables-related parties	2,026	61,716	6	2,383	70,914	7	0	0	0
Other receivables	4,965	151,247	15	4,984	148,340	14	0	0	0
Inventory	2,266	69,018	7	2,113	62,875	6	1,882	57,263	4
Non-current Assets Held for Sale	0	0	0	0	0	0	8,720	265,271	20
Other current assets	507	15,433	1	262	7,799	1	169	5,141	1
Total of current assets	28,030	853,788	83	29,888	889,465	85	38,286	1,164,662	90
Non-current assets									
Financial assets at fair value through other comprehensive income – non-current	1,260	38,380	4	0	0	0	0	0	0
Amortized cost financial assets - non-current	32	975	0	0	0	0	0	0	0
Financial assets at cost - non-current	0	0	0	1,080	32,141	3	0	0	0
Property, plant and equipment	504	15,341	1	363	10,802	1	379	11,540	1
Intangible Assets									
Computer software	308	9,367	1	356	10,592	1	389	11,823	1
Goodwill	3,521	107,248	10	3,521	104,783	10	3,521	107,107	8
Brand	0	0	0	71	2,122	0	157	4,771	0
Deferred income tax assets	132	4,013	1	131	3,884	0	112	3,400	0
Refundable deposits	33	1,016	0	33	993	0	33	1,015	0
Other financial instruments	0	0	0	32	952	0	32	973	0
Total of non-current assets	5,789	176,340	17	5,587	166,269	15	4,623	140,629	10
Total Assets	\$33,819	\$1,030,128	100	\$35,475	\$1,055,734	100	\$42,909	\$1,305,291	100

Balance Sheet – Liabilities & Equity



USD-TWD Ending Rate	30.460			29.760			30.420		
	2018.6.30			2017.12.31			2017.6.30		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Liabilities									
Accounts payable	\$439	\$13,361	1	\$933	\$27,772	3	\$385	\$11,716	1
Income Taxes payable	121	3,686	0	0	0	0	56	1,717	0
Other payables	1,054	32,108	3	1,255	37,353	4	1,150	34,979	3
Liabilities Directly Associated with Non-Current Assets Held for Sale	0	0	0	0	0	0	2,869	87,266	7
Deferred revenue - current	4,802	146,271	14	3,937	117,152	11	4,623	140,629	11
Other current liabilities	81	2,463	0	79	2,360	0	87	2,651	0
Total current liabilities	6,497	197,889	18	6,204	184,637	18	9,170	278,958	22
Non-current liabilities									
Deferred revenue - non-current	2,444	74,433	7	2,626	78,154	7	2,658	80,854	6
Other non-current liabilities	36	1,087	0	35	1,041	0	33	989	0
Total non-current liabilities	2,479	75,520	7	2,661	79,195	7	2,690	81,843	6
Total Liabilities	8,976	273,409	25	8,865	263,832	25	11,861	360,801	28
Equity attributable to owners of the parent									
Capital	16,208	525,224	51	16,208	525,224	50	23,089	748,945	57
Capital surplus	10,088	343,488	33	10,085	343,420	33	11,202	362,417	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	(1,083)	(35,051)	(3)	926	24,240	2	430	8,188	0
Other Equity	38	(62,732)	(6)	(139)	(84,803)	(8)	(1,254)	(97,506)	(7)
Treasury Stock	(769)	(24,879)	(1)	(830)	(26,848)	(3)	(2,778)	(88,223)	(7)
Total Equity	24,843	756,719	75	26,610	791,902	75	31,048	944,490	72
Total 'Liabilities and Equity	\$33,819	\$1,030,128	100	\$35,475	\$1,055,734	100	\$42,909	\$1,305,291	100



Array Networks

THANK YOU!