

A background image showing a bright blue sky with white clouds and several thin, white, curved lines that suggest a network or data flow.

Array Networks

Q4 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.**

FY18 Financial Highlights



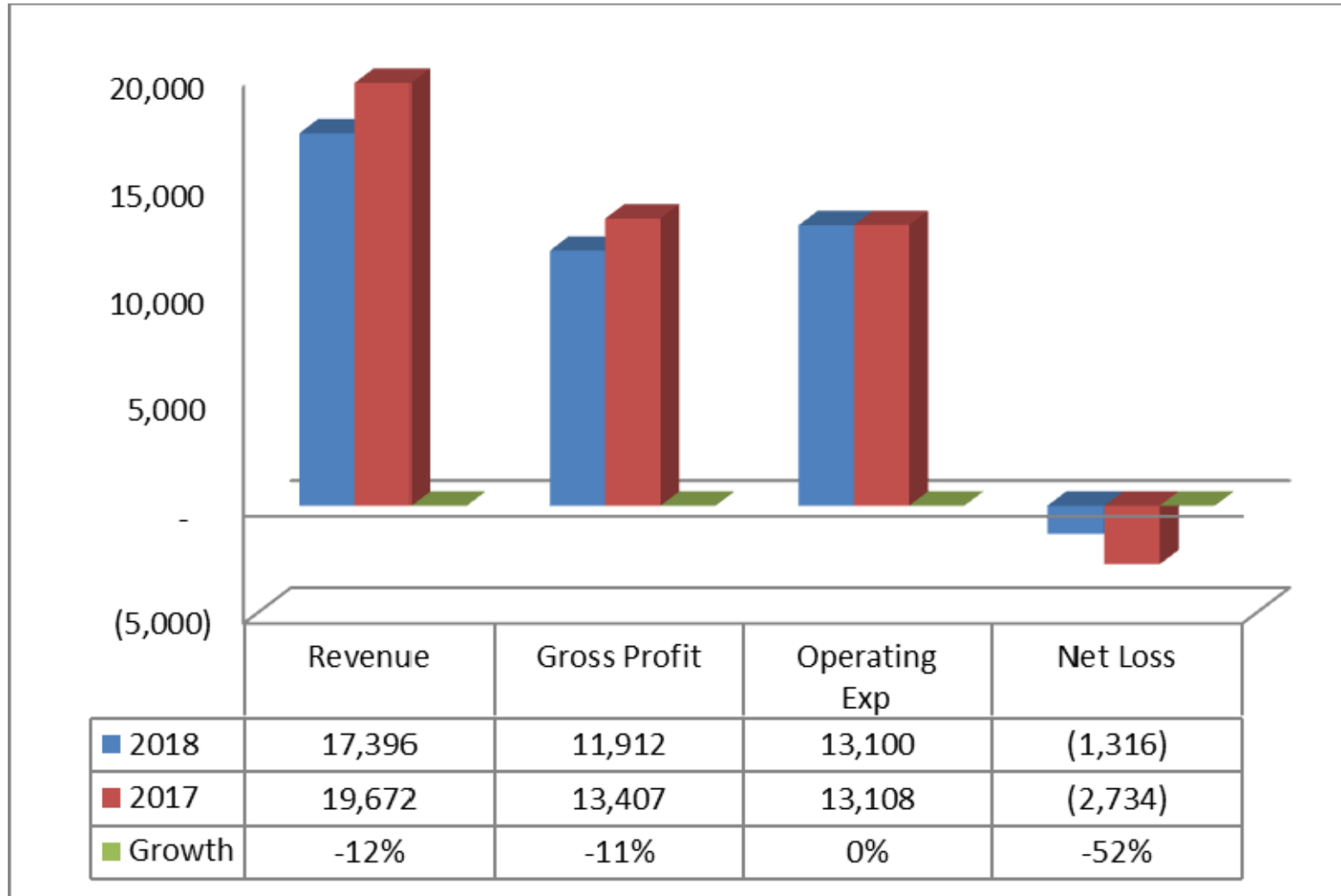
Year-to-date results

- **US\$17.396M (NT\$524M) in revenue**
- **68% gross profit margin**
- **-12% revenue decline vs. YTD 2017**
- **-42% revenue decline in China vs. YTD 2017**
- **24% revenue growth in India vs. YTD 2017**
- **17% revenue growth in ROW vs. YTD 2017**
- **Headcount increase 9% vs. YTD 2017**
- **Operating expense remained the same as YTD 2017**
- **Operating loss is at US\$1.188M (NT\$35.851M)**
- **Net loss after tax is at US\$1.316M (NT\$39.679M) decrease of 52% vs. YTD 2017**

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



(USD1,000)



Statement of Comprehensive Income

- 2017 & 2018



USD-TWD Average Rate	2018/12/31	30.149		2017/12/31	30.432		Comparison (US\$ base)	
	Jan. - Dec., 2018			Jan. - Dec., 2017			2018 vs 2017	Y/Y Change
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.		
Operating Revenue, Net	17,396	524,459	100	19,672	598,669	100	-2,276	-12%
Operating Cost	-5,484	-165,344	-32	-6,265	-190,650	-32	781	-12%
Gross profit	11,912	359,115	68	13,407	408,019	68	-1,495	-11%
Operating Expenses								
Sales expenses	-8,711	-262,652	-50	-7,422	-225,903	-38	-1,289	17%
Administrative expenses	-2,640	-79,588	-15	-2,785	-84,754	-14	145	-5%
R&D expenses	-1,749	-52,726	-10	-2,901	-88,248	-15	1,152	-40%
Total operating Expenses	-13,100	-394,966	-75	-13,108	-398,905	-67	8	0%
Operating (Loss) Income	-1,188	-35,851	-7	299	9,114	1	-1,487	-497%
Non-operating Income & Expenses								
Other income	83	2,506	0	42	1,293	0	41	98%
Interest income	111	3,354	1	113	3,438	1	-2	-2%
Exchange gain (loss), net	-36	-1,089	0	-10	-294	0	-26	260%
(Loss) Income on Financial assets at fair value through profit or loss	8	234	0	0	0	0	8	100%
Other expense	-23	-669	0	-30	-924	0	7	-23%
Total Non-operating Income & (Exp)	143	4,336	1	115	3,513	1	28	24%
(Loss) Income before income tax	-1,045	-31,515	-6	414	12,627	2	-1,459	-352%
Income tax expense	-271	-8,164	-2	-107	-3,258	0	-164	153%
Income from discontinued operations	0	0	0	-3,041	-93,185	-16	3,041	-100%
Consolidated Net (Loss) Income	-1,316	-39,679	-8	-2,734	-83,816	-14	1,418	-52%
EPS - Basic (NT\$)		-0.78			-1.30			
EPS - Basic (NT\$) from continuing		-0.78			0.15			

Statement of Comprehensive Income

– Q4., 2018 & 2017

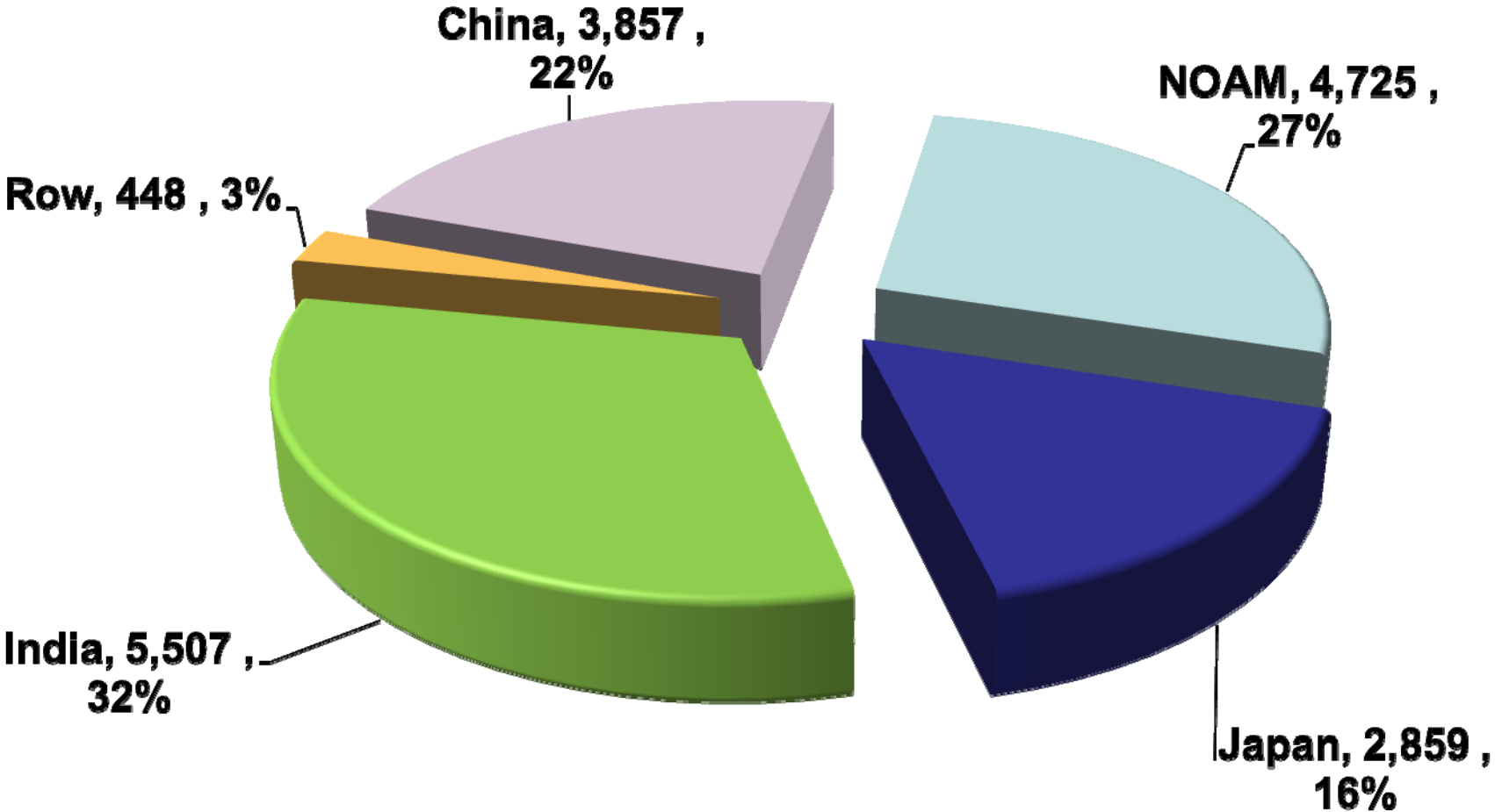


USD-TWD Average Rate	2018/12/31	30.149		2017/12/31	30.432			
	Q4, 2018			Q4, 2017			Comparison (US\$ base)	
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.	Q4 18 vs Q4 17	Q/Q Change
Operating Revenue, Net	6,416	196,004	100	6,710	202,830	100	-294	-4%
Operating Cost	-2,148	-65,536	-33	-2,239	-67,701	-33	91	-4%
Gross profit	4,269	130,468	67	4,471	135,129	67	-202	-5%
Operating Expenses								
Sales expenses	-2,430	-74,742	-38	-1,920	-57,871	-29	-510	27%
Administrative expenses	-630	-19,446	-10	-700	-21,088	-10	71	-10%
R&D expenses	-496	-15,245	-8	-1,284	-38,876	-19	788	-61%
Total operating Expenses	-3,555	-109,433	-56	-3,904	-117,835	-58	349	-9%
Operating (Loss) Income	713	21,035	11	567	17,294	9	147	26%
Non-operating Income & Expenses								
Other income	-0	20	0	36	1,116	1	-36	-100%
Interest income	35	1,082	1	31	933	0	4	13%
Exchange gain (loss), net	-19	-578	0	16	510	0	-35	-216%
(Loss) Income on Financial assets at fair value through profit or loss	7	197	0	0	0	0	7	100%
Other expense	-4	-111	0	-11	-335	0	6	-59%
Total Non-operating Income & (Exp)	18	610	0	73	2,224	1	-54	-75%
(Loss) Income before income tax	732	21,645	11	640	19,518	10	92	14%
Income tax expense	-80	-2,448	-1	82	2,509	1	-162	-198%
Income from discontinued operations	0	0	0	0	0	0	-0	-100%
Consolidated Net (Loss) Income	652	19,197	10	722	22,027	11	-70	-10%
Earnings per share (NTD)								
EPS - Basic (NT\$)		0.37			0.33			

FY18 Revenue By Region



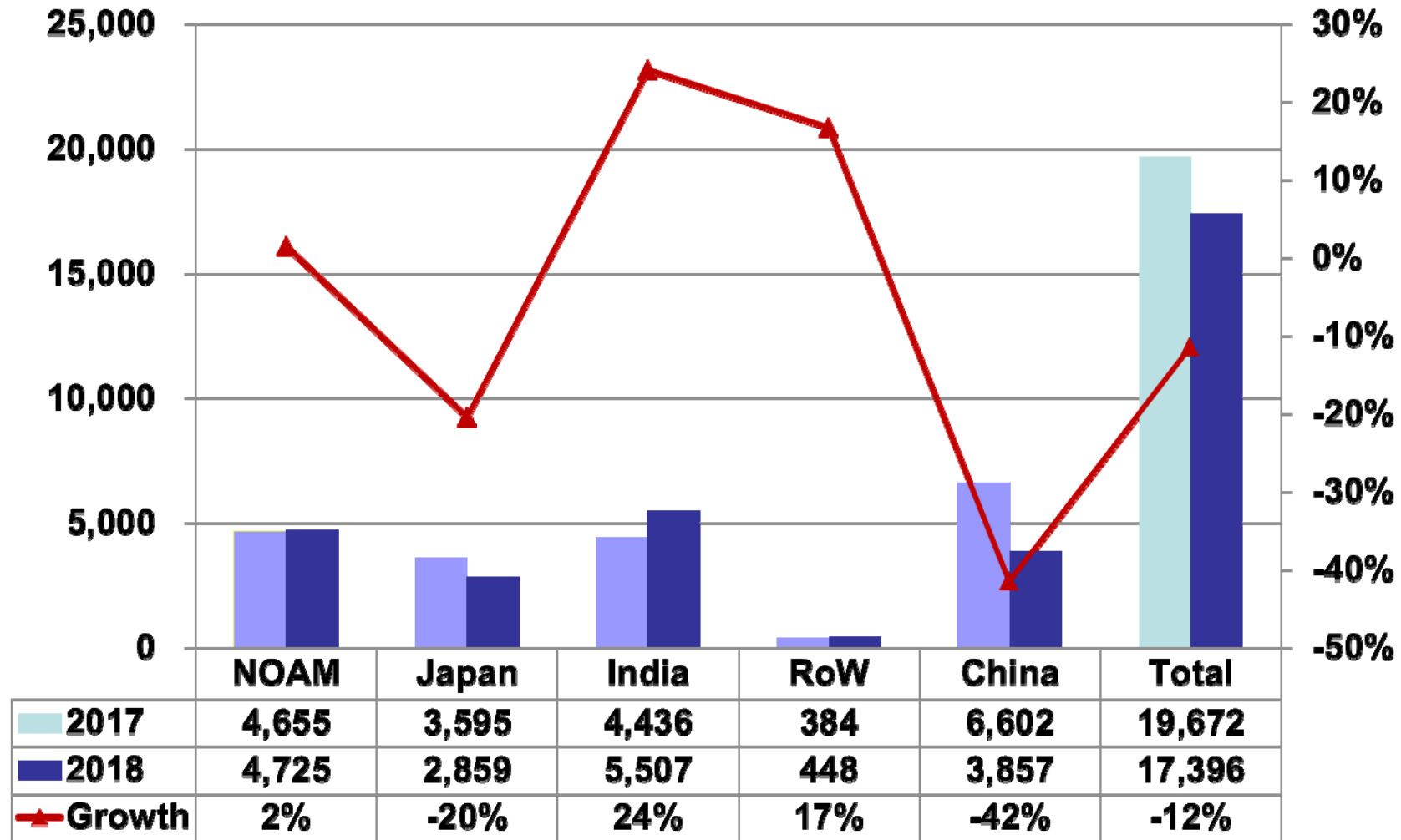
(USD1,000)



Growth by Region – FY18 vs. FY17



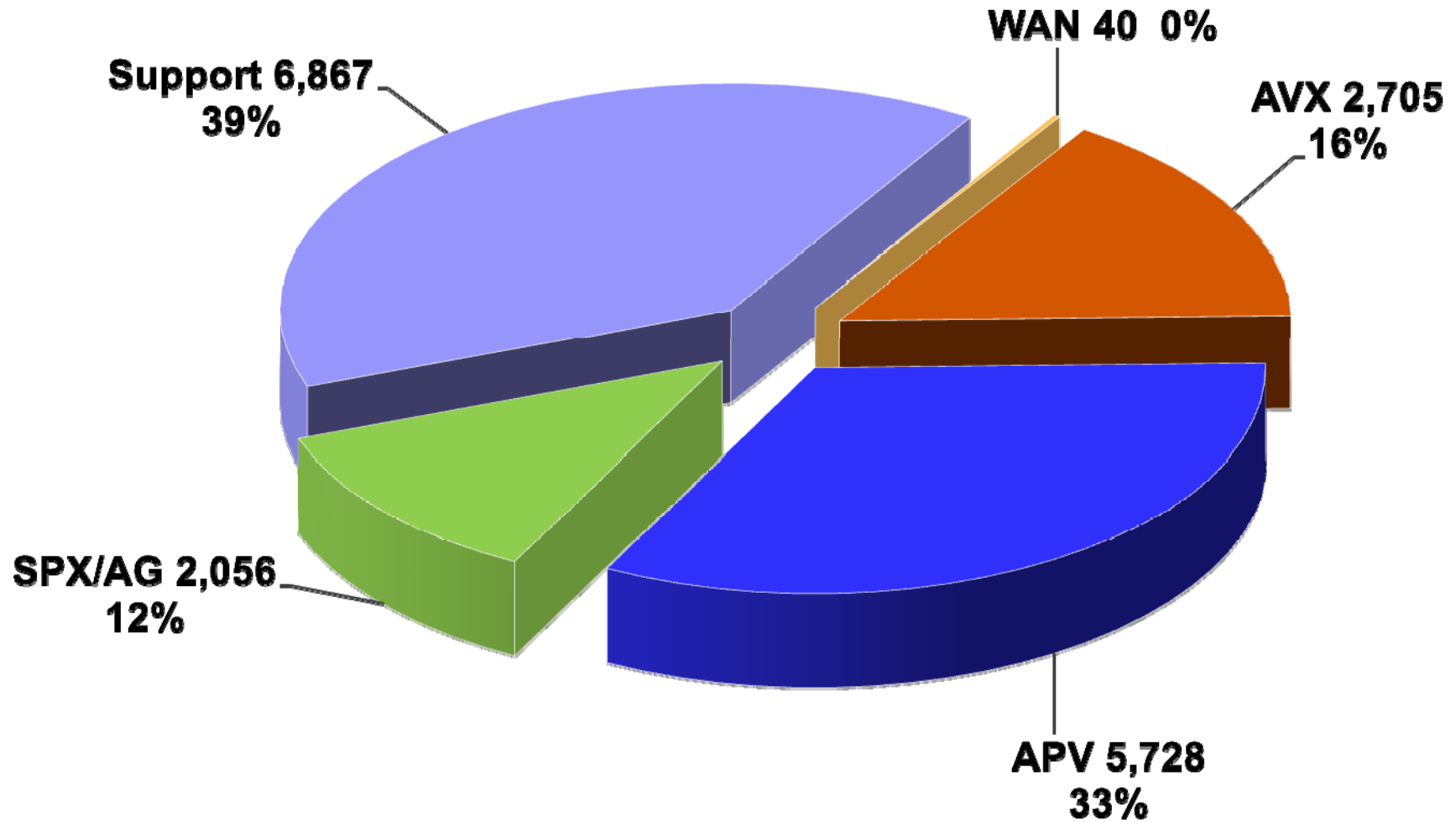
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FY18 Revenue By Product



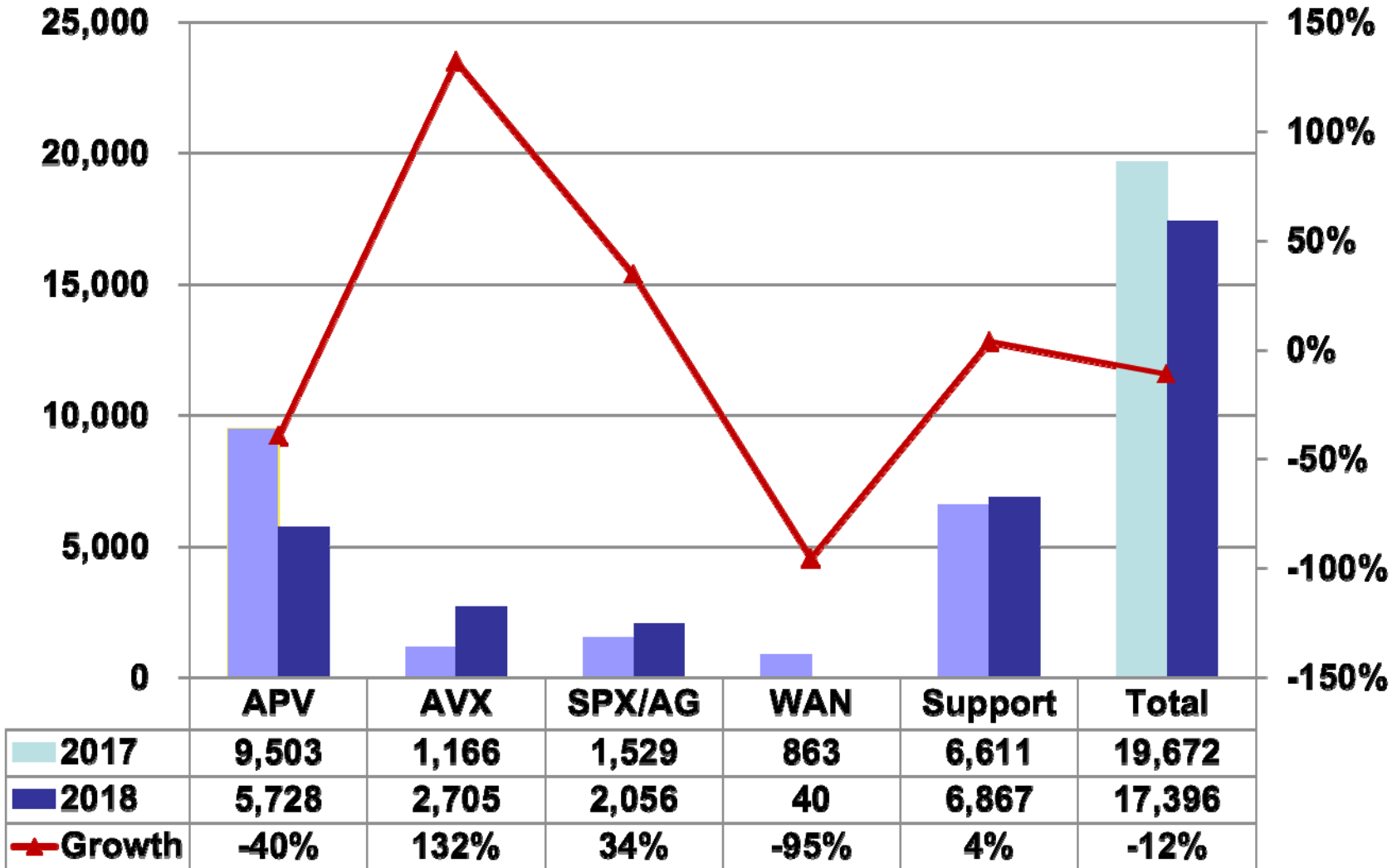
(USD1,000)



Performance By Product FY18 vs. FY17



(USD1,000)



FY18 vs. FY17 Operating Expense Growth



(USD1,000)

	2017	2018	Growth
Headcount	76	83	9%
IFRS Operating Expense	13,108	13,100	0%
Option Expense	48	35	-28%
Additional AR Reserve	-4	30	-788%
Operating exp. (Excluded AR reserve & Option exp.)	13,064	13,035	0%

Balance Sheet - Assets



	USD-TWD Ending Rate					
	30.715			29.760		
	2018.12.31			2017.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Cash and cash equivalents	\$11,149	342,455	32	\$14,539	432,675	41
Financial assets at fair value through profit or loss—current	1,625	49,911	5	0	0	0
Available-for-sale financial assets	0	0	0	262	7,805	1
Notes receivable	0	0	0	90	2,678	0
Accounts receivables	7,923	243,348	22	5,255	156,379	15
Accounts receivables-related parties	1,836	56,405	5	2,383	70,914	6
Other receivables	4,982	153,027	14	4,984	148,340	14
Inventory	1,274	39,118	4	2,113	62,875	6
Other current assets	284	8,722	1	262	7,799	1
Total of current assets	29,073	892,986	83	29,888	889,465	84
Financial assets at fair value through other comprehensive income – non-current	1,260	38,701	4	0	0	0
Amortized cost financial assets - non-current	32	983	0	0	0	0
Financial assets at cost - non-current	0	0	0	1,080	32,141	3
Property, plant and equipment	869	26,694	2	363	10,802	1
Intangible Assets						
Computer software	263	8,066	1	356	10,592	1
Goodwill	3,521	108,146	10	3,521	104,783	10
Brand	0	0	0	71	2,122	0
Deferred income tax assets	148	4,552	0	131	3,884	1
Refundable deposits	41	1,268	0	33	993	0
Other financial instruments	0	0	0	32	952	0
Total of non-current assets	6,134	188,410	17	5,587	166,269	16
Total Assets	\$35,207	\$1,081,396	100	\$35,475	\$1,055,734	100

Balance Sheet – Liabilities & Equity



	USD-TWD Ending Rate			29.760		
	30.715			2017.12.31		
	2018.12.31			2017.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Liabilities						
Accounts payable	\$895	\$27,482	3	\$933	\$27,772	3
Contract liability- current	4,324	132,819	12	0	0	0
Other payalbes	1,475	45,297	4	1,255	37,353	3
Deferred revenue - current	0	0	0	3,937	117,152	11
Other current liabilities	165	5,073	0	79	2,360	0
Total current liabilities	6,859	210,671	19	6,204	184,637	17
Non-current liabilities						
Contract liability non-current	2,723	83,644	8	0	0	0
Deferred revenue - non-current	0	0	0	2,626	78,154	8
Other non-current liabilities	71	2,193	0	35	1,041	0
Total non-current liabilities	2,795	85,837	8	2,661	79,195	8
Total Liabilities	9,654	296,508	27	8,865	263,832	25
Equity attributable to owners of the parent						
Capital	16,208	525,224	49	16,208	525,224	50
Capital surplus	10,122	344,498	32	10,085	343,420	33
Retained earnings						
Legal reserve	339	10,535	1	339	10,535	1
Special reserve	21	134	0	21	134	0
Unappropriated retained earnings	(400)	(15,696)	(2)	926	24,240	2
Other Equity	33	(54,928)	(5)	(139)	(84,803)	(8)
Treasury Stock	(769)	(24,879)	(2)	(830)	(26,848)	(3)
Total Equity	25,554	784,888	73	26,610	791,902	75
Total 'Liabilities and Equity	\$35,207	\$1,081,396	100	\$35,475	\$1,055,734	100



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THANK YOU!