



Array Networks

Q4 FY19 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.**

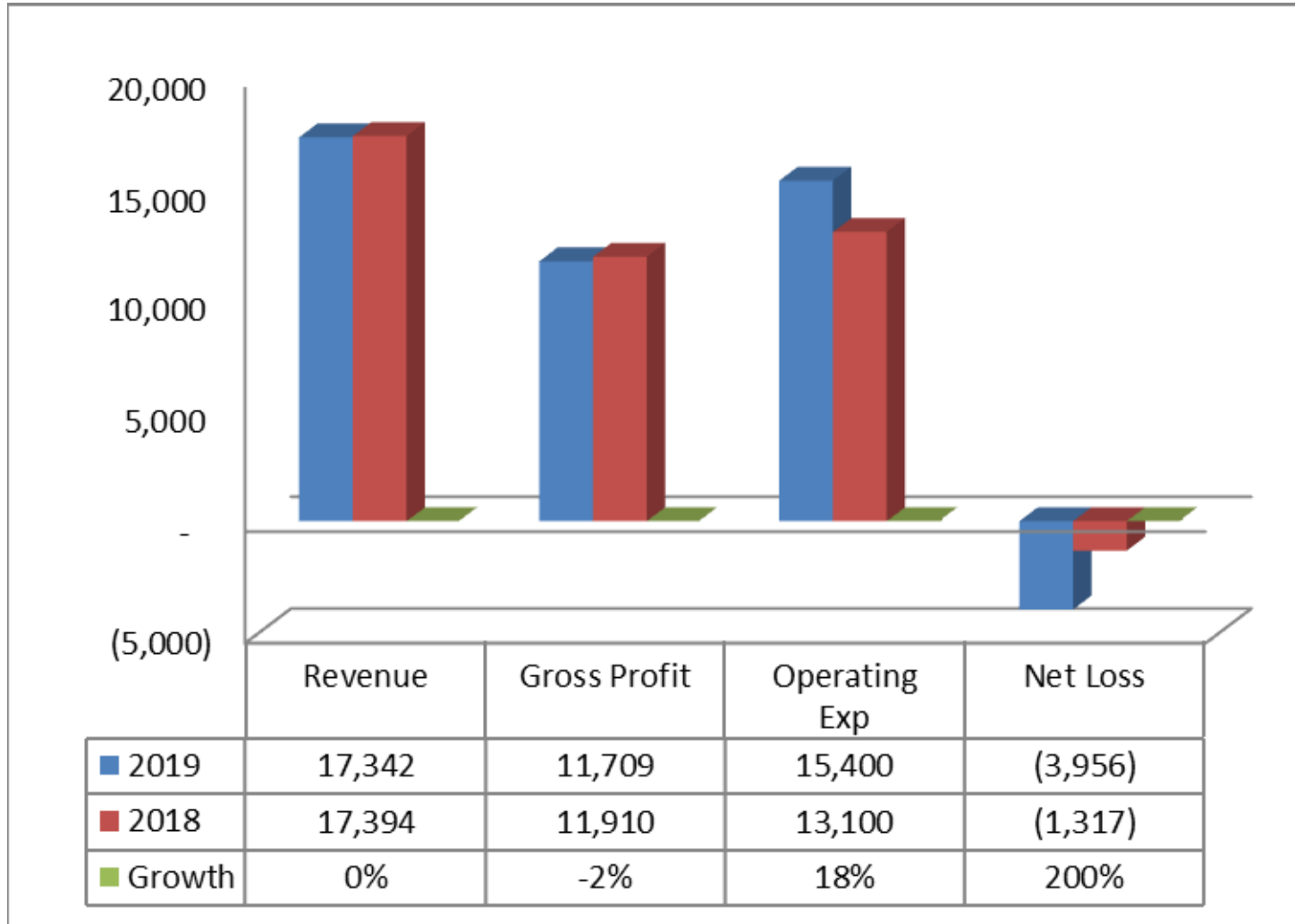
FY19 Financial Highlights

Year-to-date results

- **US\$17.342M (NT\$536M) in revenue**
- **68% gross profit margin**
- **Revenue stays the same as YTD 2018**
- **29% revenue growth in Japan vs. YTD 2018**
- **9% revenue growth in India vs. YTD 2018**
- **48% revenue growth in ROW vs. YTD 2018**
- **Headcount increase 11% vs. YTD 2018**
- **Operating expense increase 18% vs. YTD 2018**
- **Operating loss is at US\$3.691M (NT\$114.102M)**
- **Net loss after tax is at US\$3.956M (NT\$122.273M)**

YTD - Growth Trends FY19 vs. FY18 (US\$M)

(USD1,000)



Statement of Comprehensive Income

– 2019 & 2018



USD-TWD Average Rate	2019/12/31 30.912			2018/12/31 30.149			Comparison (US\$ base)	
	Jan. - Dec., 2019			Jan. - Dec., 2018			2019 vs 2018	Y/Y Change
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.		
Operating Revenues	17,342	536,082	100	17,396	524,459	100	-54	0%
Sales Returns and Allowances	0	0	-	0	0	-	0	0%
Operating Revenue, Net	17,342	536,082	100	17,396	524,459	100	-54	0%
Operating Cost	-5,633	-174,137	-32	-5,484	-165,344	-32	-149	3%
Gross profit	11,709	361,945	68	11,912	359,115	68	-203	-2%
Operating Expenses								
Sales expenses	-9,169	-283,422	-53	-8,711	-262,652	-50	-458	5%
Administrative expenses	-2,368	-73,211	-14	-2,610	-78,673	-15	241	-9%
R&D expenses	-2,971	-91,837	-18	-1,749	-52,726	-10	-1,222	70%
Expected credit impairment loss	-892	-27,577	-5	-30	-915	0	-862	2838%
Total operating Expenses	-15,400	-476,047	-89	-13,100	-394,966	-75	-2,300	18%
Operating (Loss) Income	-3,691	-114,102	-21	-1,188	-35,851	-7	-2,503	211%
Non-operating Income & Expenses								
Other income	114	3,526	1	83	2,506	0	31	37%
Interest income	209	6,455	2	111	3,354	1	98	88%
Exchange gain (loss), net	-27	-845	0	-36	-1,089	0	9	-24%
(Loss) Income on Financial assets at fair value through profit or loss	33	1,016	0	8	234	0	25	311%
Finance Costs	-118	-3,644	-1	0	0	0	-118	100%
Other expense	-12	-381	0	-23	-669	0	11	-46%
Total Non-operating Income & (Exp)	198	6,127	1	143	4,336	1	55	39%
(Loss) Income before income tax	-3,493	-107,975	-20	-1,045	-31,515	-6	-2,448	234%
Income tax expense	-463	-14,298	-3	-271	-8,164	-2	-192	71%
Consolidated Net (Loss) Income	-3,956	-122,273	-23	-1,316	-39,679	-8	-2,640	201%
EPS - Basic (NT\$)		-2.44			-0.78			

Statement of Comprehensive Income

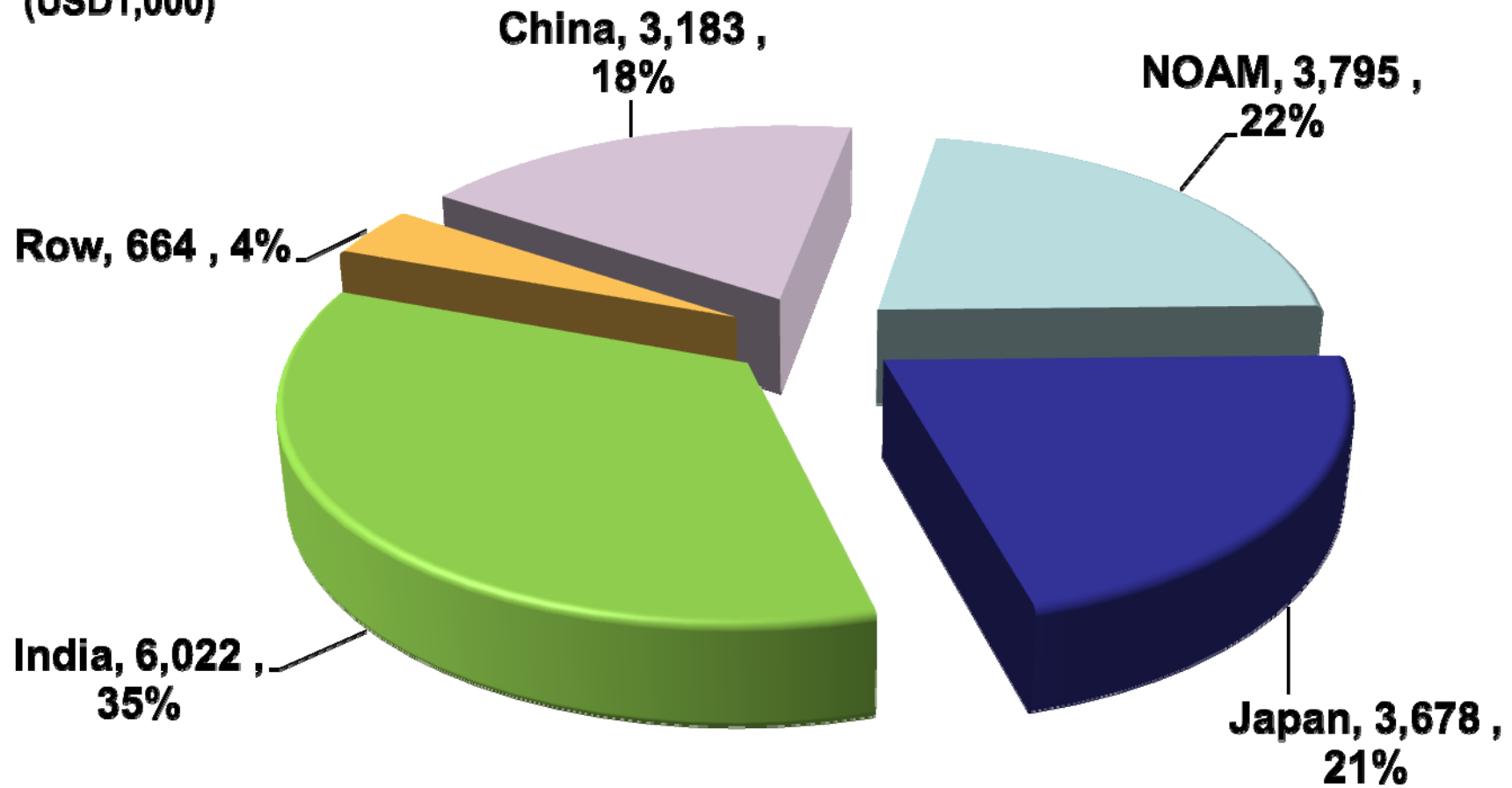
– Q4., 2019 & 2018



USD-TWD Average Rate	2019/12/31 30.912			2018/12/31 30.149			Comparison (US\$ base)	
	Q4, 2019			Q4, 2018			Q4 19 vs Q4 18	Q/Q Change
	(US\$1,000)	(NT\$1,000)	% of Rev.	(US\$1,000)	(NT\$1,000)	% of Rev.		
Operating Revenues	6,285	192,702	100	6,416	196,004	100	-132	-2%
Sales Returns and Allowances	0	0	-	0	0	-	0	0%
Operating Revenue, Net	6,285	192,702	100	6,416	196,004	100	-132	-2%
Operating Cost	-1,969	-60,354	-31	-2,148	-65,536	-33	178	-8%
Gross profit	4,315	132,348	69	4,269	130,468	67	47	1%
Operating Expenses								
Sales expenses	-2,506	-76,511	-40	-2,430	-74,742	-38	-76	3%
Administrative expenses	-461	-13,980	-7	-611	-18,878	-10	150	-25%
R&D expenses	-928	-28,398	-15	-496	-15,245	-8	-432	87%
Expected credit impairment loss	-220	-6,705	-3	-19	-568	0	-201	1073%
Total operating Expenses	-4,115	-125,594	-65	-3,555	-109,433	-56	-560	16%
Operating (Loss) Income	201	6,754	4	713	21,035	11	-513	-72%
Non-operating Income & Expenses								
Other income	84	2,592	2	-0	20	0	84	-71893%
Interest income	52	1,577	1	35	1,082	1	17	47%
Exchange gain (loss), net	7	209	0	-19	-578	0	26	-135%
(Loss) Income on Financial assets at fair value through profit or loss	7	202	0	7	197	0	-0	-1%
Finance Costs	-31	-935	0	0	0	0	-31	100%
Other expense	-4	-108	0	-4	-111	0	1	-20%
Total Non-operating Income & (Exp)	115	3,537	2	18	610	0	96	523%
(Loss) Income before income tax	315	10,291	5	732	21,645	11	-417	-57%
Income tax expense	-291	-8,956	-5	-80	-2,448	-1	-211	263%
Consolidated Net (Loss) Income	25	1,335	1	652	19,197	10	-627	-96%
EPS - Basic (NT\$)		0.01			0.37			

FY19 Revenue By Region

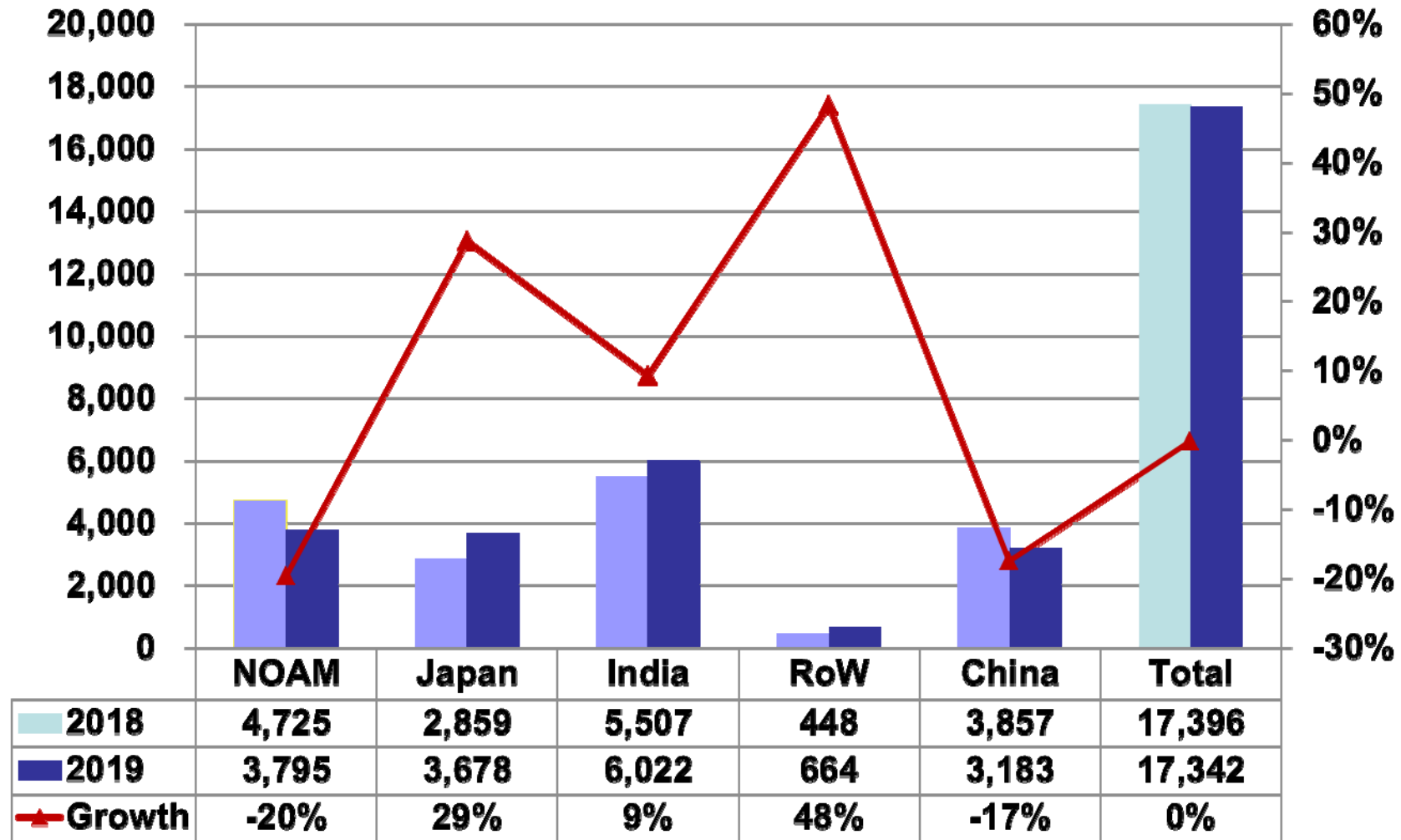
(USD1,000)



Growth by Region – FY19 vs. FY18

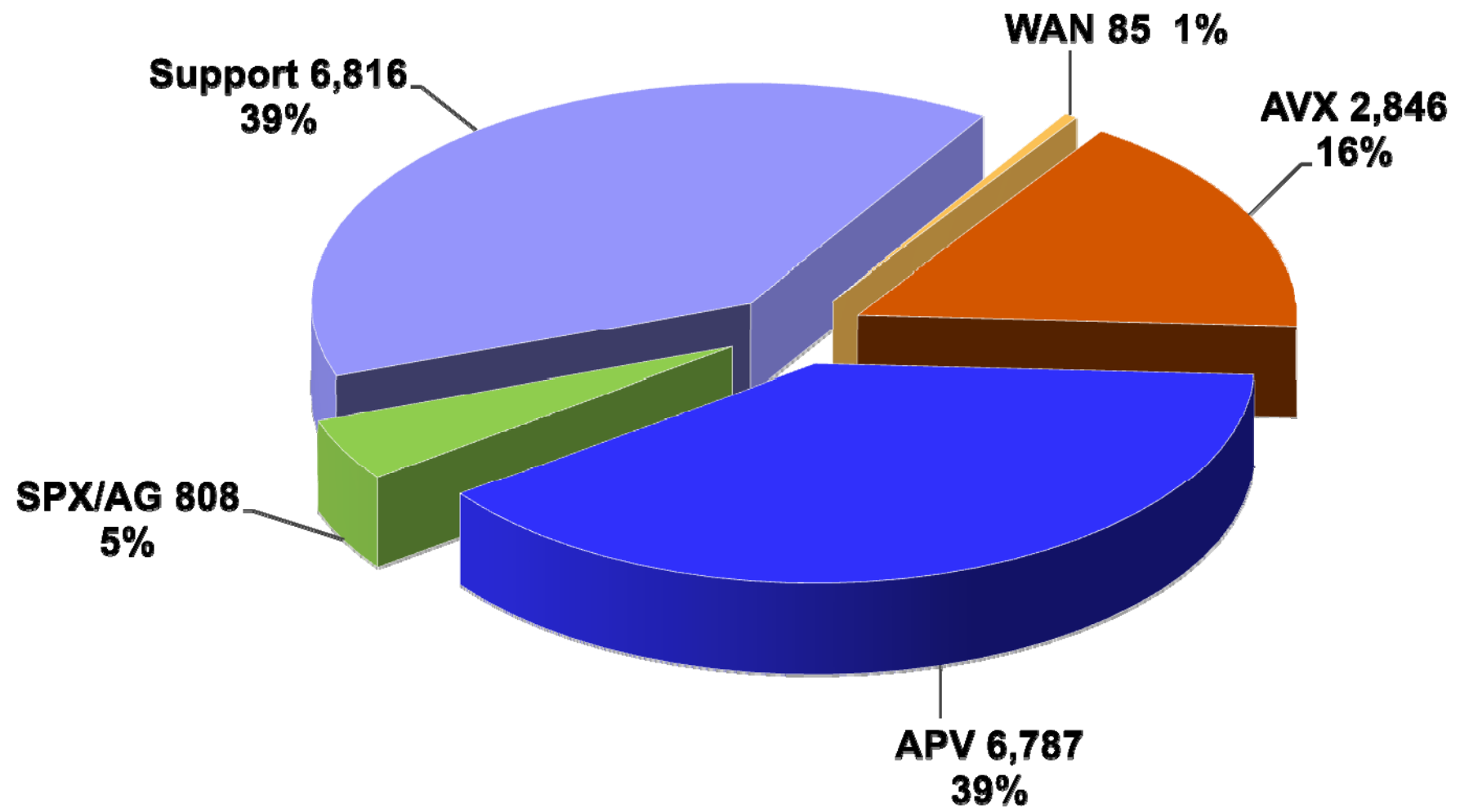


(USD1,000)



FY19 Revenue By Product

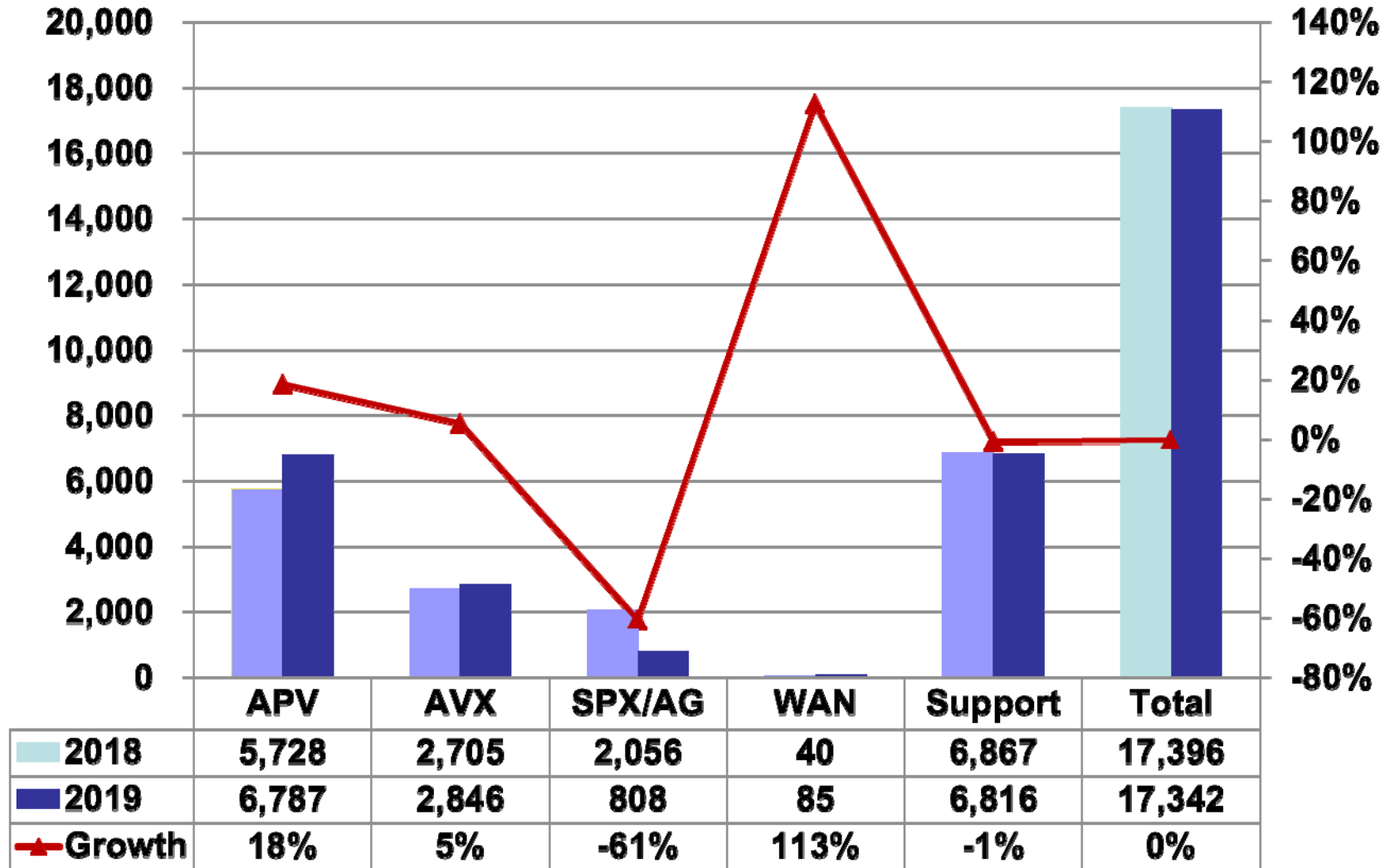
(USD1,000)



Performance By Product FY19 vs. FY18



(USD1,000)



FY19 vs. FY18 Operating Expense Growth

(USD1,000)

	2018	2019	Growth
Headcount	83	92	11%
IFRS Operating Expense	13,100	15,400	18%
Option Expense	35	124	255%
Additional AR Reserve	30	892	2838%
Operating exp. (Excluded AR reserve & Option exp.)	13,035	14,384	10%

Balance Sheet - Assets

USD-TWD Ending Rate	29.980			30.715		
	2019.12.31			2018.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Assets						
Cash and cash equivalents	\$8,184	245,350	22	\$11,149	342,455	32
Financial assets at fair value through profit or loss—current	1,658	49,702	5	1,625	49,911	5
Financial assets measured at amortized cost - current	5,085	152,451	14	0	0	0
Accounts receivables	8,937	267,941	25	7,923	243,348	22
Accounts receivables-related parties	2,050	61,470	6	1,836	56,405	5
Other receivables	1,573	47,146	4	4,982	153,027	14
Inventory	1,423	42,648	4	1,274	39,118	4
Other current assets	481	14,464	1	382	11,718	1
Total of current assets	29,391	881,172	81	29,171	895,982	83
Non-current assets						
Financial assets at fair value through other comprehensive income – non-current	0	0	0	1,260	38,701	4
Property, plant and equipment	768	23,000	2	869	26,694	2
Right-of-use asset	2,200	65,962	6	0	0	0
Intangible Assets						
Computer software	217	6,510	1	263	8,066	1
Goodwill	3,521	105,558	10	3,521	108,146	10
Deferred income tax assets	123	3,680	0	148	4,552	0
Other non-current assets	66	1,988	0	73	2,251	0
Total of non-current assets	6,896	206,698	19	6,134	188,410	17
Total Assets	\$36,287	\$1,087,870	100	\$35,305	\$1,084,392	100

Balance Sheet – Liabilities & Equity



USD-TWD Ending Rate	29.980			30.715		
	2019.12.31			2018.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Liabilities						
Accounts payable	\$745	\$22,304	2	\$895	\$27,482	3
Contract liability- current	5,709	171,157	16	4,324	132,819	12
Income Taxes payable	67	2,019	0	0	0	0
Lease liabilities- current	347	10,394	1	0	0	0
Other payables	1,351	40,502	4	1,475	45,297	4
Other current liabilities	86	2,570	0	165	5,073	1
Total current liabilities	8,305	248,946	23	6,859	210,671	20
Non-current liabilities						
Contract liability non-current	4,554	136,521	13	2,724	83,644	8
Lease liabilities non-current	2,004	60,077	5	0	0	0
Other non-current liabilities	102	3,047	0	169	5,189	0
Total non-current liabilities	6,659	199,645	18	2,893	88,833	8
Total Liabilities	14,964	448,591	41	9,752	299,504	28
Equity attributable to owners of the parent						
Capital	15,769	510,983	47	16,207	525,224	48
Capital surplus	9,976	339,230	31	10,122	344,498	32
Retained earnings						
Legal reserve	339	10,535	1	339	10,535	1
Special reserve	20	134	0	20	134	0
Unappropriated retained earnings	(3,948)	(125,233)	(11)	(399)	(15,696)	(2)
Other Equity	(147)	(74,882)	(7)	33	(54,928)	(5)
Treasury Stock	(687)	(21,488)	(2)	(769)	(24,879)	(2)
Total Equity	21,322	639,279	59	25,553	784,888	72
Total Liabilities and Equity	\$36,287	\$1,087,870	100	\$35,305	\$1,084,392	100



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THANK YOU!