

Array Networks

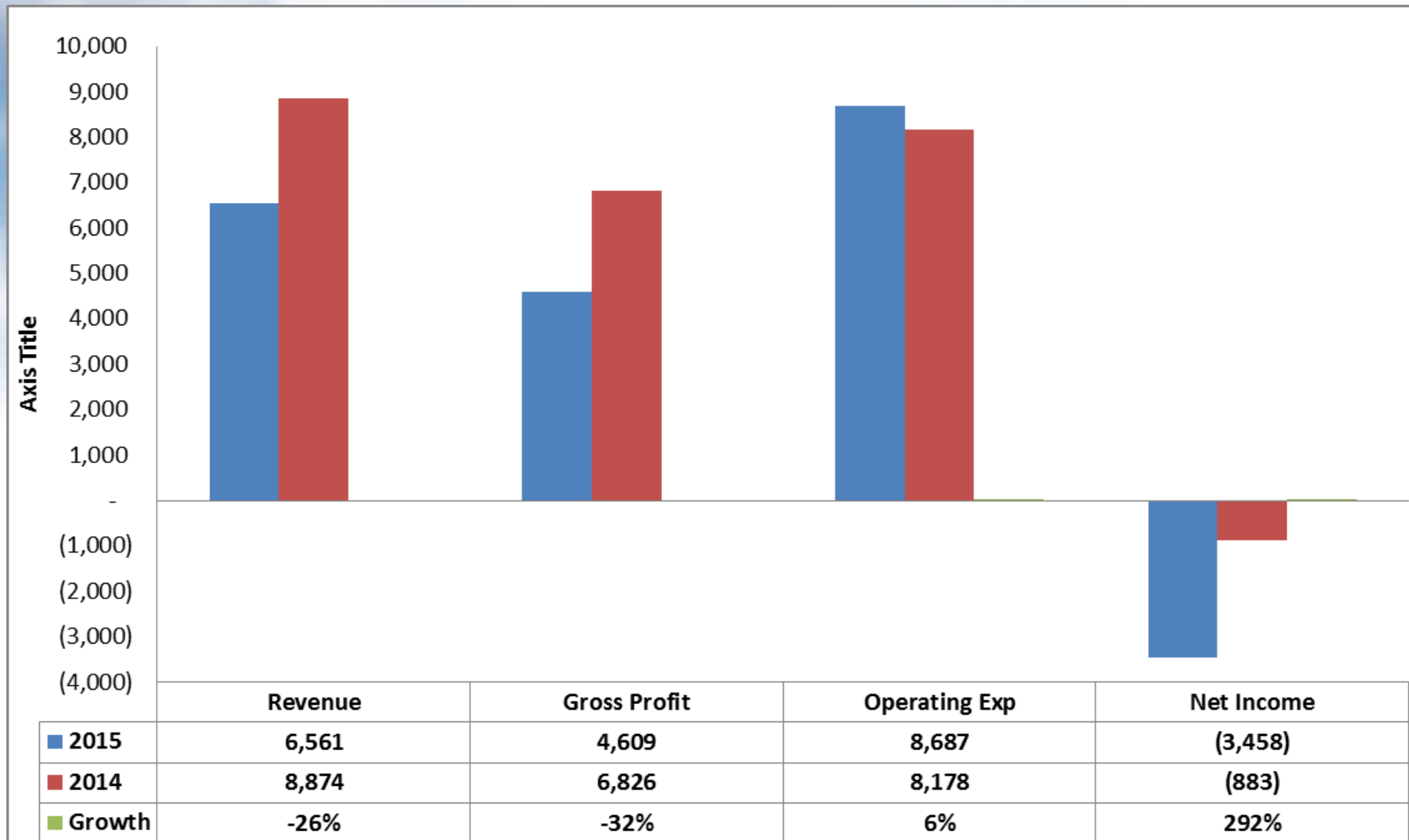
Q1, FY 15 INVESTOR UPDATE

- 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.

1Q FY15 results

- US\$6.56M (or NT\$260.82M) in revenue
- 70% gross profit margin
- -26% revenue decline in Q1, 2015 vs. Q1, 2014
- 37% revenue growth in ROW in Q1, 2015 vs. Q1, 2014
- 8% revenue growth in North America in Q1, 2015 vs. Q1, 2014
- Operating Expense US\$8.68M (or NT\$273.85M)
- Net loss US\$3.46M (or NT\$109M)

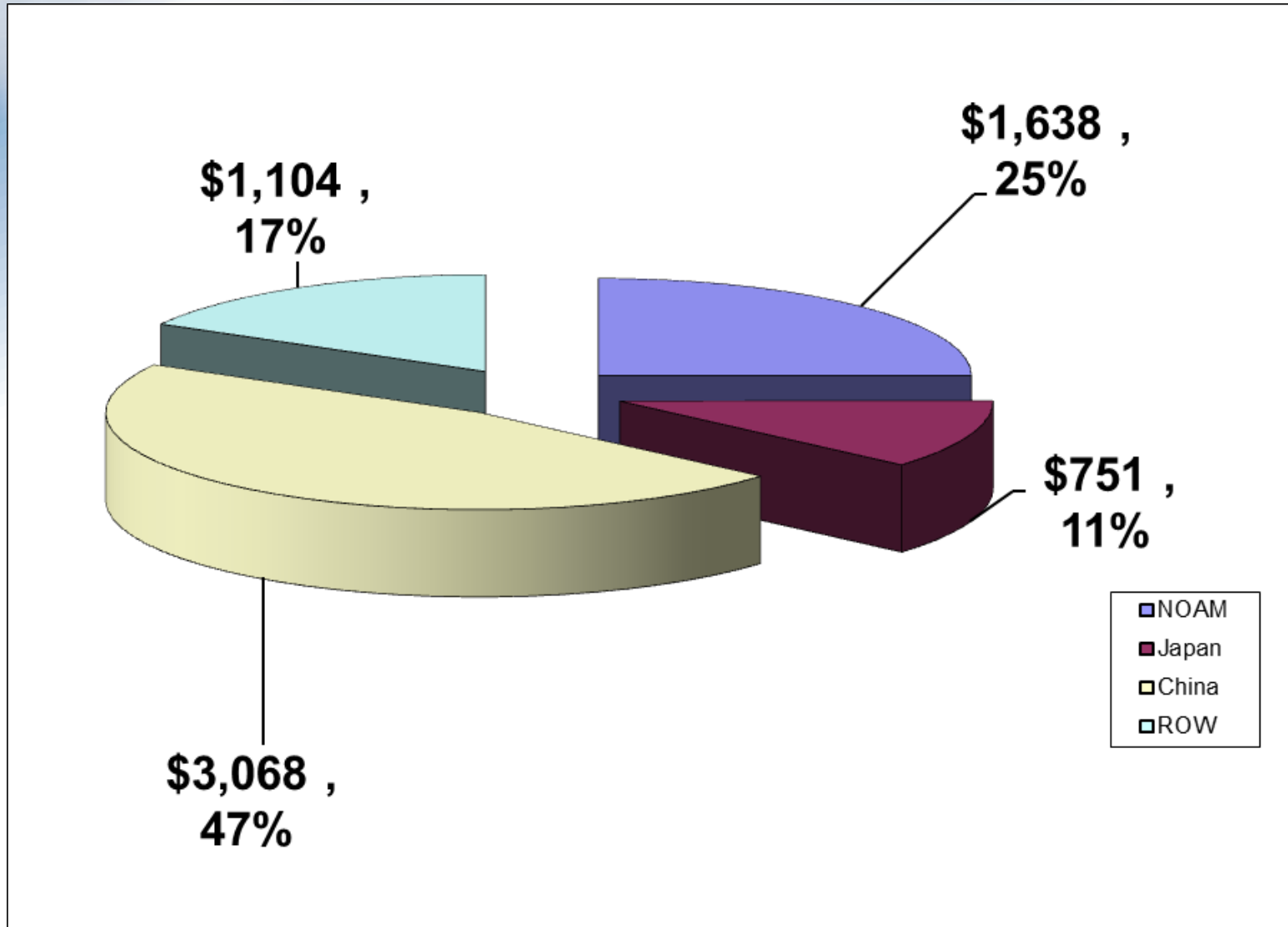
1Q Performance FY15 vs. FY14 (US\$M)



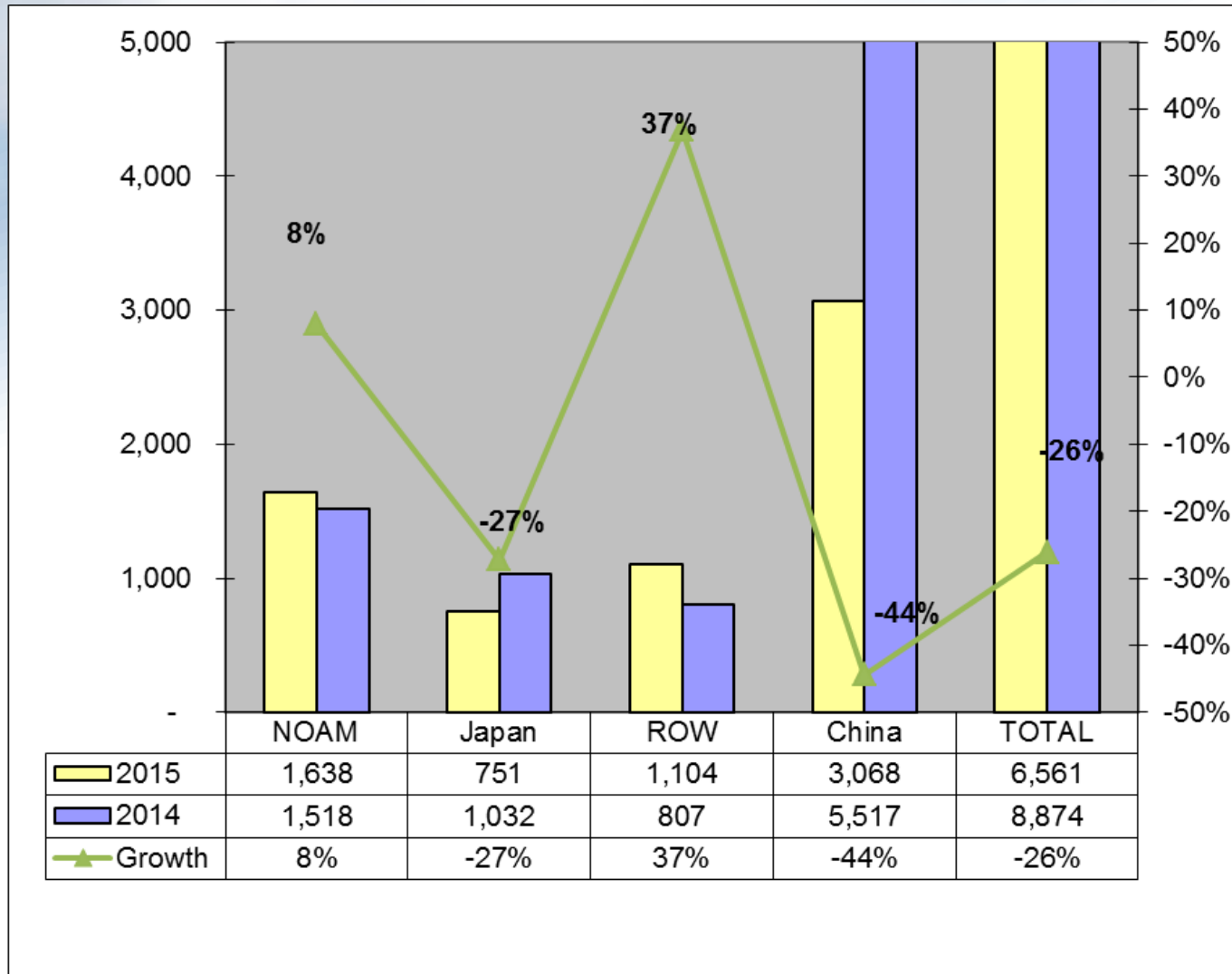
Q1 15 vs. Q1 14 Income Statement

Q1	2015	% of Rev.	2014	% of Rev.	Delta	% Growth
Revenue	6,561		8,874		(2,313)	-26%
Gross Profit	4,609	70%	6,826	77%	(\$2,217)	-32%
Research & Development	3,056	47%	2,497	28%	559	22%
Marketing & Sales	4,392	67%	4,467	50%	(75)	-2%
General & Administrative	1,239	19%	1,215	14%	24	2%
Total Operating Expense	\$ 8,687	132%	\$ 8,178	92%	\$ 509	6%
Operating Income	(4,079)	-62%	(1,352)	-15%	(2,726)	202%
Non-Operating (Inc)/Exp	(643)	-10%	(550)	-6%	(93)	17%
Income Tax	22	0%	81	1%	(59)	-73%
Net Income (loss)	(\$3,458)	-53%	(883)	-10%	(2,575)	291%

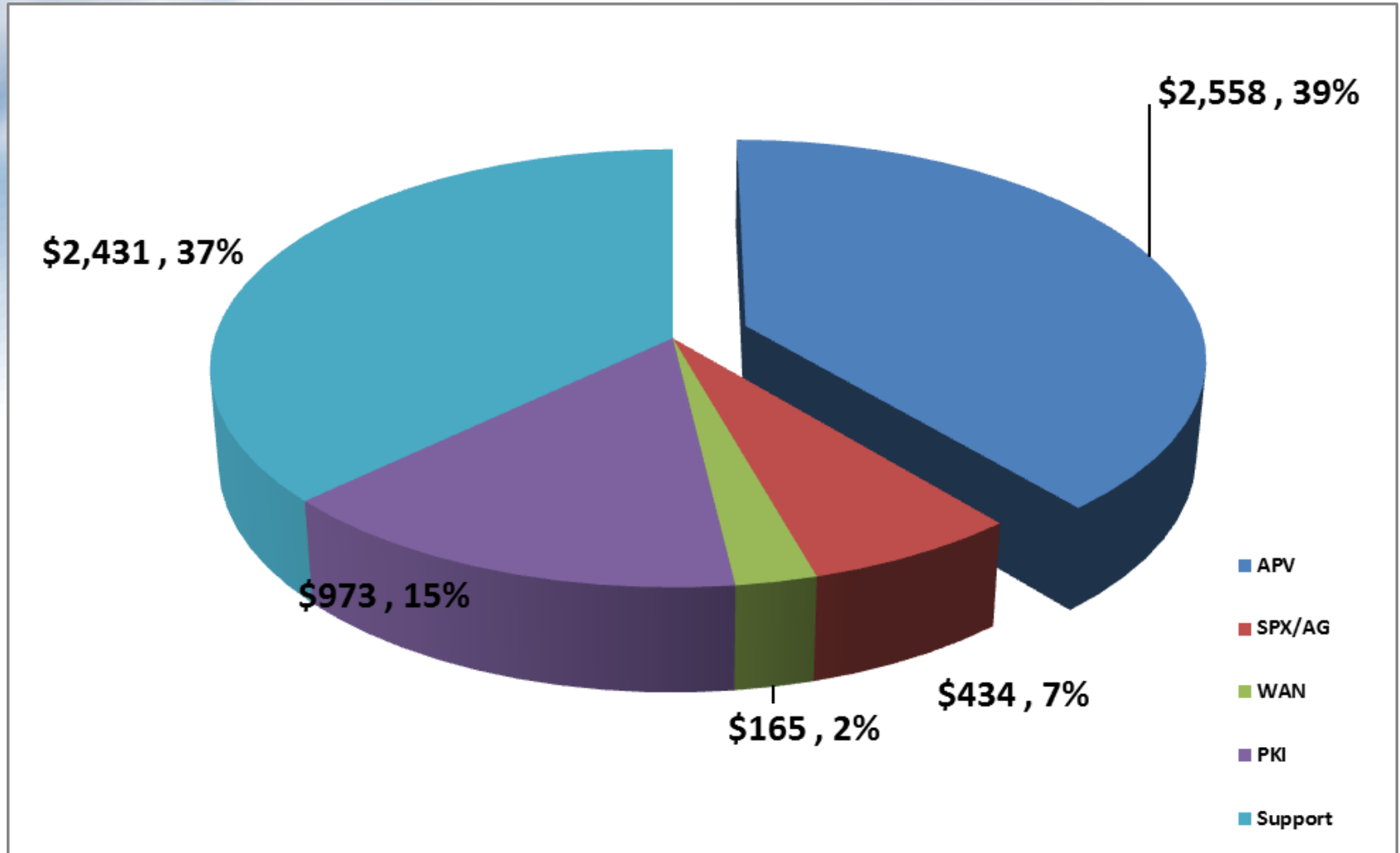
Q1 15 Revenue By Region



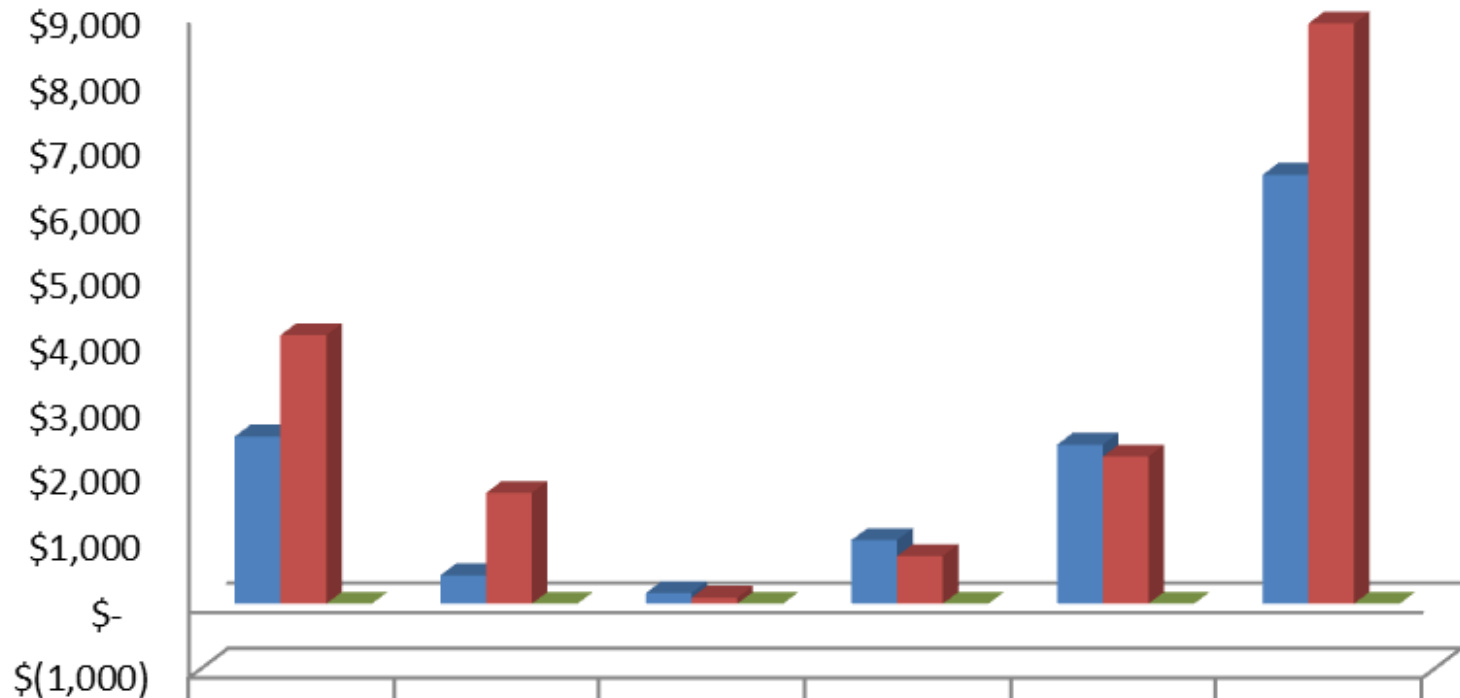
Growth By Region – Q1 2015 vs. Q1 2014



Q1 15 Revenue By Product



Growth By Product Q1 15 vs. Q1 14



	APV	SPX/AG	WAN	PKI	Support	TOTAL
■ 2015	\$2,558	\$434	\$165	\$973	\$2,431	\$6,561
■ 2014	4,107	1,694	93	730	2,250	8,874
■ % Growth	-38%	-74%	100%	33%	8%	-26%

Q1 15 vs. Q1 14 Balance Sheet - Assets

USD-TWD Ending Rate	31.300			30.470		
	2015.3.31			2014.3.31		
Assets	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Assets						
Cash and cash equivalents	\$23,475	\$734,762	44	\$26,144	\$796,619	48
Available-for-sale financial assets	258	8,069	0	254	7,740	0
Debt instrument investments for which no active market exists	5,620	175,910	11	0	0	0
Notes receivable	644	20,161	1	912	27,793	2
Accounts receivables	8,262	258,606	16	11,662	355,337	23
Other receivables	93	2,905	0	221	6,732	0
Inventory	3,821	119,608	7	4,122	125,587	8
Other current assets	739	23,134	1	634	19,327	1
Total of current assets	42,912	1,343,155	80	43,949	1,339,135	82
Non-current assets						
Property, plant and equipment	1,391	43,524	3	1,232	37,545	2
Intangible Assets						
Computer software	678	21,205	1	828	25,214	2
Goodwill	5,594	175,100	11	5,594	170,457	10
Brand	1,494	46,770	3	1,665	50,744	3
Deferred income tax assets	68	2,152	0	50	1,533	0
Refundable deposits	827	25,880	2	684	20,849	1
Other financial instruments	32	1002	0	32	975	0
Total of non-current assets	10,084	315,633	20	10,086	307,317	18
Total Assets	\$52,996	\$1,658,788	100	\$54,035	\$1,646,452	100

Q1 15 vs. Q1 14 Balance Sheet – Liabilities & Equity

Liabilities and Equity						
Current Liabilities						
Accounts payable	\$1,170	\$36,634	2	\$2,387	\$72,732	4
Income Taxes payable	75	2,350	0	127	3,873	0
Other payables	2,933	91,815	6	3,045	92,771	6
Deferred revenue - current	6,221	194,721	12	5,110	155,687	9
Other current liabilities	132	4,124	0	192	5,864	0
Total current liabilities	10,531	329,644	20	10,861	330,927	19
Non-current liabilities						
Deferred revenue - non-current	4,332	135,598	8	3,296	100,418	6
Other non-current liabilities	12	375	0	36	1,096	0
Total non-current liabilities	4,344	135,973	8	3,332	101,514	6
Total Liabilities	14,875	465,617	28	14,192	432,441	25
Equity attributable to owners of the parent						
Capital	23,920	775,933	47	23,754	770,765	47
Capital surplus	11,446	370,928	22	11,070	362,346	22
Retained earnings						
Legal reserve	149	4,467	0	0	0	0
Special reserve	589	17,672	1	0	0	0
Unappropriated retained earnings	577	14,979	1	3,468	106,632	6
Other Equity	2,481	41,229	3	2,489	2,740	2
Treasury Stock	(1,041)	(32,037)	(2)	(938)	(28,472)	(2)
Total Equity	38,121	1,193,171	72	39,843	1,214,011	75
Total 'Liabilities and Equity	\$52,996	\$1,658,788	100	\$54,035	\$1,646,452	100

Q1 15 vs. Q1 14 Operating Expense Growth

Expense Analysis		June FY11	June FY12	(US\$1,000)
Items	Q1, 2015	Q1, 2014	QoQ Growth	
Revenue	6,561	8,874	-26%	
Headcount	419	382	10%	
IFRS Operating Expense	8,687	8,178	6%	
Option Expense	61	31	97%	
AR reserve	96	209	-54%	
Operating exp. (Excluded AR reserve & Option exp.)	8,530	7,938	7%	

Q1 15 vs. Q1 14 Headcount Growth

June FY11

June FY15

<u>Department</u>	<u>3/31/2015</u>	<u>% of Total</u>	<u>3/31/2014</u>	<u>Growth</u>
Engineering	161	39%	150	7%
Sales	128	31%	121	6%
Customer Support	63	15%	55	15%
Marketing	9	2%	8	13%
Operations	9	2%	8	13%
G&A	49	12%	40	23%
Total	419	100%	382	10%

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THANK YOU!