



**Array Networks**

# **Q1, FY 16 INVESTOR UPDATE**

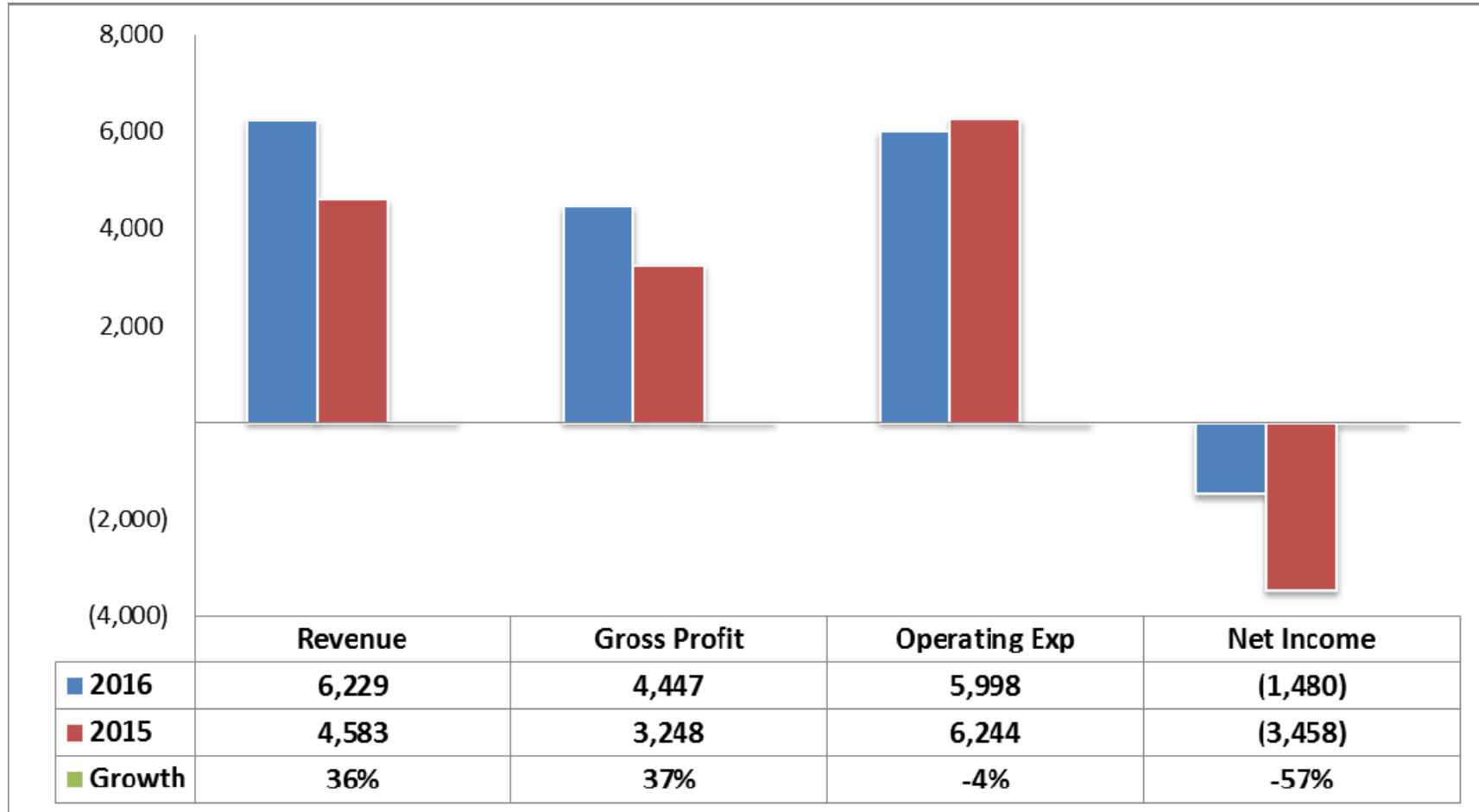
- This presentation may contain certain "forward-looking statements" concerning the business, operations and financial condition of Array, Inc. Although Array believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, there can be no assurance that its 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.
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# 1Q FY16 Financial Highlights

## 1Q FY16 results

- US\$6.23M (or NT\$206.46M) in revenue
- 71% gross profit margin
- 36% revenue increase in Q1, 2016 vs. Q1, 2015
- 135% revenue growth in China in Q1, 2016 vs. Q1, 2015
- 19% revenue growth in Japan in Q1, 2016 vs. Q1, 2015
- Operating Expense US\$5.998M (or NT\$198.78M)
- Net loss US\$1.48M (or NT\$49.04M)

# 1Q Performance FY16 vs. FY15 (US\$M)



# Statements of comprehensive Income

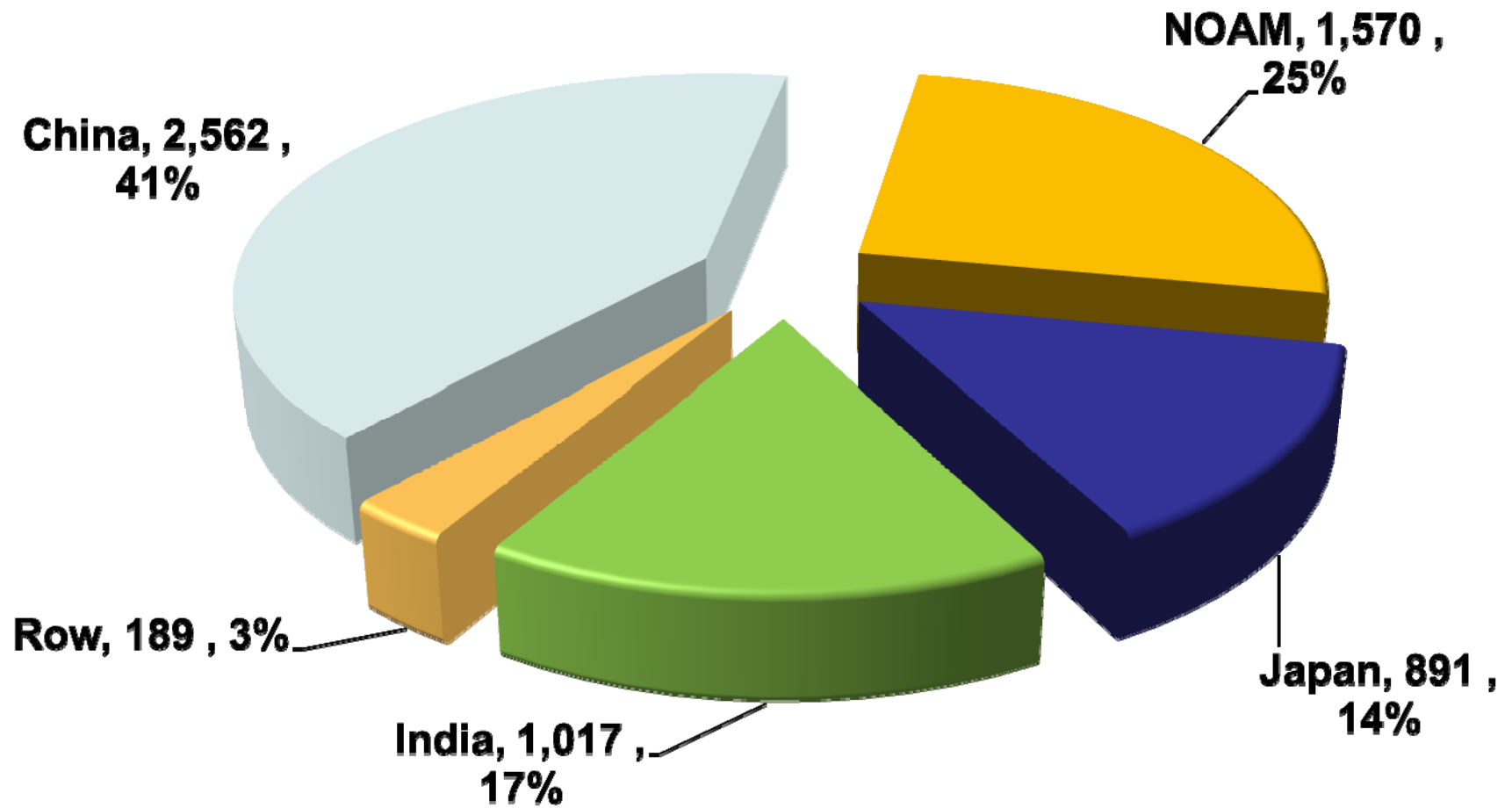
## – Q1 16 vs. Q1 15



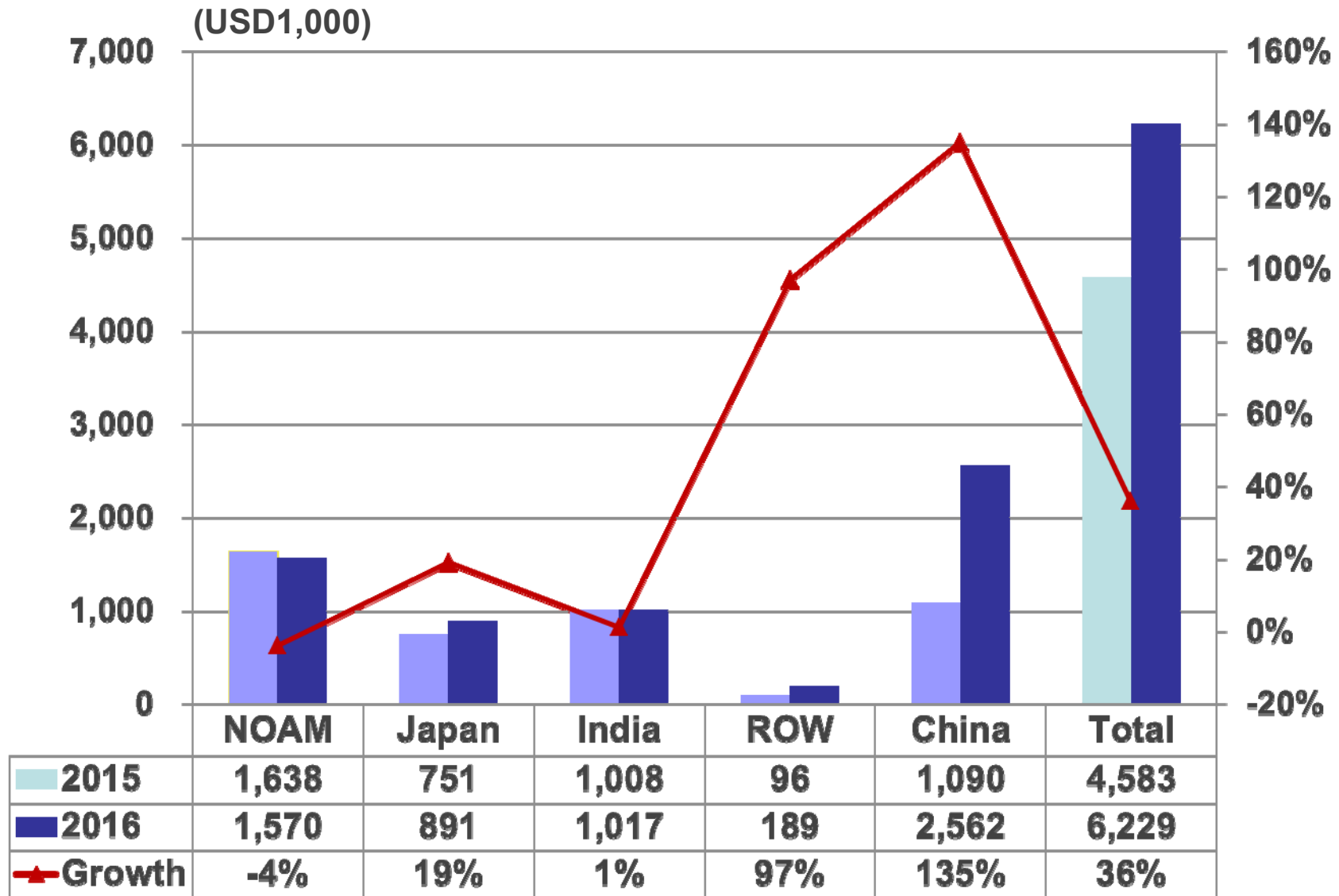
	FY16		FY15		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
<b>Net Sales</b>	<b>6,229</b>		<b>4,583</b>		<b>1,646</b>	<b>36%</b>
<b>Gross Profit</b>	<b>4,447</b>	<b>71%</b>	<b>3,248</b>	<b>71%</b>	<b>1,199</b>	<b>37%</b>
<b>Gross Margin</b>	<b>71%</b>		<b>71%</b>			
Operating Expenses						
Sales	(2,817)	-45%	(2,918)	-64%	(101)	-3%
G&A	(917)	-15%	(874)	-19%	43	5%
R&D	(2,264)	-36%	(2,452)	-53%	(188)	-8%
<b>Total Operating Expenses</b>	<b>(5,998)</b>	<b>-96%</b>	<b>(6,244)</b>	<b>-136%</b>	<b>(246)</b>	<b>-4%</b>
<b>Operating Income</b>	<b>(1,551)</b>	<b>-25%</b>	<b>(2,996)</b>	<b>-65%</b>	<b>1,445</b>	<b>-48%</b>
Other Income/(Expense)	134	2%	39	1%	95	243%
<b>Net Income Before Tax</b>	<b>(1,417)</b>	<b>-23%</b>	<b>(2,957)</b>	<b>-65%</b>	<b>1,540</b>	<b>-52%</b>
Income Tax Expenses	(63)	-1%	(21)	-0%	42	200%
Inc fm Disctd Operation	0	0%	(480)	-10%	(480)	-100%
<b>Net Income</b>	<b>(1,480)</b>	<b>-24%</b>	<b>(3,458)</b>	<b>-75%</b>	<b>1,978</b>	<b>-57%</b>

# Revenue By Region - Q1, FY16

(USD1,000)

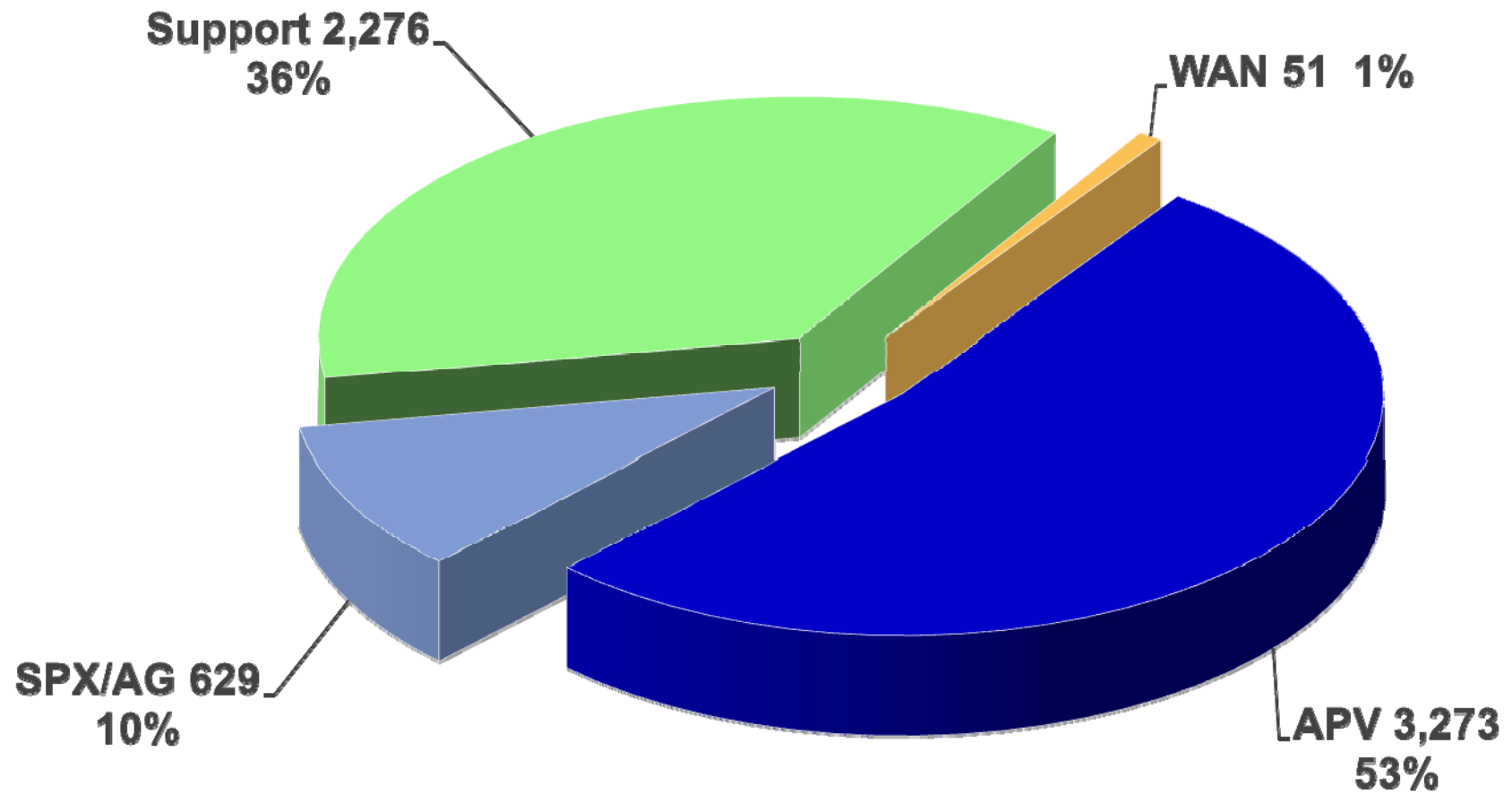


# Growth by Region – Q1, FY16 vs. Q1, FY15



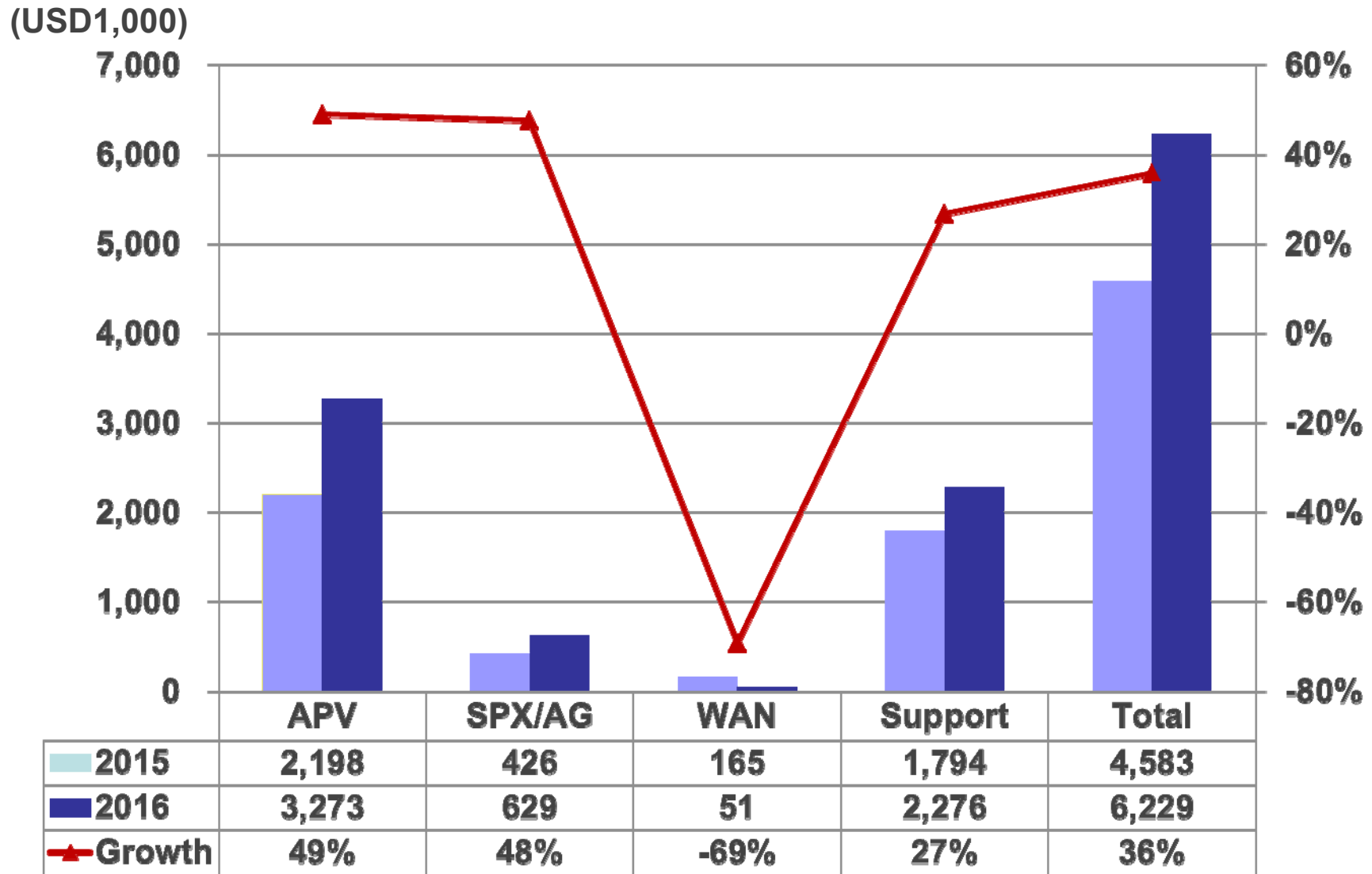
# Revenue By Product - Q1, FY16

(USD1,000)





# Performance By Product - Q1, FY16 vs. Q1, FY15



## Operating Expense Growth - Q1, FY15 vs. Q1, FY16



	2015	2016	Growth
Headcount	244	232	-5%
IFRS Operating Expense	6,244	5,998	-4%
Option Expense	61	39	-37%
Additional AR Reserve	21	61	194%
Operating exp. (Excluded AR reserve & Option exp.)	6,162	5,898	-4%

# Balance Sheet - Assets



USD-TWD Ending Rate	32.185			31.300			32.825		
	2016.3.31			2015.3.31			2015.12.31		
Assets	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
<b>Current Assets</b>									
Cash and cash equivalents	\$35,624	\$1,146,560	70	\$23,475	\$734,762	44	\$36,122	\$1,185,691	68
Available-for-sale financial assets	261	8,387	1	258	8,069	0	259	8,506	0
Debt instrument investments for which no active market exists	0	0	0	5,620	175,910	11	0	0	0
Notes receivable	489	15,752	1	644	20,161	1	1,754	57,563	3
Accounts receivables	5,629	181,185	11	8,262	258,606	16	6,700	219,913	13
Other receivables	56	1,805	0	93	2,905	0	37	1,217	0
Inventory	2,256	72,608	4	3,821	119,608	7	2,027	66,525	4
Other current assets	425	13,690	1	739	23,134	1	419	13,758	1
<b>Total of current assets</b>	<b>44,741</b>	<b>1,439,987</b>	<b>88</b>	<b>42,912</b>	<b>1,343,155</b>	<b>80</b>	<b>47,317</b>	<b>1,553,173</b>	<b>89</b>
<b>Non-current assets</b>									
Property, plant and equipment	944	30,378	2	1,391	43,524	3	951	31,232	2
Intangible Assets									
Computer software	517	16,626	1	678	21,205	1	595	19,516	1
Goodwill	3,521	113,322	7	5,594	175,100	11	3,521	115,575	6
Brand	371	11,932	1	1,494	46,770	3	413	13,572	1
Deferred income tax assets	97	3,118	0	68	2,152	0	91	2,999	0
Refundable deposits	397	12,777	1	827	25,880	2	395	12,952	1
Other financial instruments	32	1030	0	32	1002	0	32	1050	0
<b>Total of non-current assets</b>	<b>5,878</b>	<b>189,183</b>	<b>12</b>	<b>10,084</b>	<b>315,633</b>	<b>20</b>	<b>5,998</b>	<b>196,896</b>	<b>11</b>
<b>Total Assets</b>	<b>\$50,619</b>	<b>\$1,629,170</b>	<b>100</b>	<b>\$52,996</b>	<b>\$1,658,788</b>	<b>100</b>	<b>\$53,315</b>	<b>\$1,750,069</b>	<b>100</b>

# Balance Sheet – Liabilities & Equity



USD-TWD Ending Rate	32.185			31.300			32.825		
	2016.3.31			2015.3.31			2015.12.31		
Liabilities and Equity	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
<b>Current Liabilities</b>									
Accounts payable	\$910	\$29,281	2	\$1,170	\$36,634	2	\$507	\$16,647	1
Income Taxes payable	59	1,901	0	75	2,350	0	48	1,591	0
Other payalbes	1,932	62,194	4	2,933	91,815	6	3,036	99,667	6
Deferred revenue - current	4,902	157,755	10	6,221	194,721	12	5,478	179,800	10
Other current liabilities	75	2,428	0	132	4,124	0	77	2,528	0
<b>Total current liabilities</b>	<b>7,878</b>	<b>253,559</b>	<b>16</b>	<b>10,531</b>	<b>329,644</b>	<b>20</b>	<b>9,146</b>	<b>300,233</b>	<b>17</b>
<b>Non-current liabilities</b>									
Deferred revenue - non-current	3,034	97,641	6	4,332	135,598	8	3,196	104,900	6
Other non-current liabilities	13	421	0	12	375	0	7	246	0
Total non-current liabilities	3,047	98,062	6	4,344	135,973	8	3,203	105,146	6
<b>Total Liabilities</b>	<b>10,925</b>	<b>351,621</b>	<b>22</b>	<b>14,875</b>	<b>465,617</b>	<b>28</b>	<b>12,350</b>	<b>405,379</b>	<b>23</b>
<b>Equity attributable to owners of the parent</b>									
Capital	24,018	779,093	48	23,920	775,933	47	23,986	778,043	44
Capital surplus	11,626	376,694	23	11,446	370,928	22	11,583	375,277	21
Retained earnings									
Legal reserve	190	5,743	0	149	4,467	0	190	5,743	0
Special reserve	21	134	0	589	17,672	1	21	134	0
Unappropriated retained earnings	4,699	139,133	9	577	14,979	1	6,179	188,171	11
Other Equity	181	8,789	2	2,481	41,229	3	47	29,359	3
Treasury Stock	-1,041	-32,037	-2	-1,041	-32,037	-2	-1,041	-32,037	-2
<b>Total Equity</b>	<b>39,694</b>	<b>1,277,549</b>	<b>80</b>	<b>38,121</b>	<b>1,193,171</b>	<b>72</b>	<b>40,965</b>	<b>1,344,690</b>	<b>77</b>
<b>Total 'Liabilities and Equity</b>	<b>\$50,619</b>	<b>\$1,629,170</b>	<b>102</b>	<b>\$52,996</b>	<b>\$1,658,788</b>	<b>100</b>	<b>\$53,315</b>	<b>\$1,750,069</b>	<b>100</b>

## Q1 16 vs. Q1 15 Headcount Growth

<u>Department</u>	<u>3/31/2016</u>	<u>% of Total</u>	<u>3/31/2015</u>	<u>Growth</u>
Engineering	114	49%	117	-3%
Sales	70	30%	77	-9%
Customer Support	12	5%	12	0%
Marketing	5	2%	6	-17%
Operations	9	4%	9	0%
G&A	22	10%	23	-4%
<b>Total</b>	<b>232</b>	<b>100%</b>	<b>244</b>	<b>-5%</b>



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**THANK YOU!**