

Array Networks

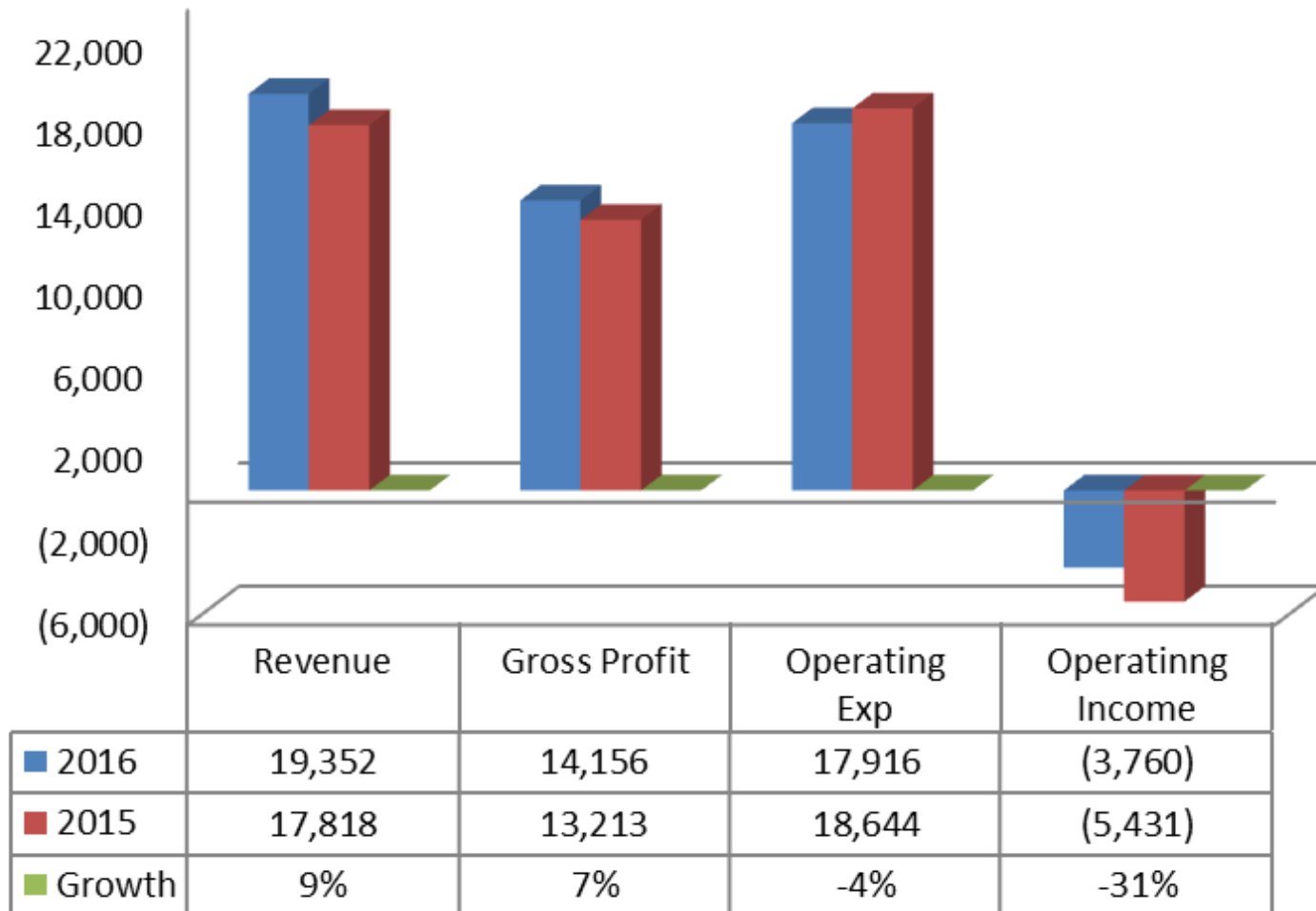
Q3 FY16 INVESTOR UPDATE

- 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.

Year-to-date results

- US\$19.35M (NT\$628M) in revenue
- 73% gross profit margin
- 9% revenue growth vs. YTD 2015
- 21% revenue growth in China vs. YTD 2015
- 6% revenue growth in Japan vs. YTD 2015
- 81% revenue growth in ROW vs. YTD 2015
- Headcount increase 5% vs. YTD 2015
- Operating expense decrease -4% vs. YTD 2015
- Operating loss decreased by -31% vs. YTD 2015

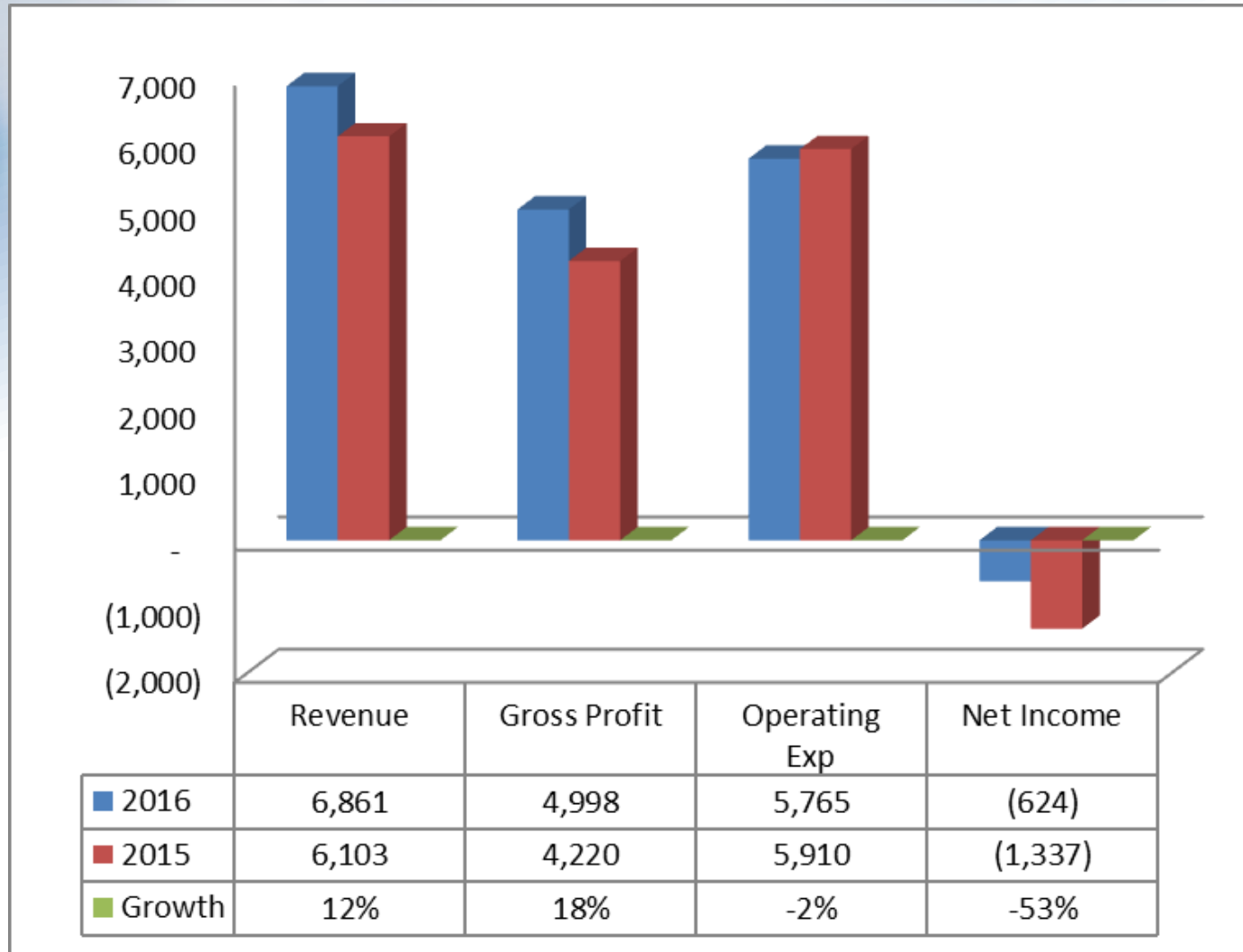
3Q YTD - Growth Trends FY16 vs. FY15 (US\$M)



3Q FY16 results

- USD\$6.86M (NT\$218M) in revenue
- 73% gross profit margin
- 12% Q3 revenue growth vs. Q3 2015
- 11% Q3 revenue growth in North America vs. Q3 2015
- 23% Q3 revenue growth in Japan vs. Q3 2015
- 20% Q3 revenue growth in China vs. Q3 2015
- Operating Expense USD\$5.765M (NT\$183M)
- Net loss for Q3 USD -\$624K (NT\$-19.32M)

3Q - Growth Trends FY16 vs. FY15 (US\$M)

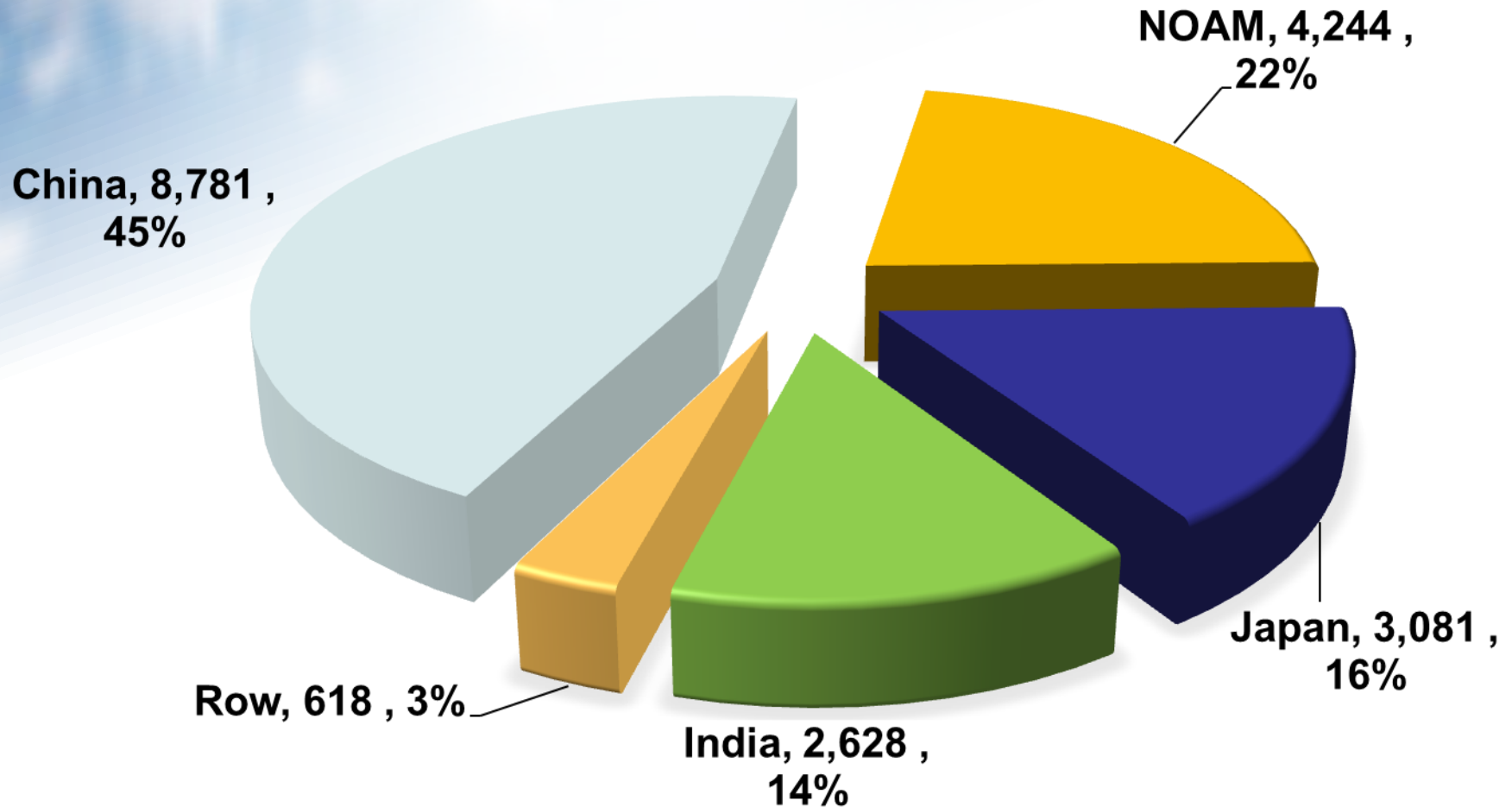


FY16 vs. FY15 Income Statement

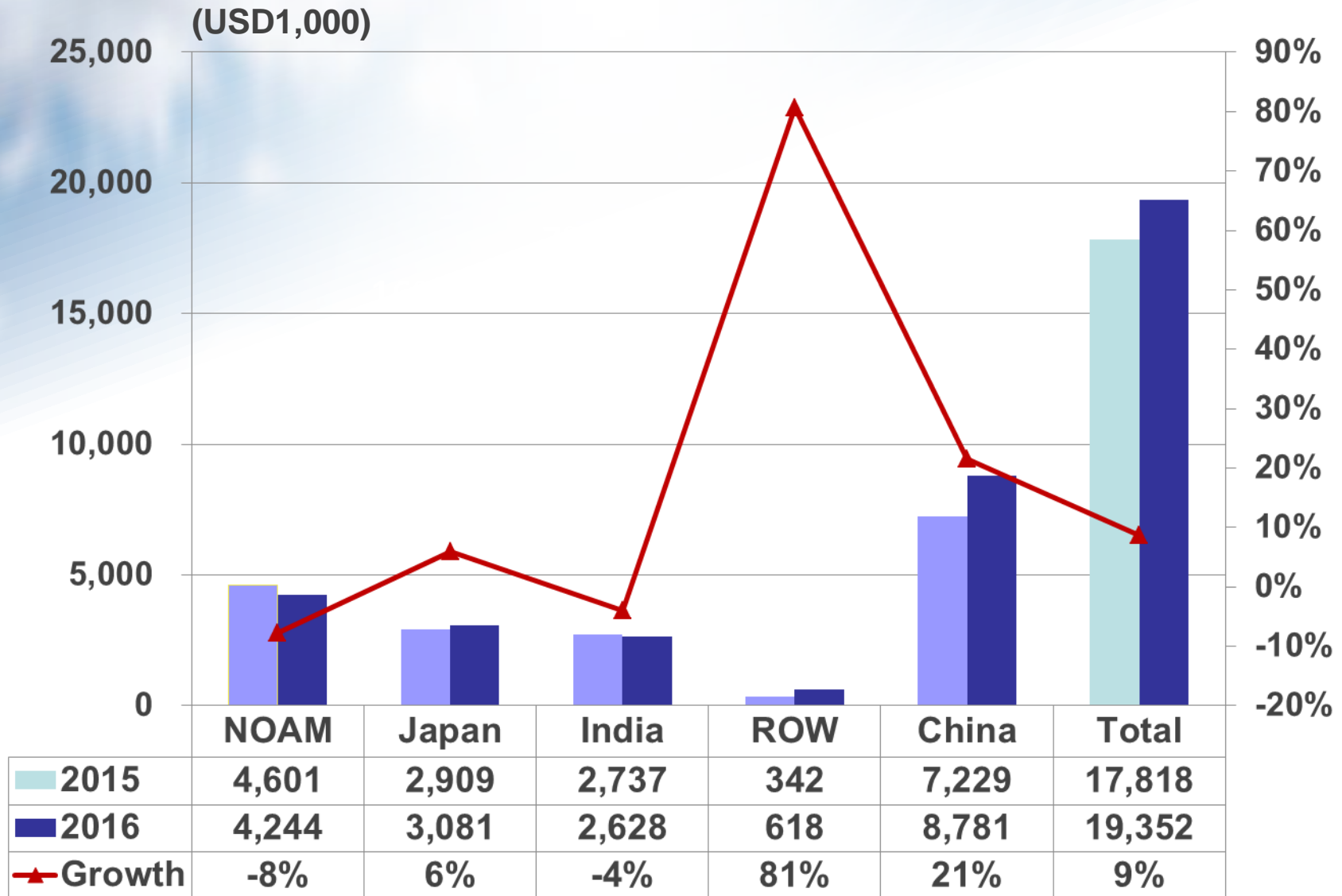
	FY16		FY15		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
Net Sales	19,352		17,818		1,534	9%
Gross Profit	14,156	73%	13,213	74%	943	7%
Gross Margin	73%		74%			
Operating Expenses						
Sales	(8,659)	-45%	(8,849)	-50%	190	-2%
G&A	(2,803)	-14%	(2,942)	-16%	139	-5%
R&D	(6,455)	-33%	(6,853)	-38%	398	-6%
Total Operating Expenses	(17,917)	-92%	(18,644)	-104%	727	-4%
Operating Income/(Loss)	(3,761)	-19%	(5,431)	-30%	1,670	-31%
Other Income/(Expense)	780	4%	695	4%	85	12%
Net Income Before Tax	(2,981)	-15%	(4,736)	-26%	1,755	-37%
Income Tax Expenses	(189)	-1%	(125)	-1%	-64	51%
Income from discontinued operation	0	0%	6,115	34%	-6,115	-100%
Net Income	-3,170	-16%	1,254	7%	-4,424	-353%

Revenue By Region – Q1-Q3., FY16

(USD1,000)

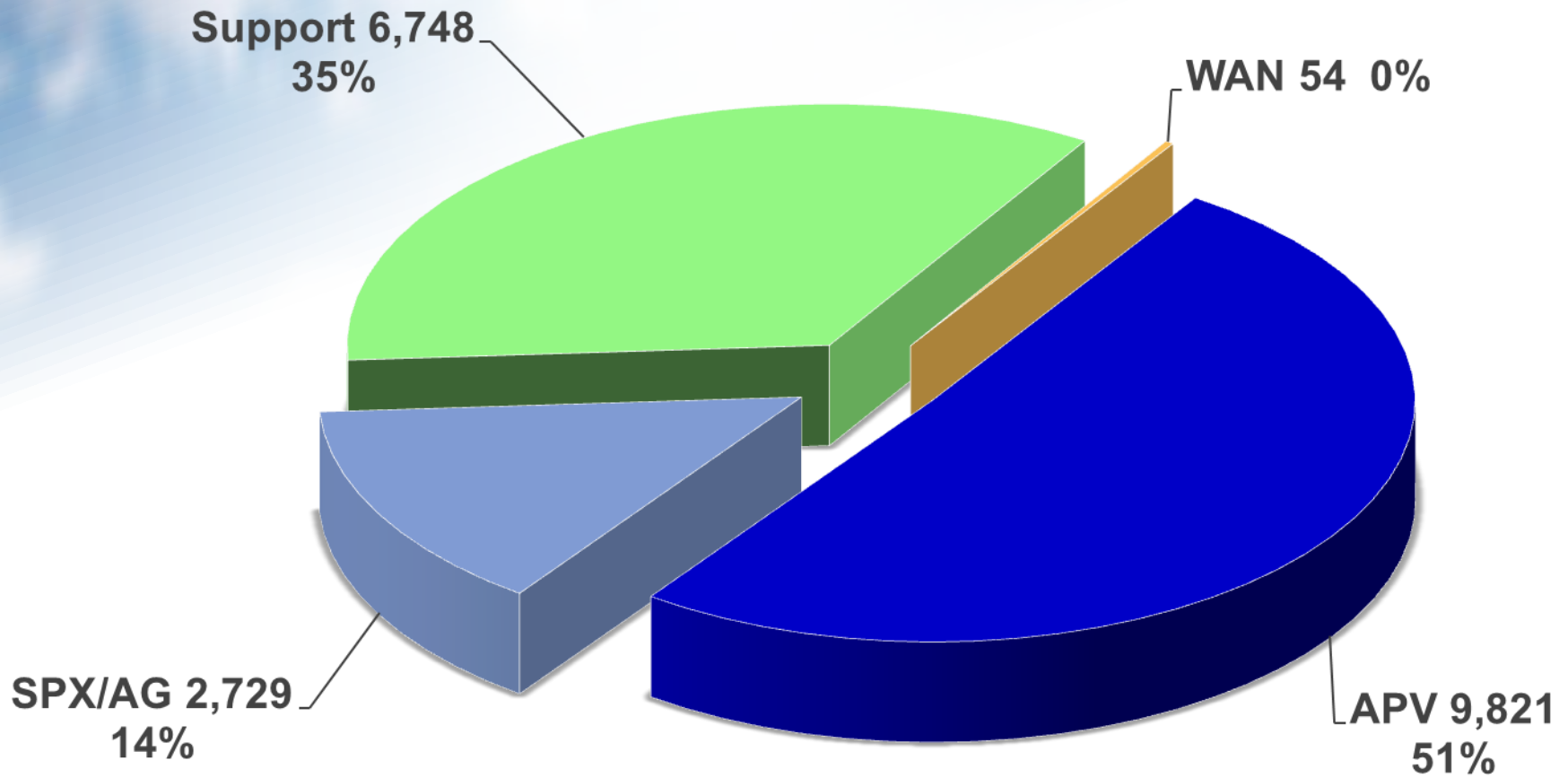


Growth by Region – Q1-Q3., FY16 vs. FY15

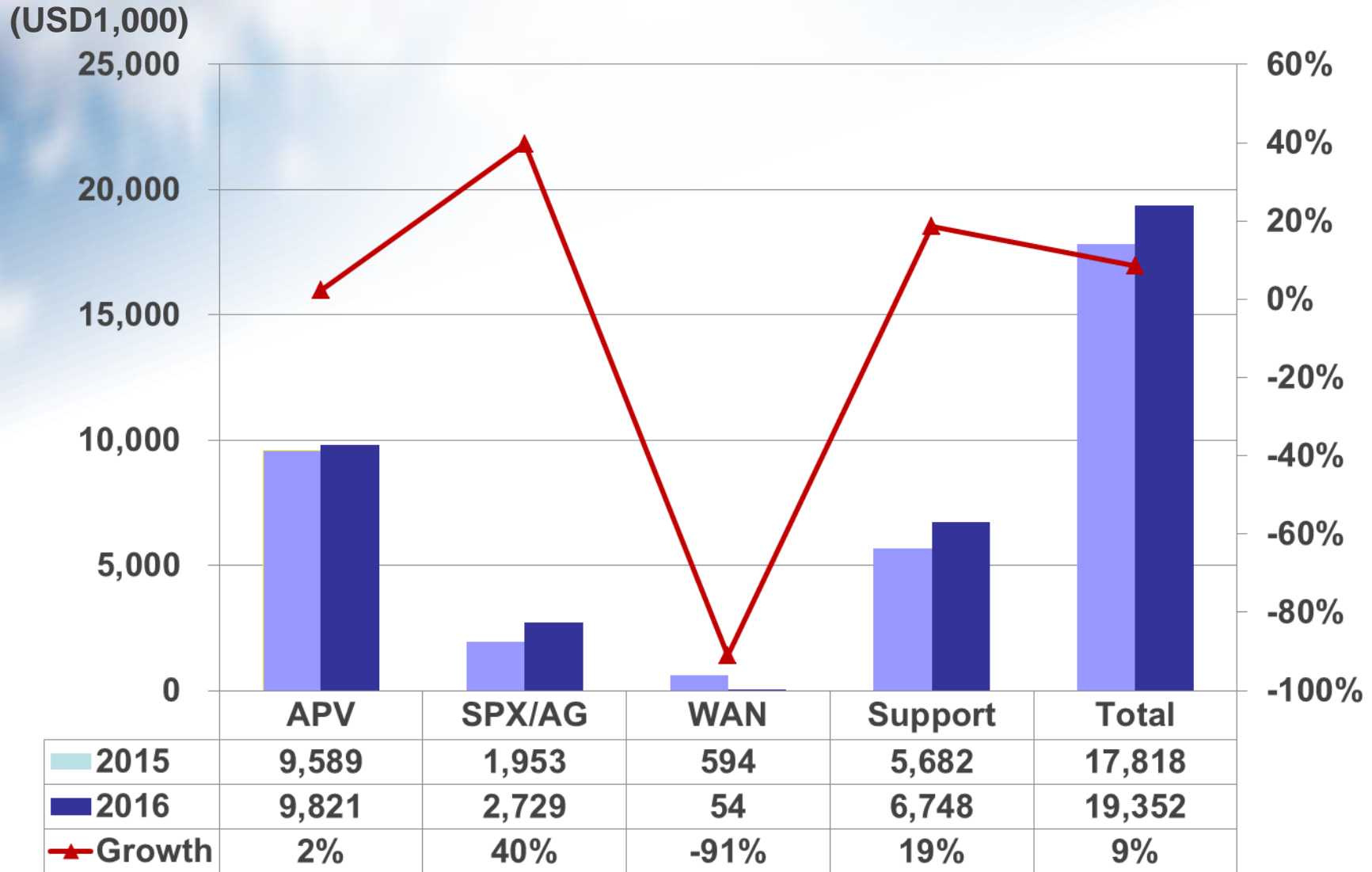


Revenue By Product – Q1-Q3., FY16

(USD1,000)



Performance By Product – Q1-Q3., FY16 vs. FY15



Operating Expense Growth – Q1-Q3., FY16 vs. FY15

	2016	2015	Growth
Headcount	242	231	5%
IFRS Operating Expense	17,917	18,644	-4%
Option Expense	110	192	-43%
Additional AR Reserve	97	205	-53%
Operating exp. (Excluded AR reserve & Option exp.)	17,710	18,247	-3%

3Q 16 vs. 3Q 15 Income Statement

	Q3, FY16		Q3, FY15		Comparison	
	(US\$1,000)	% of Rev	(US\$1,000)	% of Rev	Diff	Y/Y Change
Net Sales	6,861		6,103		758	12%
Gross Profit	4,998	73%	4,220	69%	(778)	18%
Gross Margin	73%		69%			
Operating Expenses						
Sales	(2,789)	-41%	(2,859)	-47%	70	-2%
G&A	(976)	-14%	(878)	-14%	-98	11%
R&D	(2,001)	-29%	(2,173)	-36%	172	-8%
Total Operating Expenses	(5,766)	-84%	(5,910)	-97%	144	-2%
Operating Income/(Loss)	(768)	-11%	(1,690)	-28%	922	-55%
Other Income/(Expense)	226	3%	402	7%	-176	-44%
Net Income Before Tax	(542)	-8%	(1,288)	-21%	746	-58%
Income Tax Expenses	(82)	-1%	(49)	-1%	-33	67%
Income from discontinued operation	0	0%	0	0%	0	0%
Net Income	(624)	-9%	(1,337)	-22%	713	-53%

Balance Sheet - Assets

AR for Infosec
Spin-off:
USD2.25M at AR
USD13.17 at OR

USD-TWD Ending Rate	31.360			32.870			32.825		
	2016.9.30			2015.9.30			2015.12.31		
Assets	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Current Assets									
Cash and cash equivalents	\$29,573	\$927,396	64	\$21,969	\$722,130	41	\$36,122	\$1,185,691	68
Available-for-sale financial assets	263	8,233	1	258	8,488	0	259	8,506	0
Notes receivable	1,265	39,667	3	3,541	116,399	7	1,754	57,563	3
Accounts receivables	6,071	190,396	13	5,257	172,788	10	6,700	219,913	13
Other receivables	16	502	0	13,168	432,844	25	37	1,217	0
Inventory	2,507	78,612	5	2,479	81,469	5	2,027	66,525	4
Other current assets	602	18,880	1	491	16,133	1	419	13,758	1
Total of current assets	40,296	1,263,686	87	47,163	1,550,251	89	47,317	1,553,173	89
Non-current assets									
Property, plant and equipment	841	26,368	2	948	31,147	2	951	31,232	2
Intangible Assets									
Computer software	427	13,393	1	563	18,508	1	595	19,516	1
Goodwill	3,521	110,417	8	3,521	115,733	6	3,521	115,575	6
Brand	285	8,943	1	456	14,997	1	413	13,572	1
Deferred income tax assets	106	3,319	0	69	2,252	0	91	2,999	0
Refundable deposits	392	12,306	1	402	13,216	1	395	12,952	1
Other financial instruments	32	1,004	0	32	1052	0	32	1050	0
Total of non-current assets	5,604	175,750	13	5,990	196,905	11	5,998	196,896	11
Total Assets	\$45,900	\$1,439,436	100	\$53,154	\$1,747,156	100	\$53,315	\$1,750,069	100

Balance Sheet – Liabilities & Equity

USD-TWD Ending Rate	31.360			32.870			32.825		
	2016.9.30			2015.9.30			2015.12.31		
	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%	US\$1,000	NT\$1,000	%
Liabilities and Equity									
Current Liabilities									
Accounts payable	\$663	\$20,783	1	\$1,036	\$34,037	2	\$507	\$16,647	1
Income Taxes payable	46	1,443	0	74	2,433	0	48	1,591	0
Other payables	2,458	77,077	5	2,212	72,721	4	3,036	99,667	6
Deferred revenue - current	5,497	172,392	12	5,565	182,928	11	5,478	179,800	10
Other current liabilities	252	7,902	1	76	2,494	0	77	2,528	0
Total current liabilities	8,916	279,597	19	8,963	294,613	17	9,146	300,233	17
Non-current liabilities									
Deferred revenue - non-current	2,997	93,982	7	2,975	97,784	6	3,196	104,900	6
Other non-current liabilities	23	735	0	2	62	0	7	246	0
Total non-current liabilities	3,020	94,717	7	2,977	97,846	6	3,203	105,146	6
Total Liabilities	11,936	374,314	26	11,940	392,459	23	12,350	405,379	23
Equity attributable to owners of the parent									
Capital	23,036	747,345	52	23,969	777,483	44	23,986	778,043	44
Capital surplus	11,019	356,598	25	11,563	374,586	21	11,583	375,277	21
Retained earnings									
Legal reserve	339	10,535	1	190	5,743	0	190	5,743	0
Special reserve	21	134	0	21	134	0	21	134	0
Unappropriated retained earnings	2,860	80,582	5	5,815	178,055	10	6,179	188,171	11
Other Equity	-514	-41,258	-3	697	50,733	4	47	29,359	3
Treasury Stock	-2,797	-88,814	-6	-1,041	-32,037	-2	-1,041	-32,037	-2
Total Equity	33,964	1,065,122	74	41,214	1,354,697	77	40,965	1,344,690	77
Total 'Liabilities and Equity	\$45,900	\$1,439,436	100	\$53,154	\$1,747,156	100	\$53,315	\$1,750,069	100

FY16 vs. FY15 Headcount Growth

Department	9/30/2016	9/30/2015	Growth
Engineering	118	114	4%
Sales	75	70	7%
Customer Support	14	11	27%
Marketing	5	5	0%
Operations	8	9	-11%
G&A	22	22	0%
TOTAL	242	231	5%

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THANK YOU!