

# EXAR CORPORATION AND SUBSIDIARIES

## TRENDED FINANCIAL DATA (In thousands, except per share amounts)

Period Ending:	Q3 FY'16 Dec. 27, 2015	Q4 FY'16 Mar. 27, 2016	Q1 FY'17 Jul. 3, 2016	Q2 FY'17 Oct. 2, 2016	Q3 FY'17 Jan. 1, 2017
<b>Statement of Operations Data:</b>					
Net sales	\$ 16,884	\$ 18,060	\$ 19,636	\$ 20,400	\$ 18,845
Net sales, related party	8,426	7,283	7,500	7,201	8,377
Total net sales	25,310	25,343	27,136	27,601	27,222
Cost of sales:					
Cost of sales	9,716	9,694	10,411	11,008	10,054
Cost of sales, related party	4,025	3,082	2,769	2,581	3,118
Amortization of purchased intangible assets	594	594	594	594	594
Restructuring charges and exit costs	-	-	-	225	-
Proceeds from legal settlement	-	-	-	-	-
Total cost of sales	14,335	13,370	13,774	14,408	13,766
Gross profit	10,975	11,973	13,362	13,193	13,456
Operating expenses:					
Research and development	4,734	5,173	4,931	4,945	4,964
Selling, general and administrative	6,781	7,188	6,564	7,752	9,109
Restructuring charges and exit costs, net	2,639	106	923	-	-
Merger and acquisition costs	-	-	855	415	-
Impairment of intangibles	-	-	1,519	-	-
Gain on disposal of property	-	-	(9,300)	-	-
Total operating expenses	14,154	12,467	5,492	13,112	14,073
Income (loss) from operations	(3,179)	(494)	7,870	81	(617)
Other income and expense, net:					
Interest income and other, net	(12)	73	2	85	212
Interest expense and other, net	(65)	(42)	(38)	(29)	(80)
Total other income and expense, net	(77)	31	(36)	56	132
Income (loss) before income taxes	(3,256)	(463)	7,834	137	(485)
Provision for (benefit from) income taxes	(1,211)	(201)	291	54	(204)
Net income (loss) from continuing operations	(2,045)	(262)	7,543	83	(281)
Net income (loss) from discontinued operations	(5,092)	(1,920)	1,397	925	45,660
Net income (loss)	\$ (7,137)	\$ (2,182)	\$ 8,940	\$ 1,008	\$ 45,379
Income (loss) per share — basic					
From continuing operations	\$ (0.04)	\$ (0.01)	\$ 0.15	\$ -	\$ (0.01)
From discontinued operations	(0.11)	(0.03)	0.03	0.02	0.91
Income (loss) per share — basic	\$ (0.15)	\$ (0.04)	\$ 0.18	\$ 0.02	\$ 0.90
Income (loss) per share — diluted					
From continuing operations	\$ (0.04)	\$ (0.01)	\$ 0.15	\$ -	\$ (0.01)
From discontinued operations	(0.11)	(0.03)	0.03	0.02	0.89
Income (loss) per share — diluted	\$ (0.15)	\$ (0.04)	\$ 0.18	\$ 0.02	\$ 0.88
Shares used in the computation of net income (loss) per share:					
Basic	48,386	48,523	48,680	49,614	50,409
Diluted	48,386	48,523	49,058	50,434	51,365

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<b>Statement of Operations Data:</b>					
<b>GAAP net sales</b>	\$ 25,310	\$ 25,343	\$ 27,136	\$ 27,601	\$ 27,222
<b>GAAP gross profit</b>	\$ 10,975	\$ 11,973	\$ 13,362	\$ 13,193	\$ 13,456
<b>GAAP gross margin</b>	45.7%	47.2%	49.2%	47.8%	49.4%
Amortization of purchased intangible assets	594	594	594	594	594
Restructuring charges and exit costs	-	-	-	243	8
Stock-based compensation	98	97	114	301	473
Proceeds from legal settlement	-	-	-	-	-
Non-GAAP gross profit	\$ 11,667	\$ 12,664	\$ 14,070	\$ 14,331	\$ 14,531
Non-GAAP gross margin	46.1%	50.0%	51.8%	51.9%	53.4%
<b>GAAP operating expenses</b>	\$ 14,154	\$ 12,467	\$ 5,492	\$ 13,112	\$ 14,073
Restructuring charges and exit costs, net	2,639	106	923	-	-
Stock-based compensation - R&D	116	156	246	524	926
Stock-based compensation - SG&A	597	720	733	1,579	2,234
Amortization of purchased intangible assets and technology license	125	125	125	108	108
Merger and acquisition costs	-	213	855	415	-
Impairment of intangibles	-	-	1,519	-	-
Transition service for disposal group	-	-	304	279	163
Gain on disposal of property	-	-	(9,300)	(398)	(398)
Non-GAAP operating expenses	\$ 10,677	\$ 11,147	\$ 10,087	\$ 10,605	\$ 11,040
<b>GAAP operating income (loss)</b>	\$ (3,179)	\$ (494)	\$ 7,870	\$ 81	\$ (617)
Amortization of purchased intangible assets and technology license	719	719	719	702	702
Restructuring charges and exit costs, net	2,639	106	923	243	8
Stock-based compensation	811	973	1,093	2,404	3,633
Merger and acquisition costs	-	213	855	415	-
Accruals (proceeds) for legal settlement and associated costs	-	-	-	-	-
Impairment of intangibles	-	-	1,519	-	-
Transition service for disposal group	-	-	304	279	163
Gain on disposal of property	-	-	(9,300)	(398)	(398)
Non-GAAP operating income (loss) from continuing operations	\$ 990	\$ 1,517	\$ 3,983	\$ 3,726	\$ 3,491
<b>GAAP net income (loss) from continuing operations</b>	\$ (2,045)	\$ (262)	\$ 7,543	\$ 83	\$ (281)
Amortization of purchased intangible assets and technology license	719	719	719	702	702
Restructuring charges and exit costs, net	2,639	106	923	243	-
Stock-based compensation	811	973	1,093	2,404	3,633
Merger and acquisition costs	-	213	855	415	-
Accruals (proceeds) for legal settlement and associated costs	-	-	-	-	-
Impairment of intangibles	-	-	1,519	-	-
Transition service for disposal group	-	-	304	279	163
Gain on disposal of property	-	-	(9,300)	(398)	(398)
Income tax effects	(1,236)	(238)	142	111	(385)
Non-GAAP net income (loss) from continuing operations	\$ 888	\$ 1,511	\$ 3,798	\$ 3,839	\$ 3,434
Non-GAAP net income from discontinued operations	2,489	2,309	3,420	2,763	1,106
Non-GAAP net income	\$ 3,377	\$ 3,820	\$ 7,218	\$ 6,602	\$ 4,540
<b>GAAP net income (loss) per share - basic</b>					
From continuing operations	\$ (0.04)	\$ (0.01)	\$ 0.15	\$ -	\$ (0.01)
From discontinued operations	\$ (0.11)	\$ (0.03)	\$ 0.03	\$ 0.02	\$ 0.91
<b>GAAP net income (loss) per share - basic</b>	\$ (0.15)	\$ (0.04)	\$ 0.18	\$ 0.02	\$ 0.90
<b>GAAP net income (loss) per share - diluted</b>					
From continuing operations	\$ (0.04)	\$ (0.01)	\$ 0.15	\$ -	\$ (0.01)
From discontinued operations	\$ (0.11)	\$ (0.03)	\$ 0.03	\$ 0.02	\$ 0.89
<b>GAAP net income (loss) per share - diluted</b>	\$ (0.15)	\$ (0.04)	\$ 0.18	\$ 0.02	\$ 0.88
<b>Non-GAAP net income per share -basic</b>					
From continuing operations	\$ 0.02	\$ 0.03	\$ 0.08	\$ 0.08	\$ 0.07
From discontinued operations	\$ 0.05	\$ 0.08	\$ 0.15	\$ 0.06	\$ 0.02
<b>Non-GAAP net income per share -basic</b>	\$ 0.07	\$ 0.11	\$ 0.23	\$ 0.14	\$ 0.09
<b>Non-GAAP net income per share -diluted</b>					
From continuing operations	\$ 0.02	\$ 0.03	\$ 0.08	\$ 0.08	\$ 0.07
From discontinued operations	\$ 0.05	\$ 0.05	\$ 0.07	\$ 0.05	\$ 0.02
<b>Non-GAAP net income per share -diluted</b>	\$ 0.07	\$ 0.08	\$ 0.15	\$ 0.13	\$ 0.09
<b>Revenue by end market from continuing operations</b>					
Industrial	\$ 16,851	\$ 15,945	\$ 18,436	\$ 19,042	\$ 19,141
Infrastructure	4,308	5,757	5,596	5,065	4,034
Audio/Video	2,764	2,102	1,852	1,840	2,721
Automotive	920	850	779	961	772
Other	467	689	473	693	554
Revenue from continuing operations	25,310	25,343	27,136	27,601	27,222
Revenue from discontinued operations	12,129	11,432	13,522	13,057	4,628
<b>Total Net Revenue</b>	\$ 37,439	\$ 36,775	\$ 40,658	\$ 40,658	\$ 31,850

The Company's non-GAAP measures exclude charges related to stock-based compensation, amortization of acquired intangible assets, technology license and inventory step-up, impairment charges, restructuring charges and exit costs, merger and acquisition and related integration costs, certain income tax benefits and credits, provision for dispute, proceeds from legal settlement, accruals for legal settlement and associated costs, gain on disposal of property, and related income tax effects on certain excluded items. Q2FY'16 NonGAAP net sales previously included a dispute provision. In order to be in compliance with the recent GAAP and NonGAAP presentation, this amount had been removed.

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<b>Balance Sheet Data:</b>					
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 53,449	\$ 55,070	\$ 85,276	\$ 96,382	\$ 227,644
Accounts receivable, net	13,781	16,130	15,539	15,693	12,842
Accounts receivable, related party, net	4,554	3,247	3,184	3,184	4,977
Inventories	22,290	20,807	22,104	23,245	24,221
Other current assets	1,930	1,922	2,179	2,000	3,081
Asset held for sale	95,473	93,911	92,688	89,745	-
Total current assets	191,477	191,087	220,970	230,249	272,765
Property, plant and equipment, net	21,376	20,299	5,159	4,984	3,926
Goodwill	31,613	31,613	31,613	31,613	31,613
Intangible assets, net	12,099	11,735	11,012	10,307	9,602
Other non-current assets	529	639	1,006	972	5,605
Total assets	\$ 257,094	\$ 255,373	\$ 269,760	\$ 278,125	\$ 323,511
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>					
Current liabilities:					
Accounts payable	\$ 12,393	\$ 11,258	\$ 11,312	\$ 7,200	\$ 9,558
Accrued compensation and related benefits	3,304	2,984	2,273	2,839	2,276
Deferred income and allowances on sales to distributors	2,345	3,053	3,213	3,017	3,221
Deferred income and allowances on sales to distributors, related party	4,141	4,683	5,885	3,357	2,988
Other current liabilities	11,569	10,669	12,299	11,800	10,200
Liabilities held for sale	2,771	3,470	2,479	7,376	-
Total current liabilities	36,523	36,117	37,461	35,589	28,243
Long-term lease financing obligations	1,714	1,285	856	428	-
Other non-current obligations	3,379	3,422	4,314	4,094	3,536
Total liabilities	41,616	40,824	42,631	40,111	31,779
Stockholders' equity	215,478	214,549	227,129	238,014	291,732
Total liabilities and stockholders' equity	\$ 257,094	\$ 255,373	\$ 269,760	\$ 278,125	\$ 323,511