

Vocera Communications, Inc.
Condensed Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Revenue				
Product	\$ 19,303	\$ 14,144	\$ 50,807	\$ 39,926
Service	14,452	12,310	40,877	35,795
Total revenue	33,755	26,454	91,684	75,721
Cost of revenue				
Product	6,042	5,248	16,435	14,403
Service	6,253	4,968	18,037	14,733
Total cost of revenue	12,295	10,216	34,472	29,136
Gross profit	21,460	16,238	57,212	46,585
Operating expenses				
Research and development	4,286	4,252	12,686	12,977
Sales and marketing	13,305	12,178	38,078	34,694
General and administrative	5,138	4,146	14,099	12,714
Total operating expenses	22,729	20,576	64,863	60,385
Loss from operations	(1,269)	(4,338)	(7,651)	(13,800)
Interest income	196	139	573	366
Other expense, net	(75)	(149)	(226)	(314)
Loss before income taxes	(1,148)	(4,348)	(7,304)	(13,748)
Provision for income taxes	(49)	(116)	(183)	(374)
Net loss	\$ (1,197)	\$ (4,464)	\$ (7,487)	\$ (14,122)
Net loss per share				
Basic and diluted	\$ (0.04)	\$ (0.17)	\$ (0.28)	\$ (0.55)
Weighted average shares used to compute net loss per share				
Basic and diluted	27,024	26,131	26,675	25,878

Vocera Communications, Inc.
Condensed Consolidated Balance Sheets
(In Thousands)
(Unaudited)

	September 30, 2016	December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	\$ 41,100	\$ 20,572
Short-term investments	80,509	96,202
Accounts receivable, net of allowance	17,772	22,605
Other receivables	869	1,009
Inventories	4,083	2,713
Prepaid expenses and other current assets	2,756	2,165
Total current assets	147,089	145,266
Property and equipment, net	6,109	3,620
Intangible assets, net	1,825	2,375
Goodwill	9,988	9,988
Other long-term assets	1,111	1,012
Total assets	<u>\$ 166,122</u>	<u>\$ 162,261</u>
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	\$ 2,844	\$ 2,932
Accrued payroll and other current liabilities	12,081	13,339
Deferred revenue, current	33,678	31,495
Total current liabilities	48,603	47,766
Deferred revenue, long-term	8,139	8,097
Other long-term liabilities	4,260	1,967
Total liabilities	61,002	57,830
Stockholders' equity	105,120	104,431
Total liabilities and stockholders' equity	<u>\$ 166,122</u>	<u>\$ 162,261</u>

Vocera Communications, Inc.
Reconciliation of GAAP to Non-GAAP
(In thousands, except per share amounts)
(Unaudited)

Three months ended September 30, 2016

	GAAP 2016	Stock compensation expense (a)	Intangible amortization (b)	Litigation expense (c)	Acquisition related expense (d)	Total adjustments	Non-GAAP 2016
Revenue							
Product	\$ 19,303					\$ —	\$ 19,303
Service	14,452					—	14,452
Total revenue	33,755	—	—	—	—	—	33,755
Cost of revenue							
Product	6,042	61	60			121	5,921
Service	6,253	237	—			237	6,016
Total cost of revenue	12,295	298	60	—	—	358	11,937
Gross profit	21,460	(298)	(60)	—	—	(358)	21,818
Operating expenses							
Research and development	4,286	287	—			287	3,999
Sales and marketing	13,305	1,102	46			1,148	12,157
General and administrative	5,138	1,213	72		262	1,547	3,591
Total operating expenses	22,729	2,602	118	—	262	2,982	19,747
Income (loss) from operations	(1,269)	(2,900)	(178)	—	(262)	(3,340)	2,071
Interest income	196					—	196
Other expense, net	(75)					—	(75)
Income (loss) before income taxes	(1,148)	(2,900)	(178)	—	(262)	(3,340)	2,192
Provision for income taxes	(49)					—	(49)
Net Income (loss)	<u>\$ (1,197)</u>	<u>\$ (2,900)</u>	<u>\$ (178)</u>	<u>\$ —</u>	<u>\$ (262)</u>	<u>\$ (3,340)</u>	<u>\$ 2,143</u>
Net loss per share							
Basic	<u>\$ (0.04)</u>						<u>\$ 0.08</u>
Diluted	<u>\$ (0.04)</u>						<u>\$ 0.08</u>
Weighted average shares used to compute net loss per share							
Basic	<u>27,024</u>						<u>27,024</u>
Diluted	<u>27,024</u>						<u>28,250</u>

Three months ended September 30, 2015

	GAAP 2015	Stock compensation expense (a)	Intangible amortization (b)	Litigation expense (c)	Acquisition related expense (d)	Total adjustments	Non-GAAP 2015
Revenue							
Product	\$ 14,144					\$ —	\$ 14,144
Service	12,310					—	12,310
Total revenue	26,454	—	—	—	—	—	26,454
Cost of revenue							
Product	5,248	56	81			137	5,111
Service	4,968	248	—			248	4,720
Total cost of revenue	10,216	304	81	—	—	385	9,831
Gross profit	16,238	(304)	(81)	—	—	(385)	16,623
Operating expenses							
Research and development	4,252	375	—			375	3,877
Sales and marketing	12,178	1,388	56			1,444	10,734
General and administrative	4,146	1,124	81			1,205	2,941
Total operating expenses	20,576	2,887	137	—	—	3,024	17,552
Income (loss) from operations	(4,338)	(3,191)	(218)	—	—	(3,409)	(929)
Interest income	139					—	139
Other expense, net	(149)					—	(149)
Income (loss) before income taxes	(4,348)	(3,191)	(218)	—	—	(3,409)	(939)
Provision for income taxes	(116)					—	(116)
Net Income (loss)	<u>\$ (4,464)</u>	<u>\$ (3,191)</u>	<u>\$ (218)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (3,409)</u>	<u>\$ (1,055)</u>
Net loss per share							
Basic and diluted	<u>\$ (0.17)</u>						<u>\$ (0.04)</u>
Weighted average shares used to compute net loss per share							
Basic and diluted	<u>26,131</u>						<u>26,131</u>

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.
- (b) This adjustment reflects the accounting impact of acquisitions in 2010 and 2014 in non-cash expense.
- (c) This operating expense adjustment reflects class action litigation expenses from the August 2013 lawsuit.
- (d) This operating expense adjustment reflects the costs associated with acquisitions in 2016.

Vocera Communications, Inc.
Reconciliation of GAAP to Non-GAAP
(In thousands, except per share amounts)
(Unaudited)

Nine months ended September 30, 2016

	GAAP 2016	Stock compensation expense (a)	Intangible amortization (b)	Litigation expense (c)	Acquisition related expense (d)	Total adjustments	Non-GAAP 2016
Revenue							
Product	\$ 50,807					\$ —	\$ 50,807
Service	40,877					—	40,877
Total revenue	91,684	—	—	—	—	—	91,684
Cost of revenue							
Product	16,435	167	179			346	16,089
Service	18,037	724	—			724	17,313
Total cost of revenue	34,472	891	179	—	—	1,070	33,402
Gross profit	57,212	(891)	(179)	—	—	(1,070)	58,282
Operating expenses							
Research and development	12,686	817	—			817	11,869
Sales and marketing	38,078	3,390	138			3,528	34,550
General and administrative	14,099	3,493	233		262	3,988	10,111
Total operating expenses	64,863	7,700	371	—	262	8,333	56,530
Income (loss) from operations	(7,651)	(8,591)	(550)	—	(262)	(9,403)	1,752
Interest income	573					—	573
Other expense, net	(226)					—	(226)
Income (loss) before income taxes	(7,304)	(8,591)	(550)	—	(262)	(9,403)	2,099
Provision for income taxes	(183)					—	(183)
Net Income (loss)	\$ (7,487)	\$ (8,591)	\$ (550)	\$ —	\$ (262)	\$ (9,403)	\$ 1,916
Net loss per share							
Basic	\$ (0.28)						\$ 0.07
Diluted	\$ (0.28)						\$ 0.07
Weighted average shares used to compute net loss per share							
Basic	26,675						26,675
Diluted	26,675						27,911

Nine months ended September 30, 2015

	GAAP 2015	Stock compensation expense (a)	Intangible amortization (b)	Litigation expense (c)	Acquisition related expense (d)	Total adjustments	Non-GAAP 2015
Revenue							
Product	\$ 39,926					\$ —	\$ 39,926
Service	35,795					—	35,795
Total revenue	75,721	—	—	—	—	—	75,721
Cost of revenue							
Product	14,403	190	243			433	13,970
Service	14,733	764	—			764	13,969
Total cost of revenue	29,136	954	243	—	—	1,197	27,939
Gross profit	46,585	(954)	(243)	—	—	(1,197)	47,782
Operating expenses							
Research and development	12,977	918	—			918	12,059
Sales and marketing	34,694	3,483	172			3,655	31,039
General and administrative	12,714	3,174	163	9		3,346	9,368
Total operating expenses	60,385	7,575	335	9	—	7,919	52,466
Income (loss) from operations	(13,800)	(8,529)	(578)	(9)	—	(9,116)	(4,684)
Interest income	366					—	366
Other expense, net	(314)					—	(314)
Income (loss) before income taxes	(13,748)	(8,529)	(578)	(9)	—	(9,116)	(4,632)
Provision for income taxes	(374)					—	(374)
Net Income (loss)	<u>\$ (14,122)</u>	<u>\$ (8,529)</u>	<u>\$ (578)</u>	<u>\$ (9)</u>	<u>\$ —</u>	<u>\$ (9,116)</u>	<u>\$ (5,006)</u>
Net loss per share							
Basic and diluted	<u>\$ (0.55)</u>						<u>\$ (0.19)</u>
Weighted average shares used to compute net loss per share							
Basic and diluted	<u>25,878</u>						<u>25,878</u>

- (a) This adjustment reflects the accounting impact of non-cash stock-based compensation expense.
- (b) This adjustment reflects the accounting impact of acquisitions in 2010 and 2014 in non-cash expense.
- (c) This operating expense adjustment reflects class action litigation expenses from the August 2013 lawsuit.
- (d) This operating expense adjustment reflects the costs associated with acquisitions in 2016.

Vocera Communications, Inc.
Non-GAAP Adjusted EBITDA
(In thousands)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
GAAP net loss	\$ (1,197)	\$ (4,464)	\$ (7,487)	\$ (14,122)
Add back:				
Stock compensation expense	2,900	3,191	8,591	8,529
Litigation expense	—	—	—	9
Acquisition related expenses	262	—	262	—
Interest income	(180)	(123)	(530)	(316)
Depreciation and amortization expense	815	831	2,271	2,485
Provision for income taxes	49	116	183	374
Non-GAAP adjusted EBITDA	<u>\$ 2,649</u>	<u>\$ (449)</u>	<u>\$ 3,290</u>	<u>\$ (3,041)</u>

Vocera Communications, Inc.
Future guidance for operating results
(In millions, except per share amounts)

Reconciliation for GAAP to Non-GAAP for net income (loss) and net income (loss) per share

	Q4-16		FY-16	
	Low	High	Low	High
Revenue	\$ 34.3	\$ 36.3	\$ 126.0	\$ 128.0
GAAP net loss	(8.1)	(6.1)	(15.6)	(13.6)
Stock compensation expense	3.4	3.4	12.0	12.0
Intangible amortization expense	0.2	0.2	0.8	0.8
Acquisition and restructuring expense	2.9	2.4	3.2	2.7
Total adjustments	6.6	6.0	16.0	15.5
Non-GAAP net income (loss)	\$ (1.6)	\$ (0.1)	\$ 0.4	\$ 1.9
Weighted average shares (in thousands)				
Basic	27,150	27,150	26,794	26,794
Diluted - GAAP	27,150	27,150	26,794	26,794
Diluted - Non-GAAP	27,150	27,150	28,000	28,000
GAAP net loss per share, basic and diluted	\$ (0.30)	\$ (0.23)	\$ (0.58)	\$ (0.51)
Non-GAAP net income (loss) per share :				
Basic	\$ (0.06)	\$ —	\$ 0.01	\$ 0.07
Diluted	\$ (0.06)	\$ —	\$ 0.01	\$ 0.07

Reconciliation of Non-GAAP net income (loss) to adjusted EBITDA

	Q4-16		FY-16	
	Low	High	Low	High
Non-GAAP net income (loss)	\$ (1.6)	\$ (0.1)	\$ 0.4	\$ 1.9
Interest income, net	(0.1)	(0.1)	(0.6)	(0.6)
Depreciation expense	0.7	0.7	2.4	2.4
Provision for income taxes	0.1	0.1	0.3	0.3
Total adjustments	0.7	0.7	2.1	2.1
Adjusted EBITDA	\$ (0.8)	\$ 0.7	\$ 2.5	\$ 4.0

* Amounts may not recompute due to rounding.