UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8- K **CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 Date of Report (Date of Earliest Event Reported): November 1, 2017

DASAN ZHONE SOLUTIONS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware 000-32743 22-3509099

(I.R.S.

Employer

(State or Other Jurisdiction (Commission of Incorporation)

Identification

File No.) No.)

> 7195 Oakport Street Oakland, California 94621 (Address of Principal Executive Offices, Including Zip Code)

(510) 777- 7000 (Registrant's Telephone Number, Including Area Code)

Check the appropriate box below if the Form 8- K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a- 12 under the Exchange Act (17 CFR 240.14a- 12)

□ Pre- commencement communications pursuant to Rule 14d- 2(b) under the Exchange Act (17 CFR 240.14d- 2(b))

□ Pre- commencement communications pursuant to Rule 13e- 4(c) under the Exchange Act (17 CFR 240.13e- 4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b- 2 of the Securities Exchange Act of 1934 (§240.12b- 2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On November 1, 2017, DASAN Zhone Solutions, Inc. issued a press release announcing its third quarter 2017 results. The information furnished in this Item 2.02 and Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is filed herewith:

Exhibit

Number Description

99.1 Press Release dated November 1, 2017 issued by DASAN Zhone Solutions, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 1, 2017	DASAN	DASAN Zhone Solutions, Inc.				
	By:	/s/ IL YUNG KIM				
		Il Yung Kim				
		President, Chief Executive Officer and Acting Chief Financial				
		Officer				



Contacts

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DASAN Zhone Solutions Reports Third Quarter 2017 Financial Results

Oakland, CA - November 1, 2017 - DASAN Zhone Solutions, Inc. (NASDAQ: DZSI), a global leader in fiber access transformation for enterprise and service provider networks, today reported its financial results for the quarter ended September 30, 2017. Revenue for the third quarter of 2017 was \$66.4 million, compared to \$59.9 million for the second quarter of 2017 and \$31.2 million for the third quarter of 2016. The results for the third quarter of 2016 included the combined results of Dasan Network Solutions, Inc. and legacy Zhone Technologies, Inc. from and after September 9, 2016, following the completion of the merger. The Company's financial results prior to September 9, 2016 do not include the operations of legacy Zhone Technologies, Inc. "With the successful integration of our businesses, we are seeing improved financial performance sooner than expected which has been led by stronger than expected revenue growth," stated Yung Kim, President, CEO and Acting CFO of DASAN Zhone Solutions.

Net income attributable to DASAN Zhone Solutions, Inc. for the third guarter of 2017, calculated in accordance with generally accepted accounting principles ("GAAP"), was \$1.4 million or \$0.09 per share compared with a net loss of \$0.8 million or \$0.05 per share for the second quarter of 2017 and a net loss of \$4.7 million or \$0.42 per share for the third quarter of 2016. Adjusted earnings before stockbased compensation, interest income (expense), net, income tax provision (benefit), depreciation and amortization, and merger transaction costs ("adjusted EBITDA") was \$2.7 million for the third quarter of 2017, compared to \$0.9 million for the second quarter of 2017 and (\$0.9) million for the third guarter of 2016.

Cash and cash equivalents at September 30, 2017 were \$10.1 million compared to \$17.9 million at December 31, 2016.

DASAN Zhone Solutions will conduct a conference call and audio webcast today, November 1, 2017, at approximately 2:00 p.m. PT / 5:00 p.m. ET to review its third quarter 2017 results. This call is open to the public by dialing +1 (888) 306- 9369 for U.S. callers and +1 (503) 406- 4059 for international callers, and then providing passcode 96204168. The audio webcast will be simultaneously available on the Investor Relations section of DASAN Zhone Solution's website at http://www.dasanzhone.com/about/investor- relations/investor-events/.

A replay of the conference call will be available after the original call by dialing +1 (855) 859- 2056 for U.S. callers and +1 (404) 537-3406 for international callers, and then providing passcode 96204168. An audio webcast replay will also be available online at http://www.dasanzhone.com/about/investor- relations/investor- events/ for approximately one week following the original call.

Non- GAAP Financial Measures

To supplement DASAN Zhone's consolidated financial statements presented in accordance with GAAP, DASAN Zhone uses adjusted EBITDA, a non- GAAP measure DASAN Zhone believes is appropriate to enhance an overall understanding of DASAN Zhone's past financial performance and prospects for the future. These adjustments to GAAP results are made with the intent of providing greater transparency to supplemental information used by management in its financial and operational decision- making. These non- GAAP results are among the primary indicators that management uses as a basis for making operating decisions because they provide meaningful supplemental information regarding the Company's operational performance, including the Company's ability to provide cash flows to invest in research and development, and to fund capital expenditures. In addition, these non- GAAP financial measures facilitate management's internal comparisons to the Company's historical operating results and comparisons to competitors' operating results. The presentation of this additional information is not meant to be considered in isolation or as a substitute for measures of financial performance prepared in accordance with GAAP. A reconciliation between net income (loss) and adjusted EBITDA is provided in a table immediately following the Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) below.

About DASAN Zhone Solutions

DASAN Zhone Solutions, Inc. is a global leader in broad- based network access solutions. The company provides solutions in five major product areas including broadband access, Ethernet switching, mobile backhaul, passive optical LAN (POL) and software defined networks (SDN). More than 750 of the world's most innovative network operators, service providers and enterprises turn to DASAN Zhone Solutions for fiber access transformation. The IP Zhone is the only solution that enables service providers to build the network of the future

today, supporting end- to- end voice, data, entertainment, social media, business, mobile backhaul and mobility service. DASAN Zhone Solutions is committed to building the fastest and highest quality All IP Multi- Service solution for its customers. DASAN Zhone Solutions is headquartered in Oakland, California.

DASAN Zhone Solutions, the DASAN Zhone Solutions logo, and al DASAN Zhone product names are trademarks of DASAN Zhone Solutions, Inc. Other brand and product names are trademarks of their respective holders. Specifications, products, and/or products names are all subject to change without notice.

Forward- Looking Statements

This press release contains forward-looking statements that are subject to the safe harbors created under the Securities Act of 1933 and the Securities Exchange Act of 1934. Words such as "anticipate," "believe," "continue," "could," "estimate," "expect," "goal," "intend," "may," "plan," "project," "seek," "should," "target," "will," "would," variations of such words, and similar expressions are intended to identify forward- looking statements. In addition, forward- looking statements include, among others, statements that refer to financial estimates; projections of revenue, margins, expenses or other financial items. Readers are cautioned that actual results could differ materially from those expressed in or contemplated by the forward- looking statements. Factors that could cause actual results to differ include, but are not limited to, the Company's ability to realize the anticipated cost savings, synergies and other benefits of the merger of Dasan Networks, Inc. and legacy Zhone Technologies, Inc. and any integration risks relating to the merger, the ability to generate sufficient revenue to achieve or sustain profitability, the ability to raise additional capital to fund existing and future operations or to refinance or repay the Company's existing indebtedness, defects or other performance problems in the Company's products, any economic slowdown in the telecommunications industry that restricts the ability of the Company's customers to purchase its products. commercial acceptance of the Company's products, intense competition in the communications equipment market, higher than anticipated expenses that the Company may incur, any failure to comply with the periodic filing and other requirements of The Nasdag Stock Market for continued listing, material weaknesses or other deficiencies in the Company internal control over financial reporting, and the initiation of any civil litigation, regulatory proceedings, government enforcement actions or other adverse effects relating to the Audit Committee investigation or errors in the consolidated financial statements of legacy Zhone Technologies, Inc. In addition, please refer to the risk factors contained in the Company's SEC filings available at www.sec.gov, including without limitation, the Company's filings on Forms 10- K, 10- Q and 8- K. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update or revise any forward-looking statements for any reason.

DASAN ZHONE SOLUTIONS INC. AND SUBSIDIARIES Unaudited Condensed Consolidated Statements of Comprehensive Income (Loss) (In thousands, except per share data)

	Graduitou Goridoneou	(In thous	ands, ex	cept pe	r share da	ita)
Net revenue Net re						
Net revenue						
Net revenue - related parties	Net revenue:	2017	2017	(2)	30, 2017	(2)
Net revenue Feath of parties 1968 19	Net revenue	\$ 60 513	\$ 49 080	\$ 24.772	\$ 150.834	\$ 68.424
Total net revenue 66,438 59,411 31,200 178,491 90,802 Cost of revenue: 38,643 32,025 16,483 96,127 4,750 Products and services related parties 5,569 8,754 5,006 2,851 19,118 Amortization of intangible assets 15,699 16,752 2,1940 19,097 67,919 Cross profit 2,2073 3,005 5,885 2,702 3,100 5,006 6,691 Selling, general and administrative (1) 8,804 8,995 5,885 2,202 3,253 1,661 6,601 Amortization of intangible assets 11,454 1,643 1,602 3,275 3,250 1,668 Alling, general and administrative (1) 1,661 1,641 1,641 1,641 1,661 1,661 1,661 1,661 1,661 1,661 1,661 1,661 1,661 1,661 1,661 1,661 1,662 1,662 1,662 1,662 1,662 1,662 1,662 1,662 1,662 1,662 <td>Net revenue - related parties</td> <td></td> <td></td> <td></td> <td></td> <td></td>	Net revenue - related parties					
Cost of revenues Control Froducts and services related parties 38,64 so 32,05 so 16,48 so 96,127 so 18,71 so 19,11 so 1	Total net revenue					
Products and services - related parties	Cost of revenue:	00,436	33,341	31,240	170,431	90,032
Poductisand services - related parties 5,66 8,57 5,06 20,35 5,07 10,000 10,00	Products and services	38 643	32 025	16 483	96 127	48 750
Amountation of intangible assets 158 158 21,94 13,00 10,10 <th< td=""><td>Products and services - related parties</td><td></td><td></td><td></td><td></td><td></td></th<>	Products and services - related parties					
Total cost of revenue 44,855 40,752 21,940 19,307 67,91 Gross profit 22,073 19,189 9,300 59,054 22,913 Deparating expensess: 22,023 19,189 5,885 27,028 15,858 Selling, general and administrative (1) 11,454 10,453 8,279 32,536 16,619 Total operating expenses 20,412 19,992 14,414 60,725 32,533 Operating income (loss) 1,661 1,603 5,514 (1,617) 9,602 Interest come 3,6 20 3,31 8,2 13,1 Interest expense, net 6,6 226 1,243 4,04 1,04 Interest expense, net 1,04 2,75 5,539 2,239 1,01 Interest expense, net 1,04 2,775 5,539 2,239 1,01 Interest expense, net 1,04 3,67 5,539 2,239 1,01 Interest expense, net 1,04 1,07 5,539 2,239 <td>Amortization of intangible assets</td> <td></td> <td></td> <td></td> <td></td> <td>,</td>	Amortization of intangible assets					,
Grose prolific operating expenses: 2,007 19,189 9,300 59,584 2,213 Operating expenses: Research and product development (1) 8,804 8,995 5,885 27,028 15,858 Selling, general and administrative (1) 11,454 10,435 8,278 32,506 16,861 Amortization of intangible assets 11,45 10,439 2,414 60,725 32,533 Operating expenses 20,412 19,992 14,14 60,725 32,533 Interest income 16,61 1600 3,11 16,167 10,902 Interest knome 6,60 224 11,12 43 (41) Interest expense (263) 2,655 2,600 1	Total cost of revenue					
Operating expenses: 8,804 8,995 5,885 27,028 15,886 Selling, general and administrative (1) 11,454 10,453 2,026 16,931 Amortization of intangible assets 20,412 19,992 14,414 60,725 32,503 Operating expenses 20,412 19,992 14,414 60,725 32,533 Operating income (loss) 1,661 1,661 20 31 62,72 32,533 Interest come 26,813 20 31 82 31 10 Interest expense 260 264 1712 40 (10 10 60 26 10 70 10 60 20 1,319 1,319 1,41	Gross profit					
Selling, general and administrative (1)	Operating expenses:	22,070	.0,.00	0,000	00,00.	22,0.0
Selling, general and administrative (1) 11,454 10,454 26,154 21,154 21,259 21,259 22,250 <t< td=""><td>Research and product development (1)</td><td>8.804</td><td>8.995</td><td>5.885</td><td>27.028</td><td>15.583</td></t<>	Research and product development (1)	8.804	8.995	5.885	27.028	15.583
Amount intransplike asserts 15t8 5t4 5t5 1,191 2,000 Total operating expenses 20,412 19,902 1,414 6,075 3,283 Operating income (loss) 1,661 1,600 3,01 6,00 1,600 Interest expense 2,620 2,620 3,00 1,600 2,600 Cher expense, net 6,60 2,620 1,012 4,00 1,00 Income (loss) before income taxes 1,00 4,075 5,039 1,02,00 1,00 Income (loss) attributable to ment axes 1,00 1,387 4,00 1,00 2,00 1,00 2,00 1,00 1,00 2,00 1,00 2,00 1,00 2,00 1,00 2,00 1,00 2,00 1,00 2,00 1,00 2,00 1,00 2,00 1,00 2,00 1,00 2,00 1,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 2,00 <t< td=""><td>Selling, general and administrative (1)</td><td></td><td></td><td></td><td></td><td></td></t<>	Selling, general and administrative (1)					
Total operating expenses	Amortization of intangible assets					
Operating income (loss) Interest income 1,661 8030 5,114 1,671 9,680 Interest income 36 20 31 82 137 Interest expense (283) 256 204 31 82 137 Income (loss) before income taxes 60 264 (112) 43 (41) Income (loss) before income taxes 1,494 775 5,5399 2,239 (10,124) Income (loss) before income taxes 1,007 9 6610 646 (10,41) Net income (loss) attributable to non-controlling interest (12) (65) 565 172 (17 Net income (loss) attributable to DASAN Zhone Solutions, Inc. 1,1387 8,299 8,049 1,249 1,299 1,782 2,890 Comprehensive income (loss) attributable to DASAN Zhone Solutions, Inc. 1,103 1,680 2,498 1,239 1,239 1,239 1,239 1,634 1,349 1,239 1,634 1,349 1,389 1,634 1,239 1,239 1,639 1,639	Total operating expenses					
Interest income 36	Operating income (loss)					
Clear expense, net Clear	Interest income		, ,	•		
Other expense, net 60 264 (112) 43 (111) Income (loss) before income taxes 1,494 (775) (5,399) (2,339) (10,124) Income (loss) before income tax provision (benefit) 107 99 (610) 646 (1,041) Net income (loss) attributable to non-controlling interest (12) (65) (5,09) (2,085) (9,085) Net income (loss) attributable to DASAN Zhone Solutions, Inc. 13,399 (8,04) (2,430) (3,157) (9,066) Foreign currency translation adjustments 2,881 (1,10) (1,698) (2,438) (1,203) (6,393) Comprehensive income (loss) 1,103 (1,698) (2,498) (1,203) (6,393) Comprehensive income (loss) attributable to DASAN Zhone Solutions, Inc. 1,111 (1,648) (2,494) (1,203) (6,394) Earnings (losses) per share attributable to DASAN Zhone Solutions, Inc. 16,382 16,380 11,139 16,380 10,199 1,049 1,049 1,049 1,049 1,049 1,049 1,049 1,049 1,	Interest expense	(263)	(256)	(204	(793)	(600)
Income tax provision (benefit)	Other expense, net	, ,	, ,			
Recent provision (benefit) 1,387 3,98 6,10 6,46 7,104 1,045 1,047 1,	Income (loss) before income taxes					
Net income (loss) attributable to non-controlling interest (12) (65) (56) (172 (17) (17) (17) (18) (18) (18) (18) (18) (18) (18) (18	Income tax provision (benefit)		, ,	• •		(1,041)
Net income (loss) attributable to DASAN Zhone Solutions, Inc. 1,139	Net income (loss)	1,387	(874)	(4,789) (2,985)	(9,083)
Foreign currency translation adjustments	Net income (loss) attributable to non-controlling interest	(12)	(65)	(56) 172	(17)
Comprehensive income (loss)	Net income (loss) attributable to DASAN Zhone Solutions, Inc.	\$ 1,399	\$ (809)	\$ (4,733	\$ (3,157)	\$ (9,066)
Comprehensive income (loss) attributable to non- controlling interest Comprehensive income (loss) attributable to DASAN Zhone Solutions, Inc. Earnings (losses) per share attributable to DASAN Zhone Solutions, Inc.: Basic and diluted Weighted average shares outstanding: Basic and diluted 16,382 16,380 11,139 16,380 10,046 (1) Amounts include stock- based compensation costs as follows: Research and product development Selling, general and administrative 183 204 125 628 125 8103 Reconciliation of net income (loss) to Adjusted EBITDA: Net income (loss) Stock- based compensation 195 220 128 670 128 Interest income (expense), net 107 99 (610) 646 (1,041) Depreciation and amortization Adjusted EBITDA	Foreign currency translation adjustments	(284)	(824)	2,291	1,782	2,690
Comprehensive income (loss) attributable to DASAN Zhone Solutions, Inc.: 1,117 1,634 1,94 1	Comprehensive income (loss)	1,103	(1,698)	(2,498	(1,203)	(6,393)
Earnings (losses) per share attributable to DASAN Zhone Solutions, Inc.: Basic and diluted Weighted average shares outstanding: Basic and diluted 16,382 16,380 11,139 16,380 10,046 (1) Amounts include stock- based compensation costs as follows: Research and product development \$ 12 \$ 16 \$ 3 \$ 42 \$ 3 Selling, general and administrative \$ 183 \$ 204 \$ 125 \$ 628 \$ 125 \$ 195 \$ 220 \$ 128 \$ 670 \$ 128 Reconciliation of net income (loss) to Adjusted EBITDA: Net income (loss) Stock- based compensation \$ 195 \$ 220 \$ 128 \$ 670 \$ 128 Interest income (expense), net \$ 227 \$ 236 \$ 173 \$ 711 \$ 463 Income tax provision (benefit) \$ 107 \$ 99 \$ (610) \$ 646 \$ (1,041) \$ Depreciation and amortization \$ 752 \$ 1,172 \$ 628 \$ 3,105 \$ 1,165 Merger transaction costs \$ 4diusted EBITDA	Comprehensive income (loss) attributable to non- controlling interest	(14)	(64)	(54		
Basic and diluted \$ 0.09 \$ (0.05) \$ (0.42) \$ (0.19) \$ (0.90) Weighted average shares outstanding: 16,382 16,380 11,139 16,380 10,046 (1) Amounts include stock- based compensation costs as follows: Research and product development \$ 12 \$ 16 \$ 3 \$ 42 \$ 3 Selling, general and administrative 183 204 125 628 125 Reconciliation of net income (loss) to Adjusted EBITDA: \$ 1,387 \$ (874) \$ (4,789) \$ (2,985) \$ (9,083) Stock- based compensation 195 220 128 670 128 Interest income (expense), net 227 236 173 711 463 Income tax provision (benefit) 107 99 (610) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 Adjusted EBITDA - - 3,536 - 3,536	Comprehensive income (loss) attributable to DASAN Zhone Solutions, Inc.	\$ 1,117	\$ (1,634)	\$ (2,444	\$ (1,394)	\$ (6,441)
Weighted average shares outstanding: \$ 0.09 \$ (0.05) \$ (0.15) \$ (0.15) \$ (0.19) \$ (0.19) \$ (0.19) \$ Basic and diluted 16,382 \$ 16,380 \$ 11,139 \$ 16,380 \$ 10,046 (1) Amounts include stock- based compensation costs as follows: Research and product development \$ 12 \$ 16 \$ 3 \$ 42 \$ 3 Selling, general and administrative 183 204 125 628 125 628 125 125 628 125 Reconciliation of net income (loss) to Adjusted EBITDA: \$ 1,387 \$ (874) \$ (4,789) \$ (2,985) \$ (9,083) Stock- based compensation 195 220 128 670 128 670 128 Interest income (expense), net 227 236 173 711 463 163 Income tax provision (benefit) 107 99 (610) 646 (1,041) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 3,536 — 3,536 Adjusted EBITDA 3,536 — 3,536 - 3,536	Earnings (losses) per share attributable to DASAN Zhone Solutions, Inc.:					
Weighted average shares outstanding: Basic and diluted 16,382 16,380 11,139 16,380 10,046 (1) Amounts include stock- based compensation costs as follows: Research and product development \$ 12 \$ 16 \$ 3 \$ 42 \$ 3 Selling, general and administrative 183 204 125 628 125 Reconciliation of net income (loss) to Adjusted EBITDA: \$ 1,387 \$ (874) \$ (4,789) \$ (2,985) \$ (9,083) Stock- based compensation 195 220 128 670 128 Interest income (expense), net 227 236 173 711 463 Income tax provision (benefit) 107 99 (610) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 Additisted EBITDA - - - 3,536 - 3,536	Basic and diluted	\$ 0.09	\$ (0.05)	\$ (0.42) \$ (0.19)	\$ (0.90)
16,382 16,380 11,139 16,380 10,046 (1) Amounts include stock- based compensation costs as follows: Research and product development \$ 12 \$ 16 \$ 3 \$ 42 \$ 3 Selling, general and administrative 183 204 125 628 125 Reconciliation of net income (loss) to Adjusted EBITDA: \$ 1,387 \$ (874) \$ (4,789) \$ (2,985) \$ (9,083) Stock- based compensation 195 220 128 670 128 Interest income (expense), net 227 236 173 711 463 Income tax provision (benefit) 107 99 (610) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 Adjusted EBITDA	Weighted average shares outstanding:					
Research and product development \$ 12 \$ 16 \$ 3 \$ 42 \$ 3 Selling, general and administrative 183 204 125 628 125 Reconciliation of net income (loss) to Adjusted EBITDA: \$ 1,387 \$ (874) \$ (4,789) \$ (2,985) \$ (9,083) Stock- based compensation 195 220 128 670 128 Interest income (expense), net 227 236 173 711 463 Income tax provision (benefit) 107 99 (610) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 Merger transaction costs — — 3,536 — 3,536	Basic and diluted	16,382	16,380	11,139	16,380	10,046
Selling, general and administrative 12	(1) Amounts include stock- based compensation costs as follows:					
Reconciliation of net income (loss) to Adjusted EBITDA: 1,387 220 128 670 128 128 670 128 128 670 128 670 128 670 128 670	Research and product development	\$ 12	\$ 16	\$ 3	\$ 42	\$ 3
Reconciliation of net income (loss) to Adjusted EBITDA: Net income (loss) \$ 1,387 \$ (874) \$ (4,789) \$ (2,985) \$ (9,083) Stock- based compensation 195 220 128 670 128 Interest income (expense), net 227 236 173 711 463 Income tax provision (benefit) 107 99 (610) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 Merger transaction costs	Selling, general and administrative		204		628	125
Net income (loss) \$ 1,387 \$ (874) \$ (4,789) \$ (2,985) \$ (9,083) Stock- based compensation 195 220 128 670 128 Interest income (expense), net 227 236 173 711 463 Income tax provision (benefit) 107 99 (610) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 Merger transaction costs — — 3,536 — 3,536		\$ 195	\$ 220	\$ 128	\$ 670	\$ 128
Stock- based compensation 1,387 s (8/4) s (4,789) s (2,985) s (9,083) Interest income (expense), net 195 220 128 670 128 Income tax provision (benefit) 107 99 (610) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 Merger transaction costs — — — 3,536 — 3,536 Adjusted ERITDA — — — 3,536 — 3,536	· · · ·					
Interest income (expense), net 195 220 128 670 128 Income tax provision (benefit) 227 236 173 711 463 Income tax provision (benefit) 107 99 (610) 646 (1,041) Depreciation and amortization 752 1,172 628 3,105 1,165 Merger transaction costs - - 3,536 - 3,536 Adjusted ERITDA	,	\$ 1,387	\$ (874)	\$ (4,789) \$ (2,985)	\$ (9,083)
Income tax provision (benefit) 227 236 173 711 463 463 464 463 464 4	•	195	220	128	670	128
Depreciation and amortization 752 1,172 628 3,105 1,165 Merger transaction costs — — 3,536 — 3,536 Adjusted EBITDA	· · · //	227	236	173	711	463
Merger transaction costs	. , ,	107	99	(610) 646	(1,041)
Adjusted ERITDA	·	752	1,172	628	3,105	1,165
Adjusted EBITDA \$ 2.668 \$ 953 \$ (924) \$ 2.147 \$ (4.822)	-			3,536	<u> </u>	3,536
$\frac{\phi - 2,000}{2}$ $\frac{\phi - 033}{2}$ $\frac{\phi - (934)}{2}$ $\frac{\phi - (2,147)}{2}$ $\frac{\phi - (4,032)}{2}$	Adjusted EBITDA	\$ 2,668	\$ 853	\$ (934	\$ 2,147	\$ (4,832)

⁽²⁾ The results for the third quarter of 2016 included the combined results of Dasan Network Solutions, Inc. and legacy Zhone Technologies, Inc. from and after September 9, 2016, following the completion of the merger. The Company's financial results prior to September 9, 2016 do not include the operations of legacy Zhone Technologies, Inc.

DASAN ZHONE SOLUTIONS, INC. AND SUBSIDIARIES Unaudited Condensed Consolidated Balance Sheets (In thousands)

	Se	September			
	•		December		
		2017	31, 2016		
Assets					
Current assets:					
Cash and cash equivalents	\$	10,145			
Restricted cash		13,058	6,650		
Short- term investments		_	993		
Accounts receivable, net:					
Trade receivables		43,478	38,324		
Related parties		12,941	13,311		
Other receivables:					
Others		13,851	12,068		
Related parties		22	171		
Inventories		31,966	31,032		
Prepaid expenses and other current assets		3,198			
Total current assets	-	128,659	124,573		
Property and equipment, net		5,812	6,288		
Goodwill		3,977	3,977		
Intangible assets, net		7,174	8,767		
Other assets		1,536	1,842		
Total assets	\$ -	147,158	\$ 145,447		
Liabilities, Stockholders' Equity and Non- controlling Interest					
Current liabilities:					
Accounts payable:					
Others	\$	35,224	\$ 30,681		
Related parties		106	430		
Short- term debt:					
Others		18,382	17,599		
Related parties		3,544	_		
Other payables:					
Others		1,691	2,040		
Related parties		210	6,940		
Deferred revenue		2,073	1,901		
Accrued and other liabilities		10,108	8,163		
Total current liabilities		71,338	67,754		
Long- term debt		5,000	6,800		
Deferred revenue		1,875	1,674		
Other long- term liabilities		2,581	2,351		
Total liabilities		80,794	78,579		
Stockholders' equity and non- controlling interest:					
Common stock		16	16		
Additional paid- in capital		89,873	89,174		
Other comprehensive income (loss)		(1,052)	(2,815)		
Accumulated deficit		(23,080)	(19,923)		
Total stockholders' equity		65,757	66,452		
Non- controlling interest		607	416		
Total stockholders' equity and non- controlling interest		66,364	66,868		
Total liabilities, stockholders' equity and non-controlling interest	\$ -	147,158	\$ 145,447		