

# ESI - Non-GAAP Financials

## Quarterly Trend

(\$'000's)

	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3
Bookings	47,250	43,006	40,628	39,982	41,930	51,550	52,631	55,633	30,448	28,018	44,103
Shipments	37,481	46,991	34,945	41,724	45,137	43,977	38,813	50,767	50,022	31,509	35,847
Backlog	36,713	32,662	38,072	36,465	32,314	39,403	39,403	55,159	37,073	34,284	42,284
<b>Revenue</b>	<b>35,030</b>	<b>42,856</b>	<b>43,661</b>	<b>37,571</b>	<b>43,091</b>	<b>46,472</b>	<b>43,342</b>	<b>51,486</b>	<b>47,668</b>	<b>29,658</b>	<b>33,779</b>
Gross Profit	12,903	15,142	15,030	14,275	15,772	18,860	19,451	21,996	22,273	11,345	11,649
<b>Gross Margin</b>	<b>36.8%</b>	<b>35.3%</b>	<b>34.4%</b>	<b>38.0%</b>	<b>36.6%</b>	<b>40.6%</b>	<b>44.9%</b>	<b>42.7%</b>	<b>46.7%</b>	<b>38.3%</b>	<b>34.5%</b>
Research & Development	8,801	8,097	8,081	8,891	8,379	7,940	7,543	7,472	7,389	7,532	7,636
Selling, general and administrative	11,245	11,255	11,349	11,737	11,494	11,677	11,419	11,212	11,555	11,394	11,682
<b>Total OPEX</b>	<b>20,046</b>	<b>19,352</b>	<b>19,430</b>	<b>20,627</b>	<b>19,874</b>	<b>19,617</b>	<b>18,962</b>	<b>18,684</b>	<b>18,944</b>	<b>18,926</b>	<b>19,318</b>
OPEX %											
<b>Operating Income</b>	<b>(7,143)</b>	<b>(4,209)</b>	<b>(4,400)</b>	<b>(6,352)</b>	<b>(4,101)</b>	<b>(757)</b>	<b>489</b>	<b>3,312</b>	<b>3,329</b>	<b>(7,582)</b>	<b>(7,669)</b>
Operating Income %	-20.4%	-9.8%	-10.1%	-16.9%	-9.5%	-1.6%	1.1%	6.4%	7.0%	-25.6%	-22.7%
Other Income/(Expense)	46	(244)	64	(33)	(5)	6	67	127	(78)	16	34
<b>Income Before Taxes</b>	<b>(7,097)</b>	<b>(4,453)</b>	<b>(4,336)</b>	<b>(6,385)</b>	<b>(4,107)</b>	<b>(751)</b>	<b>557</b>	<b>3,439</b>	<b>3,251</b>	<b>(7,565)</b>	<b>(7,635)</b>
Tax Provision/(Benefit)	253	399	343	152	357	292	158	33	282	102	(77)
Tax Rate	-3.6%	-9.0%	-7.9%	-2.4%	-8.7%	-38.9%	28.4%	1.0%	8.7%	-1.3%	1.0%
<b>Non-GAAP Net Income/(Loss)</b>	<b>(7,350)</b>	<b>(4,851)</b>	<b>(4,680)</b>	<b>(6,537)</b>	<b>(4,463)</b>	<b>(1,043)</b>	<b>398</b>	<b>3,405</b>	<b>2,969</b>	<b>(7,667)</b>	<b>(7,558)</b>
Net Income %	-21.0%	-11.3%	-10.7%	-17.4%	-10.4%	-2.2%	0.9%	6.6%	6.2%	-25.9%	-22.4%
<b>Non-GAAP EPS</b>	<b>(0.24)</b>	<b>(0.16)</b>	<b>(0.15)</b>	<b>(0.21)</b>	<b>(0.14)</b>	<b>(0.03)</b>	<b>0.01</b>	<b>0.11</b>	<b>0.09</b>	<b>(0.24)</b>	<b>(0.23)</b>
Average Shares Outstanding	30,353	30,552	30,617	31,106	31,177	31,384	31,713	32,393	32,530	32,396	32,919
<b>Operating Cash Flow</b>	<b>737</b>	<b>(3,838)</b>	<b>(13,419)</b>	<b>(10,972)</b>	<b>2,327</b>	<b>2,168</b>	<b>3,503</b>	<b>(3,296)</b>	<b>11,448</b>	<b>(7,471)</b>	<b>(3,676)</b>
<b>Headcount</b>	<b>618</b>	<b>634</b>	<b>652</b>	<b>695</b>	<b>691</b>	<b>677</b>	<b>647</b>	<b>651</b>	<b>657</b>	<b>725</b>	<b>716</b>
<b>Reconciliation to GAAP:</b>											
Non-GAAP Net Income/(Loss)	(7,350)	(4,851)	(4,680)	(6,537)	(4,463)	(1,043)	398	3,405	2,969	(7,667)	(7,558)
Equity Compensation	(1,330)	(1,033)	(1,039)	(1,058)	(1,062)	(1,240)	(1,123)	(981)	(1,290)	(1,519)	(1,718)
Acquisition-Related Costs	(537)	(316)	(253)	(853)	(875)	(400)	(535)	(540)	(479)	(591)	(629)
Other One-Time Charges	-	-	(311)	(14,577)	(62)	(631)	(3,300)	(662)	(1,253)	-	(36)
Tax Effects	966	(43)	(94)	83	98	54	(26)	731	(64)	102	248
<b>GAAP Net Income/(Loss)</b>	<b>(8,251)</b>	<b>(6,243)</b>	<b>(6,376)</b>	<b>(22,942)</b>	<b>(6,364)</b>	<b>(3,260)</b>	<b>(4,586)</b>	<b>1,952</b>	<b>(118)</b>	<b>(9,675)</b>	<b>(9,693)</b>
<b>EPS</b>	<b>(0.27)</b>	<b>(0.20)</b>	<b>(0.21)</b>	<b>(0.74)</b>	<b>(0.20)</b>	<b>(0.10)</b>	<b>(0.15)</b>	<b>0.06</b>	<b>-</b>	<b>(0.30)</b>	<b>(0.29)</b>

Non - GAAP

## ESI Third Quarter 2017 Results

### Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
<b>Revenue</b>	<b>33,779</b>				<b>33,779</b>
Cost of Sales	22,331	(229)	(142)	170	22,130
<b>Gross Profit</b>	<b>11,448</b>	229	142	(170)	<b>11,649</b>
<b>Gross Margin</b>	<b>33.9%</b>				<b>34.5%</b>
Research & Development	7,868	(47)	(185)		7,636
Selling, General and Administrative	13,280	(1)	(1,391)	(206)	11,682
Acquisition & Restructuring Costs	352	(352)			-
<b>Total OPEX</b>	<b>21,500</b>	(400)	(1,576)	(206)	<b>19,318</b>
OPEX %	63.6%				57.2%
<b>Operating Income</b>	<b>(10,052)</b>	629	1,718	36	<b>(7,669)</b>
Operating Income %	-29.8%				-22.7%
Other Income/(Expense)	34				34
<b>Income Before Taxes</b>	<b>(10,018)</b>	629	1,718	36	<b>(7,635)</b>
Tax Provision/(Benefit)	(325)				(77)
Tax Rate	3.2%				1.0%
<b>Net Income/(Loss)</b>	<b>(9,693)</b>				<b>(7,558)</b>
Net Income %	-28.7%				-22.4%
<b>Earnings Per Share</b>	<b>(0.29)</b>				<b>(0.23)</b>
Average Shares Outstanding	32,919				32,919