

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	2017 Q4	2018 Q1
Bookings	47,250	43,006	40,628	39,982	41,930	51,550	52,631	55,633	30,448	28,018	44,103	82,302	76,639
Shipments	37,481	46,991	34,945	41,724	45,137	43,977	38,813	50,767	50,022	31,509	35,847	54,440	74,644
Backlog	36,713	32,662	38,072	36,465	32,314	39,403	39,403	55,159	37,073	34,284	42,284	69,529	71,650
Revenue	35,030	42,856	43,661	37,571	43,091	46,472	43,342	51,486	47,668	29,658	33,779	49,918	72,684
Gross Profit	12,903	15,142	15,030	14,275	15,772	18,860	19,451	21,996	22,273	11,345	11,649	22,827	33,932
Gross Margin	36.8%	35.3%	34.4%	38.0%	36.6%	40.6%	44.9%	42.7%	46.7%	38.3%	34.5%	45.7%	46.7%
Research & Development	8,801	8,097	8,081	8,891	8,379	7,940	7,543	7,472	7,389	7,532	7,636	8,232	8,737
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	11,889	11,575
Total OPEX	20,046	19,352	19,430	20,627	19,874	19,617	18,962	18,684	18,944	18,926	19,318	20,121	20,312
OPEX %													
Operating Income	(7,143)	(4,209)	(4,400)	(6,352)	(4,101)	(757)	489	3,312	3,329	(7,582)	(7,669)	2,706	13,620
Operating Income %	-20.4%	-9.8%	-10.1%	-16.9%	-9.5%	-1.6%	1.1%	6.4%	7.0%	-25.6%	-22.7%	5.4%	18.7%
EBITDA	(5,098)	(2,498)	(2,370)	(8,112)	(2,211)	1,137	2,313	4,991	5,036	(5,743)	(5,845)	4,615	15,293
EBITDA %	-14.6%	-5.8%	-5.4%	-21.6%	-5.1%	2.4%	5.3%	9.7%	10.6%	-19.4%	-17.3%	9.2%	21.0%
Other Income/(Expense)	46	(244)	64	(33)	(5)	6	67	127	(78)	16	34	103	(184)
Income Before Taxes	(7,097)	(4,453)	(4,336)	(6,385)	(4,107)	(751)	557	3,439	3,251	(7,565)	(7,635)	2,809	13,436
Tax Provision/(Benefit)	253	399	343	152	357	292	158	33	282	102	(77)	(78)	405
Tax Rate	-3.6%	-9.0%	-7.9%	-2.4%	-8.7%	-38.9%	28.4%	1.0%	8.7%	-1.3%	1.0%	-2.8%	3.0%
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)	2,886	13,031
Net Income %	-21.0%	-11.3%	-10.7%	-17.4%	-10.4%	-2.2%	0.9%	6.6%	6.2%	-25.9%	-22.4%	5.8%	17.9%
Non-GAAP EPS	(0.24)	(0.16)	(0.15)	(0.21)	(0.14)	(0.03)	0.01	0.11	0.09	(0.24)	(0.23)	0.09	0.38
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	33,822	34,321
Operating Cash Flow	737	(3,838)	(13,419)	(10,972)	2,327	2,168	3,503	(3,296)	11,448	(7,471)	(3,676)	(1,134)	7,431
Headcount	618	634	652	695	691	677	647	651	657	725	716	683	607
Reconciliation to GAAP:													
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)	2,886	13,031
Equity Compensation	(1,330)	(1,033)	(1,039)	(1,058)	(1,062)	(1,240)	(1,123)	(981)	(1,290)	(1,519)	(1,718)	(1,810)	(1,279)
Acquisition-Related Costs	(537)	(316)	(253)	(853)	(875)	(400)	(535)	(540)	(479)	(591)	(629)	(698)	(299)
Other One-Time Charges	-	-	(311)	(14,577)	(62)	(631)	(3,300)	(662)	(1,253)	-	(36)	(18,268)	(8,575)
Tax Effects	966	(43)	(94)	83	98	54	(26)	731	(64)	102	248	(33)	24
GAAP Net Income/(Loss)	(8,251)	(6,243)	(6,376)	(22,942)	(6,364)	(3,260)	(4,586)	1,952	(118)	(9,675)	(9,693)	(17,923)	2,902
EPS	(0.27)	(0.20)	(0.21)	(0.74)	(0.20)	(0.10)	(0.15)	0.06	-	(0.30)	(0.29)	(0.54)	0.08

Non - GAAP

ESI First Quarter 2018 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
Revenue	72,684				72,684
Cost of Sales	46,264	(251)	(67)	(7,194)	38,752
Gross Profit	26,420	251	67	7,194	33,932
Gross Margin	36.3%				46.7%
Research & Development	8,934	(47)	(150)		8,737
Selling, General and Administrative	12,808	(1)	(1,062)	(170)	11,575
Restructuring Costs	1,211			(1,211)	-
Total OPEX	22,953	(48)	(1,212)	(1,381)	20,312
OPEX %	31.6%				27.9%
Operating Income	3,467	299	1,279	8,575	13,620
Operating Income %	4.8%				18.7%
Other Income/(Expense)	(184)				(184)
Income Before Taxes	3,283	299	1,279	8,575	13,436
Tax Provision/(Benefit)	381				405
Tax Rate	11.6%				3.0%
Net Income/(Loss)	2,902				13,031
Net Income %	4.0%				17.9%
Earnings Per Share	0.08				0.38
Average Shares Outstanding	34,321				34,321