

ESI - Non-GAAP Financials

Quarterly Trend

(\$000's)

| | 2014 Q1 | 2014 Q2 | 2014 Q3 | 2014 Q4 | 2015 Q1 | 2015 Q2 | 2015 Q3 | 2015 Q4 | 2016 Q1 | 2016 Q2 | 2016 Q3 |
|-------------------------------------|----------------|----------------|----------------|-----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|
| Bookings | 58,283 | 46,198 | 35,601 | 31,721 | 47,250 | 43,006 | 40,628 | 39,982 | 41,930 | 51,550 | 52,631 |
| Shipments | 46,952 | 56,854 | 37,448 | 42,347 | 37,481 | 46,991 | 34,945 | 41,724 | 45,137 | 43,977 | 38,813 |
| Backlog | 49,179 | 38,666 | 37,314 | 27,440 | 36,713 | 32,662 | 38,072 | 36,465 | 32,314 | 39,403 | 39,403 |
| Revenue | 46,172 | 59,647 | 38,267 | 37,080 | 35,030 | 42,856 | 43,661 | 37,571 | 43,091 | 46,472 | 43,342 |
| Gross Profit | 19,333 | 24,736 | 15,993 | 16,025 | 12,903 | 15,142 | 15,030 | 14,275 | 15,772 | 18,860 | 19,451 |
| Gross Margin | 41.9% | 41.5% | 41.8% | 43.2% | 36.8% | 35.3% | 34.4% | 38.0% | 36.6% | 40.6% | 44.9% |
| Research & Development | 8,022 | 9,293 | 9,372 | 9,821 | 8,801 | 8,097 | 8,081 | 8,891 | 8,379 | 7,940 | 7,543 |
| Selling, general and administrative | 10,849 | 11,726 | 10,137 | 11,338 | 11,245 | 11,255 | 11,349 | 11,737 | 11,494 | 11,677 | 11,419 |
| Total OPEX | 18,871 | 21,018 | 19,509 | 21,159 | 20,046 | 19,352 | 19,430 | 20,627 | 19,874 | 19,617 | 18,962 |
| OPEX % | | | | | | | | | | | |
| Operating Income | 463 | 3,718 | (3,516) | (5,134) | (7,143) | (4,209) | (4,400) | (6,352) | (4,101) | (757) | 489 |
| Operating Income % | 1.0% | 6.2% | -9.2% | -13.8% | -20.4% | -9.8% | -10.1% | -16.9% | -9.5% | -1.6% | 1.1% |
| Other Income/(Expense) | (60) | 80 | 95 | (2) | 46 | (244) | 64 | (33) | (5) | 6 | 67 |
| Income Before Taxes | 403 | 3,798 | (3,421) | (5,136) | (7,097) | (4,453) | (4,336) | (6,385) | (4,107) | (751) | 557 |
| Tax Provision/(Benefit) | 48 | 1,160 | (327) | (175) | 253 | 399 | 343 | 152 | 357 | 292 | 158 |
| Tax Rate | 11.9% | 30.5% | 9.5% | 3.4% | -3.6% | -9.0% | -7.9% | -2.4% | -8.7% | -38.9% | 28.4% |
| Non-GAAP Net Income/(Loss) | 355 | 2,638 | (3,094) | (4,961) | (7,350) | (4,851) | (4,680) | (6,537) | (4,463) | (1,043) | 398 |
| Net Income % | 0.8% | 4.4% | -8.1% | -13.4% | -21.0% | -11.3% | -10.7% | -17.4% | -10.4% | -2.2% | 0.9% |
| Non-GAAP EPS | 0.01 | 0.09 | (0.10) | (0.16) | (0.24) | (0.16) | (0.15) | (0.21) | (0.14) | (0.03) | 0.01 |
| Average Shares Outstanding | 29,745 | 29,967 | 30,054 | 30,130 | 30,353 | 30,552 | 30,617 | 31,106 | 31,177 | 31,384 | 31,713 |
| Operating Cash Flow | (8,700) | 5,591 | (781) | (15,243) | 737 | (3,838) | (13,419) | (10,972) | 2,327 | 2,168 | 3,503 |
| Headcount | 623 | 626 | 631 | 633 | 618 | 634 | 652 | 695 | 691 | 677 | 647 |
| Reconciliation to GAAP: | | | | | | | | | | | |
| Non-GAAP Net Income/(Loss) | 355 | 2,638 | (3,094) | (4,961) | (7,350) | (4,851) | (4,680) | (6,537) | (4,463) | (1,043) | 398 |
| Equity Compensation | (2,634) | (1,234) | (1,263) | (974) | (1,330) | (1,033) | (1,039) | (1,058) | (1,062) | (1,240) | (1,123) |
| Acquisition-Related Costs | (955) | (1,322) | (734) | (599) | (537) | (316) | (253) | (853) | (875) | (400) | (535) |
| Other One-Time Charges | 5 | (465) | 919 | (21,225) | - | - | (311) | (14,577) | (62) | (631) | (3,300) |
| Tax Effects | (53) | (2,395) | (468) | 126 | 966 | (43) | (94) | 83 | 98 | 54 | (26) |
| GAAP Net Income/(Loss) | (3,283) | (2,778) | (4,641) | (27,633) | (8,251) | (6,243) | (6,376) | (22,942) | (6,364) | (3,260) | (4,586) |
| EPS | (0.11) | (0.09) | (0.15) | (0.92) | (0.27) | (0.20) | (0.21) | (0.74) | (0.20) | (0.10) | (0.15) |

Non - GAAP

ESI Third Quarter 2016 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

| | GAAP | Adjustments | | | Non-GAAP |
|-------------------------------------|----------------|--------------|--------------------------|---------|---------------|
| | | Acquisitions | Share-based Compensation | Other | |
| Revenue | 43,342 | | | | 43,342 |
| Cost of Sales | 25,621 | (271) | (103) | (1,356) | 23,891 |
| Gross Profit | 17,721 | 271 | 103 | 1,356 | 19,451 |
| Gross Margin | 40.9% | | | | 44.9% |
| Research & Development | 7,778 | (47) | (188) | | 7,543 |
| Selling, general and administrative | 12,468 | (217) | (832) | | 11,419 |
| Restructuring Costs | 1,944 | | | (1,944) | - |
| Total OPEX | 22,190 | (264) | (1,020) | (1,944) | 18,962 |
| OPEX % | 51.2% | | | | 43.7% |
| Operating Income | (4,469) | 535 | 1,123 | 3,300 | 489 |
| Operating Income % | -10.3% | | | | 1.1% |
| Other Income/(Expense) | 67 | | | | 67 |
| Income Before Taxes | (4,402) | 535 | 1,123 | 3,300 | 557 |
| Tax Provision/(Benefit) | 184 | | | | 158 |
| Tax Rate | -4.2% | | | | 28.4% |
| Net Income/(Loss) | (4,586) | | | | 398 |
| Net Income % | -10.6% | | | | 0.9% |
| Earnings Per Share | (0.15) | | | | 0.01 |
| Average Shares Outstanding | 31,495 | | | | 31,713 |