

# 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	2016 Q4
Bookings	58,283	46,198	35,601	31,721	47,250	43,006	40,628	39,982	41,930	51,550	52,631	55,633
Shipments	46,952	56,854	37,448	42,347	37,481	46,991	34,945	41,724	45,137	43,977	38,813	50,767
Backlog	49,179	38,666	37,314	27,440	36,713	32,662	38,072	36,465	32,314	39,403	39,403	55,159
<b>Revenue</b>	<b>46,172</b>	<b>59,647</b>	<b>38,267</b>	<b>37,080</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>
Gross Profit	19,333	24,736	15,993	16,025	12,903	15,142	15,030	14,275	15,772	18,860	19,451	21,996
<b>Gross Margin</b>	<b>41.9%</b>	<b>41.5%</b>	<b>41.8%</b>	<b>43.2%</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>
Research & Development	8,022	9,293	9,372	9,821	8,801	8,097	8,081	8,891	8,379	7,940	7,543	7,472
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	11,212
<b>Total OPEX</b>	<b>18,871</b>	<b>21,018</b>	<b>19,509</b>	<b>21,159</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>
OPEX %												
<b>Operating Income</b>	<b>463</b>	<b>3,718</b>	<b>(3,516)</b>	<b>(5,134)</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>
Operating Income %	1.0%	6.2%	-9.2%	-13.8%	-20.4%	-9.8%	-10.1%	-16.9%	-9.5%	-1.6%	1.1%	6.4%
Other Income/(Expense)	(60)	80	95	(2)	46	(244)	64	(33)	(5)	6	67	127
<b>Income Before Taxes</b>	<b>403</b>	<b>3,798</b>	<b>(3,421)</b>	<b>(5,136)</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>
Tax Provision/(Benefit)	48	1,160	(327)	(175)	253	399	343	152	357	292	158	33
Tax Rate	11.9%	30.5%	9.5%	3.4%	-3.6%	-9.0%	-7.9%	-2.4%	-8.7%	-38.9%	28.4%	1.0%
<b>Non-GAAP Net Income/(Loss)</b>	<b>355</b>	<b>2,638</b>	<b>(3,094)</b>	<b>(4,961)</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>
Net Income %	0.8%	4.4%	-8.1%	-13.4%	-21.0%	-11.3%	-10.7%	-17.4%	-10.4%	-2.2%	0.9%	6.6%
<b>Non-GAAP EPS</b>	<b>0.01</b>	<b>0.09</b>	<b>(0.10)</b>	<b>(0.16)</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>
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	32,393
<b>Operating Cash Flow</b>	<b>(8,700)</b>	<b>5,591</b>	<b>(781)</b>	<b>(15,243)</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>Headcount</b>	<b>623</b>	<b>626</b>	<b>631</b>	<b>633</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>Reconciliation to GAAP:</b>												
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	3,405
Equity Compensation	(2,634)	(1,234)	(1,263)	(974)	(1,330)	(1,033)	(1,039)	(1,058)	(1,062)	(1,240)	(1,123)	(981)
Acquisition-Related Costs	(955)	(1,322)	(734)	(599)	(537)	(316)	(253)	(853)	(875)	(400)	(535)	(540)
Other One-Time Charges	5	(465)	919	(21,225)	-	-	(311)	(14,577)	(62)	(631)	(3,300)	(662)
Tax Effects	(53)	(2,395)	(468)	126	966	(43)	(94)	83	98	54	(26)	731
<b>GAAP Net Income/(Loss)</b>	<b>(3,283)</b>	<b>(2,778)</b>	<b>(4,641)</b>	<b>(27,633)</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>EPS</b>	<b>(0.11)</b>	<b>(0.09)</b>	<b>(0.15)</b>	<b>(0.92)</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>

## ESI Fourth Quarter 2016 Results

### Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
<b>Revenue</b>	<b>51,486</b>				<b>51,486</b>
Cost of Sales	30,302	(278)	(99)	(435)	29,490
<b>Gross Profit</b>	<b>21,184</b>	278	99	435	<b>21,996</b>
<b>Gross Margin</b>	41.1%				42.7%
Research & Development	7,694	(52)	(170)		7,472
Selling, general and administrative	12,134	(210)	(712)		11,212
Restructuring Costs	227			(227)	-
<b>Total OPEX</b>	<b>20,055</b>	(262)	(882)	(227)	<b>18,684</b>
OPEX %	39.0%				36.3%
<b>Operating Income</b>	<b>1,129</b>	540	981	662	<b>3,312</b>
Operating Income %	2.2%				6.4%
Other Income/(Expense)	127				127
<b>Income Before Taxes</b>	<b>1,256</b>	540	981	662	<b>3,439</b>
Tax Provision/(Benefit)	(697)				33
Tax Rate	-55.5%				1.0%
<b>Net Income/(Loss)</b>	<b>1,953</b>				<b>3,405</b>
Net Income %	3.8%				6.6%
<b>Earnings Per Share</b>	<b>0.06</b>				<b>0.11</b>
Average Shares Outstanding	32,393				32,393