

ESI - Non-GAAP Financials

Quarterly Trend

(\$000's)

	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1	2015 Q2	2015 Q3
Bookings	74,067	34,989	26,321	44,108	58,283	46,198	35,601	31,721	47,250	43,006	40,628
Shipments	58,937	79,209	35,064	42,629	46,952	56,854	37,448	42,347	37,481	46,991	34,945
Backlog	84,455	40,236	31,493	32,841	49,179	38,666	37,314	27,440	36,713	32,662	38,072
Revenue	58,969	80,152	37,931	39,573	46,172	59,647	38,267	37,080	35,030	42,856	43,661
Gross Profit	24,206	34,282	15,123	16,711	20,260	25,786	17,073	17,124	13,850	16,159	16,094
Gross Margin	41.0%	42.8%	39.9%	42.2%	43.9%	43.2%	44.6%	46.2%	39.5%	37.7%	36.9%
Research & Development	8,987	9,814	8,382	7,965	8,022	9,293	9,372	9,821	8,801	8,097	8,081
Selling, service and administrative	12,540	13,945	10,653	11,423	11,776	12,775	11,217	12,437	12,192	12,271	12,413
Total OPEX	21,527	23,759	19,035	19,388	19,798	22,068	20,589	22,258	20,993	20,368	20,494
OPEX %	36.5%	29.6%	50.2%								
Operating Income	2,679	10,523	(3,911)	(2,677)	463	3,718	(3,516)	(5,134)	(7,143)	(4,209)	(4,400)
Operating Income %	4.5%	13.1%	-10.3%	-6.8%	1.0%	6.2%	-9.2%	-13.8%	-20.4%	-9.8%	-10.1%
Other Income/(Expense)	(150)	91	(5)	317	(60)	80	95	(2)	46	(244)	64
Income Before Taxes	2,529	10,614	(3,916)	(2,360)	403	3,798	(3,421)	(5,136)	(7,097)	(4,453)	(4,336)
Tax Provision/(Benefit)	660	3,607	(2,445)	(1,380)	48	1,160	(327)	(175)	253	399	343
Tax Rate	26.1%	34.0%	62.4%	58.5%	11.9%	30.5%	9.5%	3.4%	-3.6%	-9.0%	-7.9%
Non-GAAP Net Income/(Loss)	1,868	7,007	(1,471)	(980)	355	2,638	(3,094)	(4,961)	(7,350)	(4,851)	(4,680)
Net Income %	3.2%	8.7%	-3.9%	-2.5%	0.8%	4.4%	-8.1%	-13.4%	-21.0%	-11.3%	-10.7%
Non-GAAP EPS	0.06	0.23	(0.05)	(0.03)	0.01	0.09	(0.10)	(0.16)	(0.24)	(0.16)	(0.15)
Average Shares Outstanding	29,810	29,961	29,434	29,540	29,745	29,967	30,054	30,130	30,353	30,552	30,617
Operating Cash Flow	11,352	11,202	27,384	(10,427)	(8,700)	5,591	(781)	(15,243)	737	(3,838)	(13,419)
Headcount	617	679	655	579	623	626	631	633	618	634	652
Reconciliation to GAAP:											
Non-GAAP Net Income/(Loss)	1,868	7,007	(1,471)	(980)	355	2,638	(3,094)	(4,961)	(7,350)	(4,851)	(4,680)
Equity Compensation	(2,977)	(1,900)	(1,482)	(1,729)	(2,634)	(1,234)	(1,263)	(974)	(1,330)	(1,033)	(1,039)
Acquisition-Related Costs	(1,245)	(674)	(641)	(612)	(955)	(1,322)	(734)	(599)	(537)	(316)	(253)
Other One-Time Charges	-	(70)	15,432	(25,833)	5	(465)	919	(21,225)	-	-	(311)
Tax Effects	1,411	848	(5,070)	(36,597)	(53)	(2,395)	(468)	126	966	(43)	(94)
GAAP Net Income/(Loss)	(944)	5,211	6,768	(65,751)	(3,283)	(2,778)	(4,641)	(27,633)	(8,251)	(6,243)	(6,376)
EPS	0.03	0.17	0.23	(2.23)	(0.11)	(0.09)	(0.15)	(0.92)	(0.27)	(0.20)	(0.21)

Non - GAAP

ESI Third Quarter 2015 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
Revenue	43,661				43,661
Cost of Sales	27,884	(163)	(154)		27,567
Gross Profit	15,777	163	154	-	16,094
Gross Margin	36.1%				36.9%
Research & Development	8,383	(47)	(256)		8,081
Selling, service and administrative	13,397	(43)	(629)	(311)	12,413
Total OPEX	21,780	(90)	(885)	(311)	20,494
OPEX %	49.9%				46.9%
Operating Income	(6,003)	253	1,039	311	(4,400)
Operating Income %	-13.8%				-10.1%
Other Income/(Expense)	64				64
Income Before Taxes	(5,939)	253	1,039	311	(4,336)
Tax Provision/(Benefit)	437				343
Tax Rate	-7.4%				-7.9%
Net Income/(Loss)	(6,376)				(4,680)
Net Income %	-14.6%				-10.7%
Non-GAAP EPS	(0.21)				(0.15)
Average Shares Outstanding	30,617				30,617