

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

Non - GAAP

ESI First Quarter 2017 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
Revenue	47,668				47,668
Cost of Sales	26,860	(229)	(120)	(1,116)	25,395
Gross Profit	20,808	229	120	1,116	22,273
Gross Margin	43.7%				46.7%
Research & Development	7,630	(47)	(194)		7,389
Selling, general and administrative	12,871	(203)	(976)	(137)	11,555
Restructuring Costs	-				-
Total OPEX	20,501	(250)	(1,170)	(137)	18,944
OPEX %	43.0%				39.7%
Operating Income	307	479	1,290	1,253	3,329
Operating Income %	0.6%				7.0%
Other Income/(Expense)	(78)				(78)
Income Before Taxes	229	479	1,290	1,253	3,251
Tax Provision/(Benefit)	347				282
Tax Rate	151.5%				8.7%
Net Income/(Loss)	(118)				2,969
Net Income %	-0.2%				6.2%
Earnings Per Share	(0.00)				0.09
Average Shares Outstanding	31,815				32,530