

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	2015 Q4	2016 Q1
Bookings	74,067	34,989	26,321	44,108	58,283	46,198	35,601	31,721	47,250	43,006	40,628	39,982	41,930
Shipments	58,937	79,209	35,064	42,629	46,952	56,854	37,448	42,347	37,481	46,991	34,945	41,724	45,137
Backlog	84,455	40,236	31,493	32,841	49,179	38,666	37,314	27,440	36,713	32,662	38,072	36,465	32,314
Revenue	58,969	80,152	37,931	39,573	46,172	59,647	38,267	37,080	35,030	42,856	43,661	37,571	43,091
Gross Profit	23,465	33,540	14,383	15,969	19,333	24,736	15,993	16,025	12,903	15,142	15,030	14,275	15,772
Gross Margin	39.8%	41.8%	37.9%	40.4%	41.9%	41.5%	41.8%	43.2%	36.8%	35.3%	34.4%	38.0%	36.6%
Research & Development	8,987	9,814	8,382	7,965	8,022	9,293	9,372	9,821	8,801	8,097	8,081	8,891	8,379
Selling, general and administrative	11,799	13,945	10,653	10,681	10,849	11,726	10,137	11,338	11,245	11,255	11,349	11,737	11,494
Total OPEX	20,786	23,759	19,035	18,646	18,871	21,018	19,509	21,159	20,046	19,352	19,430	20,627	19,874
OPEX %	35.2%	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)	(6,352)	(4,101)
Operating Income %	4.5%	13.1%	-10.3%	-6.8%	1.0%	6.2%	-9.2%	-13.8%	-20.4%	-9.8%	-10.1%	-16.9%	-9.5%
Other Income/(Expense)	(150)	91	(5)	317	(60)	80	95	(2)	46	(244)	64	(33)	(5)
Income Before Taxes	2,529	10,614	(3,916)	(2,360)	403	3,798	(3,421)	(5,136)	(7,097)	(4,453)	(4,336)	(6,385)	(4,107)
Tax Provision/(Benefit)	660	3,607	(2,445)	(1,380)	48	1,160	(327)	(175)	253	399	343	152	357
Tax Rate	26.1%	34.0%	62.4%	58.5%	11.9%	30.5%	9.5%	3.4%	-3.6%	-9.0%	-7.9%	-2.4%	-8.7%
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)	(6,537)	(4,463)
Net Income %	3.2%	8.7%	-3.9%	-2.5%	0.8%	4.4%	-8.1%	-13.4%	-21.0%	-11.3%	-10.7%	-17.4%	-10.4%
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)	(0.21)	(0.14)
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	31,106	31,177
Operating Cash Flow	11,352	11,202	27,384	(10,427)	(8,700)	5,591	(781)	(15,243)	737	(3,838)	(13,419)	(10,972)	2,327
Headcount	617	679	655	579	623	626	631	633	618	634	652	695	691
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)	(6,537)	(4,463)
Equity Compensation	(2,977)	(1,900)	(1,482)	(1,729)	(2,634)	(1,234)	(1,263)	(974)	(1,330)	(1,033)	(1,039)	(1,058)	(1,062)
Acquisition-Related Costs	(1,245)	(674)	(641)	(612)	(955)	(1,322)	(734)	(599)	(537)	(316)	(253)	(853)	(875)
Other One-Time Charges	-	(70)	15,432	(25,833)	5	(465)	919	(21,225)	-	-	(311)	(14,577)	(62)
Tax Effects	1,411	848	(5,070)	(36,597)	(53)	(2,395)	(468)	126	966	(43)	(94)	83	98
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)	(22,942)	(6,364)
EPS	0.03	0.17	0.23	(2.23)	(0.11)	(0.09)	(0.15)	(0.92)	(0.27)	(0.20)	(0.21)	(0.74)	(0.20)

ESI First Quarter 2016 Results

Reconciliation of GAAP to Non-GAAP Results

(000's)

	GAAP	Adjustments			Non-GAAP
		Acquisitions	Share-based Compensation	Other	
Revenue	43,091				43,091
Cost of Sales	27,714	(266)	(129)		27,319
Gross Profit	15,377	266	129	-	15,772
Gross Margin	35.7%				36.6%
Research & Development	8,645	(47)	(219)		8,379
Selling, general and administrative	12,617	(408)	(715)		11,494
Acquisition & Restructuring Costs	216	(154)		(62)	-
Total OPEX	21,478	(609)	(933)	(62)	19,874
OPEX %	49.8%				46.1%
Operating Income	(6,101)	875	1,062	62	(4,101)
Operating Income %	-14.2%				-9.5%
Other Income/(Expense)	(5)				(5)
Income Before Taxes	(6,106)	875	1,062	62	(4,107)
Tax Provision/(Benefit)	258				357
Tax Rate	-4.2%				-8.7%
Net Income/(Loss)	(6,364)				(4,463)
Net Income %	-14.8%				-10.4%
Earnings Per Share	(0.20)				(0.14)
Average Shares Outstanding	31,177				31,177