



# Revenue By Geographic Region (millions)

|               | <u>Q4 2017</u>  | <u>Q3 2017</u>  | <u>Q4 2016</u>  |
|---------------|-----------------|-----------------|-----------------|
| United States | \$ 39.2         | \$ 57.2         | \$ 39.5         |
| South Korea   | 18.5            | 21.8            | 21.5            |
| Taiwan        | 29.7            | 17.8            | 14.1            |
| Japan         | 9.5             | 10.4            | 16.9            |
| Asia Pacific  | 20.8            | 23.8            | 18.1            |
| Europe        | 13.6            | 12.1            | 13.1            |
| Rest of World | 0.6             | 0.6             | 0.7             |
|               | <u>\$ 131.9</u> | <u>\$ 143.7</u> | <u>\$ 123.9</u> |

Asia Pacific includes all countries in the region except Taiwan, Japan and South Korea, which are disclosed separately.

# Revenue by Market Segment (millions)

|                 | <u>Q4 2017</u>  | <u>Q3 2017</u>  | <u>Q4 2016</u>  |
|-----------------|-----------------|-----------------|-----------------|
| Foundry & Logic | \$ 68.7         | \$ 81.9         | \$ 68.5         |
| DRAM            | 31.9            | 32.4            | 24.1            |
| Flash           | 6.6             | 5.1             | 6.0             |
| Systems         | <u>24.7</u>     | <u>24.3</u>     | <u>25.3</u>     |
|                 | <u>\$ 131.9</u> | <u>\$ 143.7</u> | <u>\$ 123.9</u> |

# Q4 2017 GAAP to Non-GAAP Reconciliation

(In thousands, except for per share amounts)

|   | Three Months Ended   |                      | Year to Date         |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 30,<br>2017 | December 31,<br>2016 | December 30,<br>2017 | December 31,<br>2016 |
| GAAP net income (loss)                              | \$ 5,588             | \$ (15,443)          | \$ 40,913            | \$ (6,557)           |
| Stock-based compensation                            | 4,952                | 3,245                | 16,230               | 10,722               |
| Restructuring and impairment charges, net           | 481                  | 12,697               | 810                  | 19,692               |
| Acquisition and integration related expenses        | 782                  | 699                  | 2,520                | 7,459                |
| Amortization of intangibles                         | 7,515                | 13,059               | 31,509               | 45,527               |
| Deferred revenue                                    | -                    | 640                  | -                    | 903                  |
| Income tax valuation allowance release              | -                    | (197)                | -                    | (44,048)             |
| Contingency   | -                    | 781                  | (206)                | 781                  |
| Other Income  | -                    | (145)                | -                    | (145)                |
| Proceeds from sale of intellectual property         | -                    | -                    | (400)                | (400)                |
| Benefit from U.S. tax reform                        | 715                  | -                    | 715                  | -                    |
| Income tax effect of non-GAAP adjustments           | (2,053)              | (920)                | (2,624)              | (1,907)              |
| Non-GAAP net income (loss)                          | \$ 17,980            | \$ 14,416            | \$ 89,467            | \$ 32,027            |
| Non-GAAP net income (loss) per share:               |                      |                      |                      |                      |
| Basic   | \$ 0.25              | \$ 0.20              | \$ 1.24              | \$ 0.49              |
| Diluted   | \$ 0.24              | \$ 0.20              | \$ 1.21              | \$ 0.49              |
| Weighted-average number of shares used in per share |                      |                      |                      |                      |
| Basic   | 72,846               | 70,807               | 72,292               | 64,941               |
| Diluted   | 74,756               | 72,116               | 74,239               | 65,948               |

The presentation provides the calculations for Non-GAAP net loss and Non-GAAP net loss per share. FormFactor excluded the following items from one or more of the Non-GAAP measures: stock-based compensation expense, acquisition and integration costs, amortization of intangibles, contingencies, and restructuring and impairment charges. By publishing the Non-GAAP measures, the company's management intends to provide investors with additional information to further analyze the company's performance, core results and underlying trends. FormFactor's management evaluates results and makes operating decisions using both GAAP and Non-GAAP measures. Non-GAAP results are not prepared in accordance with GAAP, and Non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP.

# Q4 2017 GAAP to Non-GAAP Reconciliation

(In thousands, except for per share amounts)

|   | GAAP                                  | Adjustments                 |                               |                            |                              |                    | Non-GAAP                              |
|---|---------------------------------------|-----------------------------|-------------------------------|----------------------------|------------------------------|--------------------|---------------------------------------|
|   | Quarter Ended<br>December 30,<br>2017 | Stock-based<br>Compensation | Restructuring<br>& Impairment | Intangible<br>Amortization | Acquisition &<br>Integration | U.S. Tax<br>Reform | Quarter Ended<br>December 30,<br>2017 |
| Revenues                                  | \$ 131,901                            | \$ -                        | \$ -                          | \$ -                       | \$ -                         | \$ -               | \$ 131,901                            |
| Cost of revenues                          | 83,272                                | (1,000)                     | -                             | (5,473)                    | (68)                         | -                  | 76,731                                |
| Gross profit                              | 48,629                                | 1,000                       | -                             | 5,473                      | 68                           | -                  | 55,170                                |
| Operating expenses:                       |                                       |                             |                               |                            |                              |                    |                                       |
| Research and development                  | 18,513                                | (1,573)                     | -                             | -                          | -                            | -                  | 16,940                                |
| Sales and marketing                       | 14,908                                | (1,211)                     | -                             | (2,042)                    | (36)                         | -                  | 11,619                                |
| General and administrative                | 9,330                                 | (1,168)                     | -                             | -                          | (678)                        | -                  | 7,484                                 |
| Restructuring and impairment charges, net | 481                                   | -                           | (481)                         | -                          | -                            | -                  | -                                     |
| Total operating expenses                  | 43,232                                | (3,952)                     | (481)                         | (2,042)                    | (714)                        | -                  | 36,043                                |
| Operating profit (loss)                   | 5,397                                 | 4,952                       | 481                           | 7,515                      | 782                          | -                  | 19,127                                |
| Interest expense, net                     | (781)                                 | -                           | -                             | -                          | -                            | -                  | (781)                                 |
| Other income, net                         | (170)                                 | -                           | -                             | -                          | -                            | -                  | (170)                                 |
| Income before income taxes                | 4,446                                 | 4,952                       | 481                           | 7,515                      | 782                          | -                  | 18,176                                |
| Provision for income taxes                | (1,142)                               | 740                         | 72                            | 1,124                      | 117                          | (715)              | 196                                   |
| Net income                                | \$ 5,588                              | \$ 4,212                    | \$ 409                        | \$ 6,391                   | \$ 665                       | \$ 715             | \$ 17,980                             |
| Net income per share:                     |                                       |                             |                               |                            |                              |                    |                                       |
| Basic                                     | \$ 0.08                               | \$ 0.06                     | \$ 0.01                       | \$ 0.09                    | \$ 0.01                      | \$ 0.01            | \$ 0.25                               |
| Diluted                                   | \$ 0.07                               | \$ 0.06                     | \$ 0.01                       | \$ 0.09                    | \$ 0.01                      | \$ 0.01            | \$ 0.24                               |
| Weighted-average number of shares         |                                       |                             |                               |                            |                              |                    |                                       |
| Basic                                     | 72,846                                | 72,846                      | 72,846                        | 72,846                     | 72,846                       | 72,846             | 72,846                                |
| Diluted                                   | 74,756                                | 74,756                      | 74,756                        | 74,756                     | 74,756                       | 74,756             | 74,756                                |

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