

RECONCILIATION OF GAAP TO NON-GAAP RESULTS
(In thousands, except per share amounts)
(Unaudited)

	Fiscal 2015					Fiscal 2016					Fiscal 2017					Fiscal 2018					Fiscal 2019
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
Reconciliation of GAAP gross profit to non-GAAP gross profit																					
GAAP gross profit	\$ 23,379	\$ 23,264	\$ 22,219	\$ 20,804	\$ 89,667	\$ 24,491	\$ 28,425	\$ 30,404	\$ 30,804	\$ 114,124	\$ 28,447	\$ 33,621	\$ 30,660	\$ 43,973	\$ 136,701	\$ 47,531	\$ 50,891	\$ 43,634	\$ 42,038	\$ 184,094	\$ 33,788
Severance included in cost of revenue:	-	-	-	-	-	-	-	-	-	-	136	53	138	77	404	-	21	-	-	21	-
Acquisition-related charges:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	668	668
Amortization of intangible asset	632	457	468	469	2,026	435	442	434	143	1,454	52	52	52	50	206	35	35	35	179	284	466
Non-GAAP gross profit	\$ 24,011	\$ 23,721	\$ 22,687	\$ 21,273	\$ 91,693	\$ 24,926	\$ 28,867	\$ 30,838	\$ 30,947	\$ 115,578	\$ 28,635	\$ 33,726	\$ 30,850	\$ 44,100	\$ 137,311	\$ 47,566	\$ 50,947	\$ 43,669	\$ 42,885	\$ 185,067	\$ 35,211
Reconciliation of GAAP operating income (loss) to non-GAAP operating income (loss)																					
GAAP gross profit	\$ 23,379	\$ 23,264	\$ 22,219	\$ 20,804	\$ 89,667	\$ 24,491	\$ 28,425	\$ 30,404	\$ 30,804	\$ 114,124	\$ 28,447	\$ 33,621	\$ 30,660	\$ 43,973	\$ 136,701	\$ 47,531	\$ 50,891	\$ 43,634	\$ 42,038	\$ 184,094	\$ 33,788
Total operating expense:	21,138	20,755	20,955	21,846	84,694	20,761	21,089	21,338	21,841	85,029	22,939	22,969	23,176	24,811	93,895	26,967	30,107	29,363	31,170	117,607	30,463
GAAP operating income (loss)	\$ 2,241	\$ 2,509	\$ 1,264	\$ (1,042)	\$ 4,973	\$ 3,730	\$ 7,336	\$ 9,066	\$ 8,963	\$ 29,095	\$ 5,508	\$ 10,652	\$ 7,484	\$ 19,162	\$ 42,806	\$ 20,564	\$ 20,784	\$ 14,271	\$ 10,868	\$ 66,487	\$ 3,325
Non-GAAP adjustments to operating income (loss)																					
Acquisition-related charges included in cost of revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	668	668	957 (c)
Amortization of intangible assets included in cost of revenue	632	457	468	469	2,026	435	442	434	143	1,454	52	52	52	50	206	35	35	35	179	284	466 (c)
Amortization of intangible assets included in operating expense	38	25	26	25	114	24	-	-	-	24	-	-	-	-	-	-	-	-	96	96	289 (c)
Restructuring	58	-	-	1,322	1,380 (a)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition-related charges included in operating expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	903	903
Severance costs	-	-	-	-	-	-	-	-	-	-	284	173	206	586	1,249	-	360	-	-	360	260
Executive transition & search cost:	-	-	-	-	-	-	-	-	-	-	-	230	125	-	355	422	236	236	240	1,134	190
Total non-GAAP adjustments to operating income (loss)	728	482	494	1,816	3,520	459	442	434	143	1,478	336	455	383	636	1,810	457	631	271	2,086	3,445	2,326
Non-GAAP operating income (loss)	\$ 2,969	\$ 2,991	\$ 1,758	\$ 774	\$ 8,493	\$ 4,189	\$ 7,778	\$ 9,500	\$ 9,106	\$ 30,573	\$ 5,844	\$ 11,107	\$ 7,867	\$ 19,798	\$ 44,616	\$ 21,021	\$ 21,415	\$ 14,542	\$ 12,954	\$ 69,932	\$ 5,650
Reconciliation of GAAP net income (loss) to non-GAAP net income (loss)																					
GAAP operating income (loss)	\$ 2,241	\$ 2,509	\$ 1,264	\$ (1,042)	\$ 4,973	\$ 3,730	\$ 7,336	\$ 9,066	\$ 8,963	\$ 29,095	\$ 5,508	\$ 10,652	\$ 7,484	\$ 19,162	\$ 42,806	\$ 20,564	\$ 20,784	\$ 14,271	\$ 10,868	\$ 66,487	\$ 3,325
Other income (expense)	632	(348)	267	44	595	117	(449)	149	223	40	(42)	258	38	240	492	259	(214)	218	774	1,937	179
GAAP income (Loss) before income taxes	2,873	2,161	1,531	(998)	5,568	3,847	6,887	9,215	9,186	29,135	5,466	10,910	7,520	19,402	43,298	20,823	20,570	14,489	11,642	67,524	3,504
Provision (benefit) for income tax:	317	817	713	816	2,663	380	856	1,332	(17,468)	(14,900)	114	2,622	1,756	8,604	13,096	4,442	2,895	2,921	(382)	9,876	531
GAAP net income (loss)	\$ 2,556	\$ 1,344	\$ 818	\$ (1,814)	\$ 2,905	\$ 3,467	\$ 6,031	\$ 7,883	\$ 26,654	\$ 44,035	\$ 5,352	\$ 8,288	\$ 5,764	\$ 10,798	\$ 30,202	\$ 16,381	\$ 17,675	\$ 11,568	\$ 12,023	\$ 57,647	\$ 2,973
Non-GAAP adjustments to net income (loss)																					
Total non-GAAP adjustments to non-GAAP operating income (loss)	728	482	494	1,816	3,520	459	442	434	143	1,478	336	455	383	636	1,810	457	631	271	2,086	3,445	2,326
Gain on sale of Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(874)	(874)	(d)
Other Discrete Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89	89	(e)
Valuation allowance on deferred tax assets and other adjustment	-	-	-	-	-	-	-	(18,443)	(18,443) (b)	-	-	-	-	-	-	-	-	-	-	-	-
Tax Reform	-	-	-	-	-	-	-	-	-	-	-	-	2,569	2,569	-	-	-	-	-	-	-
Adj. to tax provision: discrete tax items and tax effect of non-GAAP adjustment	-	-	-	-	-	-	-	-	-	-	(901)	(948)	(491)	(432)	(2,772)	(344)	(912)	(448)	(279)	(1,983)	(612)
Discrete tax adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP net income (loss)	\$ 3,284	\$ 1,826	\$ 1,312	\$ 2	\$ 6,425	\$ 3,926	\$ 6,473	\$ 8,317	\$ 8,354	\$ 27,070	\$ 4,787	\$ 7,795	\$ 5,656	\$ 13,571	\$ 31,809	\$ 16,494	\$ 17,394	\$ 11,391	\$ 13,046	\$ 58,324	\$ 4,687
Per share data																					
GAAP net income (loss) per diluted share	\$ 0.11	\$ 0.06	\$ 0.03	\$ (0.07)	\$ 0.12	\$ 0.14	\$ 0.24	\$ 0.31	\$ 1.04	\$ 1.75	\$ 0.21	\$ 0.32	\$ 0.22	\$ 0.42	\$ 1.17	\$ 0.67	\$ 0.72	\$ 0.47	\$ 0.49	\$ 2.34	\$ 0.12
Non-GAAP net income (loss) per diluted share	\$ 0.14	\$ 0.08	\$ 0.05	\$ 0.00	\$ 0.26	\$ 0.16	\$ 0.26	\$ 0.33	\$ 0.33	\$ 1.08	\$ 0.19	\$ 0.30	\$ 0.22	\$ 0.53	\$ 1.23	\$ 0.67	\$ 0.71	\$ 0.47	\$ 0.53	\$ 2.37	\$ 0.19
Shares used in non-GAAP diluted income per share calculation	24,257	24,285	24,352	24,446	24,375	24,597	24,927	25,282	25,514	25,153	25,833	25,906	25,932	25,819	25,919	24,483	24,442	24,466	24,481	24,600	24,783
Reconciliation of net cash provided by operating activities to free cash flow																					
GAAP net cash provided by operating activities	(5,874)	(1,283)	9,585	(777)	1,571	499	12,721	20,881	11,584	45,685	3,075	7,183	5,126	5,219	20,603	32,714	26,257	24,437	19,928	103,336	(856)
Purchase of property and equipment	(502)	(541)	(322)	(481)	(1,846)	(610)	(1,918)	(821)	(650)	(3,999)	(47)	(1,489)	(806)	(2,862)	(5,204)	(1,319)	(442)	(1,181)	(4,544)	(7,486)	(4,132)
Free cash flow	\$ (6,376)	\$ (1,824)	\$ 9,183	\$ (1,258)	\$ (275)	\$ (111)	\$ 10,803	\$ 20,060	\$ 10,934	\$ 41,686	\$ 3,028	\$ 5,694	\$ 4,320	\$ 2,357	\$ 15,399	\$ 31,395	\$ 25,815	\$ 23,256	\$ 15,384	\$ 95,850	\$ (4,988)

Notes:

- (a) Includes severance, facility lease termination and other costs associated with consolidating operations into the U.S. and management changes.
- (b) Reflects a non-cash valuation allowance release related to certain deferred tax assets.
- (c) Reflects costs associated with acquisition of 4D Technology and amortization of intangibles
- (d) Reflects gain associated with sale of a condominium
- (e) Reflects costs associated with a legal settlement