

DOT HILL SYSTEMS CORP  
Form 8-K  
November 08, 2012

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 8-K

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Current Report  
Pursuant to Section 13 or 15(d) of The  
Securities Exchange Act of 1934  
Date of Report (Date of earliest event reported): November 8, 2012

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Dot Hill Systems Corp.  
(Exact name of registrant as specified in its charter)

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|   |  |   |
|---|--|---|
| Delaware<br>(State or other jurisdiction<br>of incorporation) | 1-13317<br>(Commission<br>File Number) | 13-3460176<br>(I.R.S. Employer<br>Identification No.) |
|---|--|---|

1351 S. Sunset Street, Longmont, CO 80501  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code: (303) 845-3200  
Not applicable  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

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- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On November 8, 2012, we announced earnings for the third quarter ended September 30, 2012 in the press release attached hereto as Exhibit 99.1 and incorporated herein by reference.

The information in this Item 2.02 is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. The information in this Item 2.02 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

| Exhibit No. | Description   |
|-------------|---|
| 99.1        | Press Release of Dot Hill Systems Corp. dated November 8, 2012. |

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DOT HILL SYSTEMS CORP.

By:            /s/ Hanif I. Jamal  
                  Hanif I. Jamal  
                  Senior Vice President, Chief Financial Officer and Secretary

Date: November 8, 2012

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Exhibit Index

| Exhibit<br>No. | Description |
|----------------|-------------|
|----------------|-------------|

|      |   |
|------|---|
| 99.1 | Press Release of Dot Hill Systems Corp. dated November 8, 2012. |
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Exhibit 99.1  
FOR IMMEDIATE RELEASE

Contact:  
Hanif Jamal  
Chief Financial Officer  
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#### Dot Hill Reports Third Quarter 2012 Results

LONGMONT, Colo. -November 8, 2012 - Dot Hill Systems Corp. (NASDAQ:HILL), a leading provider of storage solutions, today announced financial results for the third quarter 2012.

#### Financial and Operational Highlights:

• Third quarter 2012 non-GAAP net revenue and non-GAAP earnings per share within previously established guidance ranges;

Net revenue from Vertical Markets (Media and Entertainment, Telco Service Providers, Oil and Gas, Data Analytics and High Performance Computing) grew 50% on a third quarter year-to-date basis compared to the same period in 2011; and

▲ AssuredSAN 4000 and Pro 5000 mid-range products launched.

“We are encouraged with the early response to our new Pro 5000 and 4000 series products,” stated Dana Kammersgard, president and CEO, Dot Hill Systems. “We have had very positive reviews in independent lab validations, and the performance and real-time tiering aspects of the Pro 5000 in particular is resonating very well with analysts, with resellers and especially with the end-user customers.”

“This is because the new normal with respect to storage requirements is a product that cost effectively and responsively handles the dynamically changing nature of the virtualized server workload,” Kammersgard stated. “Batch migration that takes 24 hours to promote hot data to a faster tier employing solid state drives is no longer good enough, and pure play solid state arrays are simply too expensive for most applications and customers.”

Third Quarter 2012 GAAP Financial Detail (without the effects of discontinued operations presentation):

The Company recognized GAAP net revenue of \$48.2 million for the third quarter of 2012, compared to \$48.1 million for the third quarter of 2011 and \$47.8 million for the second quarter of 2012.

GAAP gross margin for the third quarter of 2012 was 25.3%, compared to 16.7% for the third quarter of 2011 and 22.9% for the second quarter of 2012.

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GAAP operating expenses for the third quarter of 2012 were \$15.1 million, as compared to \$20.1 million for the third quarter of 2011 and \$15.6 million in the second quarter of 2012.

GAAP net loss for the third quarter of 2012 was \$3.0 million, or \$(0.05) per share, as compared to a net loss of \$12.2 million, or \$(0.22) per share, for the third quarter of 2011, and net loss of \$5.0 million, or \$(0.09) per share, for the second quarter of 2012.

#### Third Quarter 2012 Non-GAAP Financial Detail:

The Company recognized non-GAAP net revenue of \$48.2 million for the third quarter of 2012, compared to \$47.8 million for the third quarter of 2011 and \$47.7 million for the second quarter of 2012. Going forward, the Company intends to break out its revenue between Vertical Markets and Server OEMs. The Company reported that net revenue from Vertical Markets was \$10.2 million in the third quarter of 2012, and grew 2% over the prior quarter and 6% from the third quarter of 2011, despite some softness in its channel business in Europe and the US. Net revenue from the Company's Server OEM business increased 1% to \$36.5 million in the third quarter of 2012 compared to the second quarter of 2012, but declined 1% compared to the third quarter of 2011.

Non-GAAP gross margin for the third quarter of 2012 was 26.4%, compared to 28.7% for the third quarter of 2011 and 27.4% for the second quarter of 2012. The Company stated that the decline in non-GAAP gross margin percent was largely due to higher warranty related charges in the third quarter of 2012.

Non-GAAP operating expenses for the third quarter of 2012 were \$14.2 million, as compared to \$13.2 million for the third quarter of 2011 and \$14.6 million in the second quarter of 2012.

Non-GAAP net loss for the third quarter of 2012 was \$1.7 million, or \$(0.03) per share, as compared to net income of \$0.5 million, or \$0.01 per share, for the third quarter of 2011, and net loss of \$1.9 million, or \$(0.03) per share, for the second quarter of 2012.

#### Balance Sheet:

The Company exited the third quarter of 2012 with cash and cash equivalents of \$40.5 million compared to \$45.7 million at September 30, 2011 and \$40.5 million at June 30, 2012. As of September 30, 2012, the Company had borrowed \$1.8 million from its previously established line of credit with Silicon Valley Bank.

#### Fourth Quarter 2012 Outlook:

Given the macro-economic environment, the Company is targeting fourth quarter 2012 non-GAAP net revenue in the range of \$48 million to \$53 million and a non-GAAP earnings per share in the range of \$(0.03) per share to \$0.02 per share.

“Given the tough economic climate, I am quite pleased with the traction in our Vertical Markets business, as well as the discipline we demonstrated in managing working capital and operating expenses during the third quarter,” said Hanif Jamal, chief financial officer, Dot Hill Systems.

#### Conference Call Information:

Dot Hill's fourth quarter 2012 financial results conference call is scheduled to take place on November 8, 2012 at 11:00 a.m. ET. The live audio webcast will be accessible at [www.dothill.com](http://www.dothill.com) in the Investor Relations section. For access via telephone, please dial 877-303-3196 (U.S.) or 408-427-3864 (International) at least five minutes prior to the start of the call. A replay of the webcast will be available on the Dot Hill web site following the conference call. For a telephone replay, please dial 855-859-2056 (U.S.) or 404-537-3406 (International) and enter Conference ID 48369027.

#### About Non-GAAP Financial Measures

In 2011 and/or 2012, the Company's non-GAAP financial measures exclude the impact of stock-based compensation expense, legal settlements and their associated expenses, intangible asset amortization, restructuring and severance charges, charges or credits for contingent consideration adjustments, charges for impairment of goodwill and other

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long-lived assets, contra-revenue charges from the extension of customer warrants, specific and significant warranty claims arising from a supplier's defective products, impacts associated with the AssuredUVS software business, which the Company has substantially closed down, and the effects of foreign currency gains or losses. The Company believes that these non-GAAP financial measures provide meaningful supplemental information to both management and investors that is indicative of the Company's core operating results and facilitates comparison of operating results across reporting periods. The Company used these non-GAAP measures when evaluating its financial results as well as for internal resource management, planning and forecasting purposes. These non-GAAP measures should not be viewed in isolation from or as a substitute for the Company's financial results in accordance with GAAP. A reconciliation of GAAP to non-GAAP measures is attached to this press release.

#### About Dot Hill

Delivering innovative technology and global support, Dot Hill empowers the OEM and channels community to bring unique storage solutions to market, quickly, easily and cost-effectively. Offering high performance and industry-leading uptime, Dot Hill's RAID technology is the foundation for best-in-class storage solutions offering enterprise-class security, availability and data protection. The Company's products are in use today by the world's leading service and equipment providers, common carriers and advanced technology and telecommunications companies, as well as government agencies and small and medium enterprise customers. Dot Hill solutions are certified to meet rigorous industry standards and military specifications, as well as RoHS and WEEE international environmental standards. Headquartered in Longmont, Colorado, Dot Hill has offices and/or representatives in China, Germany, Japan, United Kingdom, Singapore and the United States. For more information, visit us at <http://www.dothill.com>.

Statements contained in this press release regarding matters that are not historical facts are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Such statements include statements regarding customer acceptance of Dot Hill's Pro 5000 and 4000 Series products and projected financial results for the fourth quarter of 2012. The risks that contribute to the uncertain nature of the forward-looking statements include, among other things: the risk that actual financial results for the fourth quarter and full year of 2012 may be different from the financial guidance provided in this press release; the risks associated with macroeconomic factors that are outside of Dot Hill's control; the fact that no Dot Hill customer agreements provide for mandatory minimum purchase requirements; the risk that one or more of Dot Hill's OEM or other customers may cancel or reduce orders, not order as forecasted or terminate their agreements with Dot Hill; the risk that Dot Hill's new products may not prove to be popular; the risk that one or more of Dot Hill's suppliers or subcontractors may fail to perform or may terminate their agreements with Dot Hill; the risk that Vertical Markets' sales may not ramp as expected; unforeseen product quality, technological, intellectual property, personnel or engineering issues and any costs that may result from such issues; and the additional risks set forth in the Form 10-Q most recently filed with the Securities and Exchange Commission by Dot Hill. All forward-looking statements contained in this press release speak only as of the date on which they were made. Dot Hill undertakes no obligation to update such statements to reflect events that occur or circumstances that exist after the date on which they were made.

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DOT HILL SYSTEMS CORP.  
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (In thousands, except per share amounts)

|  | Three Months Ended    |                  |                       | Nine Months Ended     |                       |
|--|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
|  | September 30,<br>2011 | June 30,<br>2012 | September 30,<br>2012 | September 30,<br>2011 | September 30,<br>2012 |
| Net revenue  | \$48,071              | \$47,768         | \$48,249              | \$150,424             | \$150,761             |
| Cost of goods sold   | 40,029                | 36,813           | 36,025                | 117,085               | 112,408               |
| Gross profit   | 8,042                 | 10,955           | 12,224                | 33,339                | 38,353                |
| Operating expenses:  |                       |                  |                       |                       |                       |
| Research and development                                       | 9,506                 | 9,677            | 9,348                 | 26,438                | 28,967                |
| Sales and marketing  | 3,768                 | 3,380            | 3,558                 | 10,450                | 10,471                |
| General and administrative                                     | 2,060                 | 2,473            | 2,305                 | 6,838                 | 7,846                 |
| Restructuring charge<br>(recoveries)                           | 659                   | 73               | (130)                 | 655                   | 544                   |
| Goodwill impairment charge                                     | 4,140                 | —                | —                     | 4,140                 | —                     |
| Total operating expenses                                       | 20,133                | 15,603           | 15,081                | 48,521                | 47,828                |
| Operating loss   | (12,091)              | (4,648)          | (2,857)               | (15,182)              | (9,475)               |
| Other income (expense):  |                       |                  |                       |                       |                       |
| Interest income (expense), net                                 | (18)                  | (7)              | 4                     | (29)                  | 4                     |
| Other income (expense), net                                    | 2                     | 7                | —                     | 3                     | (11)                  |
| Total other income (expense),<br>net                           | (16)                  | —                | (4)                   | (26)                  | 7                     |
| Loss before income taxes                                       | (12,107)              | (4,648)          | (2,861)               | (15,208)              | (9,468)               |
| Income tax expense   | 75                    | 400              | 153                   | 190                   | 462                   |
| Net loss   | \$(12,182)            | \$(5,048)        | \$(3,014)             | \$(15,398)            | \$(9,930)             |
| Net loss per basic and diluted<br>share                        | \$(0.22)              | \$(0.09)         | \$(0.05)              | \$(0.28)              | \$(0.17)              |
| Shares used to compute net loss<br>per basic and diluted share | 55,186                | 56,934           | 57,327                | 54,755                | 56,768                |

DOT HILL SYSTEMS CORP.  
UNAUDITED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value data)

|  | December 31,<br>2,011 | September 30,<br>2,012 |
|--|-----------------------|------------------------|
| Assets                                     |                       |                        |
| Current assets:                            |                       |                        |
| Cash and cash equivalents                  | \$46,168              | \$40,542               |
| Accounts receivable, net                   | 31,697                | 28,333                 |
| Inventories                                | 5,251                 | 5,407                  |
| Prepaid expenses and other assets          | 7,896                 | 6,725                  |
| Total current assets                       | 91,012                | 81,007                 |
| Property and equipment, net                | 4,972                 | 6,182                  |
| Intangible assets, net                     | 2,601                 | —                      |
| Other assets                               | 294                   | 399                    |
| Total assets                               | \$98,879              | \$87,588               |
| Liabilities and stockholders' equity       |                       |                        |
| Current liabilities:                       |                       |                        |
| Accounts payable                           | \$31,434              | \$27,196               |
| Accrued compensation                       | 5,049                 | 3,184                  |
| Accrued expenses                           | 10,860                | 9,073                  |
| Deferred revenue                           | 883                   | 1,263                  |
| Restructuring accrual                      | 1,328                 | 549                    |
| Current portion of long-term note payable  | 71                    | 1,800                  |
| Total current liabilities                  | 49,625                | 43,065                 |
| Other long-term liabilities                | 552                   | 1,571                  |
| Total liabilities                          | 50,177                | 44,636                 |
| Commitments and Contingencies              |                       |                        |
| Stockholders' equity:                      |                       |                        |
| Preferred stock                            | —                     | —                      |
| Common stock                               | 58                    | 58                     |
| Additional paid-in capital                 | 321,681               | 325,870                |
| Accumulated other comprehensive loss       | (3,662)               | (3,671)                |
| Accumulated deficit                        | (269,375)             | (279,305)              |
| Total stockholders' equity                 | 48,702                | 42,952                 |
| Total liabilities and stockholders' equity | \$98,879              | \$87,588               |

DOT HILL SYSTEMS CORP.  
 UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (In thousands)

|   | Three Months Ended    |                  |                       |
|---|-----------------------|------------------|-----------------------|
|   | September 30,<br>2011 | June 30,<br>2012 | September 30,<br>2012 |
| <b>Cash Flows From Operating Activities:</b>  |                       |                  |                       |
| Net loss  | \$(12,182 )           | \$(5,048 )       | \$(3,014 )            |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: |                       |                  |                       |
| Depreciation and amortization   | 1,746                 | 874              | 869                   |
| Provision for bad debt expense  | 203                   | 25               | (13 )                 |
| Stock-based compensation expense  | 1,458                 | 934              | 897                   |
| Loss on write-off of fixed assets   | —                     | 121              | 68                    |
| Loss on write-off of intangible assets  | —                     | 1,647            | —                     |
| Goodwill and long-lived asset impairment charge   | 7,068                 | —                | —                     |
| Changes in operating assets and liabilities, net of effects of business acquisition:      |                       |                  |                       |
| Accounts receivable   | 5,759                 | 8,051            | (1,230 )              |
| Inventories   | 98                    | 99               | (751 )                |
| Prepaid expenses and other assets   | (901 )                | 8,444            | (2,127 )              |
| Accounts payable  | (4,611 )              | (13,705 )        | 4,414                 |
| Accrued compensation and other expenses   | 545                   | (1,866 )         | 503                   |
| Deferred revenue  | (489 )                | 698              | (222 )                |
| Restructuring accrual   | 383                   | (600 )           | (590 )                |
| Other long-term liabilities   | (107 )                | 530              | 607                   |
| Net cash provided by (used in) operating activities                                       | (1,030 )              | 204              | (589 )                |
| <b>Cash Flows From Investing Activities:</b>  |                       |                  |                       |
| Purchases of property and equipment   | (501 )                | (1,098 )         | (1,489 )              |
| Net cash used in investing activities   | (501 )                | (1,098 )         | (1,489 )              |
| <b>Cash Flows From Financing Activities:</b>  |                       |                  |                       |
| Principal payment of note and loan payable  | (69 )                 | —                | —                     |
| Cash proceeds from borrowings on credit facility (current period)                         | —                     | —                | 1,800                 |
| Shares withheld for tax purposes  | (1)                   | (132 )           | (10 )                 |
| Common stock issued under stock plans   | 680                   | —                | 306                   |
| Net cash provided by (used in) financing activities                                       | 610                   | (132 )           | 2,096                 |
| Effect of Exchange Rate Changes on Cash and Cash Equivalents                              | 85                    | 78               | 25                    |
| Net Increase (Decrease) in Cash and Cash Equivalents                                      | (836 )                | (948 )           | 43                    |
| Cash and Cash Equivalents, beginning of period  | 46,508                | 41,447           | 40,499                |
| Cash and Cash Equivalents, end of period  | \$45,672              | \$40,499         | \$40,532              |

Supplemental Disclosures of Non-Cash Investing and Financing Activities:

|                                      |       |       |       |
|--------------------------------------|-------|-------|-------|
| Capital assets acquired but not paid | \$793 | \$811 | \$507 |
|--------------------------------------|-------|-------|-------|

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## DOT HILL SYSTEMS CORP.

## UNAUDITED RECONCILIATION OF CONSOLIDATED NON-GAAP MEASURES

(In thousands, except per share amounts)

|  | Three Months Ended       |                  |                          | Nine Months Ended     |                       |
|--|--------------------------|------------------|--------------------------|-----------------------|-----------------------|
|  | September<br>30,<br>2011 | June 30,<br>2012 | September<br>30,<br>2012 | September 30,<br>2011 | September 30,<br>2012 |
| Net revenue, as reported                                       | \$48,071                 | \$47,768         | \$48,249                 | \$150,424             | \$150,761             |
| Effect of ITC revenue  | (266 )                   | (59 )            | (26 )                    | (1,618 )              | (232 )                |
| Non-GAAP net revenue   | \$47,805                 | \$47,709         | \$48,223                 | \$148,806             | \$150,529             |
| Gross profit, as reported                                      | \$8,042                  | \$10,955         | \$12,224                 | \$33,339              | \$38,353              |
| Effect of stock-based compensation                             | 252                      | 167              | 144                      | 670                   | 483                   |
| Effect of severance costs                                      | 10                       | —                | 60                       | 13                    | 66                    |
| Effect of gain from insurance recovery                         | (555 )                   | —                | —                        | (555 )                | —                     |
| Effect of power supply component failures                      | 2,300                    | —                | —                        | 2,300                 | —                     |
| Effect of ITC revenue  | (266 )                   | (59 )            | (26 )                    | (1,618 )              | (232 )                |
| Effect of ITC expenses   | 498                      | 119              | 70                       | 1,125                 | 545                   |
| Effect of long-lived asset impairment                          | 2,928                    | —                | —                        | 2,928                 | —                     |
| Effect of intangible asset impairment                          | —                        | 1,647            | —                        | —                     | 1,647                 |
| Effect of intangible asset amortization                        | 522                      | 266              | 245                      | 1,561                 | 952                   |
| Non-GAAP gross profit  | \$13,731                 | \$13,095         | \$12,717                 | \$39,763              | \$41,814              |
| Operating expenses, as reported                                | \$20,133                 | \$15,603         | \$15,081                 | \$48,521              | \$47,828              |
| Effect of currency gain (loss)                                 | 485                      | 29               | 133                      | 401                   | (214 )                |
| Effect of stock-based compensation                             | (1,206 )                 | (767 )           | (753 )                   | (3,325 )              | (2,490 )              |
| Effect of contingent consideration adjustment                  | —                        | 5                | —                        | —                     | 5                     |
| Effect of ITC expenses   | (1,378 )                 | (182 )           | (301 )                   | (4,196 )              | (1,439 )              |
| Effect of goodwill impairment                                  | (4,140 )                 | —                | —                        | (4,140 )              | —                     |
| Effect of restructuring (charge) recoveries                    | (659 )                   | (73 )            | 130                      | (655 )                | (544 )                |
| Effect of legal fees related to power supply component failure | —                        | —                | (40 )                    | —                     | (40 )                 |
| Effect of severance costs                                      | (67 )                    | —                | (11 )                    | (113 )                | (20 )                 |
| Non-GAAP operating expenses                                    | \$13,168                 | \$14,615         | \$14,239                 | \$36,493              | \$43,086              |
| Net loss, as reported  | \$(12,182 )              | \$(5,048 )       | \$(3,014 )               | \$(15,398 )           | \$(9,930 )            |
| Effect of currency (gain) loss                                 | (485 )                   | (29 )            | (133 )                   | (401 )                | 214                   |
| Effect of stock-based compensation                             | 1,458                    | 935              | 897                      | 3,995                 | 2,973                 |
| Effect of contingent consideration adjustment                  | —                        | (5 )             | —                        | —                     | (5 )                  |
| Effect of restructuring charge (recoveries)                    | 659                      | 73               | (130 )                   | 655                   | 544                   |

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|   |       |   |       |   |     |   |        |   |       |   |
|---|-------|---|-------|---|-----|---|--------|---|-------|---|
| Effect of intangible asset amortization   | 522   |   | 266   |   | 245 |   | 1,561  |   | 952   |   |
| Effect of gain from insurance recovery    | (555  | ) | —     |   | —   |   | (555   | ) | —     |   |
| Effect of power supply component failures | 2,300 |   | —     |   | 40  |   | 2,300  |   | 40    |   |
| Effect of ITC expenses                    | 1,876 |   | 301   |   | 370 |   | 5,321  |   | 1,983 |   |
| Effect of ITC revenue                     | (266  | ) | (59   | ) | (26 | ) | (1,618 | ) | (232  | ) |
| Effect of intangible impairment           | —     |   | 1,647 |   | —   |   | —      |   | 1,647 |   |
| Effect of long-lived asset impairment     | 2,928 |   | —     |   | —   |   | 2,928  |   | —     |   |

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|  |         |            |            |         |            |
|--|---------|------------|------------|---------|------------|
| Effect of goodwill impairment  | 4,140   | —          | —          | 4,140   | —          |
| Effect of severance costs  | 77      | —          | 71         | 126     | 86         |
| Non-GAAP net income (loss)   | \$472   | \$(1,919 ) | \$(1,680 ) | \$3,054 | \$(1,728 ) |
| Non-GAAP net income (loss) per share                                   |         |            |            |         |            |
| Basic and diluted  | \$0.01  | \$(0.03 )  | \$(0.03 )  | \$0.05  | \$(0.03 )  |
| Weighted average shares used to calculate net income (loss) per share: |         |            |            |         |            |
| Basic  | 55,186  | 56,934     | 57,327     | 54,755  | 56,768     |
| Diluted  | 55,702  | 56,934     | 57,327     | 55,829  | 56,768     |
| Non-GAAP net income (loss)   | \$472   | \$(1,919 ) | \$(1,680 ) | \$3,054 | \$(1,728 ) |
| Interest expense less ITC  | 21      | 7          | 626        | 34      | 1,803      |
| Income tax expense   | 75      | 400        | 153        | 190     | 462        |
| Depreciation less ITC  | 1,082   | 632        | 12         | 1,986   | 26         |
| Non-GAAP EBITDA  | \$1,650 | \$(880 )   | \$(889 )   | \$5,264 | \$563      |