

Revenue by Geographic Region (in millions)

	<u>Q3 2018</u>	<u>Q2 2018</u>	<u>Q3 2017</u>
United States	\$ 40.1	\$ 33.8	\$ 57.2
South Korea	21.1	26.1	21.8
Taiwan	19.7	29.7	17.8
Japan	14.7	13.5	10.4
Asia Pacific	29.3	21.3	23.8
Europe	9.1	9.5	12.1
Rest of World	1.0	1.6	0.6
	<u>\$ 135.0</u>	<u>\$ 135.5</u>	<u>\$ 143.7</u>

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

Revenue by Market Segment (in millions)

	<u>Q3 2018</u>	<u>Q2 2018</u>	<u>Q3 2017</u>
Foundry & Logic	\$ 61.2	\$ 62.1	\$ 81.9
DRAM	37.4	38.1	32.4
Flash	13.0	11.4	5.1
Systems	23.4	23.9	24.3
	<u>\$ 135.0</u>	<u>\$ 135.5</u>	<u>\$ 143.7</u>

GAAP to Non-GAAP Reconciliation

(In thousands, except for per share amounts)

	Three Months Ended		Nine Months Ended	
	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
GAAP net income	\$ 7,688	12,563	\$ 18,936	35,325
Adjustments to reconcile GAAP net income to Non-GAAP net income:				
Amortization of intangibles	7,512	7,520	21,876	23,993
Stock-based compensation	4,537	4,586	12,421	11,279
Restructuring and impairment charges, net	-	16	-	329
Acquisition and integration related expenses	-	731	-	1,738
Contingencies	-	-	-	(206)
Proceeds from sale of intellectual property	-	(400)	-	(400)
Income tax effect of non-GAAP adjustments	(111)	(14)	(533)	(570)
Non-GAAP net income	<u>\$ 19,626</u>	<u>\$ 25,002</u>	<u>\$ 52,700</u>	<u>\$ 71,488</u>
Non-GAAP net income per share:				
Basic	<u>\$ 0.27</u>	<u>\$ 0.34</u>	<u>\$ 0.72</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 0.26</u>	<u>\$ 0.34</u>	<u>\$ 0.71</u>	<u>\$ 0.97</u>
Weighted-average number of shares used in per share calculations:				
Basic	<u>73,837</u>	<u>72,651</u>	<u>73,273</u>	<u>72,013</u>
Diluted	<u>74,962</u>	<u>73,885</u>	<u>74,628</u>	<u>73,540</u>

The presentation provides the calculations for Non-GAAP net income and Non-GAAP net income 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.

GAAP to Non-GAAP Reconciliation

(In thousands, except for per share amounts)

	GAAP	Adjustments		Non-GAAP
	3-Months Ended September 29, 2018	Stock-based Compensation	Amortization of Intangibles	3-Months Ended September 29, 2018
Revenues	\$ 134,989	\$ -	\$ -	\$ 134,989
Cost of revenues	82,019	(832)	(5,123)	76,064
Gross profit	52,970	832	5,123	58,925
Operating expenses:				
Research and development	18,857	(1,312)	-	17,545
Sales and marketing	15,197	(1,265)	(2,389)	11,543
General and administrative	9,548	(1,128)	-	8,420
Total operating expenses	43,602	(3,705)	(2,389)	37,508
Operating profit	9,368	4,537	7,512	21,417
Interest income	369	-	-	369
Interest expense	(777)	-	-	(777)
Other income (expense), net	121	-	-	121
Income before income taxes	9,081	4,537	7,512	21,130
Provision for income taxes	1,393	42	69	1,504
Net income	\$ 7,688	\$ 4,495	\$ 7,443	\$ 19,626
Net income per share:				
Basic	\$ 0.10	\$ 0.06	\$ 0.10	\$ 0.27
Diluted	\$ 0.10	\$ 0.06	\$ 0.10	\$ 0.26
Weighted-average number of shares				
Basic	73,837	73,837	73,837	73,837
Diluted	74,962	74,962	74,962	74,962

The presentation provides the calculations for Non-GAAP net income and Non-GAAP net income per share. FormFactor excluded the following items from one or more of the Non-GAAP measures: stock-based compensation expense and amortization of intangibles. 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.