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

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2022



**Energy Recovery, Inc.**

*(Exact Name of Registrant as Specified in its Charter)*

**Delaware**  
*(State or Other Jurisdiction of Incorporation)*

**001-34112**  
*(Commission File Number)*

**01-0616867**  
*(I.R.S. Employer Identification No.)*

**1717 Doolittle Dr., San Leandro, CA 94577**  
*(Address of Principal Executive Offices) (Zip Code)*

**510-483-7370**  
*(Registrant's telephone number, including area code)*

**Not applicable**  
*(Former Name or Former Address, if Changed Since Last Report)*

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:

- 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)
- 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))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value per share	ERII	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## Item 2.02 Results of Operations and Financial Condition

On August 3, 2022, Energy Recovery, Inc. issued an earnings press release announcing its financial results for the second quarter and six months ended June 30, 2022. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference in its entirety.

The information in this report (including Exhibit 99.1) is being furnished pursuant to Item 2.02 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

## Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit Number	Description
99.1	Press release of Energy Recovery, Inc., dated August 3, 2022, to report its financial results for thesecond quarter ended June 30, 2022.

## 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.

Date: August 3, 2022

Energy Recovery, Inc.

By: /s/ William Yeung  
William Yeung  
Chief Legal Officer



## Energy Recovery Announces Second Quarter 2022 Financial Results and Commissioning of the First PX G1300™ for CO2 Refrigeration

SAN LEANDRO, Calif. - August 3, 2022 - Energy Recovery, Inc. (Nasdaq:ERII) ("Energy Recovery" or the "Company") today announced its financial results for the second quarter ended June 30, 2022.

### Second Quarter Highlights:

- Revenue of \$20.3 million, as guided in the first quarter. Full year revenue guidance of \$130 million, or 25% year-on-year growth, reaffirmed within gross margin expectations guided last year.
- Loss from operations of \$2.9 million and adjusted loss from operations<sup>(1)</sup> of \$41 thousand driven by lower revenue during the quarter due to the expected timing of mega project shipments and one-time expenses of \$1.3 million related to the cessation of the VorTeq™ commercialization efforts.
- Adjusted EBITDA<sup>(1)</sup> of \$1.0 million.
- Net loss per share of \$0.04, adjusted net income per share<sup>(1)</sup> of less than \$0.01.
- Share repurchases of \$18.6 million, or 1.0 million shares, pursuant to the Company's March 2021 share buyback program. The program was completed on July 1, 2022.
- Cash and investments of \$86.5 million, which include cash, cash equivalents, and short-term and long-term investments.
- IR Magazine awarded Energy Recovery as the winner of the "Best ESG Reporting (small to mid-cap company)" and "Best ESG Communications" for our 2020 ESG Report and proactive and transparent investor engagement on the topic.
- Our MSCI ESG rating was upgraded for the second year in a row to "AA" in April.

"Our desalination and industrial wastewater businesses remain on track for the year, and in fact we are seeing a long-awaited resurgence in OEM desalination sales. We expect significant increases in sales in the second half of fiscal 2022 to achieve our target revenue of \$130 million for the year," said Robert Mao, Chairman, President and Chief Executive Officer of Energy Recovery.

"In a key milestone for our CO<sub>2</sub> business, we successfully commissioned our PX G1300 with our partner in a new supermarket in southern Europe in late June and are very encouraged by its strong initial performance. We also entered into a second joint-development agreement with a U.S. refrigeration rack manufacturer in early July and are continuing discussions with several others. This new partnership should lead to a second supermarket installation in the U.S. and is another important milestone as we prove the value of our PX technology to help the refrigeration industry transition to more climate-friendly, natural refrigerants."

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## Financial Highlights

### Second Quarter (Quarter to Date)

	GAAP			Non-GAAP <sup>(1)</sup>		
	Q2 2022	Q2 2021	vs. Q2 2021	Q2 2022	Q2 2021	vs. Q2 2021
	<i>(In millions except for percentages, basis points and per share amounts)</i>					
Revenue	\$20.3	\$20.6	down 2%	\$20.3	\$20.6	down 2%
Gross margin	65.9%	65.1%	up 75 bps	66.4%	65.6%	up 80 bps
Operating margin	(14.3%)	1.4%	down 1570 bps	(0.2%)	8.3%	down 853 bps
Net (loss) income	\$(2.4)	\$1.1	down 321%	\$0.2	\$1.8	down 88%
Net (loss) income per share	\$(0.04)	\$0.02	down 300%	\$0.00	\$0.03	down 100%
Effective tax rate	15.7%	(227.9%)		(215.4%)	(0.3%)	
Adjusted EBITDA				\$1.0	\$2.7	down 64%
Free cash flow				\$8.5	\$9.7	down 12%

### Fiscal Year (Year to Date)

	GAAP			Non-GAAP <sup>(1)</sup>		
	2022	2021	2022 vs. 2021	2022	2021	2022 vs. 2021
	<i>(In millions, except net income per share, percentages and basis points)</i>					
Revenue	\$52.8	\$49.5	up 7%	\$52.8	\$49.5	up 7%
Gross margin	68.9%	67.4%	up 155 bps	69.4%	67.8%	up 155 bps
Operating margin	10.1%	13.0%	down 292 bps	19.0%	19.7%	down 68 bps
Net income	\$5.5	\$7.9	down 30%	\$9.3	\$8.9	up 4%
Net income per share	\$0.10	\$0.13	down 23%	\$0.16	\$0.16	no change
Effective tax rate	0.1%	(21.1%)		14.6%	14.8%	
Adjusted EBITDA				\$12.1	\$11.8	up 3%
Free cash flow				\$4.9	\$9.1	down 46%

<sup>(1)</sup> "Adjusted loss from operations," "Adjusted net income per share," "Free cash flow" and "Adjusted EBITDA" are non-GAAP financial measures. Refer to the sections "Use of Non-GAAP Financial Measures" and "Reconciliation of Non-GAAP Financial Measures."

### Forward-Looking Statements

Certain matters discussed in this press release and on the conference call are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including our expectations on full year revenue guidance, the resurgence of the OEM market, our expectation of significant increases in sales in the second half of fiscal 2022, our expectation of future PX G1300 supermarket installations, and the Company's belief that our PX technology will help the refrigeration industry transition to more climate-friendly, natural refrigerants. These forward-looking statements are based on information currently available to us and on management's beliefs, assumptions, estimates, or projections and are not guarantees of future events or results. Potential risks and uncertainties include any other factors that may have been discussed herein regarding the risks and uncertainties of the Company's business, and the risks discussed under "Risk Factors" in the Company's Form 10-K filed with the U.S. Securities and Exchange Commission ("SEC") for the year ended December 31, 2021, as well as other reports filed by the Company with the SEC from time to time. Because such forward-looking statements involve risks and uncertainties, the Company's actual results may differ materially from the predictions in these forward-looking statements. All forward-looking statements are made as of today, and the Company assumes no obligation to update such statements.

## Use of Non-GAAP Financial Measures

This press release includes certain non-GAAP financial measures, including adjusted income (loss) from operations, adjusted net income per share, adjusted EBITDA and free cash flow. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either exclude or include amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles in the United States of America, or GAAP. These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same captions, and may differ from non-GAAP financial measures with the same or similar captions that are used by other companies. As such, these non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. The Company uses these non-GAAP financial measures to analyze its operating performance and future prospects, develop internal budgets and financial goals, and to facilitate period-to-period comparisons. The Company believes these non-GAAP financial measures reflect an additional way of viewing aspects of its operations that, when viewed with its GAAP results, provide a more complete understanding of factors and trends affecting its business.

## Notes to the Second Quarter and Year to Date 2022 Financial Results

- *Adjusted income (loss) from operations* is a non-GAAP financial measure that the Company defines as income (loss) from operations which excludes share-based compensation, non-recurring costs, such as severance costs and accelerated depreciation.
- *Adjusted net income per share* is a non-GAAP financial measure that the Company defines as adjusted net income, which excludes share-based compensation, non-recurring costs, such as severance costs, accelerated depreciation and the applicable tax effect, divided by basic shares outstanding.
- *Adjusted EBITDA* is a non-GAAP financial measure that the Company defines as income (loss) from operations which excludes depreciation, amortization, share-based compensation, non-recurring costs, such as severance costs.
- *Free cash flow* is a non-GAAP financial measure that the Company defines as net cash provided by operating activities less capital expenditures.

## Conference Call to Discuss Second Quarter 2022 Financial Results

### LIVE CONFERENCE CALL:

Wednesday, August 3, 2022, 2:00 PM PT / 5:00 PM ET

Listen-only, US / Canada Toll-Free: +1 (877) 709-8150

Listen-only, Local / International Toll: +1 (201) 689-8354

### CONFERENCE CALL REPLAY:

Expiration: Saturday, September 3, 2022

US / Canada Toll-Free: +1 (877) 660-6853

Local / International Toll: +1 (201) 612-7415

Access code: 13731126

Investors may access the live call and the replay (approximately three hours after the live call concludes) over the internet at: [ir.energyrecovery.com/websites/energyrecover/English/2200/calendar.html](http://ir.energyrecovery.com/websites/energyrecover/English/2200/calendar.html)

## Disclosure Information

Energy Recovery uses the investor relations section on its website as means of complying with its disclosure obligations under Regulation FD. Accordingly, investors should monitor Energy Recovery's investor relations website in addition to following Energy Recovery's press releases, SEC filings, and public conference calls and webcasts.

## About Energy Recovery

Energy Recovery creates technologies that solve complex challenges for industrial fluid-flow markets worldwide. Building on our pressure exchanger technology platform, we design and manufacture solutions that make industrial processes more efficient and sustainable. What began as a game-changing invention for desalination has grown into a global business accelerating the environmental sustainability of customers' operations in multiple industries. Headquartered in the San Francisco Bay Area, Energy Recovery has manufacturing, research and development facilities across California and Texas with sales and on-site technical support available globally. For more information, please visit [www.energyrecovery.com](http://www.energyrecovery.com).

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**Contact**

Investor Relations

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**ENERGY RECOVERY, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(Unaudited)*

	<b>June 30, 2022</b>	<b>December 31, 2021</b>
	<i>(In thousands)</i>	
<b>ASSETS</b>		
Cash, cash equivalents and investments	\$ 86,511	\$ 107,988
Accounts receivable and contract assets	14,225	21,108
Inventories, net	28,235	20,383
Prepaid expenses and other assets	4,914	4,582
Property, equipment and operating leases	32,856	35,014
Goodwill and other intangible assets	12,822	12,827
Deferred tax assets and other assets	11,913	11,788
<b>TOTAL ASSETS</b>	<b>\$ 191,476</b>	<b>\$ 213,690</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 12,199	\$ 14,903
Contract liabilities	1,560	3,406
Lease liabilities	15,682	16,443
Other liabilities, non-current	174	159
<b>Total liabilities</b>	<b>29,615</b>	<b>34,911</b>
<b>Stockholders' equity</b>	<b>161,861</b>	<b>178,779</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 191,476</b>	<b>\$ 213,690</b>

**ENERGY RECOVERY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
*(Unaudited)*

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands, except per share data)</i>			
<b>Revenue</b>	\$ 20,292	\$ 20,607	\$ 52,838	\$ 49,547
Cost of revenue	6,920	7,181	16,418	16,162
<b>Gross profit</b>	<b>13,372</b>	<b>13,426</b>	<b>36,420</b>	<b>33,385</b>
<b>Operating expenses</b>				
General and administrative	6,996	6,178	13,547	12,788
Sales and marketing	3,849	2,537	7,213	5,240
Research and development	5,431	4,424	10,342	8,926
<b>Total operating expenses</b>	<b>16,276</b>	<b>13,139</b>	<b>31,102</b>	<b>26,954</b>
<b>Income (loss) from operations</b>	<b>(2,904)</b>	<b>287</b>	<b>5,318</b>	<b>6,431</b>
Other income, net	106	39	223	121
<b>Income (loss) before income taxes</b>	<b>(2,798)</b>	<b>326</b>	<b>5,541</b>	<b>6,552</b>
Provision for (benefit from) income taxes	(439)	(743)	6	(1,383)
<b>Net income (loss)</b>	<b>\$ (2,359)</b>	<b>\$ 1,069</b>	<b>\$ 5,535</b>	<b>\$ 7,935</b>
<b>Net income (loss) per share</b>				
Basic	\$ (0.04)	\$ 0.02	\$ 0.10	\$ 0.14
Diluted	\$ (0.04)	\$ 0.02	\$ 0.10	\$ 0.13
<b>Number of shares used in per share calculations</b>				
Basic	56,218	57,253	56,499	57,066
Diluted	56,218	58,999	57,858	58,822



**ENERGY RECOVERY, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Unaudited)*

	<b>Six Months Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
	<i>(In thousands)</i>	
<b>Cash flows from operating activities:</b>		
Net income	\$ 5,535	\$ 7,935
Non-cash adjustments	7,542	4,921
Net cash (used in) provided by operating assets and liabilities	(5,598)	(1,315)
<b>Net cash provided by operating activities</b>	<b>7,479</b>	<b>11,541</b>
<b>Cash flows from investing activities:</b>		
Net investment in marketable securities	(10,543)	2,827
Capital expenditures	(2,436)	(2,444)
<b>Net cash (used in) provided by investing activities</b>	<b>(12,979)</b>	<b>383</b>
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of common stock	985	8,697
Repurchase of common stock	(26,623)	(11,554)
<b>Net cash used in financing activities</b>	<b>(25,638)</b>	<b>(2,857)</b>
Effect of exchange rate differences	4	(20)
<b>Net change in cash, cash equivalents and restricted cash</b>	<b>\$ (31,134)</b>	<b>\$ 9,047</b>
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>\$ 43,327</b>	<b>\$ 103,405</b>

**ENERGY RECOVERY, INC.**  
**SUPPLEMENTAL FINANCIAL INFORMATION**  
*(Unaudited)*

**Channel Revenue**

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	vs. 2021	2022	2021	vs. 2021
	<i>(In thousands, except percentages)</i>					
Megaproject	\$ 10,070	\$ 13,275	down 24%	\$ 33,910	\$ 37,032	down 8%
Original equipment manufacturer	7,689	4,274	up 80%	12,360	7,065	up 75%
Aftermarket	2,533	3,058	down 17%	6,568	5,450	up 21%
<b>Total Revenues</b>	<b>\$ 20,292</b>	<b>\$ 20,607</b>	<b>down 2%</b>	<b>\$ 52,838</b>	<b>\$ 49,547</b>	<b>up 7%</b>

**Segment Activity**

	Three Months Ended June 30, 2022				Three Months Ended June 30, 2021			
	Water	Emerging Technologies	Corporate	Total	Water	Emerging Technologies	Corporate	Total
	<i>(In thousands)</i>							
<b>Revenue</b>	\$ 20,213	\$ 79	\$ —	\$ 20,292	\$ 20,568	\$ 39	\$ —	\$ 20,607
Cost of revenue	6,920	—	—	6,920	7,181	—	—	7,181
<b>Gross profit</b>	<b>13,293</b>	<b>79</b>	<b>—</b>	<b>13,372</b>	<b>13,387</b>	<b>39</b>	<b>—</b>	<b>13,426</b>
<b>Operating expenses</b>								
General and administrative	1,534	1,354	4,108	6,996	1,779	1,315	3,084	6,178
Sales and marketing	2,654	633	562	3,849	2,121	229	187	2,537
Research and development	1,143	4,288	—	5,431	595	3,829	—	4,424
<b>Total operating expenses</b>	<b>5,331</b>	<b>6,275</b>	<b>4,670</b>	<b>16,276</b>	<b>4,495</b>	<b>5,373</b>	<b>3,271</b>	<b>13,139</b>
<b>Operating income (loss)</b>	<b>\$ 7,962</b>	<b>\$ (6,196)</b>	<b>\$ (4,670)</b>	<b>\$ (2,904)</b>	<b>\$ 8,892</b>	<b>\$ (5,334)</b>	<b>\$ (3,271)</b>	<b>\$ 287</b>
	Six Months Ended June 30, 2022				Six Months Ended June 30, 2021			
	Water	Emerging Technologies	Corporate	Total	Water	Emerging Technologies	Corporate	Total
	<i>(In thousands)</i>							
<b>Revenue</b>	\$ 52,729	\$ 109	\$ —	\$ 52,838	\$ 49,508	\$ 39	\$ —	\$ 49,547
Cost of revenue	16,400	18	—	16,418	16,162	—	—	16,162
<b>Gross profit</b>	<b>36,329</b>	<b>91</b>	<b>—</b>	<b>36,420</b>	<b>33,346</b>	<b>39</b>	<b>—</b>	<b>33,385</b>
<b>Operating expenses</b>								
General and administrative	2,998	2,262	8,287	13,547	3,340	2,481	6,967	12,788
Sales and marketing	4,955	1,160	1,098	7,213	4,285	408	547	5,240
Research and development	1,943	8,399	—	10,342	1,096	7,830	—	8,926
<b>Total operating expenses</b>	<b>9,896</b>	<b>11,821</b>	<b>9,385</b>	<b>31,102</b>	<b>8,721</b>	<b>10,719</b>	<b>7,514</b>	<b>26,954</b>
<b>Operating income (loss)</b>	<b>\$ 26,433</b>	<b>\$ (11,730)</b>	<b>\$ (9,385)</b>	<b>\$ 5,318</b>	<b>\$ 24,625</b>	<b>\$ (10,680)</b>	<b>\$ (7,514)</b>	<b>\$ 6,431</b>

## Share-based Compensation

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
	<i>(In thousands)</i>			
<b>Stock-based compensation expense charged to:</b>				
Cost of revenue	\$ 100	\$ 90	\$ 246	\$ 228
General and administrative	1,024	711	1,992	1,607
Sales and marketing	373	333	806	777
Research and development	227	295	562	731
<b>Total stock-based compensation expense</b>	<b>\$ 1,724</b>	<b>\$ 1,429</b>	<b>\$ 3,606</b>	<b>\$ 3,343</b>

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**ENERGY RECOVERY, INC.**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES <sup>(1)</sup>**  
*(Unaudited)*

This press release includes certain non-GAAP financial information because we plan and manage our business using such information. The following table reconciles the GAAP financial information to the non-GAAP financial information.

	Quarter-to-Date		Year-to-Date	
	Q2'2022	Q2'2021	2022	2021
	<i>(In millions, except shares, per share and percentages)</i>			
<b>Gross margin</b>	<b>65.9%</b>	<b>65.1%</b>	<b>68.9%</b>	<b>67.4%</b>
Share-based compensation as a percent of revenue	0.5%	0.5%	0.5%	0.5%
<b>Adjusted gross margin</b>	<b>66.4%</b>	<b>65.6%</b>	<b>69.4%</b>	<b>67.8%</b>
<b>Income (loss) from operations</b>	<b>\$ (2.9)</b>	<b>\$ 0.3</b>	<b>\$ 5.3</b>	<b>\$ 6.4</b>
Share-based compensation	1.7	1.4	3.6	3.3
Severance	0.3	—	0.3	—
Accelerated depreciation	0.9	—	0.9	—
<b>Adjusted income (loss) from operations</b>	<b>\$ —</b>	<b>\$ 1.7</b>	<b>\$ 10.1</b>	<b>\$ 9.8</b>
<b>Operating margin</b>	<b>(14.3 %)</b>	<b>1.4 %</b>	<b>25.3 %</b>	<b>21.2 %</b>
Share-based compensation as a percent of revenue	14.1 %	6.9 %	9.0 %	6.8 %
<b>Adjusted operating margin</b>	<b>(0.2 %)</b>	<b>8.3 %</b>	<b>19.0 %</b>	<b>19.7 %</b>
<b>Net income (loss)</b>	<b>\$ (2.4)</b>	<b>\$ 1.1</b>	<b>\$ 5.5</b>	<b>\$ 7.9</b>
Share-based compensation	1.7	1.4	3.6	3.3
Severance	0.3	—	0.3	—
Accelerated depreciation	0.8	—	0.7	—
Share-based compensation discrete tax item	(0.2)	(0.7)	(0.8)	(2.4)
<b>Adjusted net income</b>	<b>\$ 0.2</b>	<b>\$ 1.8</b>	<b>\$ 9.3</b>	<b>\$ 8.9</b>
<b>Net income (loss) per share</b>	<b>\$ (0.04)</b>	<b>\$ 0.02</b>	<b>\$ 0.10</b>	<b>\$ 0.13</b>
Adjustments to net income (loss) per share <sup>(2)</sup>	0.04	0.01	0.06	0.03
<b>Adjusted net income per share</b>	<b>\$ —</b>	<b>\$ 0.03</b>	<b>\$ 0.16</b>	<b>\$ 0.16</b>
Diluted shares used in calculating adjusted net income per diluted share (in thousands)	56,218	57,253	56,499	57,066
<b>Effective tax rate</b>	<b>15.7%</b>	<b>(227.9%)</b>	<b>0.1%</b>	<b>(21.1%)</b>
Adjustments to effective tax rate <sup>(3)</sup>	(231.1%)	227.6%	9.4%	31.0%
<b>Adjusted effective tax rate</b>	<b>(215.4%)</b>	<b>(0.3%)</b>	<b>9.5%</b>	<b>9.9%</b>
<b>Income (loss) from operations</b>	<b>\$ (2.9)</b>	<b>\$ 0.3</b>	<b>\$ 5.3</b>	<b>\$ 6.4</b>
Share-based compensation	1.7	1.4	3.6	3.3
Severance	0.3	—	0.3	—
Depreciation and amortization	1.9	1.0	2.9	2.0
<b>Adjusted EBITDA</b>	<b>\$ 1.0</b>	<b>\$ 2.7</b>	<b>\$ 12.1</b>	<b>\$ 11.8</b>
<b>Free cash flow</b>				
Net cash provided by operating activities	\$ 9.1	\$ 11.5	\$ 7.5	\$ 11.5
Capital expenditures	(0.6)	(1.8)	(2.6)	(2.4)
<b>Free cash flow (non-GAAP)</b>	<b>\$ 8.5</b>	<b>\$ 9.7</b>	<b>\$ 4.9</b>	<b>\$ 9.1</b>

<sup>(1)</sup> Amounts may not total due to rounding.

<sup>(2)</sup> Adjustments to net income (loss) per share reflects the adjustments for share-based compensation, share-based compensation discrete tax item, and severance costs and accelerated depreciation, net of taxes, on a per share basis.

<sup>(3)</sup> Adjustments to effective tax rate reflects adjustments for share-based compensation, share-based compensation discrete tax item, severance costs and accelerated depreciation.