Non-IFRS Measures

We provide non-IFRS measures (non-IFRS sales, gross margin before depreciation and amortization and adjusted EBITDA) as supplemental information regarding our operational performance. Non-IFRS sales represent total sales plus acquisition-related deferred revenue fair value adjustment. Gross margin before depreciation and amortization represents sales, less cost of sales, excluding depreciation and amortization. Adjusted EBITDA represent net earnings (loss) attributable to the parent interest before interest, income taxes, depreciation and amortization, stock-based compensation costs, restructuring charges, acquisition-related deferred revenue fair value adjustment, change in fair value of cash contingent consideration, share in net loss of an associate, gain on the deemed disposal of the investment in an associate, and foreign exchange gain or loss.

These non-IFRS measures eliminate the effect on our IFRS results of non-cash and/or non-operating statement of earnings elements, as well as elements subject to significant volatility such as foreign exchange gain or loss. We use these measures for evaluating our historical and prospective financial performance, as well as our performance relative to our competitors. These non-IFRS measures are also used by financial analysts that evaluate and compare our performance against that of our competitors and industry players in our sector.

Finally, these measures help us plan and forecast future periods as well as make operational and strategic decisions. We believe that providing this information to our investors, in addition to the IFRS measures, allows them to see the company's results through the eyes of management, and to better understand our historical and future financial performance. More importantly, it enables the comparison of our performance on a relatively similar basis against that of other public and private companies in our industry worldwide.

The presentation of this additional information is not prepared in accordance with IFRS. Therefore, the information may not necessarily be comparable to that of other companies and should be considered as a supplement to, not a substitute for, the corresponding measures calculated in accordance with IFRS.

The following table summarizes the reconciliation of non-IFRS sales to IFRS sales, in thousands of US dollars:

	Years ended August 31,		
	2018	**2017**	**2016**
IFRS sales	$ 269,546	$ 243,301	$ 232,583
Acquisition-related deferred revenue fair value adjustment	2,095	–	–
Non-IFRS sales	$ 271,641	$ 243,301	$ 232,583

The following table summarizes the reconciliation of adjusted EBITDA to IFRS net earnings (loss) attributable to the parent interest, in thousands of US dollars:

	Years ended August 31,		
	2018	**2017**	**2016**
IFRS net earnings (loss) attributable to the parent interest for the year	$ (11,902)	$ 851	$ 8,900
Add (deduct):			
Depreciation of property, plant and equipment	5,444	3,902	3,814
Amortization of intangible assets	10,327	3,289	1,172
Interest and other (income) expense	1,378	303	(828)
Income taxes	5,678	6,608	7,764
Stock-based compensation costs	1,748	1,414	1,378
Restructuring charges	4,409	5,079	–
Change in fair value of cash contingent consideration	(670)	(383)	–
Acquisition-related deferred revenue fair value adjustment	2,095	–	–
Share in net loss of an associate	2,080	–	–
Gain on deemed disposal of the investment in an associate	(2,080)	–	–
Foreign exchange (gain) loss	(1,309)	978	(161)
Adjusted EBITDA for the year (1)(2)	$ 17,198	$ 22,041	$ 22,039
Adjusted EBITDA in percentage of total sales	6.4%	9.1%	9.5%

(1) Astellia negatively impacted adjusted EBITDA by $5.1 million in fiscal 2018 (nil in 2017).
(2) Include acquisition-related costs of $1.1 million and $2.2 million in fiscal 2017 and 2018 respectively.