

Calix, Inc.

Historical Financial Statements

GAAP and Non-GAAP Statements of Operations 2018

(\$ in thousands)

	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP	
	Qtr Ending 3/31/2018	Qtr Ending 3/31/2018	Qtr Ending 6/30/2018	Qtr Ending 6/30/2018	Qtr Ending 9/29/2018	Qtr Ending 9/29/2018	YTD Ending 9/29/2018	YTD Ending 9/29/2018	YTD Ending 9/29/2018	YTD Ending 9/29/2018		
Revenue:												
Systems	\$ 93,291	\$ 93,291	\$ 102,563	\$ 102,563	\$ 104,992	\$ 104,992	\$ 300,846	\$ 300,846	\$ 300,846	\$ 300,846	\$ 300,846	\$ 300,846
Services	6,112	6,112	9,139	9,139	9,707	9,707	24,958	24,958	24,958	24,958	24,958	24,958
Total revenue	99,403	99,403	111,702	111,702	114,699	114,699	325,804	325,804	325,804	325,804	325,804	325,804
Cost of revenue:												
Systems <sup>(1)</sup>	51,633	51,521	54,363	54,222	54,354	54,231	160,350	159,974	160,350	159,974	160,350	159,974
Services <sup>(2)</sup>	5,711	5,634	6,473	6,383	7,512	7,423	19,696	19,440	19,696	19,440	19,696	19,440
Total cost of revenue	57,344	57,155	60,836	60,605	61,866	61,654	180,046	179,414	180,046	179,414	180,046	179,414
Gross profit	42,059	42,248	50,866	51,097	52,833	53,045	145,758	146,390	145,758	146,390	145,758	146,390
Gross margin %	42.3%	42.5%	45.5%	45.7%	46.1%	46.2%	44.7%	44.9%	44.7%	44.9%	44.7%	44.9%
Research and development <sup>(3)</sup>	25,536	24,553	22,101	21,287	21,111	20,311	68,748	66,151	68,748	66,151	68,748	66,151
Sales and marketing <sup>(4)</sup>	19,901	19,051	20,527	19,742	20,722	19,892	61,150	58,685	61,150	58,685	61,150	58,685
General and administrative <sup>(5)</sup>	9,095	8,360	10,371	9,657	10,481	9,824	29,947	27,841	29,947	27,841	29,947	27,841
Restructuring charges (benefit) <sup>(6)</sup>	5,340	-	793	-	(157)	-	5,976	-	5,976	-	5,976	-
Gain on sale of product line <sup>(7)</sup>	(6,704)	-	-	-	-	-	(6,704)	-	(6,704)	-	(6,704)	-
Total operating expenses	53,168	51,964	53,792	50,686	52,157	50,027	159,117	152,677	159,117	152,677	159,117	152,677
Income (loss) from operations	(11,109)	(9,716)	(2,926)	411	676	3,018	(13,359)	(6,287)	(13,359)	(6,287)	(13,359)	(6,287)
Interest income (expense), net	(223)	(223)	(165)	(165)	(142)	(142)	(530)	(530)	(530)	(530)	(530)	(530)
Other income (expense), net	(294)	(294)	456	456	360	360	522	522	522	522	522	522
Total interest and other income (expense), net	(517)	(517)	291	291	218	218	(8)	(8)	(8)	(8)	(8)	(8)
Provision for income taxes	110	110	158	158	85	85	353	353	353	353	353	353
Net income (loss)	\$ (11,736)	\$ (10,343)	\$ (2,793)	\$ 544	\$ 809	\$ 3,151	\$ (13,720)	\$ (6,648)	\$ (13,720)	\$ (6,648)	\$ (13,720)	\$ (6,648)
<u>Non-GAAP bridge to GAAP</u>												
(1) Cost of revenue -systems (stock-based compensation)		\$ 112		\$ 141		\$ 123		\$ 376		\$ 376		\$ 376
(2) Cost of revenue - services (stock-based compensation)		77		90		89		256		89		256
(3) Research and development (stock-based compensation)		983		814		800		2,597		800		2,597
(4) Sales and marketing (stock-based compensation)		850		785		830		2,465		830		2,465
(5) General and administrative (stock-based compensation)		735		714		657		2,106		657		2,106
(6) Operating expense (restructuring charges)		5,340		793		(157)		5,976		(157)		5,976
(7) Gain on sale of product line		(6,704)		-		-		(6,704)		-		(6,704)
Total non-GAAP expenses		\$ 1,393		\$ 3,337		\$ 2,342		\$ 7,072		\$ 2,342		\$ 7,072
GAAP net loss	\$ (11,736)		\$ (2,793)		\$ 809		\$ (13,720)		\$ (13,720)		\$ (13,720)	

Calix's non-GAAP measures are not in accordance with, or an alternative for, GAAP and may be different from non-GAAP measures used by other companies.

In addition, the above non-GAAP Consolidated Statements of Operations are not based on a comprehensive set of accounting rules or principles.

Calix, Inc.  
**Historical Financial Statements**  
**Condensed Consolidated Balance Sheets 2018**  
*(\$ in thousands)*

	3/31/2018	6/30/2018	9/29/2018
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 42,628	\$ 48,175	\$ 53,033
Accounts receivable, net	55,746	69,535	67,671
Inventory	27,061	19,988	30,267
Prepaid expenses and other current assets	12,551	11,059	10,640
Total current assets	<u>137,986</u>	<u>148,757</u>	<u>161,611</u>
Property and equipment, net	14,808	15,557	21,252
Goodwill	116,175	116,175	116,175
Other assets	1,943	1,981	1,987
Total assets	<u>\$ 270,912</u>	<u>\$ 282,470</u>	<u>\$ 301,025</u>
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 17,836	\$ 26,112	\$ 32,792
Accrued liabilities	48,783	47,445	57,052
Deferred revenue	14,676	17,205	16,813
Line of credit	30,000	30,000	30,000
Total current liabilities	<u>111,295</u>	<u>120,762</u>	<u>136,657</u>
Long-term portion of deferred revenue	20,712	18,497	18,108
Other long-term liabilities	866	2,051	2,186
Stockholders' equity:			
Common stock	1,426	1,460	1,462
Additional paid-in capital	853,809	860,196	862,642
Accumulated other comprehensive income	110	(397)	(740)
Accumulated deficit	(677,320)	(680,113)	(679,304)
Treasury stock	(39,986)	(39,986)	(39,986)
Total stockholders' equity	<u>138,039</u>	<u>141,160</u>	<u>144,074</u>
Total liabilities and stockholders' equity	<u>\$ 270,912</u>	<u>\$ 282,470</u>	<u>\$ 301,025</u>

Calix, Inc.  
**Historical Financial Statements**  
**Condensed Consolidated Statements of Cash Flows 2018**  
*(\$ in thousands)*

	Qtr Ending 3/31/2018	Qtr Ending 6/30/2018	Qtr Ending 9/29/2018	Ytd Ending 9/29/2018
<b>Operating activities</b>				
Net income (loss)	\$ (11,736)	\$ (2,793)	\$ 809	\$ (13,720)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Stock-based compensation	2,757	2,544	2,499	7,800
Depreciation and amortization	2,623	2,319	2,150	7,092
Loss on retirement of property and equipment	244	3	64	311
Gain on sale of product line	(6,704)	-	-	(6,704)
Changes in operating assets and liabilities:				
Accounts receivable, net	25,137	(13,789)	1,865	13,213
Inventory	2,451	7,073	(10,279)	(755)
Prepaid expenses and other assets	(2,521)	1,455	526	(540)
Accounts payable	(17,871)	7,556	5,219	(5,096)
Accrued liabilities	(805)	(1,785)	6,242	3,652
Deferred revenue	866	315	(783)	398
Other long-term liabilities	(264)	247	(414)	(431)
Net cash provided by (used in) operating activities	<u>(5,823)</u>	<u>3,145</u>	<u>7,898</u>	<u>5,220</u>
<b>Investing activities</b>				
Purchases of property and equipment	(1,875)	(1,080)	(2,606)	(5,561)
Proceeds from sale of product line	10,350	-	-	10,350
Net cash provided by (used in) investing activities	<u>8,475</u>	<u>(1,080)</u>	<u>(2,606)</u>	<u>4,789</u>
<b>Financing activities</b>				
Proceeds from exercise of stock options	8	43	28	79
Proceeds from employee stock purchase plans	-	3,837	(31)	3,806
Taxes paid for awards vested under equity incentive plans	(5)	(3)	(45)	(53)
Proceeds from line of credit	163,238	124,826	116,699	404,763
Repayment of line of credit	(163,238)	(124,826)	(116,699)	(404,763)
Payments to originate or amend the line of credit	-	-	(115)	(115)
Net cash provided by (used in) financing activities	<u>3</u>	<u>3,877</u>	<u>(163)</u>	<u>3,717</u>
Effect of exchange rate changes on cash and cash equivalents	198	(395)	(271)	(468)
Net increase in cash and cash equivalents	2,853	5,547	4,858	13,258
Cash and cash equivalents at beginning of period	39,775	42,628	48,175	39,775
Cash and cash equivalents at end of period	<u>\$ 42,628</u>	<u>\$ 48,175</u>	<u>\$ 53,033</u>	<u>\$ 53,033</u>