

Calix, Inc.
Historical Financial Statements
GAAP and Non-GAAP Statements of Operations 2016
(\$ in thousands)

	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP	
	Qtr Ending 3/26/2016	Qtr Ending 3/26/2016	Qtr Ending 3/26/2016	Qtr Ending 3/26/2016	Qtr Ending 6/25/2016	Qtr Ending 6/25/2016	Qtr Ending 6/25/2016	Qtr Ending 6/25/2016	YTD Ending 6/25/2016	YTD Ending 6/25/2016	YTD Ending 6/25/2016	YTD Ending 6/25/2016
Revenue	\$ 98,375	\$ 98,375	\$ 98,375	\$ 98,375	\$ 107,425	\$ 107,425	\$ 107,425	\$ 107,425	\$ 205,800	\$ 205,800	\$ 205,800	\$ 205,800
Cost of revenue:												
Products and services ⁽¹⁾	51,230	51,103	51,230	51,103	56,605	56,422	56,605	56,422	107,835	107,525	107,835	107,525
Amortization of intangible assets ⁽²⁾	1,663	-	1,663	-	814	-	814	-	2,477	-	2,477	-
Total cost of revenue	52,893	51,103	52,893	51,103	57,419	56,422	57,419	56,422	110,312	107,525	110,312	107,525
Gross profit	45,482	47,272	45,482	47,272	50,006	51,003	50,006	51,003	95,488	98,275	95,488	98,275
Gross margin %	46.2%	48.1%	46.2%	48.1%	46.5%	47.5%	46.5%	47.5%	46.4%	47.8%	46.4%	47.8%
Research and development ⁽³⁾	22,773	21,726	22,773	21,726	25,033	23,934	25,033	23,934	47,806	45,660	47,806	45,660
Sales and marketing ⁽⁴⁾	19,062	18,240	19,062	18,240	19,213	18,373	19,213	18,373	38,275	36,613	38,275	36,613
General and Administrative ⁽⁵⁾⁽⁷⁾	12,684	11,684	12,684	11,684	11,641	10,719	11,641	10,719	24,325	22,403	24,325	22,403
Amortization of intangible assets ⁽⁶⁾	1,701	-	1,701	-	-	-	-	-	1,701	-	1,701	-
Total operating expenses	56,220	51,650	56,220	51,650	55,887	53,026	55,887	53,026	112,107	104,676	112,107	104,676
Loss from operations	(10,738)	(4,378)	(10,738)	(4,378)	(5,881)	(2,023)	(5,881)	(2,023)	(16,619)	(6,401)	(16,619)	(6,401)
Interest income	211	211	211	211	216	216	216	216	427	427	427	427
Interest expense	(164)	(164)	(164)	(164)	(170)	(170)	(170)	(170)	(334)	(334)	(334)	(334)
Other income	83	83	83	83	133	133	133	133	216	216	216	216
Total interest and other income (expense), net	130	130	130	130	179	179	179	179	309	309	309	309
Provision for income taxes	121	121	121	121	124	124	124	124	245	245	245	245
Net loss	\$ (10,729)	\$ (4,369)	\$ (10,729)	\$ (4,369)	\$ (5,826)	\$ (1,968)	\$ (5,826)	\$ (1,968)	\$ (16,555)	\$ (6,337)	\$ (16,555)	\$ (6,337)
<u>Non-GAAP bridge to GAAP</u>												
(1) Cost of revenue (stock-based compensation)		\$ 127		\$ 127		\$ 183		\$ 183		\$ 310		\$ 310
(2) Cost of revenue (amortization of intangible assets)		1,663		1,663		814		814		2,477		2,477
(3) Research and development (stock-based compensation)		1,047		1,047		1,099		1,099		2,146		2,146
(4) Sales and marketing (stock-based compensation)		822		822		840		840		1,662		1,662
(5) General and administrative (stock-based compensation)		725		725		846		846		1,571		1,571
(6) Operating expense (amortization of intangible assets)		1,701		1,701		-		-		1,701		1,701
(7) General and administrative (acquisition-related costs)		275		275		76		76		351		351
Total non-GAAP expenses		\$ 6,360		\$ 6,360		\$ 3,858		\$ 3,858		\$ 10,218		\$ 10,218
GAAP net loss		\$ (10,729)		\$ (10,729)		\$ (5,826)		\$ (5,826)		\$ (16,555)		\$ (16,555)

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 2016
(\$ in thousands)

	3/26/2016	6/25/2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 21,365	\$ 26,045
Marketable securities	42,895	38,167
Accounts receivable, net	43,804	49,118
Inventory	41,127	40,761
Deferred cost of revenue	4,108	6,812
Prepaid expenses and other current assets	9,972	8,139
Total current assets	<u>163,271</u>	<u>169,042</u>
Property and equipment, net	16,515	15,648
Goodwill	116,175	116,175
Intangible assets, net	3,254	2,440
Other assets	1,202	1,075
Total assets	<u>\$ 300,417</u>	<u>\$ 304,380</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 11,144	\$ 13,802
Accrued liabilities	43,801	43,930
Deferred revenue	9,802	12,367
Total current liabilities	<u>64,747</u>	<u>70,099</u>
Long-term portion of deferred revenue	19,696	19,649
Other long-term liabilities	1,196	1,085
Stockholders' equity:		
Common stock	1,328	1,351
Additional paid-in capital	821,236	825,790
Accumulated other comprehensive loss	(148)	(130)
Accumulated deficit	(567,652)	(573,478)
Treasury stock	(39,986)	(39,986)
Total stockholders' equity	<u>214,778</u>	<u>213,547</u>
Total liabilities and stockholders' equity	<u>\$ 300,417</u>	<u>\$ 304,380</u>

Calix, Inc.
Historical Financial Statements
Condensed Consolidated Statements of Cash Flows 2016
(\$ in thousands)

	Qtr Ending 3/26/2016	Qtr Ending 6/25/2016	YTD Ending 6/25/2016
Operating activities			
Net loss	\$ (10,729)	\$ (5,826)	\$ (16,555)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	1,955	2,176	4,131
Amortization of intangible assets	3,364	814	4,178
Amortization of premiums related to available-for-sale securities	114	119	233
Stock-based compensation	2,721	2,968	5,689
Changes in operating assets and liabilities:			
Accounts receivable, net	3,351	(5,314)	(1,963)
Inventory	6,540	366	6,906
Deferred cost of revenue	810	(2,704)	(1,894)
Prepaid expenses and other assets	(576)	1,970	1,394
Accounts payable	(8,459)	2,600	(5,859)
Accrued liabilities	8,471	541	9,012
Deferred revenue	(2,195)	2,518	323
Other long-term liabilities	(98)	(109)	(207)
Net cash provided by operating activities	<u>5,269</u>	<u>119</u>	<u>5,388</u>
Investing activities			
Purchases of property and equipment	(1,453)	(1,625)	(3,078)
Maturities of marketable securities	7,020	4,650	11,670
Net cash provided by investing activities	<u>5,567</u>	<u>3,025</u>	<u>8,592</u>
Financing activities			
Proceeds from exercise of stock options	14	-	14
Proceeds from employee stock purchase plan	-	2,905	2,905
Payments for repurchases of common stock	(12,809)	-	(12,809)
Taxes paid for awards vested under equity incentive plans	(251)	(1,296)	(1,547)
Net cash provided by (used in) financing activities	<u>(13,046)</u>	<u>1,609</u>	<u>(11,437)</u>
Effect of exchange rate changes on cash and cash equivalents	(51)	(73)	(124)
Net increase (decrease) in cash and cash equivalents	(2,261)	4,680	2,419
Cash and cash equivalents at beginning of period	23,626	21,365	23,626
Cash and cash equivalents at end of period	<u>\$ 21,365</u>	<u>\$ 26,045</u>	<u>\$ 26,045</u>