

Calix, Inc.

Historical Financial Statements

GAAP and Non-GAAP Statements of Operations 2016

(\$ in thousands)

	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP	
	Qtr Ending 3/26/2016	Qtr Ending 3/26/2016	Qtr Ending 6/25/2016	Qtr Ending 6/25/2016	Qtr Ending 9/24/2016	Qtr Ending 9/24/2016	Qtr Ending 12/31/2016	Qtr Ending 12/31/2016	YTD Ending 12/31/2016	YTD Ending 12/31/2016						
Revenue	\$ 98,375	\$ 98,375	\$ 107,425	\$ 107,425	\$ 121,187	\$ 121,187	\$ 131,800	\$ 131,800	\$ 458,787	\$ 458,787						
Cost of revenue:																
Products and services ⁽¹⁾	51,230	51,103	56,605	56,422	66,830	66,656	78,800	78,612	253,465	252,793						
Amortization of intangible assets ⁽²⁾	1,663	-	814	-	813	-	814	-	4,104	-						
Total cost of revenue	52,893	51,103	57,419	56,422	67,643	66,656	79,614	78,612	257,569	252,793						
Gross profit	45,482	47,272	50,006	51,003	53,544	54,531	52,186	53,188	201,218	205,994						
Gross margin %	46.2%	48.1%	46.5%	47.5%	44.2%	45.0%	39.6%	40.4%	43.9%	44.9%						
Research and development ⁽³⁾	22,773	21,726	25,033	23,934	28,119	26,546	30,944	29,538	106,869	101,744						
Sales and marketing ⁽⁴⁾	19,062	18,240	19,213	18,373	20,575	18,914	24,825	23,562	83,675	79,089						
General and Administrative ⁽⁵⁾⁽⁷⁾	12,684	11,684	11,641	10,719	8,615	7,346	8,652	7,590	41,592	37,339						
Amortization of intangible assets ⁽⁶⁾	1,701	-	-	-	-	-	-	-	1,701	-						
Litigation settlement gain	-	-	-	-	(4,500)	(4,500)	-	-	(4,500)	(4,500)						
Total operating expenses	56,220	51,650	55,887	53,026	52,809	48,306	64,421	60,690	229,337	213,672						
Income (loss) from operations	(10,738)	(4,378)	(5,881)	(2,023)	735	6,225	(12,235)	(7,502)	(28,119)	(7,678)						
Interest income	211	211	216	216	184	184	126	126	737	737						
Interest expense	(164)	(164)	(170)	(170)	(155)	(155)	(96)	(96)	(585)	(585)						
Other income	83	83	133	133	81	81	615	615	912	912						
Total interest and other income (expense), net	130	130	179	179	110	110	645	645	1,064	1,064						
Provision for (benefit from) income taxes	121	121	124	124	209	209	(107)	(107)	347	347						
Net income (loss)	\$ (10,729)	\$ (4,369)	\$ (5,826)	\$ (1,968)	\$ 636	\$ 6,126	\$ (11,483)	\$ (6,750)	\$ (27,402)	\$ (6,961)						
Non-GAAP bridge to GAAP																
(1) Cost of revenue (stock-based compensation)		\$ 127		\$ 183		\$ 174		\$ 188		\$ 672						
(2) Cost of revenue (amortization of intangible assets)		1,663		814		813		814		4,104						
(3) Research and development (stock-based compensation)		1,047		1,099		1,573		1,406		5,125						
(4) Sales and marketing (stock-based compensation)		822		840		1,661		1,263		4,586						
(5) General and administrative (stock-based compensation)		725		846		1,269		1,062		3,902						
(6) Operating expense (amortization of intangible assets)		1,701		-		-		-		1,701						
(7) General and administrative (acquisition-related costs)		275		76		-		-		351						
Total non-GAAP expenses		\$ 6,360		\$ 3,858		\$ 5,490		\$ 4,733		\$ 20,441						
GAAP net income (loss)		\$ (10,729)		\$ (5,826)		\$ 636		\$ (11,483)		\$ (27,402)						

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	9/24/2016	12/31/2016
Assets				
Current assets:				
Cash and cash equivalents	\$ 21,365	\$ 26,045	\$ 31,764	\$ 50,359
Marketable securities	42,895	38,167	29,554	27,748
Accounts receivable, net	43,804	49,118	57,256	51,336
Inventory	41,127	40,761	40,190	44,545
Deferred cost of revenue	4,108	6,812	14,718	34,763
Prepaid expenses and other current assets	9,972	8,139	15,700	10,571
Total current assets	163,271	169,042	189,182	219,322
Property and equipment, net	16,515	15,648	16,017	17,984
Goodwill	116,175	116,175	116,175	116,175
Intangible assets, net	3,254	2,440	1,627	813
Other assets	1,202	1,075	937	1,181
Total assets	<u>\$ 300,417</u>	<u>\$ 304,380</u>	<u>\$ 323,938</u>	<u>\$ 355,475</u>
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$ 11,144	\$ 13,802	\$ 19,340	\$ 23,827
Accrued liabilities	43,801	43,930	49,019	69,715
Deferred revenue	9,802	12,367	16,226	27,854
Total current liabilities	64,747	70,099	84,585	121,396
Long-term portion of deferred revenue	19,696	19,649	19,850	20,237
Other long-term liabilities	1,196	1,085	979	878
Stockholders' equity:				
Common stock	1,328	1,351	1,353	1,368
Additional paid-in capital	821,236	825,790	830,225	836,563
Accumulated other comprehensive loss	(148)	(130)	(226)	(656)
Accumulated deficit	(567,652)	(573,478)	(572,842)	(584,325)
Treasury stock	(39,986)	(39,986)	(39,986)	(39,986)
Total stockholders' equity	214,778	213,547	218,524	212,964
Total liabilities and stockholders' equity	<u>\$ 300,417</u>	<u>\$ 304,380</u>	<u>\$ 323,938</u>	<u>\$ 355,475</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	Qtr Ending 9/24/2016	Qtr Ending 12/31/2016	YTD Ending 12/31/2016
Operating activities					
Net income (loss)	\$ (10,729)	\$ (5,826)	\$ 636	\$ (11,483)	\$ (27,402)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	1,955	2,176	2,151	2,037	8,319
Amortization of intangible assets	3,364	814	813	814	5,805
Amortization of premiums related to available-for-sale securities	114	119	104	45	382
Stock-based compensation	2,721	2,968	4,677	3,919	14,285
Changes in operating assets and liabilities:					
Accounts receivable, net	3,351	(5,314)	(8,141)	5,919	(4,185)
Inventory	6,540	366	571	(4,355)	3,122
Deferred cost of revenue	810	(2,704)	(7,906)	(20,045)	(29,845)
Prepaid expenses and other assets	(576)	1,970	(7,452)	4,861	(1,197)
Accounts payable	(8,459)	2,600	5,503	4,592	4,236
Accrued liabilities	8,471	541	4,962	20,939	34,913
Deferred revenue	(2,195)	2,518	4,060	12,015	16,398
Other long-term liabilities	(98)	(109)	(106)	(99)	(412)
Net cash provided by (used in) operating activities	5,269	119	(128)	19,159	24,419
Investing activities					
Purchases of property and equipment	(1,453)	(1,625)	(2,286)	(4,475)	(9,839)
Purchases of marketable securities	-	-	-	(16,478)	(16,478)
Maturities of marketable securities	7,020	4,650	8,500	18,230	38,400
Net cash provided by investing activities	5,567	3,025	6,214	(2,723)	12,083
Financing activities					
Proceeds from exercise of stock options	14	-	-	3	17
Proceeds from employee stock purchase plan	-	2,905	-	2,745	5,650
Payments for repurchases of common stock	(12,809)	-	-	-	(12,809)
Taxes paid for awards vested under equity incentive plans	(251)	(1,296)	(240)	(314)	(2,101)
Net cash provided by (used in) financing activities	(13,046)	1,609	(240)	2,434	(9,243)
Effect of exchange rate changes on cash and cash equivalents	(51)	(73)	(127)	(275)	(526)
Net increase (decrease) in cash and cash equivalents	(2,261)	4,680	5,719	18,595	26,733
Cash and cash equivalents at beginning of period	23,626	21,365	26,045	31,764	23,626
Cash and cash equivalents at end of period	\$ 21,365	\$ 26,045	\$ 31,764	\$ 50,359	\$ 50,359