

Calix, Inc.  
Historical Financial Statements  
GAAP and Non-GAAP Statements of Operations 2019  
(\$ in thousands)

	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
	Qtr Ending 3/30/2019	Qtr Ending 3/30/2019	Qtr Ending 6/29/2019	Qtr Ending 6/29/2019	Qtr Ending 9/28/2019	Qtr Ending 9/28/2019	Qtr Ending 12/31/2019	Qtr Ending 12/31/2019	Ytd Ending 12/31/2019	Ytd Ending 12/31/2019
Revenue:										
Systems	\$ 82,360	\$ 82,360	\$ 92,833	\$ 92,833	\$ 106,060	\$ 106,060	\$ 111,978	\$ 111,978	\$ 393,231	\$ 393,231
Services	6,990	6,990	7,471	7,471	8,425	8,425	8,213	8,213	31,099	31,099
Total revenue	89,350	89,350	100,304	100,304	114,485	114,485	120,191	120,191	424,330	424,330
Cost of revenue:										
Systems <sup>(1) (6) (7)</sup>	44,601	42,295	49,561	47,583	57,858	56,279	59,289	57,394	211,309	203,551
Services <sup>(2)</sup>	6,406	6,307	6,075	5,982	6,425	6,332	6,190	6,086	25,096	24,707
Total cost of revenue	51,007	48,602	55,636	53,565	64,283	62,611	65,479	63,480	236,405	228,258
Gross profit	38,343	40,748	44,668	46,739	50,202	51,874	54,712	56,711	187,925	196,072
Gross margin %	42.9%	45.6%	44.5%	46.6%	43.9%	45.3%	45.5%	47.2%	44.3%	46.2%
Research and development <sup>(3)</sup>	19,330	18,314	20,700	19,827	20,890	19,857	20,264	19,273	81,184	77,271
Sales and marketing <sup>(4)</sup>	19,339	18,265	19,734	18,920	20,123	19,359	23,357	22,594	82,553	79,138
General and administrative <sup>(5)</sup>	8,787	7,986	9,165	8,499	9,566	8,824	9,597	8,849	37,115	34,158
Loss on asset retirement <sup>(8)</sup>	-	-	-	-	2,474	-	-	-	2,474	-
Total operating expenses	47,456	44,565	49,599	47,246	53,053	48,040	53,218	50,716	203,326	190,567
Income (loss) from operations	(9,113)	(3,817)	(4,931)	(507)	(2,851)	3,834	1,494	5,995	(15,401)	5,505
Interest expense, net	(108)	(108)	(142)	(142)	(271)	(271)	(437)	(437)	(958)	(958)
Other income (expense), net	(391)	(391)	123	123	353	353	(258)	(258)	(173)	(173)
Total interest and other income (expense), net	(499)	(499)	(19)	(19)	82	82	(695)	(695)	(1,131)	(1,131)
Provision for income taxes	155	155	95	95	610	610	302	302	1,162	1,162
Net income (loss)	\$ (9,767)	\$ (4,471)	\$ (5,045)	\$ (621)	\$ (3,379)	\$ 3,306	\$ 497	\$ 4,998	\$ (17,694)	\$ 3,212
<u>Non-GAAP bridge to GAAP</u>										
(1) Cost of revenue -systems (stock-based compensation)		\$ 155		\$ 123		\$ 130		\$ 99		\$ 507
(2) Cost of revenue - services (stock-based compensation)		99		93		93		104		389
(3) Research and development (stock-based compensation)		1,016		873		1,033		991		3,913
(4) Sales and marketing (stock-based compensation)		1,074		814		764		763		3,415
(5) General and administrative (stock-based compensation)		801		666		742		748		2,957
(6) U.S. tariff and tariff-related costs		2,151		1,855		1,097		1,138		6,241
(7) Intangible asset amortization		-		-		352		658		1,010
(8) Loss on asset retirement		-		-		2,474		-		2,474
Total non-GAAP expenses		\$ 5,296		\$ 4,424		\$ 6,685		\$ 4,501		\$ 20,906
GAAP net income (loss)		\$ (9,767)		\$ (5,045)		\$ (3,379)		\$ 497		\$ (17,694)

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 2019**  
*(\$ in thousands)*

	3/30/2019	6/29/2019	9/28/2019	12/31/2019
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 44,067	\$ 34,942	\$ 37,558	\$ 46,829
Restricted cash	628	628	628	628
Accounts receivable, net	55,202	60,186	48,532	46,509
Inventory	47,226	45,360	46,355	40,153
Prepaid expenses and other current assets	9,961	7,094	8,787	9,698
Total current assets	157,084	148,210	141,860	143,817
Property and equipment, net	26,372	29,105	28,387	21,527
Right-of-use operating leases	17,062	16,422	15,801	15,864
Goodwill	116,175	116,175	116,175	116,175
Other assets	1,459	1,336	14,288	19,440
Total assets	<u>\$ 318,152</u>	<u>\$ 311,248</u>	<u>\$ 316,511</u>	<u>\$ 316,823</u>
<b>Liabilities and stockholders' equity</b>				
Current liabilities:				
Accounts payable	\$ 34,326	\$ 37,522	\$ 24,151	\$ 10,789
Accrued liabilities	55,343	47,657	57,060	57,546
Deferred revenue	15,564	18,528	18,101	17,158
Line of credit	30,000	25,000	24,300	30,000
Total current liabilities	135,233	128,707	123,612	115,493
Long-term portion of deferred revenue	18,252	17,792	17,593	18,340
Operating leases	15,692	15,045	14,407	14,337
Other long-term liabilities	3,134	2,498	14,749	14,625
Stockholders' equity:				
Common stock	1,488	1,520	1,521	1,545
Additional paid-in capital	879,475	886,076	888,828	895,899
Accumulated other comprehensive income	(487)	(710)	(1,140)	(854)
Accumulated deficit	(694,649)	(699,694)	(703,073)	(702,576)
Treasury stock	(39,986)	(39,986)	(39,986)	(39,986)
Total stockholders' equity	145,841	147,206	146,150	154,028
Total liabilities and stockholders' equity	<u>\$ 318,152</u>	<u>\$ 311,248</u>	<u>\$ 316,511</u>	<u>\$ 316,823</u>

Calix, Inc.  
**Historical Financial Statements**  
**Condensed Consolidated Statements of Cash Flows 2019**  
*(\$ in thousands)*

	Qtr Ending 3/30/2019	Qtr Ending 6/29/2019	Qtr Ending 9/28/2019	Qtr Ending 12/31/2019	Ytd Ending 12/31/2019
<b>Operating activities</b>					
Net income (loss)	\$ (9,767)	\$ (5,045)	\$ (3,379)	\$ 497	\$ (17,694)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Stock-based compensation	3,145	2,569	2,762	2,705	11,181
Depreciation and amortization	2,281	2,363	2,762	1,900	9,306
Loss on asset retirements	95	43	2,486	12	2,636
Amortization of intangible assets	-	-	-	1,010	1,010
Changes in operating assets and liabilities:					
Accounts receivable, net	11,823	(4,983)	11,654	2,023	20,517
Inventory	2,925	1,866	(996)	6,203	9,998
Prepaid expenses and other assets	(1,935)	3,632	(1,327)	(432)	(62)
Accounts payable	(6,349)	3,673	(13,372)	(13,393)	(29,441)
Accrued liabilities	(1,614)	(8,700)	7,599	880	(1,835)
Deferred revenue	719	2,504	(626)	(197)	2,400
Other long-term liabilities	(1,696)	(800)	(279)	(587)	(3,362)
Net cash provided by (used in) operating activities	(373)	(2,878)	7,284	621	4,654
<b>Investing activities</b>					
Purchases of property and equipment	(5,039)	(4,499)	(2,845)	(970)	(13,353)
Net cash used in investing activities	(5,039)	(4,499)	(2,845)	(970)	(13,353)
<b>Financing activities</b>					
Proceeds from exercise of stock options	290	36	-	116	442
Proceeds from employee stock purchase plans	-	4,157	-	4,276	8,433
Taxes paid for awards vested under equity incentive plans	(27)	(129)	(10)	(1)	(167)
Payments related to financing arrangements	(653)	(614)	(735)	(735)	(2,737)
Proceeds from line of credit	30,000	59,000	24,300	30,000	143,300
Repayment of line of credit	(30,000)	(64,000)	(25,000)	(24,300)	(143,300)
Net cash provided by (used in) financing activities	(390)	(1,550)	(1,445)	9,356	5,971
Effect of exchange rate changes on cash, cash equivalents and restricted cash	223	(198)	(378)	264	(89)
Net increase (decrease) in cash, cash equivalents and restricted cash	(5,579)	(9,125)	2,616	9,271	(2,817)
Cash, cash equivalents and restricted cash at beginning of period	50,274	44,695	35,570	38,186	50,274
Cash, cash equivalents and restricted cash at end of period	\$ 44,695	\$ 35,570	\$ 38,186	\$ 47,457	\$ 47,457