

Calix, Inc.

Historical Financial Statements

GAAP and Non-GAAP Statements of Operations 2020

(\$ in thousands)

	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
	Qtr Ending 3/28/2020	Qtr Ending 3/28/2020	Qtr Ending 6/27/2020	Qtr Ending 6/27/2020	Qtr Ending 9/26/2020	Qtr Ending 9/26/2020	Qtr Ending 12/31/2020	Qtr Ending 12/31/2020	Year Ending 12/31/2020	Year Ending 12/31/2020
Revenue:										
Systems	\$ 94,509	\$ 94,509	\$ 110,841	\$ 110,841	\$ 142,294	\$ 142,294	\$ 160,908	\$ 160,908	\$ 508,552	\$ 508,552
Services	7,173	7,173	8,182	8,182	8,214	8,214	9,118	9,118	32,687	32,687
Total revenue	101,682	101,682	119,023	119,023	150,508	150,508	170,026	170,026	541,239	541,239
Cost of revenue:										
Systems ^{(1) (6) (7) (8)}	50,708	48,984	56,721	53,421	68,889	67,451	75,320	73,959	251,638	243,815
Services ⁽²⁾	5,350	5,235	5,897	5,807	5,644	5,541	5,691	5,549	22,582	22,132
Total cost of revenue	56,058	54,219	62,618	59,228	74,533	72,992	81,011	79,508	274,220	265,947
Gross profit	45,624	47,463	56,405	59,795	75,975	77,516	89,015	90,518	267,019	275,292
Gross margin %	44.9%	46.7%	47.4%	50.2%	50.5%	51.5%	52.4%	53.2%	49.3%	50.9%
Sales and marketing ⁽³⁾	20,624	19,668	21,343	20,341	23,079	22,044	29,139	27,860	94,185	89,913
Research and development ⁽⁴⁾	20,671	19,661	20,921	19,824	20,378	19,141	23,288	21,896	85,258	80,522
General and administrative ⁽⁵⁾	10,669	9,873	11,193	10,267	10,768	9,728	11,814	10,650	44,444	40,518
Restructuring charges ⁽⁹⁾	-	-	6,286	-	-	-	-	-	6,286	-
Total operating expenses	51,964	49,202	59,743	50,432	54,225	50,913	64,241	60,406	230,173	210,953
Income (loss) from operations	(6,340)	(1,739)	(3,338)	9,363	21,750	26,603	24,774	30,112	36,846	64,339
Interest expense, net	(290)	(290)	(617)	(617)	(356)	(356)	(322)	(322)	(1,585)	(1,585)
Other income (expense), net	15	15	(109)	(109)	(707)	(707)	(176)	(176)	(977)	(977)
Total interest expense and other income (expense), net	(275)	(275)	(726)	(726)	(1,063)	(1,063)	(498)	(498)	(2,562)	(2,562)
Provision for income taxes	329	329	148	148	149	149	174	174	800	800
Net income (loss)	\$ (6,944)	\$ (2,343)	\$ (4,212)	\$ 8,489	\$ 20,538	\$ 25,391	\$ 24,102	\$ 29,440	\$ 33,484	\$ 60,977
<u>Non-GAAP bridge to GAAP</u>										
(1) Cost of revenue -systems (stock-based compensation)		\$ 107		\$ 126		\$ 159		\$ 184		\$ 576
(2) Cost of revenue - services (stock-based compensation)		115		90		103		142		450
(3) Sales and marketing (stock-based compensation)		956		1,002		1,035		1,279		4,272
(4) Research and development (stock-based compensation)		1,010		1,097		1,237		1,392		4,736
(5) General and administrative (stock-based compensation)		796		926		1,040		1,164		3,926
(6) U.S. tariff and tariff-related costs		959		723		621		519		2,822
(7) Intangible asset amortization		658		658		658		658		2,632
(8) Component inventory accrual		-		1,793		-		-		1,793
(9) Restructuring charges		-		6,286		-		-		6,286
Total non-GAAP expenses		\$ 4,601		\$ 12,701		\$ 4,853		\$ 5,338		\$ 27,493
GAAP net income (loss)		\$ (6,944)		\$ (4,212)		\$ 20,538		\$ 24,102		\$ 33,484

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 2020
(\$ in thousands)

	3/28/2020	6/27/2020	9/26/2020	12/31/2020
Assets				
Current assets:				
Cash and cash equivalents	\$ 46,189	\$ 50,552	\$ 63,826	\$ 80,807
Restricted cash	628	628	628	-
Marketable securities	-	-	39,986	52,982
Accounts receivable, net	67,136	58,590	69,131	69,419
Inventory	30,539	36,659	41,616	52,268
Prepaid expenses and other current assets	11,223	11,640	9,656	11,414
Total current assets	155,715	158,069	224,843	266,890
Property and equipment, net	20,402	20,966	20,168	20,381
Right-of-use operating leases	15,212	11,079	10,684	11,741
Goodwill	116,175	116,175	116,175	116,175
Other assets	16,550	15,025	13,463	12,165
Total assets	<u>\$ 324,054</u>	<u>\$ 321,314</u>	<u>\$ 385,333</u>	<u>\$ 427,352</u>
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$ 20,464	\$ 10,204	\$ 16,557	\$ 13,115
Accrued liabilities	57,975	64,684	60,506	68,736
Deferred revenue	19,912	16,359	15,591	19,189
Line of credit	30,000	26,000	-	-
Total current liabilities	128,351	117,247	92,654	101,040
Long-term portion of deferred revenue	17,656	18,192	19,564	19,904
Operating leases	13,642	12,975	12,356	12,946
Other long-term liabilities	13,490	13,732	13,228	13,137
Stockholders' equity:				
Common stock	1,549	1,587	1,544	1,553
Additional paid-in capital	899,978	912,402	939,874	948,055
Accumulated other comprehensive loss	(1,106)	(1,103)	(693)	(191)
Accumulated deficit	(709,520)	(713,732)	(693,194)	(669,092)
Treasury stock	(39,986)	(39,986)	-	-
Total stockholders' equity	150,915	159,168	247,531	280,325
Total liabilities and stockholders' equity	<u>\$ 324,054</u>	<u>\$ 321,314</u>	<u>\$ 385,333</u>	<u>\$ 427,352</u>

Calix, Inc.
Historical Financial Statements
Condensed Consolidated Statements of Cash Flows 2020
(\$ in thousands)

	Qtr Ending 3/28/2020	Qtr Ending 6/27/2020	Qtr Ending 9/26/2020	Qtr Ending 12/31/2020	Year Ending 12/31/2020
Operating activities					
Net income (loss)	\$ (6,944)	\$ (4,212)	\$ 20,538	\$ 24,102	\$ 33,484
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Stock-based compensation	2,984	3,241	3,575	4,160	13,960
Depreciation and amortization	3,544	3,462	3,305	3,407	13,718
Asset retirements and write-downs	-	3,749	-	166	3,915
Changes in operating assets and liabilities:					
Accounts receivable, net	(20,627)	8,545	(10,540)	(288)	(22,910)
Inventory	9,614	(6,120)	(4,958)	(10,652)	(12,116)
Prepaid expenses and other assets	758	417	2,535	(2,937)	773
Accounts payable	9,472	(10,143)	6,287	(3,426)	2,190
Accrued liabilities	1,367	6,501	(4,034)	8,088	11,922
Deferred revenue	2,071	(3,018)	605	3,939	3,597
Other long-term liabilities	(990)	264	(312)	3,914	2,876
Net cash provided by operating activities	1,249	2,686	17,001	30,473	51,409
Investing activities:					
Purchases of property and equipment	(1,729)	(2,751)	(1,137)	(2,202)	(7,819)
Purchases of marketable securities	-	-	(39,986)	(32,996)	(72,982)
Maturities of marketable securities	-	-	-	20,000	20,000
Net cash used in investing activities	(1,729)	(2,751)	(41,123)	(15,198)	(60,801)
Financing activities					
Proceeds from exercise of stock options	1,099	4,509	2,133	1,243	8,984
Proceeds from employee stock purchase plans	-	4,712	1,644	2,787	9,143
Payments related to financing arrangements	(842)	(687)	(813)	(3,416)	(5,758)
Proceeds from the sale of common stock in connection with public offering, net of expense	-	-	60,063	-	60,063
Proceeds from line of credit	30,000	-	-	-	30,000
Repayment of line of credit	(30,000)	(4,000)	(26,000)	-	(60,000)
Payments to originate the line of credit	(177)	(108)	-	-	(285)
Net cash provided by financing activities	80	4,426	37,027	614	42,147
Effect of exchange rate changes on cash and cash equivalents	(240)	2	369	464	595
Net increase (decrease) in cash, cash equivalents and restricted cash	(640)	4,363	13,274	16,353	33,350
Cash, cash equivalents and restricted cash at beginning of period	47,457	46,817	51,180	64,454	47,457
Cash and cash equivalents at end of period	\$ 46,817	\$ 51,180	\$ 64,454	\$ 80,807	\$ 80,807