

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
	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	Ytd Ending 9/28/2019	Ytd Ending 9/28/2019
Revenue:								
Systems	\$ 82,360	\$ 82,360	\$ 92,833	\$ 92,833	\$ 106,060	\$ 106,060	\$ 281,253	\$ 281,253
Services	6,990	6,990	7,471	7,471	8,425	8,425	22,886	22,886
Total revenue	89,350	89,350	100,304	100,304	114,485	114,485	304,139	304,139
Cost of revenue:								
Systems <sup>(1) (6) (7)</sup>	44,601	42,295	49,561	47,583	57,858	56,279	152,020	146,157
Services <sup>(2)</sup>	6,406	6,307	6,075	5,982	6,425	6,332	18,906	18,621
Total cost of revenue	51,007	48,602	55,636	53,565	64,283	62,611	170,926	164,778
Gross profit	38,343	40,748	44,668	46,739	50,202	51,874	133,213	139,361
Gross margin %	42.9%	45.6%	44.5%	46.6%	43.9%	45.3%	43.8%	45.8%
Research and development <sup>(3)</sup>	19,330	18,314	20,700	19,827	20,890	19,857	60,920	57,998
Sales and marketing <sup>(4)</sup>	19,339	18,265	19,734	18,920	20,123	19,359	59,196	56,544
General and administrative <sup>(5)</sup>	8,787	7,986	9,165	8,499	9,566	8,824	27,518	25,309
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	150,108	139,851
Income (loss) from operations	(9,113)	(3,817)	(4,931)	(507)	(2,851)	3,834	(16,895)	(490)
Interest expense, net	(108)	(108)	(142)	(142)	(271)	(271)	(521)	(521)
Other income (expense), net	(391)	(391)	123	123	353	353	85	85
Total interest and other income (expense), net	(499)	(499)	(19)	(19)	82	82	(436)	(436)
Provision for income taxes	155	155	95	95	610	610	860	860
Net income (loss)	\$ (9,767)	\$ (4,471)	\$ (5,045)	\$ (621)	\$ (3,379)	\$ 3,306	\$ (18,191)	\$ (1,786)
<u>Non-GAAP bridge to GAAP</u>								
(1) Cost of revenue - systems (stock-based compensation)		\$ 155		\$ 123		\$ 130		\$ 408
(2) Cost of revenue - services (stock-based compensation)		99		93		93		285
(3) Research and development (stock-based compensation)		1,016		873		1,033		2,922
(4) Sales and marketing (stock-based compensation)		1,074		814		764		2,652
(5) General and administrative (stock-based compensation)		801		666		742		2,209
(6) U.S. tariff and tariff-related costs		2,151		1,855		1,097		5,103
(7) Intangible asset amortization		-		-		352		352
(8) Loss on asset retirement		-		-		2,474		2,474
Total non-GAAP expenses		\$ 5,296		\$ 4,424		\$ 6,685		\$ 16,405
GAAP net loss		\$ (9,767)		\$ (5,045)		\$ (3,379)		\$ (18,191)

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
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 44,067	\$ 34,942	\$ 37,558
Restricted cash	628	628	628
Accounts receivable, net	55,202	60,186	48,532
Inventory	47,226	45,360	46,355
Prepaid expenses and other current assets	9,961	7,094	8,787
Total current assets	157,084	148,210	141,860
Property and equipment, net	26,372	29,105	28,387
Right-of-use operating leases	17,062	16,422	15,801
Goodwill	116,175	116,175	116,175
Other assets	1,459	1,336	14,288
Total assets	<u>\$ 318,152</u>	<u>\$ 311,248</u>	<u>\$ 316,511</u>
<b>Liabilities and stockholders' equity</b>			
Current liabilities:			
Accounts payable	\$ 34,326	\$ 37,522	\$ 24,151
Accrued liabilities	55,343	47,657	57,060
Deferred revenue	15,564	18,528	18,101
Line of credit	30,000	25,000	24,300
Total current liabilities	135,233	128,707	123,612
Long-term portion of deferred revenue	18,252	17,792	17,593
Operating leases	15,692	15,045	14,407
Other long-term liabilities	3,134	2,498	14,749
Stockholders' equity:			
Common stock	1,488	1,520	1,521
Additional paid-in capital	879,475	886,076	888,828
Accumulated other comprehensive income	(487)	(710)	(1,140)
Accumulated deficit	(694,649)	(699,694)	(703,073)
Treasury stock	(39,986)	(39,986)	(39,986)
Total stockholders' equity	145,841	147,206	146,150
Total liabilities and stockholders' equity	<u>\$ 318,152</u>	<u>\$ 311,248</u>	<u>\$ 316,511</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	Ytd Ending 9/28/2019
<b>Operating activities</b>				
Net loss	\$ (9,767)	\$ (5,045)	\$ (3,379)	\$ (18,191)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Stock-based compensation	3,145	2,569	2,762	8,476
Depreciation and amortization	2,281	2,363	2,762	7,406
Loss on asset retirements	95	43	2,486	2,624
Changes in operating assets and liabilities:				
Accounts receivable, net	11,823	(4,983)	11,654	18,494
Inventory	2,925	1,866	(996)	3,795
Prepaid expenses and other assets	(1,935)	3,632	(1,327)	370
Accounts payable	(6,349)	3,673	(13,372)	(16,048)
Accrued liabilities	(1,614)	(8,700)	7,599	(2,715)
Deferred revenue	719	2,504	(626)	2,597
Other long-term liabilities	(1,696)	(800)	(279)	(2,775)
Net cash provided by (used in) operating activities	<u>(373)</u>	<u>(2,878)</u>	<u>7,284</u>	<u>4,033</u>
<b>Investing activities</b>				
Purchases of property and equipment	(5,039)	(4,499)	(2,845)	(12,383)
Net cash used in investing activities	<u>(5,039)</u>	<u>(4,499)</u>	<u>(2,845)</u>	<u>(12,383)</u>
<b>Financing activities</b>				
Proceeds from exercise of stock options	290	36	-	326
Proceeds from employee stock purchase plans	-	4,157	-	4,157
Taxes paid for awards vested under equity incentive plans	(27)	(129)	(10)	(166)
Payments related to financing arrangements	(653)	(614)	(735)	(2,002)
Proceeds from line of credit	30,000	59,000	24,300	113,300
Repayment of line of credit	(30,000)	(64,000)	(25,000)	(119,000)
Net cash used in financing activities	<u>(390)</u>	<u>(1,550)</u>	<u>(1,445)</u>	<u>(3,385)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	223	(198)	(378)	(353)
Net increase (decrease) in cash, cash equivalents and restricted cash	(5,579)	(9,125)	2,616	(12,088)
Cash, cash equivalents and restricted cash at beginning of period	50,274	44,695	35,570	50,274
Cash, cash equivalents and restricted cash at end of period	<u>\$ 44,695</u>	<u>\$ 35,570</u>	<u>\$ 38,186</u>	<u>\$ 38,186</u>