

Calix, Inc.
Historical Financial Statements
GAAP and Non-GAAP Statements of Operations 2018
(\$ in thousands)

	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending	Qtr Ending	YTD Ending	YTD Ending
	3/31/2018	3/31/2018	6/30/2018	6/30/2018	9/29/2018	9/29/2018	12/31/2018	12/31/2018	12/31/2018	12/31/2018
Revenue:										
Systems	\$ 93,291	\$ 93,291	\$ 102,563	\$ 102,563	\$ 104,992	\$ 104,992	\$ 105,077	\$ 105,077	\$ 405,923	\$ 405,923
Services	6,112	6,112	9,139	9,139	9,707	9,707	10,439	10,439	35,397	35,397
Total revenue	99,403	99,403	111,702	111,702	114,699	114,699	115,516	115,516	441,320	441,320
Cost of revenue:										
Systems ^{(1) (8)}	51,633	51,521	54,363	54,222	54,354	54,231	56,179	52,476	216,529	212,450
Services ⁽²⁾	5,711	5,634	6,473	6,383	7,512	7,423	7,713	7,606	27,409	27,046
Total cost of revenue	57,344	57,155	60,836	60,605	61,866	61,654	63,892	60,082	243,938	239,496
Gross profit	42,059	42,248	50,866	51,097	52,833	53,045	51,624	55,434	197,382	201,824
Gross margin %	42.3%	42.5%	45.5%	45.7%	46.1%	46.2%	44.7%	48.0%	44.7%	45.7%
Research and development ⁽³⁾	25,536	24,553	22,101	21,287	21,111	20,311	21,215	17,842	89,963	83,993
Sales and marketing ⁽⁴⁾	19,901	19,051	20,527	19,742	20,722	19,892	25,282	21,960	86,432	80,645
General and administrative ⁽⁵⁾	9,095	8,360	10,371	9,657	10,481	9,824	10,553	8,189	40,500	36,030
Restructuring charges (benefit) ⁽⁶⁾	5,340	-	793	-	(157)	-	(271)	-	5,705	-
Gain on sale of product line ⁽⁷⁾	(6,704)	-	-	-	-	-	-	-	(6,704)	-
Total operating expenses	53,168	51,964	53,792	50,686	52,157	50,027	56,779	47,991	215,896	200,668
Income (loss) from operations	(11,109)	(9,716)	(2,926)	411	676	3,018	(5,155)	7,443	(18,514)	1,156
Interest income (expense), net	(223)	(223)	(165)	(165)	(142)	(142)	(102)	(102)	(632)	(632)
Other income (expense), net	(294)	(294)	456	456	360	360	(144)	(144)	378	378
Total interest and other income (expense), net	(517)	(517)	291	291	218	218	(246)	(246)	(254)	(254)
Provision for income taxes	110	110	158	158	85	85	177	177	530	530
Net income (loss)	\$ (11,736)	\$ (10,343)	\$ (2,793)	\$ 544	\$ 809	\$ 3,151	\$ (5,578)	\$ 7,020	\$ (19,298)	\$ 372
<u>Non-GAAP bridge to GAAP</u>										
(1) Cost of revenue -systems (stock-based compensation)		\$ 112		\$ 141		\$ 123		\$ 508		\$ 884
(2) Cost of revenue - services (stock-based compensation)		77		90		89		107		363
(3) Research and development (stock-based compensation)		983		814		800		3,373		5,970
(4) Sales and marketing (stock-based compensation)		850		785		830		3,322		5,787
(5) General and administrative (stock-based compensation)		735		714		657		2,364		4,470
(6) Operating expense (restructuring charges)		5,340		793		(157)		(271)		5,705
(7) Gain on sale of product line		(6,704)		-		-		-		(6,704)
(8) U.S. tariff and tariff-related costs		-		-		-		3,195		3,195
Total non-GAAP expenses		\$ 1,393		\$ 3,337		\$ 2,342		\$ 12,598		\$ 19,670
GAAP net loss		\$ (11,736)		\$ (2,793)		\$ 809		\$ (5,578)		\$ (19,298)

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 2018
(\$ in thousands)

	3/31/2018	6/30/2018	9/29/2018	12/31/2018
Assets				
Current assets:				
Cash and cash equivalents	\$ 42,628	\$ 48,175	\$ 53,033	\$ 49,646
Restricted cash	-	-	-	628
Accounts receivable, net	55,746	69,535	67,671	67,026
Inventory	27,061	19,988	30,267	50,151
Prepaid expenses and other current assets	12,551	11,059	10,640	7,306
Total current assets	137,986	148,757	161,611	174,757
Property and equipment, net	14,808	15,557	21,252	24,945
Goodwill	116,175	116,175	116,175	116,175
Other assets	1,943	1,981	1,987	1,203
Total assets	\$ 270,912	\$ 282,470	\$ 301,025	\$ 317,080
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$ 17,836	\$ 26,112	\$ 32,792	\$ 40,209
Accrued liabilities	48,783	47,445	57,052	57,869
Deferred revenue	14,676	17,205	16,813	15,600
Line of credit	30,000	30,000	30,000	30,000
Total current liabilities	111,295	120,762	136,657	143,678
Long-term portion of deferred revenue	20,712	18,497	18,108	17,496
Other long-term liabilities	866	2,051	2,186	3,972
Stockholders' equity:				
Common stock	1,426	1,460	1,462	1,482
Additional paid-in capital	853,809	860,196	862,642	876,073
Accumulated other comprehensive income	110	(397)	(740)	(753)
Accumulated deficit	(677,320)	(680,113)	(679,304)	(684,882)
Treasury stock	(39,986)	(39,986)	(39,986)	(39,986)
Total stockholders' equity	138,039	141,160	144,074	151,934
Total liabilities and stockholders' equity	\$ 270,912	\$ 282,470	\$ 301,025	\$ 317,080

Calix, Inc.
Historical Financial Statements
Condensed Consolidated Statements of Cash Flows 2018
(\$ in thousands)

	Qtr Ending 3/31/2018	Qtr Ending 6/30/2018	Qtr Ending 9/29/2018	Qtr Ending 12/31/2018	Ytd Ending 12/31/2018
Operating activities					
Net income (loss)	\$ (11,736)	\$ (2,793)	\$ 809	\$ (5,578)	\$ (19,298)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Stock-based compensation	2,757	2,544	2,499	9,673	17,473
Depreciation and amortization	2,623	2,319	2,150	2,095	9,187
Loss on retirement of property and equipment	244	3	64	15	326
Gain on sale of product line	(6,704)	-	-	-	(6,704)
Changes in operating assets and liabilities:					
Accounts receivable, net	25,137	(13,789)	1,865	645	13,858
Inventory	2,451	7,073	(10,279)	(19,884)	(20,639)
Prepaid expenses and other assets	(2,521)	1,455	526	4,119	3,579
Accounts payable	(17,871)	7,556	5,219	9,692	4,596
Accrued liabilities	(805)	(1,785)	6,242	(861)	2,791
Deferred revenue	866	315	(783)	(1,824)	(1,426)
Other long-term liabilities	(264)	247	(414)	248	(183)
Net cash provided by (used in) operating activities	(5,823)	3,145	7,898	(1,660)	3,560
Investing activities					
Purchases of property and equipment	(1,875)	(1,080)	(2,606)	(4,865)	(10,426)
Proceeds from sale of product line	10,350	-	-	-	10,350
Net cash provided by (used in) investing activities	8,475	(1,080)	(2,606)	(4,865)	(76)
Financing activities					
Proceeds from exercise of stock options	8	43	28	305	384
Proceeds from employee stock purchase plans	-	3,837	(31)	3,491	7,297
Taxes paid for awards vested under equity incentive plans	(5)	(3)	(45)	(19)	(72)
Proceeds from line of credit	163,238	124,826	116,699	153,151	557,914
Repayment of line of credit	(163,238)	(124,826)	(116,699)	(153,151)	(557,914)
Payments to originate or amend the line of credit	-	-	(115)	-	(115)
Net cash provided by (used in) financing activities	3	3,877	(163)	3,777	7,494
Effect of exchange rate changes on cash, cash equivalents and restricted cash	198	(395)	(271)	(11)	(479)
Net increase (decrease) in cash, cash equivalents and restricted cash	2,853	5,547	4,858	(2,759)	10,499
Cash, cash equivalents and restricted cash at beginning of period	39,775	42,628	48,175	53,033	39,775
Cash, cash equivalents and restricted cash at end of period	\$ 42,628	\$ 48,175	\$ 53,033	\$ 50,274	\$ 50,274