

Calix, Inc.

Historical Financial Statements

GAAP and Non-GAAP Statements of Operations 2015

(\$ in thousands)

	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
	Qtr Ending 3/28/2015	Qtr Ending 3/28/2015	Qtr Ending 6/27/2015	Qtr Ending 6/27/2015	Qtr Ending 9/26/2015	Qtr Ending 9/26/2015	Qtr Ending 12/31/2015	Qtr Ending 12/31/2015	YTD Ending 12/31/2015	YTD Ending 12/31/2015
Revenue	\$ 91,038	\$ 91,038	\$ 99,129	\$ 99,129	\$ 112,297	\$ 112,297	\$ 104,999	\$ 104,999	\$ 407,463	\$ 407,463
Cost of revenue:										
Products and services ⁽¹⁾	46,460	46,285	48,752	48,541	57,096	56,933	56,373	56,213	208,681	207,972
Amortization of intangible assets ⁽²⁾	2,088	-	2,088	-	2,088	-	2,089	-	8,353	-
Total cost of revenue	48,548	46,285	50,840	48,541	59,184	56,933	58,462	56,213	217,034	207,972
Gross profit	42,490	44,753	48,289	50,588	53,113	55,364	46,537	48,786	190,429	199,491
Gross margin %	46.7%	49.2%	48.7%	51.0%	47.3%	49.3%	44.3%	46.5%	46.7%	49.0%
Research and development ⁽³⁾	21,914	20,702	22,851	21,368	22,120	21,156	22,829	21,691	89,714	84,917
Sales and marketing ⁽⁴⁾	19,759	18,334	19,215	17,559	18,424	17,736	21,165	20,222	78,563	73,851
General and Administrative ⁽⁵⁾⁽⁷⁾	10,152	9,112	9,436	8,393	9,140	8,259	9,726	8,731	38,454	34,495
Amortization of intangible assets ⁽⁶⁾	2,552	-	2,552	-	2,552	-	2,552	-	10,208	-
Total operating expenses	54,377	48,148	54,054	47,320	52,236	47,151	56,272	50,644	216,939	193,263
Income (loss) from operations	(11,887)	(3,395)	(5,765)	3,268	877	8,213	(9,735)	(1,858)	(26,510)	6,228
Interest income	379	379	338	338	297	297	271	271	1,285	1,285
Interest expense	(379)	(379)	(279)	(279)	(263)	(263)	(223)	(223)	(1,144)	(1,144)
Other income	48	48	29	29	196	196	298	298	571	571
Total interest and other income (expense), net	48	48	88	88	230	230	346	346	712	712
Provision for income taxes	91	91	102	102	185	185	157	157	535	535
Net income (loss)	\$ (11,930)	\$ (3,438)	\$ (5,779)	\$ 3,254	\$ 922	\$ 8,258	\$ (9,546)	\$ (1,669)	\$ (26,333)	\$ 6,405
<u>Non-GAAP bridge to GAAP</u>										
(1) Cost of revenue (stock-based compensation)		\$ 175		\$ 211		\$ 163		\$ 160		\$ 709
(2) Cost of revenue (amortization of intangible assets)		2,088		2,088		2,088		2,089		8,353
(3) Research and development (stock-based compensation)		1,212		1,483		964		1,138		4,797
(4) Sales and marketing (stock-based compensation)		1,425		1,656		688		943		4,712
(5) General and administrative (stock-based compensation)		850		991		775		971		3,587
(6) Operating expense (amortization of intangible assets)		2,552		2,552		2,552		2,552		10,208
(7) General and administrative (acquisition-related costs)		190		52		106		24		372
Total non-cash expenses		\$ 8,492		\$ 9,033		\$ 7,336		\$ 7,877		\$ 32,738
GAAP net income (loss)		\$ (11,930)		\$ (5,779)		\$ 922		\$ (9,546)		\$ (26,333)

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 2015
(\$ in thousands)

	3/28/2015	6/27/2015	9/26/2015	12/31/2015
Assets				
Current assets:				
Cash and cash equivalents	\$ 29,618	\$ 39,672	\$ 36,194	\$ 23,626
Marketable securities	68,157	59,785	57,659	49,964
Accounts receivable, net	39,000	41,985	48,188	47,155
Inventory	40,637	40,710	43,769	47,667
Deferred cost of revenue	1,762	1,284	2,998	4,918
Prepaid expenses and other current assets	10,779	11,457	8,311	9,470
Total current assets	189,953	194,893	197,119	182,800
Property and equipment, net	19,403	18,790	18,484	17,149
Goodwill	116,175	116,175	116,175	116,175
Intangible assets, net	20,539	15,899	11,259	6,618
Other assets	1,113	1,241	1,091	1,144
Total assets	<u>\$ 347,183</u>	<u>\$ 346,998</u>	<u>\$ 344,128</u>	<u>\$ 323,886</u>
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$ 12,792	\$ 18,538	\$ 16,784	\$ 19,603
Accrued liabilities	39,447	36,545	38,280	35,512
Deferred revenue	9,036	9,132	11,414	12,124
Total current liabilities	61,275	64,215	66,478	67,239
Long-term portion of deferred revenue	19,428	19,371	19,390	19,569
Other long-term liabilities	2,091	1,903	1,700	1,293
Stockholders' equity:				
Common stock	1,295	1,313	1,316	1,326
Additional paid-in capital	805,525	811,737	813,776	818,754
Accumulated other comprehensive income (loss)	89	135	(31)	(195)
Accumulated deficit	(542,520)	(548,299)	(547,377)	(556,923)
Treasury stock	-	(3,377)	(11,124)	(27,177)
Total stockholders' equity	264,389	261,509	256,560	235,785
Total liabilities and stockholders' equity	<u>\$ 347,183</u>	<u>\$ 346,998</u>	<u>\$ 344,128</u>	<u>\$ 323,886</u>

Calix, Inc.
Historical Financial Statements
Condensed Consolidated Statements of Cash Flows 2015
(\$ in thousands)

	Qtr Ending 3/28/2015	Qtr Ending 6/27/2015	Qtr Ending 9/26/2015	Qtr Ending 12/31/2015	YTD Ending 12/31/2015
Operating activities					
Net income (loss)	\$ (11,930)	\$ (5,779)	\$ 922	\$ (9,546)	\$ (26,333)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	2,480	2,498	2,624	2,660	10,262
Loss on retirement of property and equipment	10	(5)	9	10	24
Amortization of intangible assets	4,640	4,640	4,640	4,641	18,561
Amortization of premiums related to available-for-sale securities	287	254	202	164	907
Stock-based compensation	3,662	4,341	2,590	3,212	13,805
Changes in operating assets and liabilities:					
Restricted cash	295	-	-	-	295
Accounts receivable, net	(8,256)	(2,984)	(6,203)	1,032	(16,411)
Inventory	6,115	(73)	(3,059)	(3,898)	(915)
Deferred cost of revenue	3,318	478	(1,714)	(1,920)	162
Prepaid expenses and other assets	1,974	(909)	3,116	(1,292)	2,889
Accounts payable	(10,836)	5,745	(1,750)	2,820	(4,021)
Accrued liabilities	54	(2,943)	1,834	(2,726)	(3,781)
Deferred revenue	(3,651)	39	2,300	890	(422)
Other long-term liabilities	(59)	(76)	(32)	(196)	(363)
Net cash provided by (used in) operating activities	(11,897)	5,226	5,479	(4,149)	(5,341)
Investing activities					
Purchases of property and equipment	(1,742)	(1,876)	(2,325)	(1,335)	(7,278)
Purchases of marketable securities	(17,004)	(8,267)	(21,479)	(13,252)	(60,002)
Maturities of marketable securities	11,450	16,382	23,433	20,680	71,945
Net cash provided by (used in) investing activities	(7,296)	6,239	(371)	6,093	4,665
Financing activities					
Proceeds from exercise of stock options	564	26	35	13	638
Proceeds from employee stock purchase plan	-	2,865	-	2,023	4,888
Payments for repurchases of common stock	-	(3,377)	(7,747)	(16,053)	(27,177)
Taxes paid for awards vested under equity incentive plans	(506)	(1,004)	(583)	(259)	(2,352)
Payments for debt issuance costs	-	-	-	(138)	(138)
Net cash provided by (used in) financing activities	58	(1,490)	(8,295)	(14,414)	(24,141)
Effect of exchange rate changes on cash and cash equivalents	(76)	79	(291)	(98)	(386)
Net increase (decrease) in cash and cash equivalents	(19,211)	10,054	(3,478)	(12,568)	(25,203)
Cash and cash equivalents at beginning of period	48,829	29,618	39,672	36,194	48,829
Cash and cash equivalents at end of period	\$ 29,618	\$ 39,672	\$ 36,194	\$ 23,626	\$ 23,626