

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

	GAAP		Non-GAAP		GAAP		Non-GAAP		GAAP		Non-GAAP	
	Qtr Ending 3/31/2018	Qtr Ending 3/31/2018	Qtr Ending 6/30/2018	Qtr Ending 6/30/2018	YTD Ending 6/30/2018	YTD Ending 6/30/2018	YTD Ending 6/30/2018	YTD Ending 6/30/2018	YTD Ending 6/30/2018	YTD Ending 6/30/2018		
Revenue:												
Systems	\$ 93,291	\$ 93,291	\$ 102,563	\$ 102,563	\$ 195,854	\$ 195,854						
Services	6,112	6,112	9,139	9,139	15,251	15,251						
Total revenue	99,403	99,403	111,702	111,702	211,105	211,105						
Cost of revenue:												
Systems <sup>(1)</sup>	51,633	51,521	54,363	54,222	105,996	105,743						
Services <sup>(2)</sup>	5,711	5,634	6,473	6,383	12,184	12,017						
Total cost of revenue	57,344	57,155	60,836	60,605	118,180	117,760						
Gross profit	42,059	42,248	50,866	51,097	92,925	93,345						
Gross margin %	42.3%	42.5%	45.5%	45.7%	44.0%	44.2%						
Research and development <sup>(3)</sup>	25,536	24,553	22,101	21,287	47,637	45,840						
Sales and marketing <sup>(4)</sup>	19,901	19,051	20,527	19,742	40,428	38,793						
General and administrative <sup>(5)</sup>	9,095	8,360	10,371	9,657	19,466	18,017						
Restructuring charges <sup>(6)</sup>	5,340	-	793	-	6,133	-						
Gain on sale of product line <sup>(7)</sup>	(6,704)	-	-	-	(6,704)	-						
Total operating expenses	53,168	51,964	53,792	50,686	106,960	102,650						
Loss from operations	(11,109)	(9,716)	(2,926)	411	(14,035)	(9,305)						
Interest income (expense), net	(223)	(223)	(165)	(165)	(388)	(388)						
Other income (expense), net	(294)	(294)	456	456	162	162						
Total interest and other income (expense), net	(517)	(517)	291	291	(226)	(226)						
Provision for income taxes	110	110	158	158	268	268						
Net income (loss)	\$ (11,736)	\$ (10,343)	\$ (2,793)	\$ 544	\$ (14,529)	\$ (9,799)						
<u>Non-GAAP bridge to GAAP</u>												
(1) Cost of revenue - products (stock-based compensation)		\$ 112		\$ 141		\$ 253						
(2) Cost of revenue - services (stock-based compensation)		77		90		167						
(3) Research and development (stock-based compensation)		983		814		1,797						
(4) Sales and marketing (stock-based compensation)		850		785		1,635						
(5) General and administrative (stock-based compensation)		735		714		1,449						
(6) Operating expense (restructuring charges)		5,340		793		6,133						
(7) Gain on sale of product line		(6,704)		-		(6,704)						
Total non-GAAP expenses		\$ 1,393		\$ 3,337		\$ 4,730						
GAAP net loss	\$ (11,736)		\$ (2,793)		\$ (14,529)							

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
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 42,628	\$ 48,175
Accounts receivable, net	55,746	69,535
Inventory	27,061	19,988
Prepaid expenses and other current assets	12,551	11,059
Total current assets	<u>137,986</u>	<u>148,757</u>
Property and equipment, net	14,808	15,557
Goodwill	116,175	116,175
Other assets	1,943	1,981
Total assets	<u>\$ 270,912</u>	<u>\$ 282,470</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 17,836	\$ 26,112
Accrued liabilities	48,783	47,445
Deferred revenue	14,676	17,205
Line of credit	30,000	30,000
Total current liabilities	<u>111,295</u>	<u>120,762</u>
Long-term portion of deferred revenue	20,712	18,497
Other long-term liabilities	866	2,051
Stockholders' equity:		
Common stock	1,426	1,460
Additional paid-in capital	853,809	860,196
Accumulated other comprehensive income	110	(397)
Accumulated deficit	(677,320)	(680,113)
Treasury stock	(39,986)	(39,986)
Total stockholders' equity	<u>138,039</u>	<u>141,160</u>
Total liabilities and stockholders' equity	<u>\$ 270,912</u>	<u>\$ 282,470</u>

Calix, Inc.

Historical Financial Statements

Condensed Consolidated Statements of Cash Flows 2018

(\$ in thousands)

	Qtr Ending 3/31/2018	Qtr Ending 6/30/2018	Ytd Ending 6/30/2018
<b>Operating activities</b>			
Net loss	\$ (11,736)	\$ (2,793)	\$ (14,529)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Stock-based compensation	2,757	2,544	5,301
Depreciation and amortization	2,623	2,319	4,942
Loss on retirement of property and equipment	244	3	247
Gain on sale of product line	(6,704)	-	(6,704)
Changes in operating assets and liabilities:			
Accounts receivable, net	25,137	(13,789)	11,348
Inventory	2,451	7,073	9,524
Prepaid expenses and other assets	(2,521)	1,455	(1,066)
Accounts payable	(17,871)	7,556	(10,315)
Accrued liabilities	(805)	(1,785)	(2,590)
Deferred revenue	866	315	1,181
Other long-term liabilities	(264)	247	(17)
Net cash provided by (used in) operating activities	<u>(5,823)</u>	<u>3,145</u>	<u>(2,678)</u>
<b>Investing activities</b>			
Purchases of property and equipment	(1,875)	(1,080)	(2,955)
Proceeds from sale of product line	10,350	-	10,350
Net cash provided by (used in) investing activities	<u>8,475</u>	<u>(1,080)</u>	<u>7,395</u>
<b>Financing activities</b>			
Proceeds from exercise of stock options	8	43	51
Proceeds from employee stock purchase plans	-	3,837	3,837
Taxes paid for awards vested under equity incentive plans	(5)	(3)	(8)
Proceeds from line of credit	163,238	124,826	288,064
Repayment of line of credit	(163,238)	(124,826)	(288,064)
Net cash provided by financing activities	<u>3</u>	<u>3,877</u>	<u>3,880</u>
Effect of exchange rate changes on cash and cash equivalents	198	(395)	(197)
Net increase in cash and cash equivalents	2,853	5,547	8,400
Cash and cash equivalents at beginning of period	39,775	42,628	39,775
Cash and cash equivalents at end of period	<u>\$ 42,628</u>	<u>\$ 48,175</u>	<u>\$ 48,175</u>