

# 2022 Investor Day

February 23, 2022



**Welcome**

# Today's Speakers



**Carl Russo**

Chairman of the Board and  
Chief Executive Officer



**Michael Weening**

President and  
Chief Operating Officer



**Matt Collins**

Executive Vice President of  
Commercial Operations and  
Chief Marketing Officer



**Shane Eleniak**

Executive Vice  
President Products



**Cory Sindelar**

Chief Financial Officer





# Safe Harbor

Statements made during this presentation that are not statements of historical fact are forward-looking statements. Forward-looking statements are subject to the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to, but are not limited to, statements about the impact of the coronavirus pandemic, potential customer or market opportunities, growth and pipeline opportunities, customer demand or the sustainability of continued demand, anticipated customer purchase trends, expected customer and product mix or anticipated adoption or deployment of our platforms, systems or services offerings, industry, market and customer trends, opportunities with existing and prospective customers, the ongoing management of our global supply chain and logistics, free cash flow and liquidity, and future financial performance (including the outlook for the first quarter of 2022 and performance against our target financial model). Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from expectations, including but not limited to fluctuations in our financial and operating results, the capital spending decisions of our customers, changes and disruptions in the market and industry, availability of capital in the market, changes in and impacts of regulations and/or government sponsored programs, competition, our ability to achieve market acceptance of our platforms, systems and solutions, our ability to grow our customer base, fluctuations in costs associated with our systems and services including higher costs, dependence on third-parties for production and resource management associated with our global supply chain that may cause delays in production, protracted product shortages and unavailability of systems to meet customer orders (which may be substantial), cost overruns, disruptions in global trade and relations, sustained or additional economic disruptions due to the COVID-19 pandemic, social unrest and political uncertainties and other unanticipated factors, as well as the risks and uncertainties described in our annual reports on Form 10-K and our quarterly reports on Form 10-Q, each as filed with the SEC and available at [www.sec.gov](http://www.sec.gov), particularly in the sections titled “Risk Factors.” Forward-looking statements speak only as of the date the statements are made and are based on information available to us at the time those statements are made and/or management’s good faith belief as of that time with respect to future events. Calix assumes no obligation to update forward-looking statements to reflect actual performance or results, changes in assumptions or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. Accordingly, investors should not place undue reliance on any forward-looking statements.



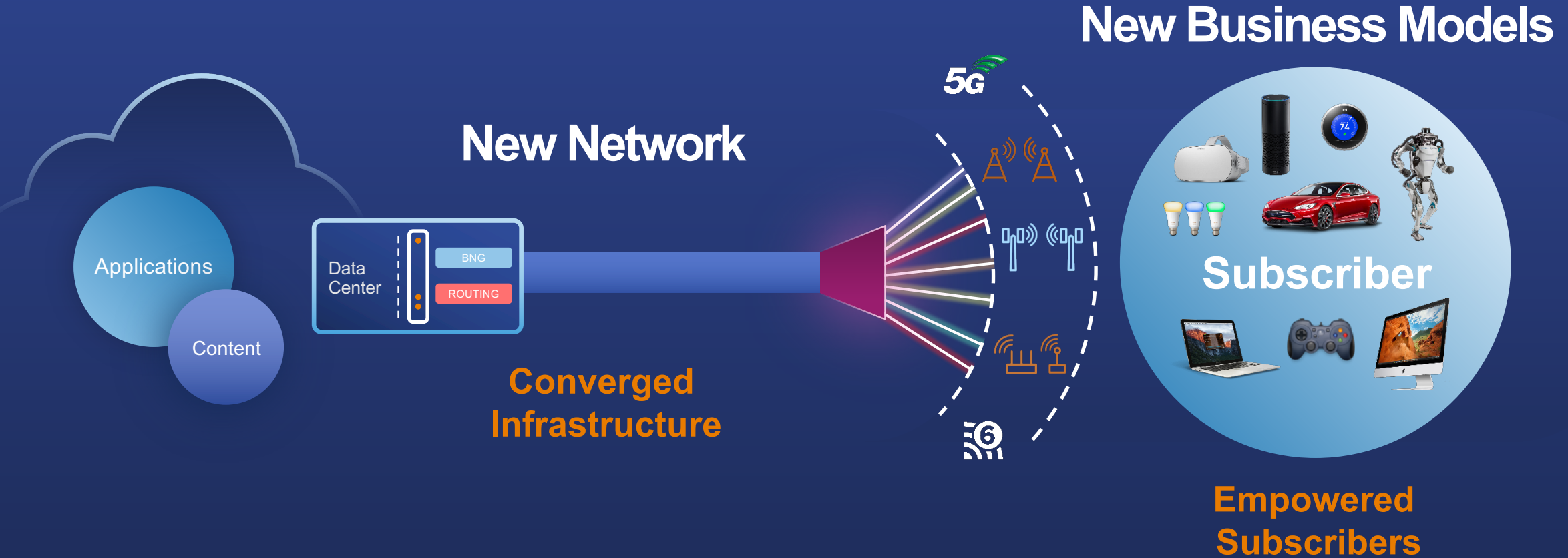


# Use of Non-GAAP Financial Information

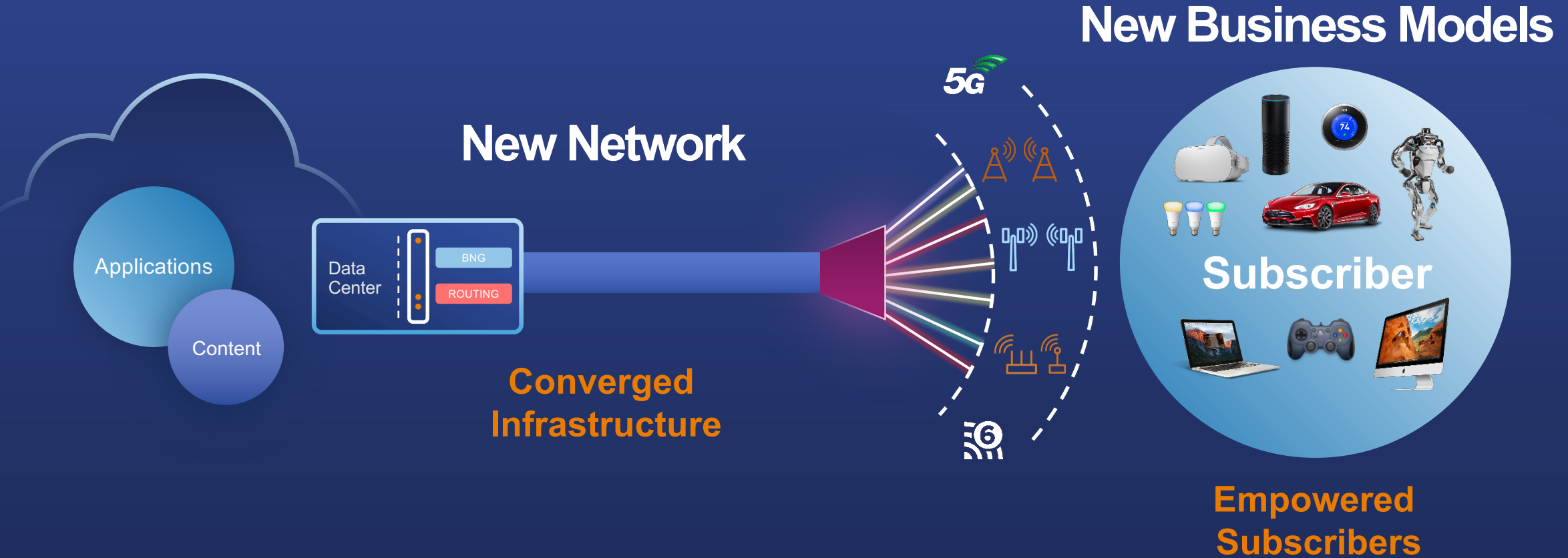
The Company uses certain non-GAAP financial measures in this presentation to supplement its consolidated financial statements, which are presented in accordance with U.S. GAAP. These non-GAAP measures include non-GAAP gross margin, non-GAAP operating expenses, non-GAAP net income, non-GAAP net income per diluted common share and non-GAAP free cash flow. These non-GAAP measures are provided to enhance the reader's understanding of the Company's operating performance as they primarily exclude non-cash charges for stock-based compensation, intangible asset amortization, U.S. tariff and tariff-related costs (refunds), restructuring benefit and impact from changes in income taxes, which the Company believes are not indicative of its core operating results. Management believes that the non-GAAP measures used in this stockholder letter provide investors with important perspectives into the Company's ongoing business performance and management uses these non-GAAP measures to evaluate financial results and to establish operational goals. The presentation of these non-GAAP measures is not meant to be a substitute for results presented in accordance with GAAP, but rather should be evaluated in conjunction with those GAAP results. A reconciliation of the non-GAAP results to the most directly comparable GAAP results is provided at the back of this presentation. The non-GAAP financial measures used by the Company may be calculated differently from, and therefore may not be comparable to, similarly titled measures used by other companies. Unless otherwise noted in this presentation, the company will present non-GAAP numbers.



# 2020 Investor Day - Two disruptions



# 2022 Investor Day - Two disruptions













# **Delivering Growth For Broadband Service Providers**



**Productivity**



**Revenue**



**Satisfaction**







**WE LIVE TO  
EMPOWER THE  
INNOVATORS**



**MARKETERS**



**CUSTOMER  
SUPPORT**



**OPERATIONS  
& ENGINEERS**



**GENERAL  
MANAGERS**



# World-class marketing, made simple



MARKETER

40 applications/home

Simplify:

Integrated end-to-end execution

Excite:

Real-time access to subscriber insight

jade

Grow:

Doubled ARPU  
in 2 Years



# Predictive and proactive customer care



**CUSTOMER SUPPORT**

**25 Devices/Home**

**Simplify:**

**Access to real-time insight**

**Excite:**

**Tools to address issues remotely**

**Allo**  
**FIBER**

**Grow:**

**NPS +40%**



# A future-proof and autonomous network



ENGINEER



OPERATIONS

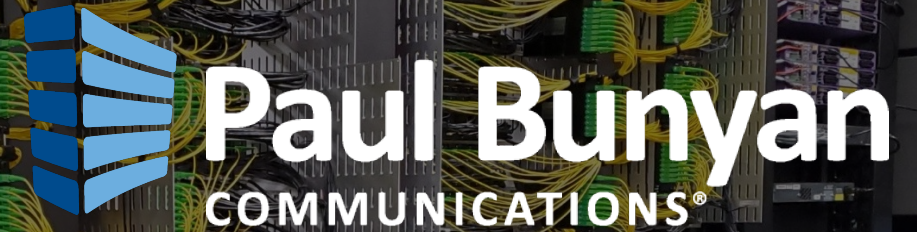
**4x flow growth**

**Simplify:**

**Automation with end-to-end visibility**

**Excite:**

**Continuous innovation for subscribers**



**Grow:**

**Automatically upgrade  
service to 30,000+  
subscribers**



# A business built for sustainable growth



**GENERAL MANAGER**

**650 Funding Programs**

**Enablement for private and public funding**

**Programs to transform G-T-M strategy**

**Network  
Engineering**

**Customer  
Support**

**Network  
Operations**

**Marketing**

**jade**

**Allo**  
FIBER



**Paul Bunyan**  
COMMUNICATIONS®



# Elevating the BSP brand for their subscribers

**Book Club**



**Satellites**



**Arlo**



**Hugs**



**Security**

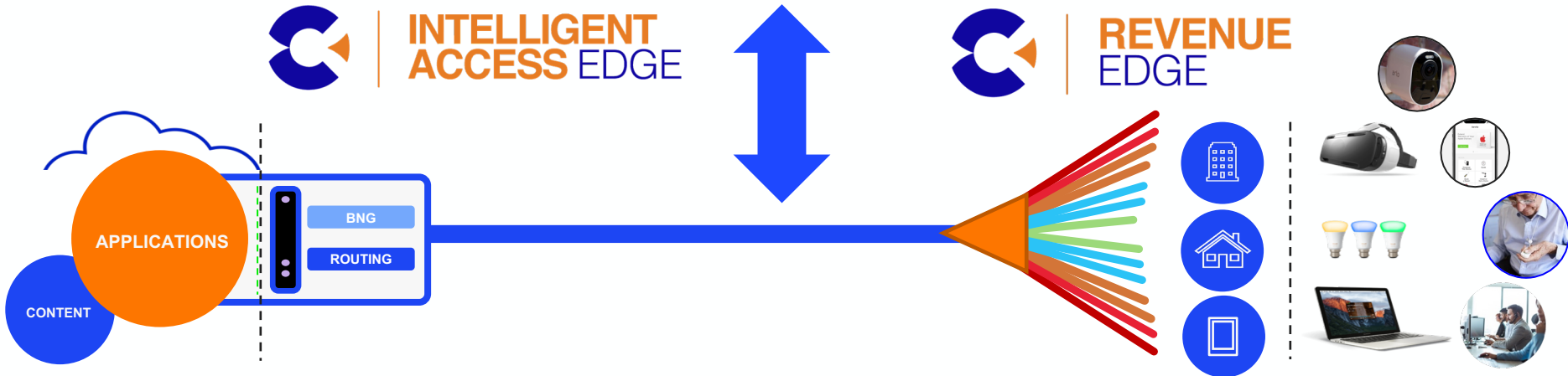




# A holistic service delivery and experience platform

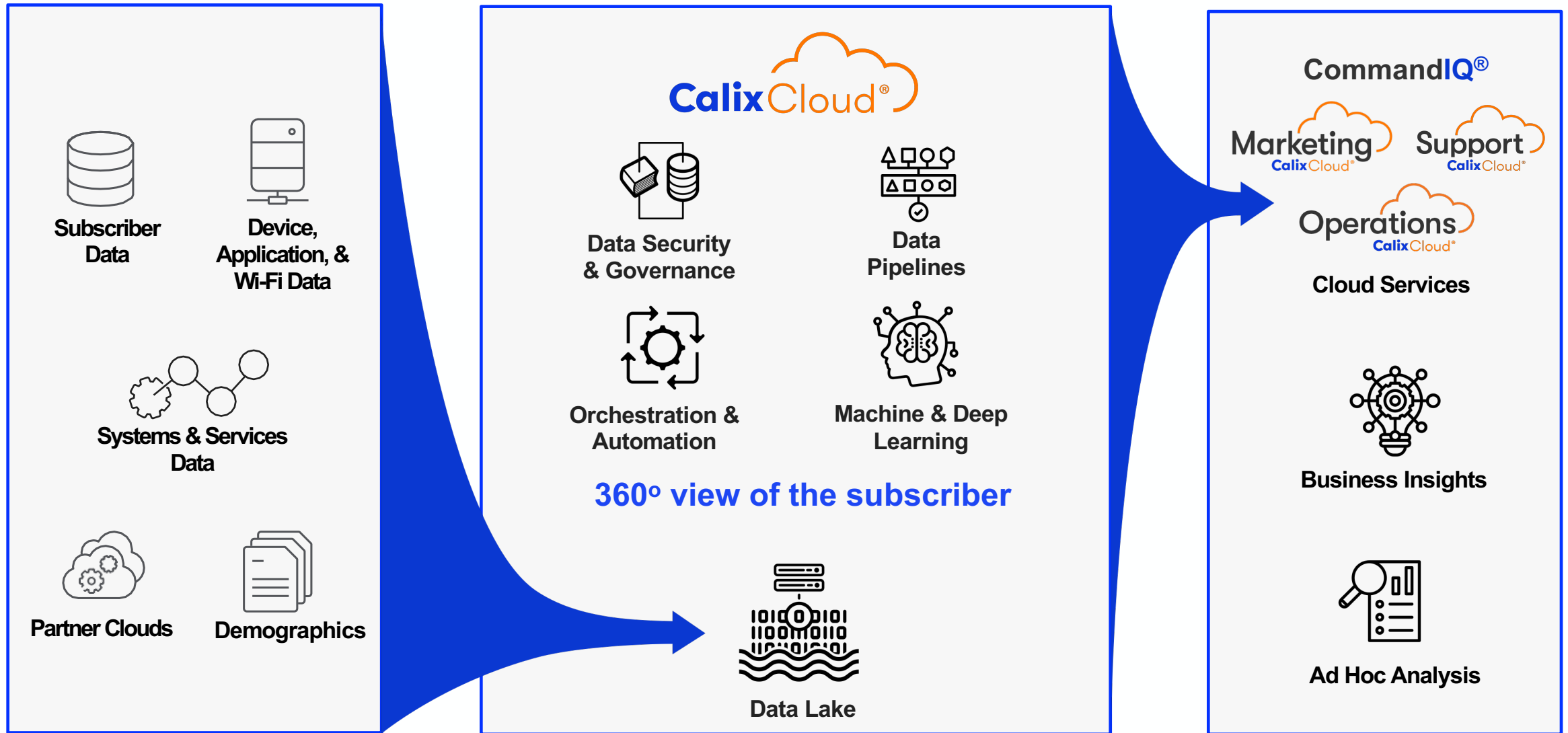


**GENERAL  
MANAGER**



Simplify. Excite. Grow.

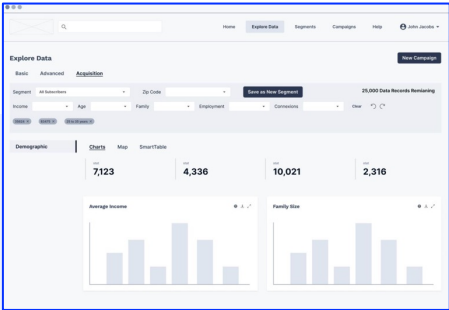
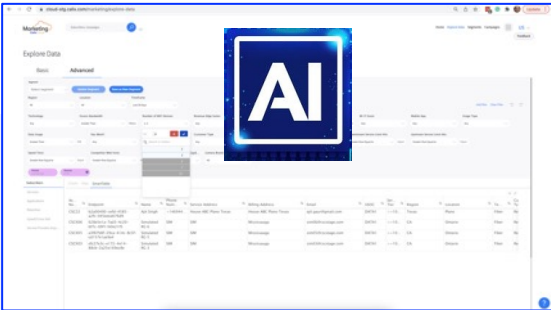
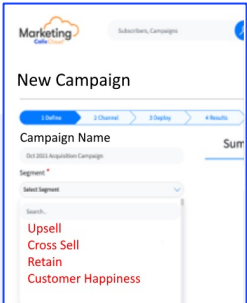
# Understanding the subscriber . . . in real time



# World-class marketing, made simple



MARKETER



## MARKET ACTIVATION



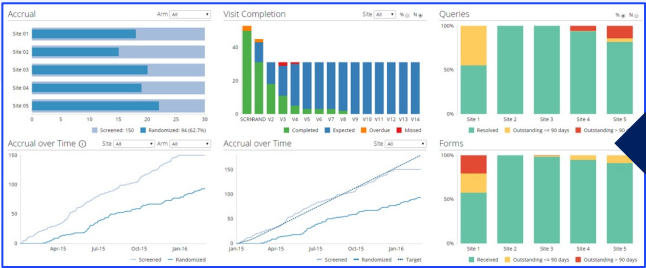
SUBSCRIBER

Create Campaign Targeting

Generate the Subscriber Micro-segments

Guide on Best Offer

Execute Through the Best Channels



Automate Analysis of Success Metrics



Simplify. Excite. Grow.



# Automated subscriber provisioning



**BROADBAND  
OPERATOR**



Billing System



Premise Systems

Subscriber / System /  
Service Data

Automated  
Provisioning

Onboard System &  
Turn-up Service



**SUBSCRIBER**

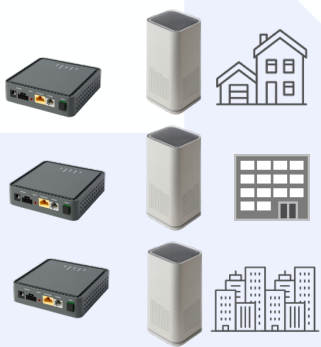
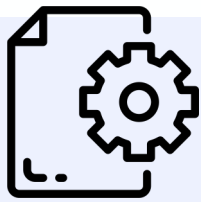


Simplify. Excite. Grow.

# Efficiently manage the lifecycle of the network



**NETWORK  
ENGINEER**



Configure Policy

Discover Events

Orchestrate  
Configuration

Ready to  
Deliver Service



**SUBSCRIBER**



Simplify. Excite. Grow.

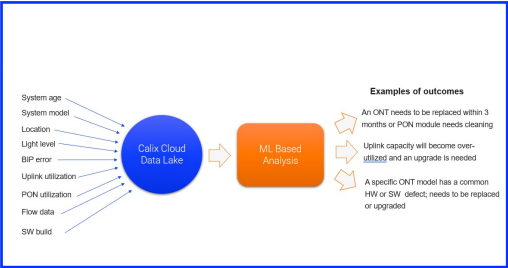
# Maximizing the user experience



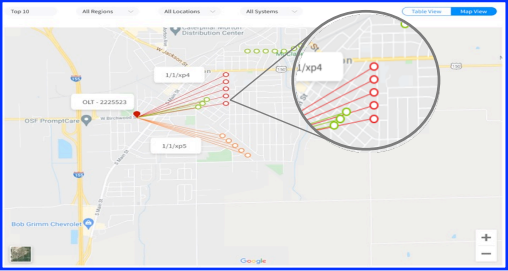
**NETWORK  
ENGINEER**



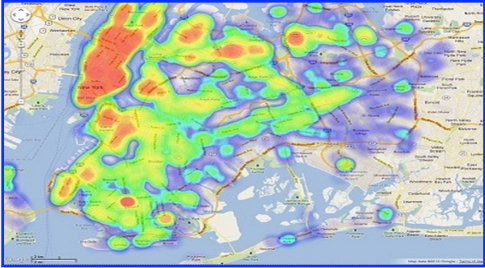
**BROADBAND  
OPERATOR**



Predictive analytics uncover issues



Visualization translates events to systems and topology



Experience heatmap tracks satisfaction and drives strategic actions



**SUBSCRIBER**



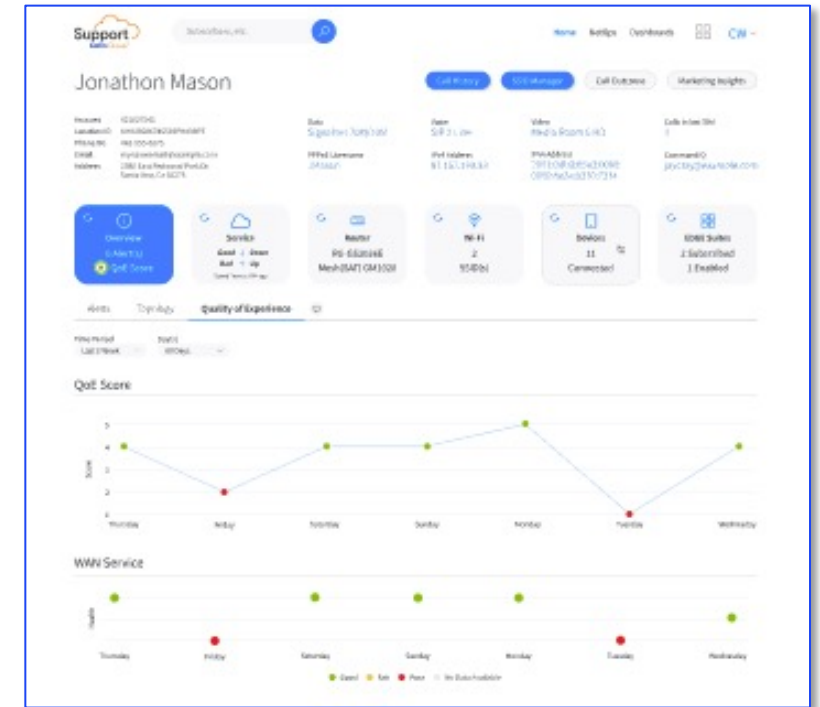
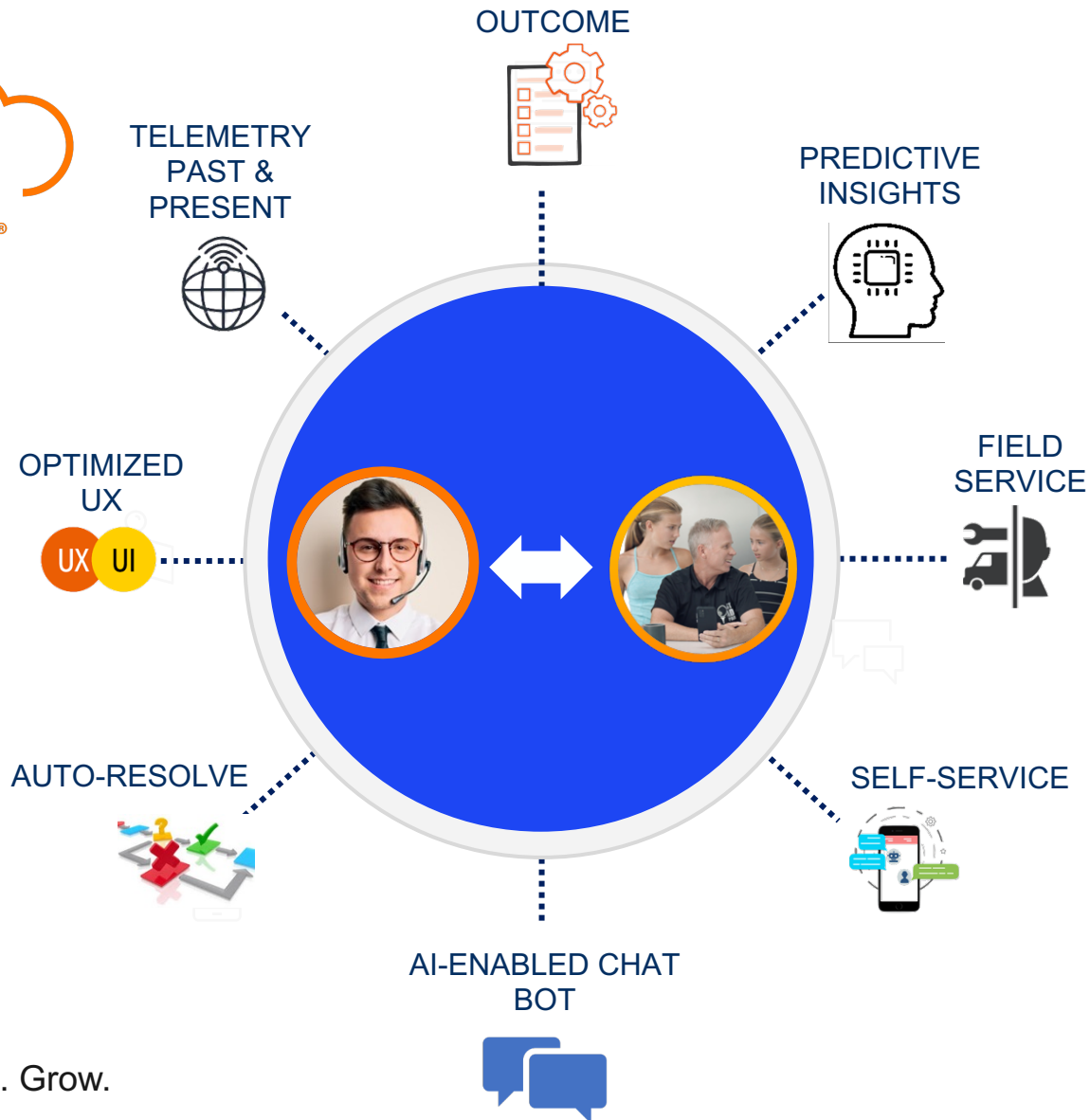
Simplify. Excite. Grow.



# Predictive and proactive customer care



**CUSTOMER  
SUPPORT**



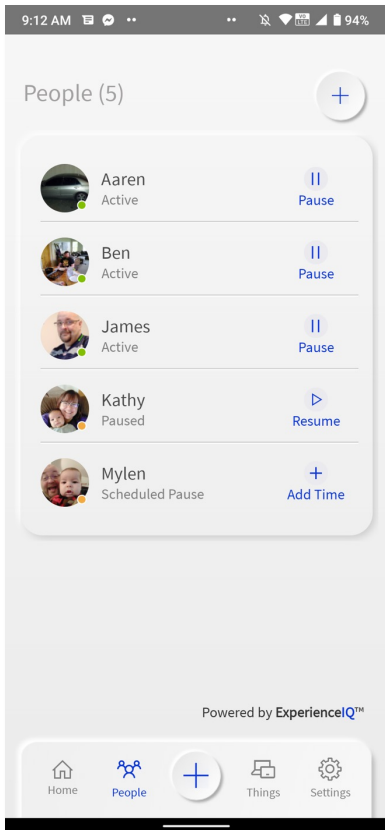
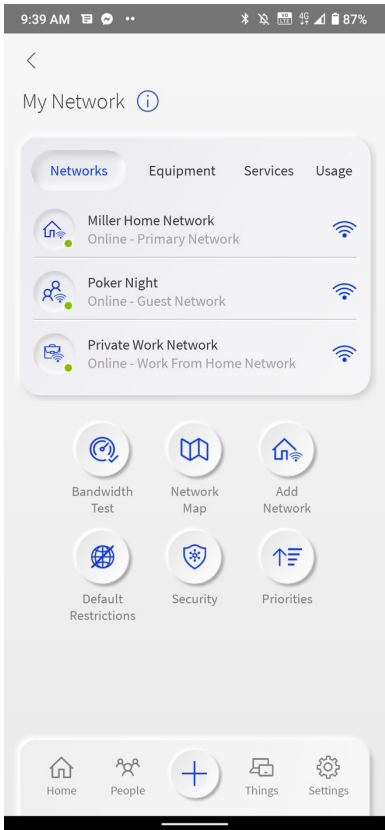
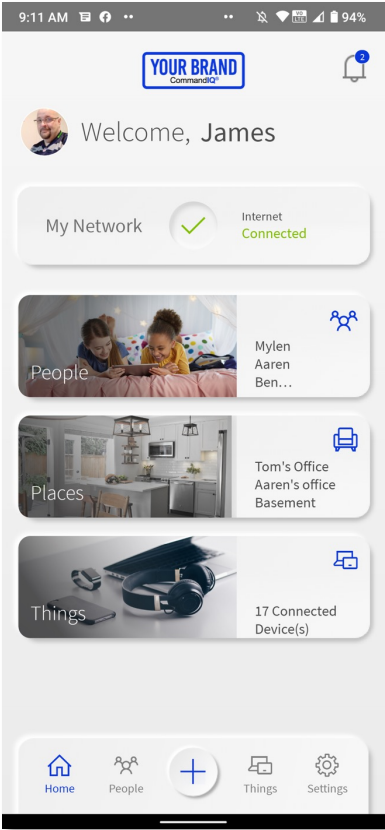
Simplify. Excite. Grow.

# A comprehensive subscriber journey



SUBSCRIBER

CommandIQ®



Simplify. Excite. Grow.



# Customer panel



**Brad Moline**  
President & CEO



**Gary Johnson**  
CEO & General Manager

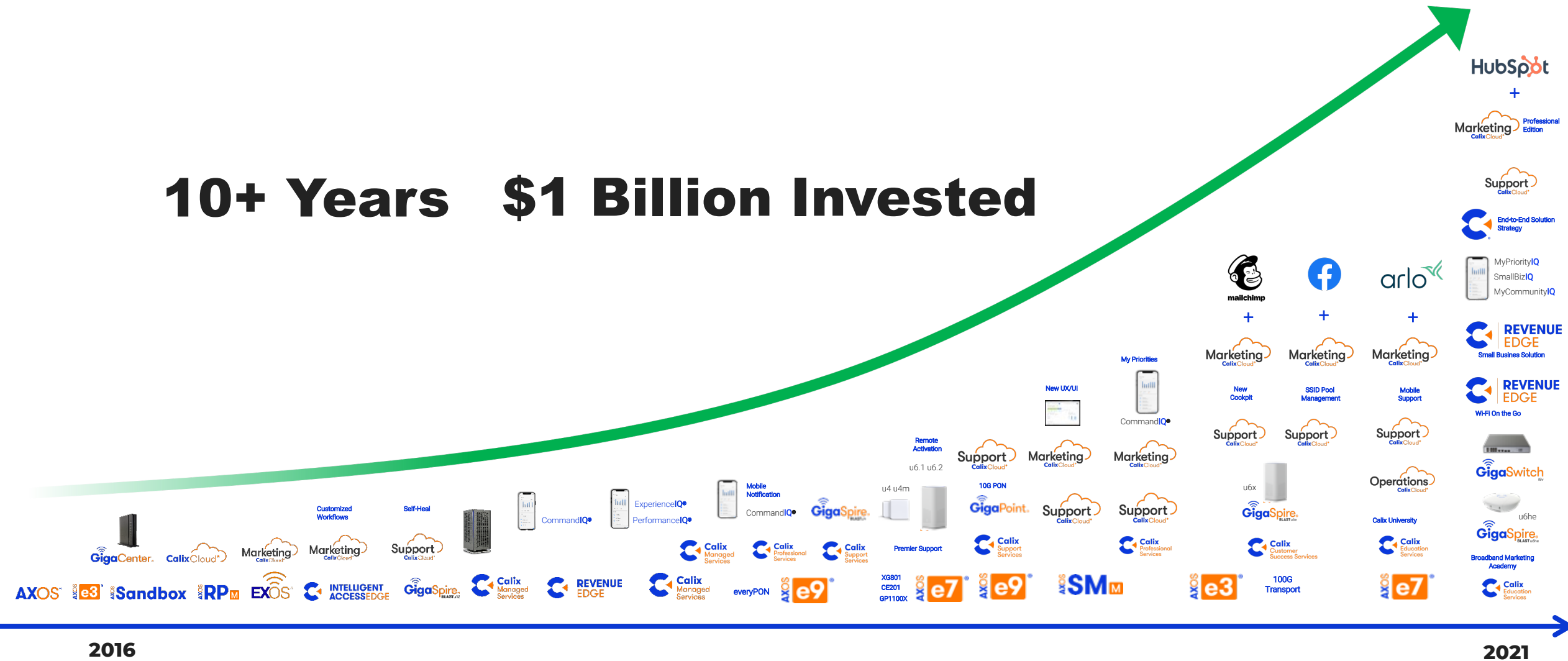


**Jordan Wehe**  
Marketing Director



# Customer success enabled by platform innovation

# 10+ Years    \$1 Billion Invested



## THE POWER OF THE PLATFORMS



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# Customer success is our focus

**80%**  
reduced installation  
truck rolls

**firefly**  
FIBER BROADBAND

**80%/40%**  
turning up subscribers  
faster / lowering TCO

**MIGC**  
INTERNET • TV • PHONE

**16**  
rural school districts 160  
Gbps connection that  
enables distance learning

**etex**

**Last**  
network they will ever  
need with the Intelligent  
Access EDGE

**TWN**  
Communications

**173%**  
ROI in just 6 months

**RANGE**

**70%**  
operational savings

**CityFibre**

**83%**  
faster end-to-end  
network integration

**CUMBERLAND  
CONNECT**

**45%**  
saving CAPEX and  
slashing subscriber  
turn-up time

**jade**

**50%**  
cut in operating costs

**WWZ**

**60%**  
ticket-close ratio

**Allo**  
@global connect

**65%**  
acceleration in case  
assignment times

**AcenTek**  
Ascending Technology

**<4%**  
one-month  
truck roll rate

**FTC**  
We Keep You Connected

**25%**  
slashing truck rolls

**Poka  
Lambro**

**74%**  
mobile app  
adoption rate

**SILVER STAR**

**20%**  
exceeded  
adoption rates

**DE LightSpeed**

**2.5G**  
deploying the fastest  
residential broadband

**G  
GIBSON  
CONNECT**

**62%**  
jump in ARPU

**TRIANGLE  
COMMUNICATIONS**

**12%**  
increasing ARPU

**Mountain Telephone**

**66%**  
net growth in new rural  
broadband subscribers

**ReadiTech**  
A DRR COMPANY

**95%**  
adoption rate  
of EDGE Suites

**Norvado**

**80%/10G**  
reducing subscriber  
support call duration /  
broadband speed growth

**Bascom  
Communications**

**44**  
Net Promotor Score  
from customers

**GVTC**  
COMMUNICATIONS

**80%/70%**  
reducing integration time  
& system turn-up time

**FDC  
FORKED DEER  
CONNECT**

**72**  
skyrocketing Net-  
Promotor Score

**UNITED**  
POWERED BY MIDDLE TENNESSEE ELECTRIC

**2X**  
system turn-up and  
service provisioning

**Craw-Kan**  
Your Community Technology Partner

**100G**  
deploying transport to deliver  
extraordinary speed, optimize  
traffic management, & bolster  
network efficiency

**HTC**  
TRANSMISSION TELCO

**200%** **sctelcom**  
increase in adoption of  
premium Wi-Fi service

**Unrivaled**  
managed Wi-Fi 6  
to rural communities  
and schools

**Mainland Telecom**

**Expanding**  
fiber-to-home network to  
deliver unrivaled managed  
Wi-Fi 6 experiences to  
rural communities

**Petit Jean  
Fiber**

**50%**  
slashing truck rolls

**Dobson  
FIBER**



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# Customer success enabled by the RIGHT team



Employees say this is a great place to work



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# Target Financial Model



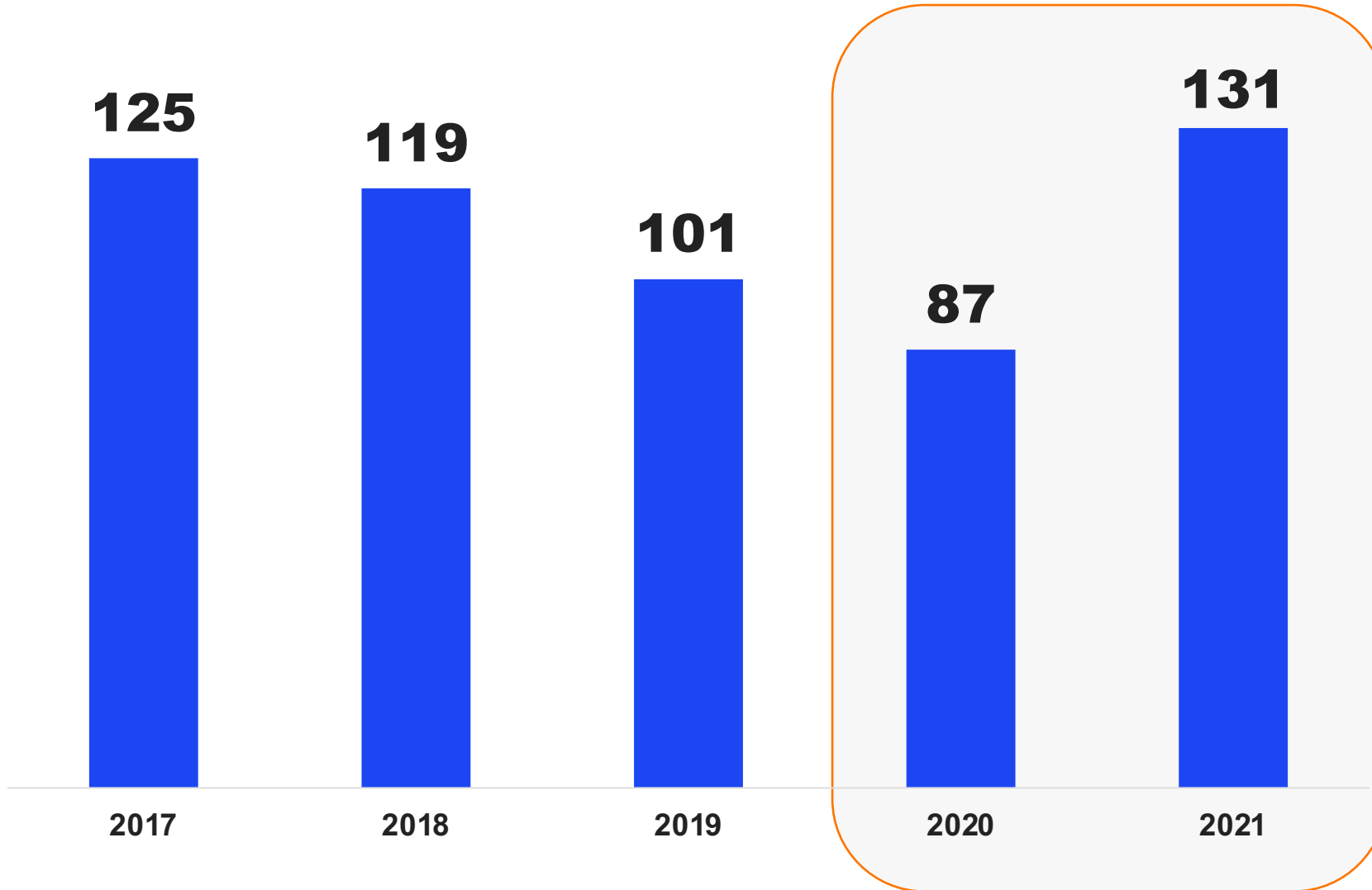
# Focused on Improved Financial Performance

- 1. Deliberate revenue growth**
- 2. Gross margin expansion**
- 3. Disciplined operating expense investment**
- 4. Increased predictability**



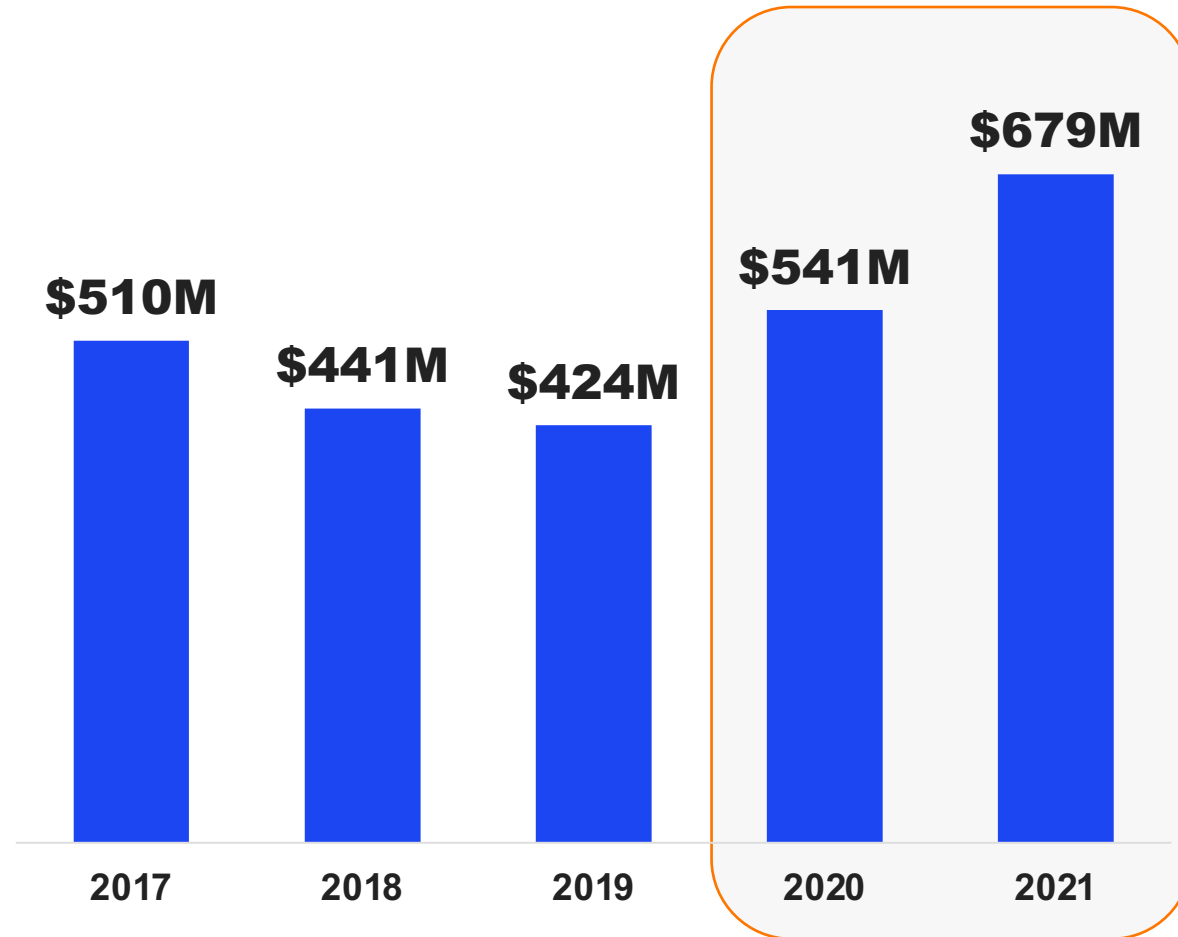


# Deliberate Revenue Growth – New Customers

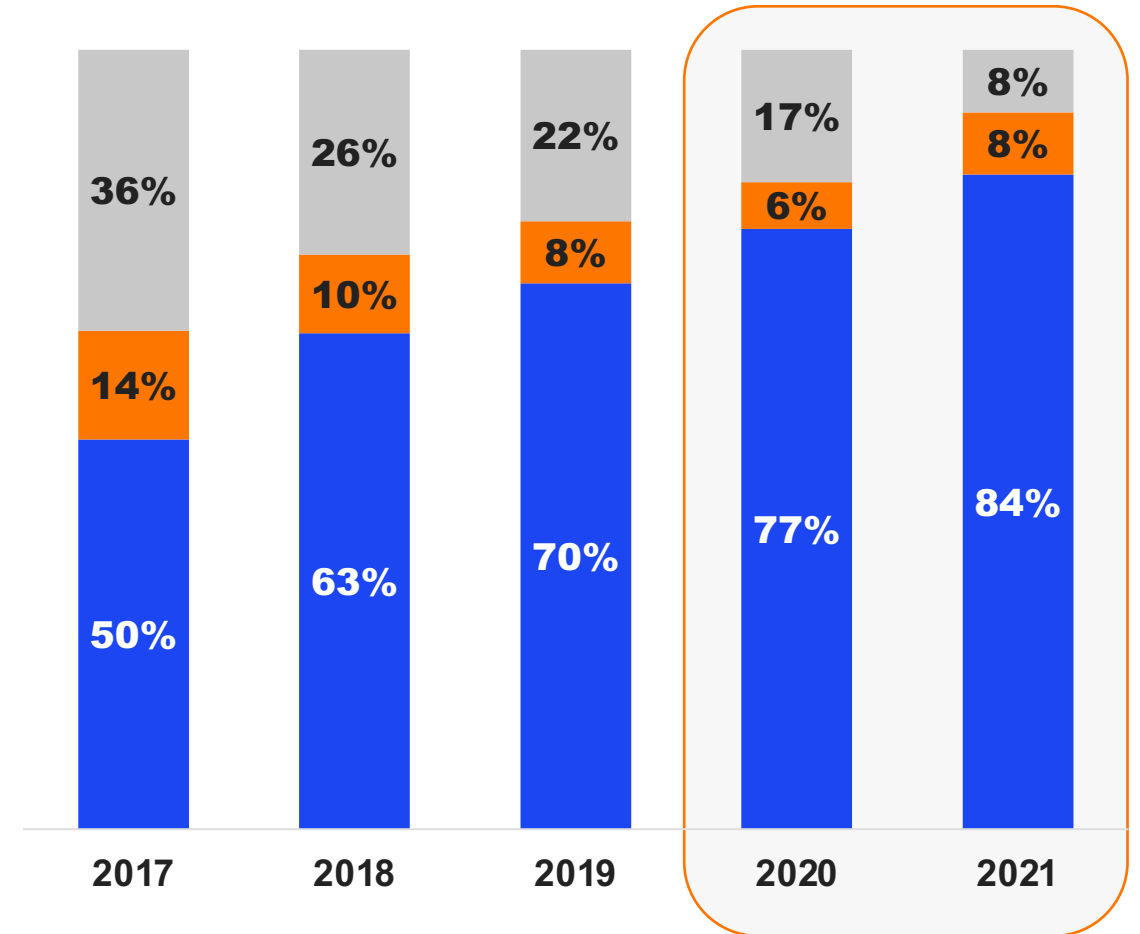


# Deliberate Revenue Growth – Diversification

## Total Revenue



## Revenue by Customer Size



■ Small (<250K) ■ Medium (>250K <2.5M) ■ Large (>2.5M)



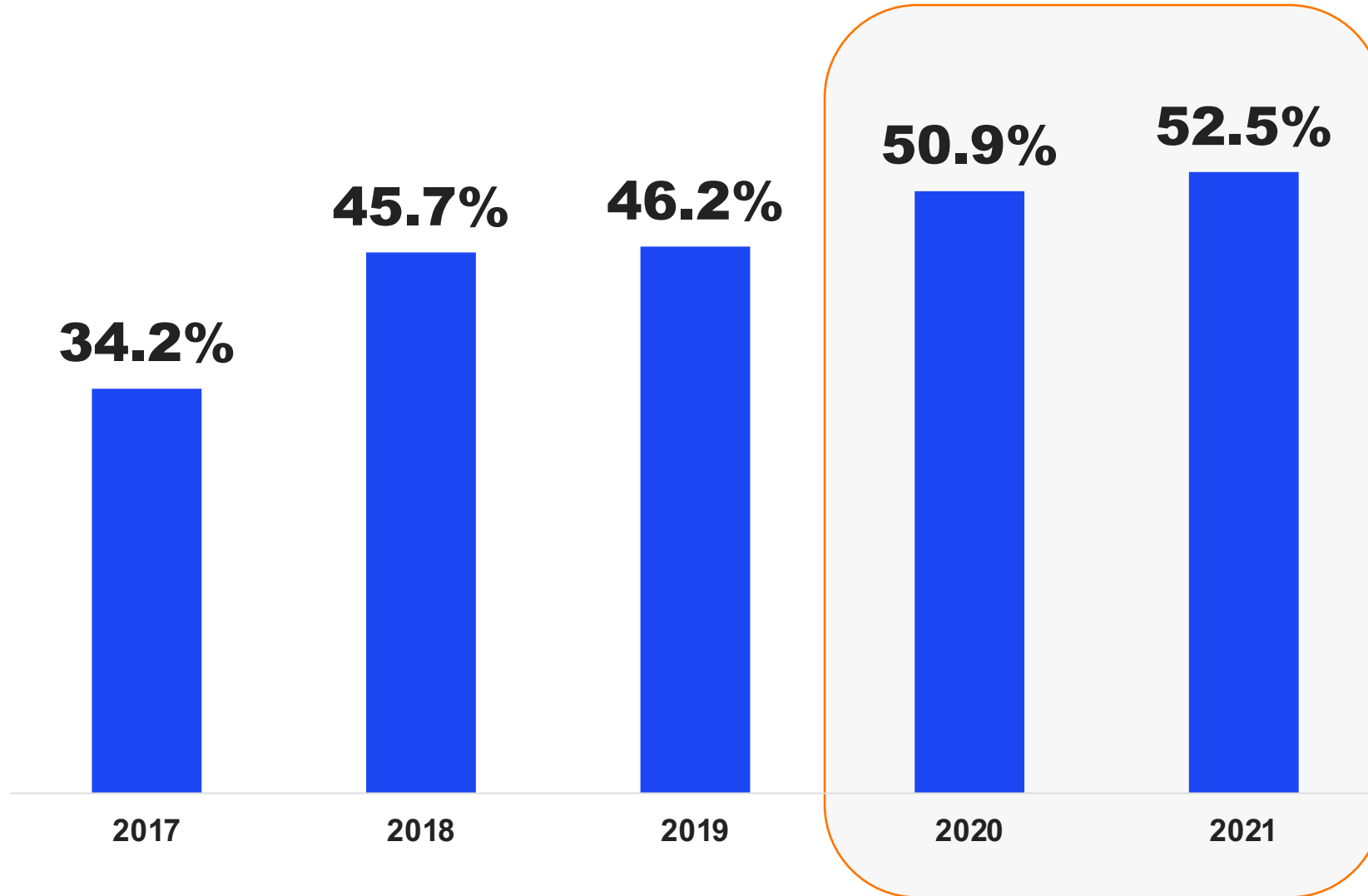
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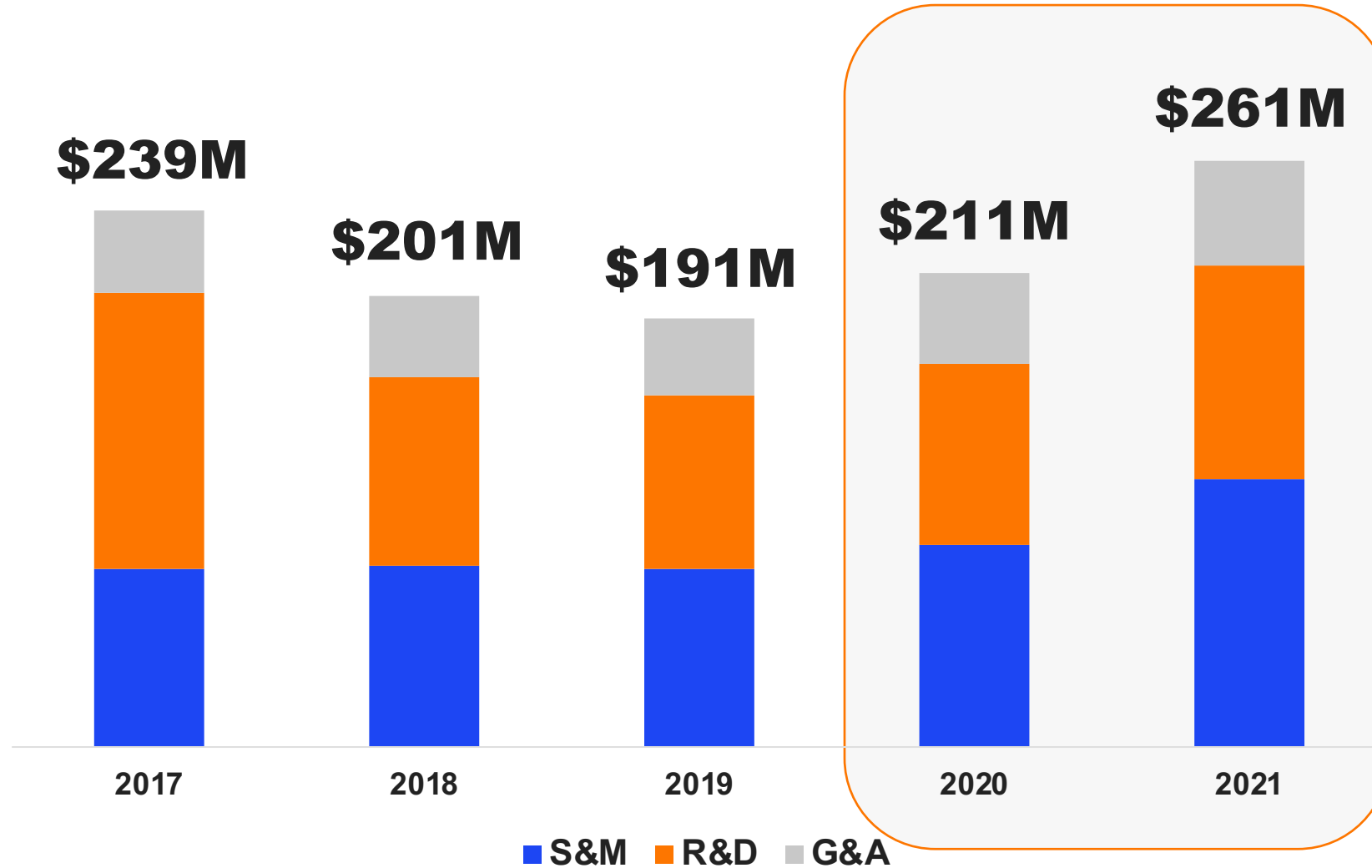
32



# Gross Margin Expansion



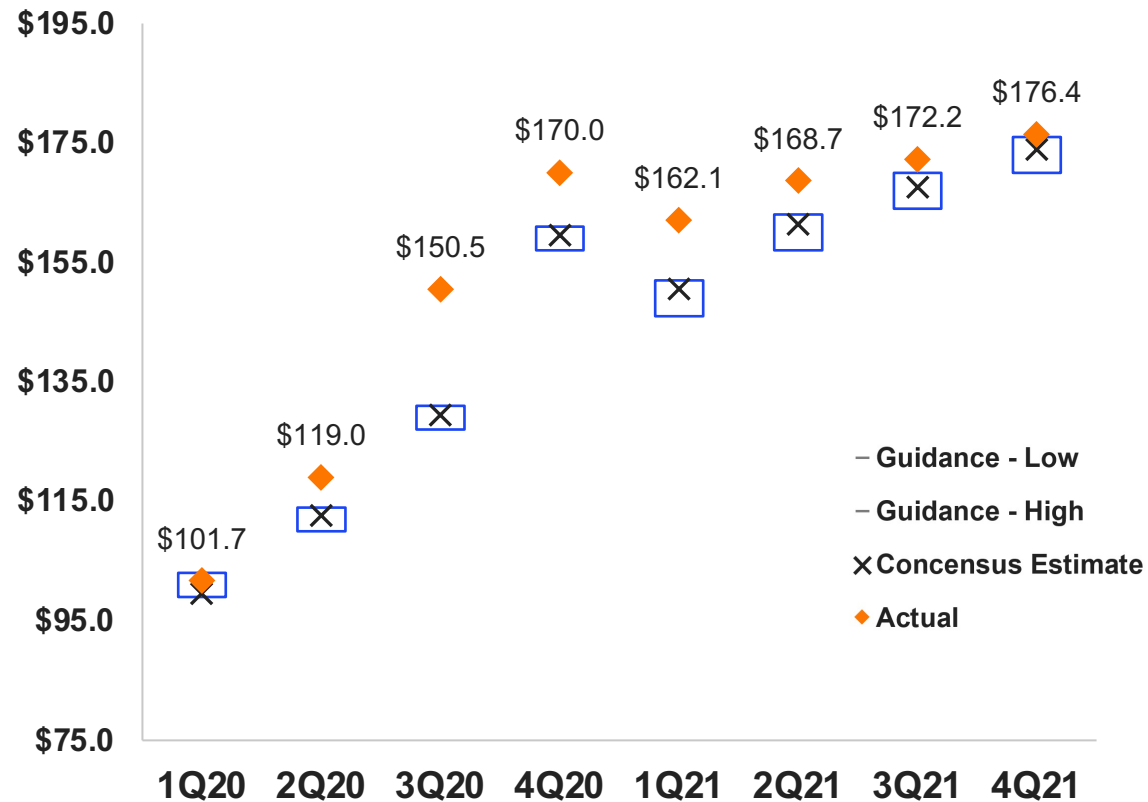
# Disciplined Operating Expense Investment



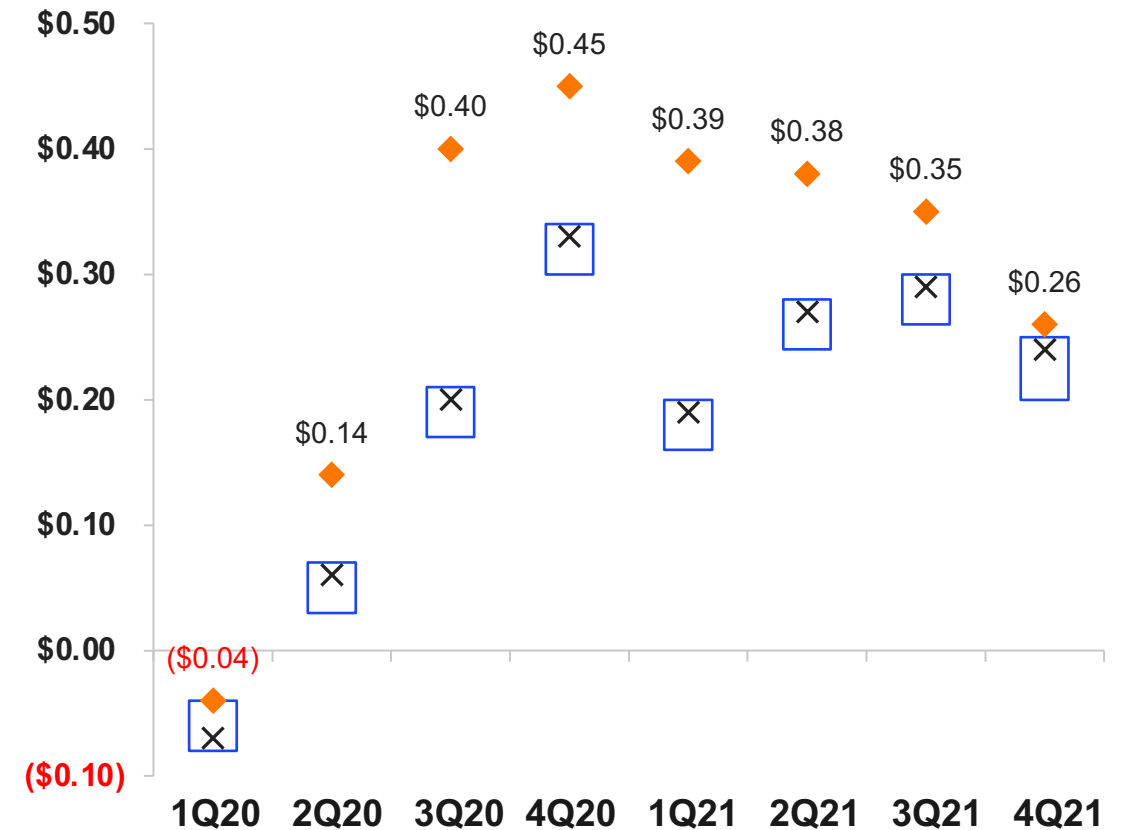


# Increased Predictability – Results

## Revenue

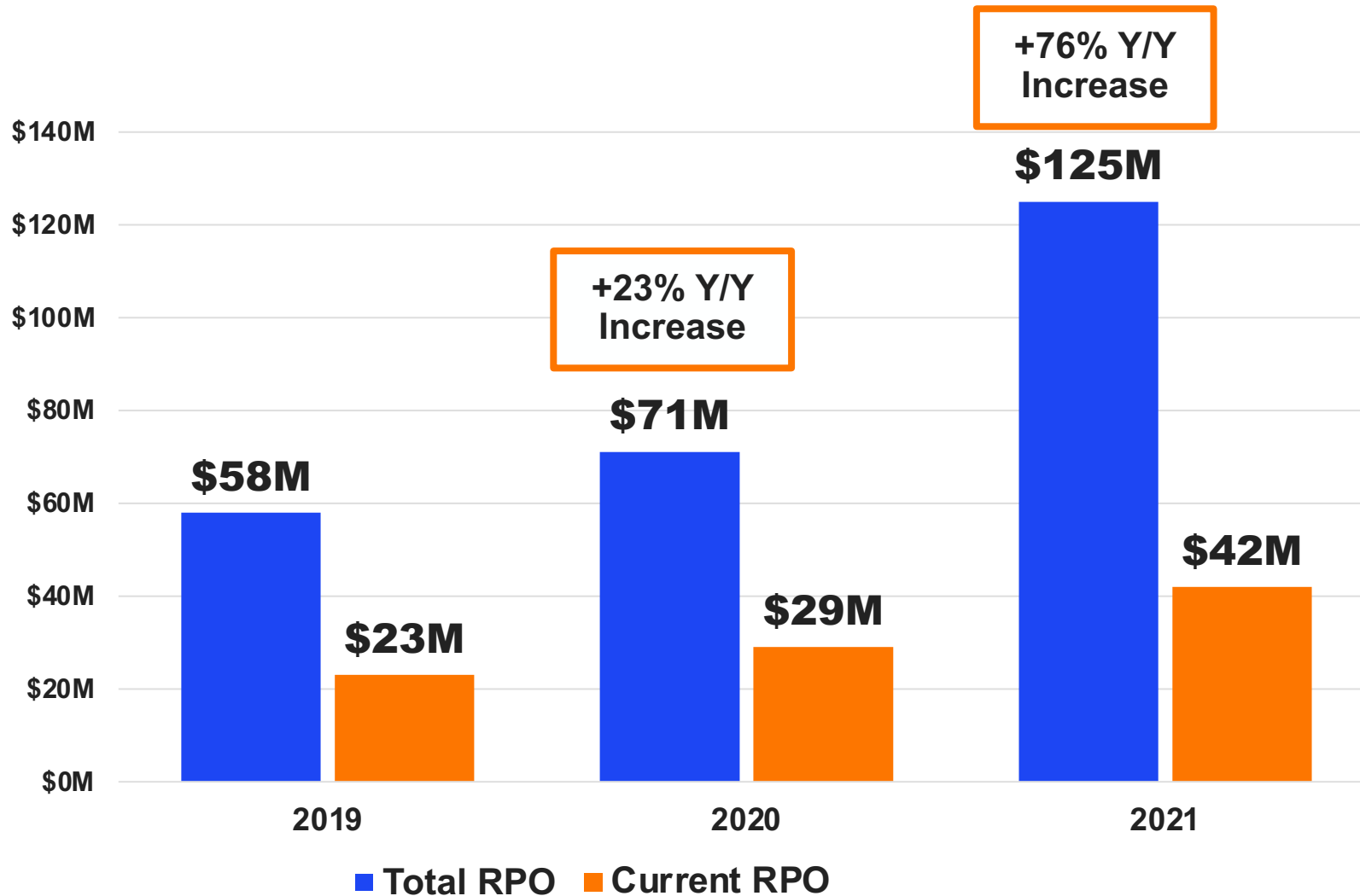


## Non-GAAP Net Income (Loss) Per Share



# Increased Predictability – Recurring Revenue

## Remaining Performance Obligations



# Target Financial Model – Historical

|                                   | Target Model Beginning 2021 | Actual 2021                        |
|-----------------------------------|-----------------------------|------------------------------------|
| Revenue                           | + 5 – 10% per year          | <b>+ 25.5%</b>                     |
| Non-GAAP Gross Margin             | + 100 – 200 bps per year    | <b>+ 166 bps</b>                   |
| Non-GAAP Sales & Marketing        | 16 – 18% of revenue         | <b>17.5% of revenue</b>            |
| Non-GAAP Research & Development   | 30% of product gross profit | <b>28% of product gross profit</b> |
| Non-GAAP General & Administrative | 9% of revenue               | <b>7% of revenue</b>               |





# Target Financial Model – 2023-25

|                                   | Target Model Beginning 2021 | Target Model Beginning 2023                                 |
|-----------------------------------|-----------------------------|---|
| Revenue                           | + 5 – 10% per year          | <b>+ 10 – 15% per year</b>                                  |
| Non-GAAP Gross Margin             | + 100 – 200 bps per year    | <b>+ 100 – 200 bps per year<br/>starting at 50% in 2022</b> |
| Non-GAAP Sales & Marketing        | 16 – 18% of revenue         | <b>17 – 19% of revenue</b>                                  |
| Non-GAAP Research & Development   | 30% of product gross profit | <b>30% of product gross profit</b>                          |
| Non-GAAP General & Administrative | 9% of revenue               | <b>8% of revenue</b>  |



# Target Financial Model – Historical

|                           | Target Model Beginning 2021 | 2021 Actual      |
|---------------------------|-----------------------------|------------------|
| Days sales outstanding    | 35 – 45 Days                | <b>43 Days</b>   |
| Inventory Turns           | 4 – 5 Turns                 | <b>3.7 Turns</b> |
| Days payables outstanding | 20 – 30 Days                | <b>29 Days</b>   |
| Cash conversion cycle     | 80 – 90 Days                | <b>114 Days</b>  |



# Target Financial Model – 2023-25

|                           | Target Model Beginning 2021 | Target Model Beginning 2023 |
|---------------------------|-----------------------------|-----------------------------|
| Days sales outstanding    | 35 – 45 Days                | <b>35 – 45 Days</b>         |
| Inventory Turns           | 4 – 5 Turns                 | <b>3 – 4 Turns</b>          |
| Days payables outstanding | 20 – 30 Days                | <b>25 – 35 Days</b>         |
| Cash conversion cycle     | 80 – 90 Days                | <b>100 – 130 Days</b>       |





# Focused on Improved Financial Performance

- 1. Deliberate revenue growth**
- 2. Gross margin expansion**
- 3. Disciplined operating expense investment**
- 4. Increased predictability**



# Focused on Improved Financial Performance

- 1. Deliberate revenue growth**
- 2. Gross margin expansion**
- 3. Disciplined operating expense investment**
- 4. Increased predictability**







The image features a large, stylized question mark in a vibrant blue color. The question mark is composed of a thick, textured stroke, giving it a grainy, almost pixelated appearance. It is centered on a solid black background. In the middle of the question mark, the text "Q&A" is written in a clean, white, sans-serif font. The overall composition is simple and direct, serving as a clear visual cue for a Q&A session.

**Q&A**





**Thank You**

# Speaker Bios







### **Carl Russo, Chairman & Chief Executive Officer**

Mr. Russo was appointed chairman and chief executive officer in July 2021. Mr. Russo previously served as Calix's chief executive officer since December 2002 and Calix's president and chief executive officer from December 2002 until January 2021.

From November 1999 to May 2002, Mr. Russo served as vice president of optical strategy and group vice president of optical networking of Cisco Systems, Inc. From April 1998 to October 1999, Mr. Russo served as president and chief executive officer of Cerent Corporation, which was acquired by Cisco. From April 1995 to April 1998, Mr. Russo served in various capacities, including as chief operating officer, at Xircom, Inc., which was acquired by Intel Corporation. Previously, Mr. Russo served as senior vice president and general manager for the hyperchannel networking group of Network Systems Corporation and as vice president and general manager of the data networking products division of AT&T Paradyne Corporation. Mr. Russo served on the board of directors of Vital Network Services, Inc., a privately-held company delivering network lifecycle services, and Xirrus, Inc., a privately-held company providing products that enable high-performance wireless networks. Mr. Russo attended Swarthmore College and previously served on its board of managers.



### **Michael Weening, President & Chief Operating Officer**

Michael is the president and COO of Calix. Michael is responsible for all operational aspects of Calix, including research and development for our cloud and software platforms as well as the design, manufacturing and distribution of all Calix products and platforms. Michael also leads the field team that guides service providers of all sizes to simplify, excite and grow their business (Marketing, Sales, Support, Services and Customer Success). Michael has over 20 years of experience leading growth, strategy and transformation. He joined Calix from Salesforce.com where he was the senior vice president of Global Customer Success, and also held the role of senior vice president, Japan and Asia-Pacific Customer Success, Services and Alliances. Michael has held executive positions in North America, Europe and Asia. Previously, Michael held leadership roles at Bell Mobility in Canada, where he was vice president of business and consumer sales. Prior, Michael held sales leadership roles at Microsoft, in Canada and London, U.K. Michael holds a Bachelor of Arts in Business Administration, from Brock University supported by ongoing executive education at Queens, Wharton and USC.





### **Cory Sindelar, Chief Financial Officer**

Cory is Chief Financial Officer at Calix and has an extensive 25-year track record as a senior financial leader working for technology companies. He joined Calix from Violin Memory, where he was Chief Financial Officer. He also previously served as Chief Financial Officer of Ikanos Communications, leading several strategic transactions during his tenure. Cory also held various finance positions at EMC Corporation. Prior, Cory was vice president, corporate controller and principal accounting officer at Legato Systems, Inc., which was acquired by EMC. Cory holds a Bachelor of Science degree in Business Administration with an emphasis in accounting from Georgetown University.



### **Matt Collins, Executive Vice President, Commercial Operations & Chief Marketing Officer**

Matt is executive vice president of commercial operations and chief marketing officer (CMO) for Calix. The Calix commercial operations team is responsible for supply chain operations, demand management, commercial strategy and analytics, field operations, and global process transformation. Matt also leads the Calix go-to-market team which is responsible for corporate, field, and product marketing, as well as partner operations and business development. Over the course of his career, Matt has built and led marketing and strategy teams at Dun & Bradstreet (D&B), IBM, McKinsey, and Merck. At D&B Matt was SVP of global marketing and go-to-market strategy. Prior to joining D&B, he spent over a decade at IBM in senior marketing and strategy roles across IBM's software, hardware and services businesses. While at IBM Matt also led several cross-company "Smarter Planet" growth initiatives and helped build the chief analytics officer function. While at McKinsey, he worked with many of the firm's leading global clients to help them transform their go-to-market and operations strategies. Matt received his MBA from Harvard University and has a B.A. from Dartmouth College.





## **Shane Eleniak, Executive Vice President, Products**

Shane is the Executive Vice President of Products at Calix. In this role Shane is responsible for all of Calix's products – Access, Premises, Cloud and Ecosystem and leads the teams responsible for Product Strategy, Product Management, Engineering, Cloud Operations and Technology. He has more than 30 years of experience creating cloud, software and networking innovation. Prior to joining Calix, Shane was the Group Vice President of the Advanced Broadband Solutions (ABS) business unit at CommScope, responsible for their edge, access and CPE products. Earlier in his career, Shane was EVP of Marketing and Business Development for Alloptic where he was the corporate officer responsible for all product and commercial operations. Shane previously held several key executive management positions in marketing, product management, business development and engineering at such industry leaders as Corrigent Systems, Alcatel-Lucent, and Telus. Shane holds a B.Sc. in Electrical Engineering from the University of Alberta.





# Appendix



# GAAP to non-GAAP Reconciliation – 2017-21

Calix, Inc.

## Reconciliation of GAAP to Non-GAAP Systems Gross Margin, Services Gross Margin and Gross Margin (Unaudited)

|                                      | Year Ended        |   |                   |   |                   |   |                   |   |                   |   |
|--------------------------------------|-------------------|---|-------------------|---|-------------------|---|-------------------|---|-------------------|---|
|                                      | December 31, 2021 |   | December 31, 2020 |   | December 31, 2019 |   | December 31, 2018 |   | December 31, 2017 |   |
|                                      | Gross Margin      |   | Gross Margin      |   | Gross Margin      |   | Gross Margin      |   | Gross Margin      |   |
| GAAP amount                          | 52.5              | % | 49.3              | % | 44.3              | % | 44.7              | % | 33.9              | % |
| Adjustments to GAAP amount:          |                   |   |                   |   |                   |   |                   |   |                   |   |
| Stock-based compensation             | 0.2               |   | 0.2               |   | 0.2               |   | 0.3               |   | 0.1               |   |
| Intangible asset amortization        | 0.4               |   | 0.5               |   | 0.2               |   | -                 |   | 0.2               |   |
| U.S. tariff and tariff-related costs | (0.6)             |   | 0.5               |   | 1.5               |   | 0.7               |   | -                 |   |
| Component inventory accrual          |                   |   | 0.4               |   | 0.2               |   | -                 |   | 0.2               |   |
| Non-GAAP amount                      | 52.5              | % | 50.9              | % | 46.2              | % | 45.7              | % | 34.2              | % |



# GAAP to non-GAAP Reconciliation – 2017-21

Calix, Inc.

## Reconciliation of GAAP to Non-GAAP Operating Expenses

(Unaudited, in thousands)

|                                 | Year Ended        |                   |                   |                   |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| GAAP operating expenses         | \$ 282,649        | \$ 230,173        | \$ 203,326        | \$ 215,896        | \$ 254,446        |
| Adjustments to GAAP amount:     |                   |                   |                   |                   |                   |
| Stock-based compensation        | -22,772           | -12,934           | -10,285           | -16,227           | -11,619           |
| Restructuring charges (benefit) | 786               | -6,286            | -                 | -5,705            | -4,249            |
| Gain on sale of product line    | -                 | -                 | -                 | 6,704             | -                 |
| Loss on asset retirement        |                   |                   | -2,474            | -                 | -                 |
| Non-GAAP operating expenses     | \$ 260,663        | \$ 210,953        | \$ 190,567        | \$ 200,668        | \$ 238,578        |





# GAAP to non-GAAP Reconciliation – 2017-21

Calix, Inc.

## Reconciliation of GAAP to Non-GAAP Net Income Per Diluted Common Share

(Unaudited)

|   | Year Ended        |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 |
| GAAP net income per diluted common share                    | \$1.39            | \$0.54            | -\$0.32           | -\$0.37           | -\$1.66           |
| Adjustments to GAAP amount:                                 |                   |                   |                   |                   |                   |
| Stock-based compensation                                    | 0.36              | 0.23              | 0.20              | 0.34              | 0.25              |
| Intangible asset amortization                               | 0.04              | 0.04              | 0.02              | -                 | 0.02              |
| Restructuring charges (benefit)                             | -0.01             | 0.10              |                   | 0.11              | 0.08              |
| U.S. tariff and tariff-related costs (refunds)              | -0.06             | 0.04              | 0.11              | 0.06              | -                 |
| Gain on sale of product line                                | -                 | -                 | -                 | -0.13             | -                 |
| Loss on asset retirement                                    | -                 | -                 | 0.05              | -                 | -                 |
| Component inventory accrual                                 | -                 | 0.03              | -                 | -                 | -                 |
| Impact from changes in income taxes                         | -2.45             | -                 | -                 | -                 | -                 |
| Non-GAAP net income per diluted common share <sup>(1)</sup> | \$3.51            | \$0.98            | \$0.06            | \$0.01            | -\$1.31           |



# **Additional Information Available**

<http://investor-relations.calix.com>

