

Calix, Inc.
Historical Financial Statements
GAAP and Non-GAAP Statements of Operations 2017
(\$ in thousands)

	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
	Qtr Ending 4/1/2017	Qtr Ending 4/1/2017	Qtr Ending 7/1/2017	Qtr Ending 7/1/2017	YTD Ending 7/1/2017	YTD Ending 7/1/2017
Revenue:						
Products	\$ 91,605	\$ 91,605	\$ 107,348	\$ 107,348	\$ 198,953	\$ 198,953
Services	25,913	25,913	18,775	18,775	44,688	44,688
Total revenue	117,518	117,518	126,123	126,123	243,641	243,641
Cost of revenue:						
Products ⁽¹⁾⁽³⁾	57,373	56,444	58,299	58,203	115,672	114,647
Services ⁽²⁾	25,768	25,712	24,501	24,426	50,269	50,138
Total cost of revenue	83,141	82,156	82,800	82,629	165,941	164,785
Gross profit	34,377	35,362	43,323	43,494	77,700	78,856
Gross margin %	29.3%	30.1%	34.3%	34.5%	31.9%	32.4%
Research and development ⁽⁴⁾	33,808	32,482	32,950	31,828	66,758	64,310
Sales and marketing ⁽⁵⁾	22,429	21,318	18,429	17,775	40,858	39,093
General and Administrative ⁽⁶⁾	10,257	9,326	9,701	8,870	19,958	18,196
Restructuring charges ⁽⁷⁾	699	-	957	-	1,656	-
Total operating expenses	67,193	63,126	62,037	58,473	129,230	121,599
Loss from operations	(32,816)	(27,764)	(18,714)	(14,979)	(51,530)	(42,743)
Interest income, net	94	94	54	54	148	148
Other income (expense), net	70	70	(151)	(151)	(81)	(81)
Total interest and other income (expense), net	164	164	(97)	(97)	67	67
Provision for income taxes	673	673	177	177	850	850
Net loss	\$ (33,325)	\$ (28,273)	\$ (18,988)	\$ (15,253)	\$ (52,313)	\$ (43,526)
<u>Non-GAAP bridge to GAAP</u>						
(1) Cost of revenue - products (stock-based compensation)		\$ 116		\$ 96		\$ 212
(2) Cost of revenue - services (stock-based compensation)		56		75		131
(3) Cost of revenue - products (amortization of intangible assets)		813		-		813
(4) Research and development (stock-based compensation)		1,326		1,122		2,448
(5) Sales and marketing (stock-based compensation)		1,111		654		1,765
(6) General and administrative (stock-based compensation)		931		831		1,762
(7) Operating expense (restructuring charges)		699		957		1,656
Total non-GAAP expenses		\$ 5,052		\$ 3,735		\$ 8,787
GAAP net loss		\$ (33,325)		\$ (18,988)		\$ (52,313)

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 2017
(\$ in thousands)

	4/1/2017	7/1/2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 26,318	\$ 37,294
Marketable securities	25,215	12,915
Accounts receivable, net	64,188	53,392
Inventory	46,538	39,572
Deferred cost of revenue	40,454	40,094
Prepaid expenses and other current assets	11,911	11,112
Total current assets	<u>214,624</u>	<u>194,379</u>
Property and equipment, net	18,144	17,959
Goodwill	116,175	116,175
Other assets	816	811
Total assets	<u>\$ 349,759</u>	<u>\$ 329,324</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 24,520	\$ 27,840
Accrued liabilities	77,015	72,662
Deferred revenue	44,416	41,847
Total current liabilities	<u>145,951</u>	<u>142,349</u>
Long-term portion of deferred revenue	20,876	21,104
Other long-term liabilities	775	638
Stockholders' equity:		
Common stock	1,374	1,390
Additional paid-in capital	839,018	840,931
Accumulated other comprehensive loss	(599)	(464)
Accumulated deficit	(617,650)	(636,638)
Treasury stock	(39,986)	(39,986)
Total stockholders' equity	<u>182,157</u>	<u>165,233</u>
Total liabilities and stockholders' equity	<u>\$ 349,759</u>	<u>\$ 329,324</u>

Calix, Inc.
Historical Financial Statements
Condensed Consolidated Statements of Cash Flows 2017
(\$ in thousands)

	Qtr Ending 4/1/2017	Qtr Ending 7/1/2017	YTD Ending 7/1/2017
Operating activities			
Net loss	\$ (33,325)	\$ (18,988)	\$ (52,313)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,463	2,466	4,929
Loss on retirement of property and equipment	80	-	80
Amortization of intangible assets	813	-	813
Amortization of premium (discount) related to available-for-sale securities	(5)	2	(3)
Stock-based compensation	3,540	2,778	6,318
Changes in operating assets and liabilities:			
Accounts receivable, net	(12,852)	10,796	(2,056)
Inventory	(1,993)	6,966	4,973
Deferred cost of revenue	(5,691)	360	(5,331)
Prepaid expenses and other assets	(968)	812	(156)
Accounts payable	276	3,455	3,731
Accrued liabilities	7,110	(4,148)	2,962
Deferred revenue	17,201	(2,341)	14,860
Other long-term liabilities	(103)	(138)	(241)
Net cash provided by (used in) operating activities	<u>(23,454)</u>	<u>2,020</u>	<u>(21,434)</u>
Investing activities			
Purchases of property and equipment	(2,106)	(2,609)	(4,715)
Purchases of marketable securities	(8,732)	-	(8,732)
Sales of marketable securities	-	5,051	5,051
Maturities of marketable securities	11,266	7,250	18,516
Net cash provided by investing activities	<u>428</u>	<u>9,692</u>	<u>10,120</u>
Financing activities			
Proceeds from exercise of stock options	13	16	29
Proceeds from employee stock purchase plan	-	673	673
Taxes paid for awards vested under equity incentive plans	(1,093)	(1,537)	(2,630)
Net cash used in financing activities	<u>(1,080)</u>	<u>(848)</u>	<u>(1,928)</u>
Effect of exchange rate changes on cash and cash equivalents	65	112	177
Net increase (decrease) in cash and cash equivalents	(24,041)	10,976	(13,065)
Cash and cash equivalents at beginning of period	50,359	26,318	50,359
Cash and cash equivalents at end of period	<u>\$ 26,318</u>	<u>\$ 37,294</u>	<u>\$ 37,294</u>