

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

	GAAP	Non-GAAP	GAAP	Non-GAAP	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	Qtr Ending 9/30/2017	Qtr Ending 9/30/2017	Qtr Ending 12/31/2017	Qtr Ending 12/31/2017	YTD Ending 12/31/2017	YTD Ending 12/31/2017
Revenue:										
Products	\$ 91,605	\$ 91,605	\$ 107,348	\$ 107,348	\$ 106,442	\$ 106,442	\$ 116,495	\$ 116,495	\$ 421,890	\$ 421,890
Services	25,913	25,913	18,775	18,775	22,385	22,385	21,404	21,404	88,477	88,477
Total revenue	117,518	117,518	126,123	126,123	128,827	128,827	137,899	137,899	510,367	510,367
Cost of revenue:										
Products <sup>(1)(3)</sup>	57,373	56,444	58,299	58,203	55,494	55,357	64,971	64,847	236,137	234,851
Services <sup>(2)</sup>	25,768	25,712	24,501	24,426	28,700	28,631	22,371	22,295	101,340	101,064
Total cost of revenue	83,141	82,156	82,800	82,629	84,194	83,988	87,342	87,142	337,477	335,915
Gross profit	34,377	35,362	43,323	43,494	44,633	44,839	50,557	50,757	172,890	174,452
Gross margin %	29.3%	30.1%	34.3%	34.5%	34.6%	34.8%	36.7%	36.8%	33.9%	34.2%
Research and development <sup>(4)</sup>	33,808	32,482	32,950	31,828	32,633	31,418	28,150	26,944	127,541	122,672
Sales and marketing <sup>(5)</sup>	22,429	21,318	18,429	17,775	18,448	17,632	23,475	22,623	82,781	79,348
General and Administrative <sup>(6)</sup>	10,257	9,326	9,701	8,870	10,203	9,444	9,714	8,918	39,875	36,558
Restructuring charges <sup>(7)</sup>	699	-	957	-	612	-	1,981	-	4,249	-
Total operating expenses	67,193	63,126	62,037	58,473	61,896	58,494	63,320	58,485	254,446	238,578
Loss from operations	(32,816)	(27,764)	(18,714)	(14,979)	(17,263)	(13,655)	(12,763)	(7,728)	(81,556)	(64,126)
Interest income (expense), net	94	94	54	54	(60)	(60)	(248)	(248)	(160)	(160)
Other income (expense), net	70	70	(151)	(151)	(305)	(305)	313	313	(73)	(73)
Total interest and other income (expense), net	164	164	(97)	(97)	(365)	(365)	65	65	(233)	(233)
Provision for income taxes	673	673	177	177	225	225	168	168	1,243	1,243
Net loss	\$ (33,325)	\$ (28,273)	\$ (18,988)	\$ (15,253)	\$ (17,853)	\$ (14,245)	\$ (12,866)	\$ (7,831)	\$ (83,032)	\$ (65,602)
<u>Non-GAAP bridge to GAAP</u>										
(1) Cost of revenue - products (stock-based compensation)		\$ 116		\$ 96		\$ 137		\$ 124		\$ 473
(2) Cost of revenue - services (stock-based compensation)		56		75		69		76		276
(3) Cost of revenue - products (amortization of intangible assets)		813		-		-		-		813
(4) Research and development (stock-based compensation)		1,326		1,122		1,215		1,206		4,869
(5) Sales and marketing (stock-based compensation)		1,111		654		816		852		3,433
(6) General and administrative (stock-based compensation)		931		831		759		796		3,317
(7) Operating expense (restructuring charges)		699		957		612		1,981		4,249
Total non-GAAP expenses		\$ 5,052		\$ 3,735		\$ 3,608		\$ 5,035		\$ 17,430
GAAP net loss		\$ (33,325)		\$ (18,988)		\$ (17,853)		\$ (12,866)		\$ (83,032)

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	9/30/2017	12/31/2017
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 26,318	\$ 37,294	\$ 64,184	\$ 39,775
Marketable securities	25,215	12,915	6,598	-
Accounts receivable, net	64,188	53,392	44,227	80,392
Inventory	46,538	39,572	36,321	31,529
Deferred cost of revenue	40,454	40,094	22,859	2,395
Prepaid expenses and other current assets	11,911	11,112	11,504	8,364
Total current assets	<u>214,624</u>	<u>194,379</u>	<u>185,693</u>	<u>162,455</u>
Property and equipment, net	18,144	17,959	16,997	15,681
Goodwill	116,175	116,175	116,175	116,175
Other assets	816	811	777	759
Total assets	<u>\$ 349,759</u>	<u>\$ 329,324</u>	<u>\$ 319,642</u>	<u>\$ 295,070</u>
<b>Liabilities and stockholders' equity</b>				
Current liabilities:				
Accounts payable	\$ 24,520	\$ 27,840	\$ 29,576	\$ 35,977
Accrued liabilities	77,015	72,662	59,401	49,279
Deferred revenue	44,416	41,847	28,228	13,076
Line of credit	-	-	30,000	30,000
Total current liabilities	<u>145,951</u>	<u>142,349</u>	<u>147,205</u>	<u>128,332</u>
Long-term portion of deferred revenue	20,876	21,104	21,173	20,645
Other long-term liabilities	775	638	881	1,130
Stockholders' equity:				
Common stock	1,374	1,390	1,393	1,421
Additional paid-in capital	839,018	840,931	843,811	851,054
Accumulated other comprehensive loss	(599)	(464)	(344)	(169)
Accumulated deficit	(617,650)	(636,638)	(654,491)	(667,357)
Treasury stock	(39,986)	(39,986)	(39,986)	(39,986)
Total stockholders' equity	<u>182,157</u>	<u>165,233</u>	<u>150,383</u>	<u>144,963</u>
Total liabilities and stockholders' equity	<u>\$ 349,759</u>	<u>\$ 329,324</u>	<u>\$ 319,642</u>	<u>\$ 295,070</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	Qtr Ending 9/30/2017	Qtr Ending 12/31/2017	YTD Ending 12/31/2017
<b>Operating activities</b>					
Net loss	\$ (33,325)	\$ (18,988)	\$ (17,853)	\$ (12,866)	\$ (83,032)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Stock-based compensation	3,540	2,778	2,996	3,054	12,368
Depreciation and amortization	2,463	2,466	2,703	2,546	10,178
Amortization of intangible assets	813	-	-	-	813
Loss on retirement of property and equipment	80	-	68	132	280
Amortization of premium (discount) related to available-for-sale securities	(5)	2	(4)	1	(6)
Changes in operating assets and liabilities:					
Accounts receivable, net	(12,852)	10,796	9,165	(36,165)	(29,056)
Inventory	(1,993)	6,966	3,251	4,792	13,016
Deferred cost of revenue	(5,691)	360	17,235	20,464	32,368
Prepaid expenses and other assets	(968)	812	(164)	3,162	2,842
Accounts payable	276	3,455	1,812	6,216	11,759
Accrued liabilities	7,110	(4,148)	(13,094)	(10,052)	(20,184)
Deferred revenue	17,201	(2,341)	(13,550)	(15,680)	(14,370)
Other long-term liabilities	(103)	(138)	244	249	252
Net cash provided by (used in) operating activities	(23,454)	2,020	(7,191)	(34,147)	(62,772)
<b>Investing activities</b>					
Purchases of property and equipment	(2,106)	(2,609)	(2,071)	(1,240)	(8,026)
Purchases of marketable securities	(8,732)	-	-	-	(8,732)
Sales of marketable securities	-	5,051	-	-	5,051
Maturities of marketable securities	11,266	7,250	6,325	6,600	31,441
Net cash provided by investing activities	428	9,692	4,254	5,360	19,734
<b>Financing activities</b>					
Proceeds from exercise of stock options	13	16	-	33	62
Proceeds from employee stock purchase plan	-	673	-	4,205	4,878
Taxes paid for awards vested under equity incentive plans	(1,093)	(1,537)	(113)	(21)	(2,764)
Proceeds from line of credit	-	-	68,534	102,734	171,268
Repayment of line of credit	-	-	(38,534)	(102,734)	(141,268)
Payments to originate the line of credit	-	-	(186)	-	(186)
Net cash provided by (used in) financing activities	(1,080)	(848)	29,701	4,217	31,990
Effect of exchange rate changes on cash and cash equivalents	65	112	126	161	464
Net increase (decrease) in cash and cash equivalents	(24,041)	10,976	26,890	(24,409)	(10,584)
Cash and cash equivalents at beginning of period	50,359	26,318	37,294	64,184	50,359
Cash and cash equivalents at end of period	\$ 26,318	\$ 37,294	\$ 64,184	\$ 39,775	\$ 39,775