

CALIX, INC
Form 10-Q
August 10, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 1, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-34674

Calix, Inc.
(Exact Name of Registrant as Specified in Its Charter)

Delaware 68-0438710
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)
1035 N. McDowell Blvd., Petaluma, CA 94954
(Address of Principal Executive Offices) (Zip Code)
(707) 766-3000
(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes: No:

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes: No:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer Accelerated Filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the

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Exchange Act).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes: No:

As of August 3, 2017, there were 50,307,864 shares of the Registrant's common stock, par value \$0.025 outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

CALIX, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value)

	July 1, 2017 (Unaudited)	December 31, 2016 (See Note 1)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 37,294	\$ 50,359
Marketable securities	12,915	27,748
Accounts receivable, net	53,392	51,336
Inventory	39,572	44,545
Deferred cost of revenue	40,094	34,763
Prepaid expenses and other current assets	11,112	10,571
Total current assets	194,379	219,322
Property and equipment, net	17,959	17,984
Goodwill	116,175	116,175
Intangible assets, net	—	813
Other assets	811	1,181
	\$ 329,324	\$ 355,475
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 27,840	\$ 23,827
Accrued liabilities	72,662	69,715
Deferred revenue	41,847	27,854
Total current liabilities	142,349	121,396
Long-term portion of deferred revenue	21,104	20,237
Other long-term liabilities	638	878
Total liabilities	164,091	142,511
Commitments and contingencies (See Note 7)		
Stockholders' equity:		
Preferred stock, \$0.025 par value; 5,000 shares authorized; no shares issued and outstanding as of July 1, 2017 and December 31, 2016	—	—
Common stock, \$0.025 par value; 100,000 shares authorized; 55,605 shares issued and 50,275 shares outstanding as of July 1, 2017, and 54,722 shares issued and 49,392 shares outstanding as of December 31, 2016	1,390	1,368
Additional paid-in capital	840,931	836,563
Accumulated other comprehensive loss	(464) (656)
Accumulated deficit	(636,638) (584,325)
Treasury stock, 5,330 shares as of July 1, 2017 and December 31, 2016	(39,986) (39,986)
Total stockholders' equity	165,233	212,964
	\$ 329,324	\$ 355,475

See accompanying notes to condensed consolidated financial statements.

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CALIX, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In thousands, except per share data)

(Unaudited)

	Three Months		Six Months Ended	
	Ended July 1, 2017	June 25, 2016	July 1, 2017	June 25, 2016
Revenue:				
Products	\$107,348	\$100,144	\$198,953	\$191,824
Services	18,775	7,281	44,688	13,976
Total revenue	126,123	107,425	243,641	205,800
Cost of revenue:				
Products ⁽¹⁾	58,299	51,501	115,672	99,194
Services ⁽¹⁾	24,501	5,918	50,269	11,118
Total cost of revenue	82,800			