

Finisar Corporation
Non-GAAP Consolidated Statement of Operations
(in thousands except per share data)

	Quarterly								Annual	
	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	FY18	FY19
	(Unaudited)									
Revenues	\$ 341,806	\$ 332,205	\$ 332,403	\$ 310,069	\$ 317,336	\$ 325,423	\$ 327,636	\$ 310,085	\$ 1,316,483	\$ 1,280,480
Cost of revenues	222,651	231,648	237,325	233,467	230,184	233,238	228,762	214,548	925,091	906,732
Gross profit	119,155	100,557	95,078	76,602	87,152	92,185	98,874	95,537	391,392	373,748
Gross margin	34.9%	30.3%	28.6%	24.7%	27.5%	28.3%	30.2%	30.8%	29.7%	29.2%
Operating expenses:										
Research and development	51,833	54,359	52,979	52,763	49,333	45,084	45,364	45,347	211,934	185,128
Sales and marketing	10,321	10,191	10,021	10,239	9,932	10,124	10,126	9,984	40,772	40,166
General and administrative	10,996	10,093	9,376	9,027	9,046	8,351	8,155	9,311	39,492	34,863
Total operating expenses	73,150	74,643	72,376	72,029	68,311	63,559	63,645	64,642	292,198	260,157
Income from operations	46,005	25,914	22,702	4,573	18,841	28,626	35,229	30,895	99,194	113,591
Interest income (expense), net	2,397	2,704	2,938	3,853	4,101	4,948	4,416	3,946	11,892	17,411
Other income (expense), net	(2)	(329)	161	4	55	(174)	247	(81)	(166)	47
Income before income taxes	48,400	28,289	25,801	8,430	22,997	33,400	39,892	34,760	110,920	131,049
Provision for income taxes	2,650	2,200	3,000	2,650	1,700	2,800	5,700	1,800	10,500	12,000
Net income	\$ 45,750	\$ 26,089	\$ 22,801	\$ 5,780	\$ 21,297	\$ 30,600	\$ 34,192	\$ 32,960	\$ 100,420	\$ 119,049
Net income per share:										
Net income per share - basic	\$ 0.41	\$ 0.23	\$ 0.20	\$ 0.05	\$ 0.18	\$ 0.26	\$ 0.29	\$ 0.28	\$ 0.88	\$ 1.02
Net income per share - diluted	\$ 0.40	\$ 0.23	\$ 0.20	\$ 0.05	\$ 0.18	\$ 0.26	\$ 0.29	\$ 0.27	\$ 0.86	\$ 1.00
Shares used in computing net income per share - basic	112,544	113,960	114,209	114,742	115,867	117,284	117,608	117,953	113,864	117,178
Shares used in computing net income per share - diluted	115,698	115,443	115,661	115,991	117,191	118,290	119,570	120,795	116,274	119,389

Finisar Corporation
Consolidated Statement of Operations
(in thousands except per share data)

	Quarterly								Annual	
	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	FY18	FY19
	(Unaudited)									
Revenues	\$ 341,806	\$ 332,205	\$ 332,403	\$ 310,069	\$ 317,336	\$ 325,423	\$ 327,636	\$ 310,085	\$ 1,316,483	\$ 1,280,480
Cost of revenues	225,896	235,389	243,724	246,501	236,155	239,227	232,655	218,513	951,510	926,550
Impairment of long-lived assets	-	-	-	371	-	17	62	3,800	371	3,879
Amortization of acquired developed technology	611	611	611	604	496	496	496	471	2,437	1,959
Gross profit	115,299	96,205	88,068	62,593	80,685	85,683	94,423	87,301	362,165	348,092
Gross margin	33.7%	29.0%	26.5%	20.2%	25.4%	26.3%	28.8%	28.2%	27.5%	27.2%
Operating expenses:										
Research and development	58,040	60,560	59,888	60,520	62,874	52,643	51,228	51,133	239,008	217,878
Sales and marketing	12,351	12,230	11,913	12,530	12,480	12,427	12,170	12,000	49,024	49,077
General and administrative	14,289	13,282	19,739	12,207	12,643	12,832	14,973	14,396	59,517	54,844
Amortization of purchased intangibles	707	666	666	666	640	436	337	324	2,705	1,737
Impairment of long-lived assets	-	-	1,353	510	186	31	46	317	1,863	580
Startup costs	-	-	638	2,897	7,553	11,419	15,136	20,409	3,535	54,517
Total operating expenses	85,387	86,738	94,197	89,330	96,376	89,788	93,890	98,579	355,652	378,633
Income (loss) from operations	29,912	9,467	(6,129)	(26,737)	(15,691)	(4,105)	533	(11,278)	6,513	(30,541)
Interest income	3,440	3,746	3,995	4,904	5,155	5,981	5,333	4,731	16,085	21,200
Interest expense	(9,013)	(9,131)	(9,192)	(9,322)	(9,386)	(9,490)	(8,167)	(6,447)	(36,658)	(33,490)
Other income (expense), net	(2,694)	1,111	(459)	1,097	(1,789)	784	(38)	325	(945)	(718)
Income (loss) before income taxes	21,645	5,193	(11,785)	(30,058)	(21,711)	(6,830)	(2,339)	(12,669)	(15,005)	(43,549)
Provision (benefit) for income taxes	1,786	(664)	43,874	(11,714)	(3,222)	(1,555)	12,962	1,482	33,282	9,667
Net income (loss)	\$ 19,859	\$ 5,857	\$ (55,659)	\$ (18,344)	\$ (18,489)	\$ (5,275)	\$ (15,301)	\$ (14,151)	\$ (48,287)	\$ (53,216)
Net income (loss) per share:										
Net income (loss) per share - basic	\$ 0.18	\$ 0.05	\$ (0.49)	\$ (0.16)	\$ (0.16)	\$ (0.04)	\$ (0.13)	\$ (0.12)	\$ (0.42)	\$ (0.45)
Net income (loss) per share - diluted	\$ 0.17	\$ 0.05	\$ (0.49)	\$ (0.16)	\$ (0.16)	\$ (0.04)	\$ (0.13)	\$ (0.12)	\$ (0.42)	\$ (0.45)
Shares used in computing net income (loss) per share - basic	112,544	113,960	114,209	114,742	115,867	117,284	117,608	117,953	113,864	117,178
Shares used in computing net income (loss) per share - diluted	115,698	115,443	114,209	114,742	115,867	117,284	117,608	117,953	113,864	117,178

Finisar Corporation
Reconciliation of Results of Operations under GAAP and non-GAAP
(in thousands except per share data)

	Quarterly								Annual	
	Q1-18	Q2-18	Q3-18	Q4-18	Q1-19	Q2-19	Q3-19	Q4-19	FY18	FY19
	(Unaudited)									
GAAP to non-GAAP reconciliation of gross profit:										
Gross profit - GAAP	\$ 115,299	\$ 96,205	\$ 88,068	\$ 62,593	\$ 80,685	\$ 85,683	\$ 94,423	\$ 87,301	\$ 362,165	\$ 348,092
Gross margin - GAAP	33.7%	29.0%	26.5%	20.2%	25.4%	26.3%	28.8%	28.2%	27.5%	27.2%
Adjustments:										
Cost of revenues										
Amortization of acquired technology	611	611	611	604	496	496	496	471	2,437	1,959
Stock compensation	2,570	3,724	2,918	3,453	3,806	3,493	4,248	4,527	12,665	16,074
Impairment of long-lived/intangible assets	-	-	-	371	-	17	62	3,800	371	3,879
Reduction in force costs and other restructuring	634	(9)	7	556	482	1,659	544	27	1,188	2,712
Acquisition related retention payment	41	26	26	30	12	21	(5)	-	123	28
Write off of discontinued product inventory	-	-	3,448	8,995	1,671	816	(894)	(589)	12,443	1,004
Total cost of revenues adjustments	3,856	4,352	7,010	14,009	6,467	6,502	4,451	8,236	29,227	25,656
Gross profit - non-GAAP	119,155	100,557	95,078	76,602	87,152	92,185	98,874	95,537	391,392	373,748
Gross margin - non-GAAP	34.9%	30.3%	28.6%	24.7%	27.5%	28.3%	30.2%	30.8%	29.7%	29.2%
GAAP to non-GAAP reconciliation of operating income (loss):										
Operating income (loss) - GAAP	29,912	9,467	(6,129)	(26,737)	(15,691)	(4,105)	533	(11,278)	6,513	(30,541)
Operating margin - GAAP	8.8%	2.8%	-1.8%	-8.6%	-4.9%	-1.3%	0.2%	-3.6%	0.5%	-2.4%
Adjustments:										
Total cost of revenues adjustments										
Total operating expense adjustments	3,856	4,352	7,010	14,009	6,467	6,502	4,451	8,236	29,227	25,656
Operating expenses - GAAP										
Research and development										
Reduction in force costs and other restructuring	93	22	792	1,505	7,024	972	186	558	2,412	8,740
Acquisition related retention payment	32	32	44	32	29	17	(5)	(2)	140	39
Stock compensation	6,082	6,147	6,073	6,034	6,175	5,962	5,683	5,230	24,336	23,050
Discontinued product service fees	-	-	-	185	313	608	-	-	185	921
Sales and marketing										
Reduction in force costs and other restructuring	(12)	-	-	335	402	282	32	(18)	323	698
Acquisition related retention payment	(2)	-	-	-	-	-	-	-	(2)	-
Stock compensation	2,044	2,039	1,892	1,956	2,146	2,021	2,012	2,034	7,931	8,213
General and administrative										
Reduction in force costs and other restructuring	37	13	341	145	493	220	190	15	536	918
Duplicate facility costs related to facility move	183	137	119	129	26	37	-	-	568	63
Stock compensation	3,069	2,999	9,888	2,233	3,017	3,202	3,542	4,194	18,189	13,955
Acquisition related costs	4	40	(25)	127	(2)	997	3,086	876	146	4,957
Litigation settlements and resolutions and related costs	-	-	-	551	63	25	-	-	551	88
Amortization of purchased intangibles	707	666	666	666	640	436	337	324	2,705	1,737
Startup costs	-	-	638	2,897	7,553	11,419	15,136	20,409	3,535	54,517
Impairment of long-lived assets/intangible assets	-	-	1,394	506	186	31	46	317	1,900	580
Total operating expense adjustments	12,237	12,095	21,822	17,301	28,065	26,229	30,245	33,937	63,455	118,476
Operating expenses - non-GAAP	73,150	74,643	72,375	72,029	68,311	63,559	63,645	64,642	292,197	260,157
Operating income (loss) - non-GAAP	46,005	25,914	22,703	4,573	18,841	28,626	35,229	30,895	99,195	113,591
Operating margin - non-GAAP	13.5%	7.8%	6.8%	1.5%	5.9%	8.8%	10.8%	10.0%	7.5%	8.9%
GAAP to non-GAAP reconciliation of income (loss):										
Income (loss) before income taxes - GAAP	21,645	5,193	(11,785)	(30,058)	(21,711)	(6,830)	(2,339)	(12,669)	(15,005)	(43,549)
Adjustments:										
Total cost of revenues adjustments										
Total operating expense adjustments	3,856	4,352	7,010	14,009	6,467	6,502	4,451	8,236	29,227	25,656
Total operating expense adjustments	12,237	12,095	21,822	17,301	28,065	26,229	30,245	33,937	63,455	118,476
Other interest income	-	-	(14)	-	-	-	(13)	-	(14)	(13)
Non-cash imputed interest expenses on convertible debt	7,555	7,676	7,739	7,863	7,927	8,054	6,940	5,420	30,833	28,341
Imputed interest related to restructuring	30	28	25	23	20	18	15	12	106	65
Other income (expense), net										
Loss (gain) on sale of assets	(113)	39	25	(158)	(57)	(50)	85	7	(207)	(15)
Loss (gain) related to minority investments	2,347	-	-	-	-	399	-	-	2,347	399
Other miscellaneous expenses (income)	(4)	(1)	(104)	1	(20)	-	-	(82)	(108)	(102)
Foreign exchange transaction loss (gain)	462	(1,478)	698	(936)	1,921	(1,307)	200	(332)	(1,254)	482
Amortization of debt issuance cost	385	385	385	385	385	385	308	231	1,540	1,309
Total interest and other adjustments	10,662	6,649	8,754	7,178	10,176	7,499	7,535	5,256	33,243	30,466
Income before income taxes - non-GAAP	48,400	28,289	25,801	8,430	22,997	33,400	39,892	34,760	110,920	131,049
GAAP to non-GAAP reconciliation of net income (loss) :										
Net income (loss) - GAAP	19,859	5,857	(55,659)	(18,344)	(18,489)	(5,275)	(15,301)	(14,151)	(48,287)	(53,216)
Total cost of revenues adjustments	3,856	4,352	7,010	14,009	6,467	6,502	4,451	8,236	29,227	25,656
Total operating expense adjustments	12,237	12,095	21,822	17,301	28,065	26,229	30,245	33,937	63,455	118,476
Total interest and other adjustments	10,662	6,649	8,754	7,178	10,176	7,499	7,535	5,256	33,243	30,466
Income tax provision adjustments	(864)	(2,864)	40,874	(14,364)	(4,922)	(4,355)	7,262	(318)	22,782	(2,333)
Total adjustments	25,891	20,232	78,460	24,124	39,786	35,875	49,493	47,111	148,707	172,265
Net income - non-GAAP	\$ 45,750	\$ 26,089	\$ 22,801	\$ 5,780	\$ 21,297	\$ 30,600	\$ 34,192	\$ 32,960	\$ 100,420	\$ 119,049
Basic non-GAAP income per share										
GAAP earnings per share	\$ 0.18	\$ 0.05	\$ (0.49)	\$ (0.16)	\$ (0.16)	\$ (0.04)	\$ (0.13)	\$ (0.12)	\$ (0.42)	\$ (0.45)
Impact of all non-GAAP adjustments	\$ 0.23	\$ 0.18	\$ 0.69	\$ 0.21	\$ 0.34	\$ 0.31	\$ 0.42	\$ 0.40	\$ 1.31	\$ 1.47
Non-GAAP earnings per share	\$ 0.41	\$ 0.23	\$ 0.20	\$ 0.05	\$ 0.18	\$ 0.26	\$ 0.29	\$ 0.28	\$ 0.88	\$ 1.02
Diluted non-GAAP income per share										
GAAP earnings per share	\$ 0.17	\$ 0.05	\$ (0.49)	\$ (0.16)	\$ (0.16)	\$ (0.04)	\$ (0.13)	\$ (0.12)	\$ (0.42)	\$ (0.45)
Impact of all non-GAAP adjustments	\$ 0.22	\$ 0.18	\$ 0.68	\$ 0.21	\$ 0.34	\$ 0.30	\$ 0.42	\$ 0.39	\$ 1.29	\$ 1.45
Non-GAAP earnings per share	\$ 0.40	\$ 0.23	\$ 0.20	\$ 0.05	\$ 0.18	\$ 0.26	\$ 0.29	\$ 0.27	\$ 0.86	\$ 1.00
Shares used in computing non-GAAP income per share										
Basic	112,544	113,960	114,209	114,742	115,867	117,284	117,608	117,953	113,864	117,178
Diluted	115,698	115,443	115,661	115,991	117,191	118,290	119,570	120,795	116,274	119,389

Finisar Corporation
Consolidated Balance Sheets
(in thousands)

	4/28/2019	1/27/2019	10/28/2018	7/29/2018	4/29/2018	1/28/2018	10/29/2017	7/30/2017	4/30/2017
		(Unaudited)	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	(Unaudited)	
ASSETS									
Current assets:									
Cash and cash equivalents (1)	\$ 814,185	\$ 906,854	\$ 332,138	\$ 326,189	\$ 312,257	\$ 259,023	\$ 274,547	\$ 278,826	\$ 260,228
Short-term held-to-maturity investments (1)	100,000	3,754	837,658	832,681	884,838	957,267	958,216	954,026	976,595
Accounts receivable, net	263,394	263,737	247,688	248,138	233,529	243,963	260,870	273,180	272,377
Accounts receivable, other	22,862	23,959	26,887	29,723	35,732	32,196	42,915	45,388	48,807
Inventories	299,028	306,864	309,500	325,846	348,527	382,179	369,078	356,845	331,388
Prepaid expenses	21,362	20,754	24,345	25,140	20,269	20,827	18,602	18,241	19,462
Total current assets	1,520,831	1,525,922	1,778,216	1,787,717	1,835,152	1,895,455	1,924,228	1,926,506	1,908,857
Property, equipment and improvements, net	622,979	622,770	600,972	587,203	520,849	495,364	443,733	420,298	383,919
Purchased technology, net	1,998	2,468	2,964	3,460	3,956	4,560	5,171	5,781	6,392
Other intangible assets, net	2,185	2,509	2,846	3,282	3,922	4,588	5,253	5,919	6,627
Goodwill	106,735	106,735	106,735	106,735	106,735	106,735	106,735	106,735	106,735
Minority investments	130	129	201	602	604	610	606	605	3,161
Other assets	15,332	12,056	12,049	24,577	31,117	21,273	20,818	21,651	16,964
Deferred tax assets	81,977	85,372	89,202	85,873	80,850	78,593	116,055	108,567	107,225
Total assets	\$ 2,352,167	\$ 2,357,961	\$ 2,593,185	\$ 2,599,449	\$ 2,583,185	\$ 2,607,178	\$ 2,622,599	\$ 2,596,062	\$ 2,539,880
LIABILITIES AND STOCKHOLDERS' EQUITY									
Current liabilities:									
Accounts payable	\$ 132,440	\$ 128,594	\$ 133,539	\$ 149,876	\$ 132,161	\$ 127,248	\$ 152,047	\$ 148,605	\$ 140,568
Accrued compensation	31,804	41,216	36,152	35,349	32,525	39,660	36,614	42,030	54,520
Other accrued liabilities	49,495	54,890	54,746	50,944	32,824	36,947	40,130	46,648	43,697
Deferred revenue	-	-	-	-	9,535	14,539	17,716	14,348	13,015
Current portion of convertible notes	-	-	257,067	254,150	251,278	248,426	-	-	-
Total current liabilities	213,739	224,700	481,504	490,319	458,323	466,820	246,507	251,631	251,800
Long-term liabilities:									
Convertible notes, net of current portion	512,105	506,454	499,838	494,316	488,877	483,481	723,784	715,722	707,782
Other long-term liabilities	10,840	10,816	10,480	10,791	11,843	15,038	15,434	16,077	16,311
Deferred tax liabilities	1,322	1,048	1,078	575	525	1,426	1,742	1,469	1,283
Total liabilities	738,006	743,018	992,900	996,001	959,568	966,765	987,467	984,899	977,176
Stockholders' equity:									
Common stock	118	118	117	117	115	114	114	114	112
Additional paid-in capital	2,919,305	2,904,016	2,885,319	2,869,657	2,850,195	2,839,701	2,814,713	2,799,118	2,784,204
Accumulated other comprehensive income	(48,565)	(46,645)	(57,906)	(44,356)	(14,659)	(5,712)	(41,664)	(44,181)	(57,865)
Accumulated deficit	(1,256,697)	(1,242,546)	(1,227,245)	(1,221,970)	(1,212,034)	(1,193,690)	(1,138,031)	(1,143,888)	(1,163,747)
Total stockholders' equity	1,614,161	1,614,943	1,600,285	1,603,448	1,623,617	1,640,413	1,635,132	1,611,163	1,562,704
Total liabilities and stockholders' equity	\$ 2,352,167	\$ 2,357,961	\$ 2,593,185	\$ 2,599,449	\$ 2,583,185	\$ 2,607,178	\$ 2,622,599	\$ 2,596,062	\$ 2,539,880

(1) Total available cash includes cash and cash equivalents and short-term investments