

**Commvault Systems, Inc.**
**Consolidated Statements of Operations  
(In thousands, except per share data)  
(Unaudited)**

	<b>Three Months Ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
Revenues:		
Software and products	\$ 76,554	\$ 63,674
Services	96,446	98,529
<b>Total revenues</b>	<b>173,000</b>	<b>162,203</b>
Cost of revenues:		
Software and products	5,847	6,030
Services	18,704	22,690
<b>Total cost of revenues</b>	<b>24,551</b>	<b>28,720</b>
<b>Gross margin</b>	<b>148,449</b>	<b>133,483</b>
Operating expenses:		
Sales and marketing	81,676	87,385
Research and development	31,142	23,580
General and administrative	21,559	22,507
Restructuring	2,324	4,079
Depreciation and amortization	5,065	2,606
<b>Total operating expenses</b>	<b>141,766</b>	<b>140,157</b>
<b>Income (loss) from operations</b>	<b>6,683</b>	<b>(6,674)</b>
Interest income	343	1,923
<b>Income (loss) before income taxes</b>	<b>7,026</b>	<b>(4,751)</b>
Income tax expense	4,743	2,095
<b>Net income (loss)</b>	<b>\$ 2,283</b>	<b>\$ (6,846)</b>
Net income (loss) per common share:		
Basic	\$ 0.05	\$ (0.15)
Diluted	\$ 0.05	\$ (0.15)
Weighted average common shares outstanding:		
Basic	46,191	45,451
Diluted	46,503	45,451

**Table II**
**Commvault Systems, Inc.**
**Condensed Consolidated Balance Sheets  
(In thousands)  
(Unaudited)**

	<u>June 30,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 345,432	\$ 288,082
Restricted cash	—	8,000
Short-term investments	10,845	43,645
Trade accounts receivable, net	149,778	146,990
Other current assets	27,415	26,969
Total current assets	<u>533,470</u>	<u>513,686</u>
Property and equipment, net	113,657	114,519
Operating lease assets	13,445	15,009
Deferred commissions cost	32,928	31,394
Intangible assets, net	43,525	46,350
Goodwill	112,435	112,435
Other assets	16,377	11,683
Total assets	<u>\$ 865,837</u>	<u>\$ 845,076</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 152	\$ 307
Accrued liabilities	81,243	87,051
Current portion of operating lease liabilities	7,130	7,699
Deferred revenue	234,287	233,497
Total current liabilities	<u>322,812</u>	<u>328,554</u>
Deferred revenue, less current portion	95,562	92,723
Deferred tax liabilities, net	771	849
Long-term operating lease liabilities	7,785	8,808
Other liabilities	4,672	2,238
Total stockholders' equity	<u>434,235</u>	<u>411,904</u>
Total liabilities and stockholders' equity	<u>\$ 865,837</u>	<u>\$ 845,076</u>

**Table III**
**Commvault Systems, Inc.**
**Consolidated Statements of Cash Flows  
(In thousands)  
(Unaudited)**

	Three Months Ended June 30,	
	2020	2019
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 2,283	\$ (6,846)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	5,378	2,918
Noncash stock-based compensation	18,951	14,750
Amortization of deferred commissions cost	4,567	4,503
Impairment of operating lease assets	467	718
Changes in operating assets and liabilities:		
Trade accounts receivable	(11,384)	43,165
Operating lease assets and liabilities, net	(520)	848
Other current assets and Other assets	7,289	(5,881)
Deferred commissions cost	(5,646)	(3,369)
Accounts payable	(159)	(1,217)
Accrued liabilities	(7,699)	(10,038)
Deferred revenue	(543)	(7,922)
Other liabilities	2,301	(489)
Net cash provided by operating activities	15,285	31,140
<b>Cash flows from investing activities</b>		
Purchase of short-term investments	—	(32,800)
Proceeds from maturity of short-term investments	32,800	32,813
Purchase of property and equipment	(1,643)	(841)
Net cash provided by (used in) investing activities	31,157	(828)
<b>Cash flows from financing activities</b>		
Repurchase of common stock	—	(40,026)
Proceeds from stock-based compensation plans	231	663
Net cash provided by (used in) financing activities	231	(39,363)
Effects of exchange rate — changes in cash	2,677	1,880
Net increase (decrease) in cash, cash equivalents and restricted cash	49,350	(7,171)
Cash, cash equivalents and restricted cash at beginning of period	296,082	327,992
Cash, cash equivalents and restricted cash at end of period	\$ 345,432	\$ 320,821

**Table IV**
**Commvault Systems, Inc.**
**Reconciliation of GAAP to Non-GAAP Financial Measures and Other Financial Information  
(In thousands, except per share data)  
(Unaudited)**

	Three Months Ended June 30,	
	2020	2019
<b>Non-GAAP financial measures and reconciliation:</b>		
GAAP income (loss) from operations	\$ 6,683	\$ (6,674)
Noncash stock-based compensation (1)	18,894	14,382
FICA and payroll tax expense related to stock-based compensation (2)	332	415
Restructuring (3)	2,324	4,079
Non-routine shareholder matters (4)	—	3,303
Amortization of intangible assets (5)	2,825	—
Hedvig deferred payments (6)	1,406	—
<b>Non-GAAP income from operations</b>	<b>\$ 32,464</b>	<b>\$ 15,505</b>
GAAP net income (loss)	\$ 2,283	\$ (6,846)
Noncash stock-based compensation (1)	18,894	14,382
FICA and payroll tax expense related to stock-based compensation (2)	332	415
Restructuring (3)	2,324	4,079
Non-routine shareholder matters (4)	—	3,303
Amortization of intangible assets (5)	2,825	—
Hedvig deferred payments (6)	1,406	—
Non-GAAP provision for income taxes adjustment (7)	(4,115)	(2,611)
<b>Non-GAAP net income</b>	<b>\$ 23,949</b>	<b>\$ 12,722</b>
Diluted weighted average shares outstanding	46,503	46,273
<b>Non-GAAP diluted net income per share</b>	<b>\$ 0.51</b>	<b>\$ 0.27</b>

	Three Months Ended June 30,	
	2020	2019
Subscription and Utility Software and Related Support Services	\$ 63,619	\$ 32,289
Recurring Support and Services	77,472	81,845
<b>Total Recurring Revenue</b>	<b>\$ 141,091</b>	<b>\$ 114,134</b>
<b>Percentage of Total Revenues</b>	<b>82%</b>	<b>70%</b>
Perpetual Software and Product Revenue	\$ 25,360	\$ 40,117
Other Professional Services	6,549	7,952
<b>Total Non-recurring Revenue</b>	<b>\$ 31,909</b>	<b>\$ 48,069</b>
<b>Percentage of Total Revenues</b>	<b>18%</b>	<b>30%</b>
<b>Total Revenue (8)</b>	<b>\$ 173,000</b>	<b>\$ 162,203</b>

**Measures at period ending (\$000s)**

	June 30, 2019	March 31, 2020	June 30, 2020
Annualized Repeatable Revenue (9)	\$ 430,957	\$ 451,667	\$ 471,608

**Three Months Ended June 30, 2020**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 50,645	\$ 18,795	\$ 7,114	\$ 76,554
Customer Support Revenue	55,238	23,310	10,095	88,643
Professional Services	4,113	2,555	1,135	7,803
<b>Total Revenue</b>	<b>\$ 109,996</b>	<b>\$ 44,660</b>	<b>\$ 18,344</b>	<b>\$ 173,000</b>

**Three Months Ended June 30, 2019**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 31,221	\$ 21,375	\$ 11,078	\$ 63,674
Customer Support Revenue	57,730	21,667	10,085	89,482
Professional Services	4,866	2,682	1,499	9,047
<b>Total Revenue</b>	<b>\$ 93,817</b>	<b>\$ 45,724</b>	<b>\$ 22,662</b>	<b>\$ 162,203</b>

**Three Months Ended June 30, 2020**

	Sequential	Year Over Year
<b>Non-GAAP software and products revenue reconciliation</b>		
GAAP software and products revenue	\$ 76,554	\$ 76,554
Adjustment for currency impact	(266)	409
<b>Non-GAAP software and products revenue on a constant currency basis (10)</b>	<b>\$ 76,288</b>	<b>\$ 76,963</b>

**Three Months Ended June 30, 2020**

	Sequential	Year Over Year
<b>Non-GAAP services revenue reconciliation</b>		
GAAP services revenue	\$ 96,446	\$ 96,446
Adjustment for currency impact	548	1,193
<b>Non-GAAP services revenue on a constant currency basis (10)</b>	<b>\$ 96,994</b>	<b>\$ 97,639</b>

**Three Months Ended June 30, 2020**

	Sequential	Year Over Year
<b>Non-GAAP total revenue reconciliation</b>		
GAAP total revenues	\$ 173,000	\$ 173,000
Adjustment for currency impact	282	1,602
<b>Non-GAAP total revenues on a constant currency basis (10)</b>	<b>\$ 173,282</b>	<b>\$ 174,602</b>

**Footnotes - Adjustments**

- (1) Represents noncash stock-based compensation charges associated with stock options, restricted stock units granted and our Employee Stock Purchase Plan. Those amounts are represented as follows:

	<u>Three Months Ended June 30,</u>	
	<u>2020</u>	<u>2019</u>
Cost of services revenue	\$ 666	\$ 690
Sales and marketing	7,204	7,646
Research and development	5,941	1,993
General and administrative	5,083	4,053
Stock-based compensation expense	<u>\$ 18,894</u>	<u>\$ 14,382</u>

The table above excludes stock-based compensation expense related to the Company's restructuring activities described below in footnote three.

- (2) Represents additional FICA and related payroll tax expenses incurred by Commvault when employees exercise in the money stock options or vest in restricted stock awards.
- (3) In fiscal 2019, Commvault initiated a restructuring plan to increase efficiency in its sales, marketing and distribution functions as well as reduce costs across all functional areas. These restructuring charges relate primarily to severance and related costs associated with headcount reductions, as well as the closure of offices. Restructuring includes stock-based compensation related to modifications of awards granted to former employees. Management believes, when used as a supplement to GAAP results, that the exclusion of these charges will help investors and financial analysts understand Commvault's operating results and underlying operational trends as compared to prior periods.
- (4) During fiscal 2020, Commvault incurred costs related to a non-routine shareholder matter. The costs are for professional fees related to the settlement agreement with the shareholder and consulting fees incurred with the operational review which was agreed to as part of the settlement. Management believes, when used as a supplement to GAAP results, that the exclusion of these costs will better help investors and financial analysts understand Commvault's operating results and underlying operational trends as compared to prior periods.
- (5) Represents noncash amortization of intangible assets.
- (6) In connection with the acquisition of Hedvig Inc., certain Hedvig shareholders will receive cash payments for the 30 months following the date of acquisition, subject to their continued employment with Commvault. While these payments are proportionate to these shareholders' ownership of Hedvig, under GAAP they are accounted for as compensation expense within Research and development expenses over the course of the 30 month service period. Management believes, when used as a supplement to GAAP results, that the exclusion of these non-routine expenses will help investors and financial analysts understand Commvault's operating results and underlying operational trends as compared to prior periods.
- (7) The provision for income taxes is adjusted to reflect Commvault's estimated non-GAAP effective tax rate of 27%.
- (8) This table includes the following financial metrics that are derived from Commvault's GAAP recognized revenue:

*Subscription and Utility Software and Related Support Services* - The amounts included on this line include a) non-cancellable term-based, or subscription, licenses (inclusive of both recognized software and recognized maintenance and support revenues) that expire at the end of the contractual term; and b) “pay-as-you-go” utility arrangements based on product usage (inclusive of both recognized software and maintenance and support revenues) that are structured with no guaranteed minimums. The amount includes both Software and Products Revenue and Services Revenue.

*Recurring Support and Services* - The amounts included on this line consist primarily of maintenance and support revenues associated with the sale of perpetual software arrangements. This revenue is included in Services Revenue on Commvault’s Consolidated Statement of Operations.

*Perpetual Software and Product Revenues* - The amounts included on this line are primarily associated with revenue from the sale of perpetual software licenses. These revenues are included in Software and Products Revenue on Commvault’s Consolidated Statement of Operations.

*Other Professional Services* - The amounts included on this line are primarily revenues associated with Commvault’s installation and consultation services. These revenues are included in Services Revenue on Commvault’s Consolidated Statement of Operations.

Management believes that reviewing these metrics, in addition to GAAP results, helps investors and financial analysts understand the recurring nature of certain revenue amounts and trends as compared to prior periods.

Note that nearly all of Commvault’s software and product revenue is related to solutions that are run in the customer’s environment. Commvault currently does not have material revenue related to hosted, or software as a solution products. As a result, as required under ASC 606, substantially all of Commvault’s software and product revenue is recognized at a point in time, when it is delivered to the customer, and not ratably over the course of a contractual period. This is the case for both perpetual software licenses and subscription software licenses.

- (9) Annualized Recurring Revenue (ARR) is defined as the annualized recurring value of all active contracts at the end of a reporting period. It includes the following contract types: subscription agreements (including utility), maintenance contracts related to perpetual licenses, other extended maintenance contracts (enterprise support), managed services, and Metallic. It excludes any element of the deal arrangement that is not expected to recur, primarily perpetual licenses and most professional services. Contracts will be annualized by dividing the total contract value by the number of days in the contract term, then multiplying by 365.

Management believes that reviewing this metric, in addition to GAAP results, helps investors and financial analysts understand the value of Commvault's recurring revenue streams versus prior periods.

- (10) Revenues on a constant currency basis are calculated using the average foreign exchange rates from a previous period and applying these rates to foreign-denominated revenues in the corresponding period of fiscal 2021. The difference between revenue calculated based on these foreign exchange rates and revenues calculated in accordance with GAAP is listed as Adjustment for currency impact in the table above.