

**Table I**

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

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	2020	2019
<b>Revenues:</b>				
Software and products	\$ 66,408	\$ 80,830	\$ 275,308	\$ 309,899
Services	98,341	100,597	395,577	401,058
<b>Total revenues</b>	<b>164,749</b>	<b>181,427</b>	<b>670,885</b>	<b>710,957</b>
<b>Cost of revenues:</b>				
Software and products	5,144	10,429	28,082	25,691
Services	21,450	23,245	88,996	91,315
<b>Total cost of revenues</b>	<b>26,594</b>	<b>33,674</b>	<b>117,078</b>	<b>117,006</b>
<b>Gross margin</b>	<b>138,155</b>	<b>147,753</b>	<b>553,807</b>	<b>593,951</b>
<b>Operating expenses:</b>				
Sales and marketing	82,877	88,586	335,785	370,088
Research and development	32,710	20,430	110,020	92,647
General and administrative	21,006	34,411	92,130	100,946
Net change in contingent consideration	(3,783)	—	(3,783)	—
Restructuring	2,397	1,423	21,348	14,765
Depreciation and amortization	5,134	2,636	15,815	10,597
<b>Total operating expenses</b>	<b>140,341</b>	<b>147,486</b>	<b>571,315</b>	<b>589,043</b>
<b>Income (loss) from operations</b>	<b>(2,186)</b>	<b>267</b>	<b>(17,508)</b>	<b>4,908</b>
Interest income	692	1,759	4,962	5,519
<b>Income (loss) before income taxes</b>	<b>(1,494)</b>	<b>2,026</b>	<b>(12,546)</b>	<b>10,427</b>
Income tax expense (benefit)	(10,429)	4,189	(6,901)	6,866
<b>Net income (loss)</b>	<b>\$ 8,935</b>	<b>\$ (2,163)</b>	<b>\$ (5,645)</b>	<b>\$ 3,561</b>
<b>Net income (loss) per common share:</b>				
Basic	\$ 0.19	\$ (0.05)	\$ (0.12)	\$ 0.08
Diluted	\$ 0.19	\$ (0.05)	\$ (0.12)	\$ 0.07
<b>Weighted average common shares outstanding:</b>				
Basic	46,420	45,901	45,793	45,827
Diluted	46,718	45,901	45,793	47,601

**Table II**

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

	March 31, 2020	March 31, 2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 288,082	\$ 327,992
Restricted cash	8,000	—
Short-term investments	43,645	130,338
Trade accounts receivable, net	146,990	176,836
Prepaid expenses and other current assets	26,969	19,836
<b>Total current assets</b>	<b>513,686</b>	<b>655,002</b>
Property and equipment, net	114,519	122,716
Operating lease assets	15,009	—
Deferred commissions cost	31,394	33,619
Intangible assets, net	46,350	—
Goodwill	112,435	—
Other assets	11,683	11,116
<b>Total assets</b>	<b>\$ 845,076</b>	<b>\$ 822,453</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 307	\$ 2,186
Accrued liabilities	87,051	85,721
Current portion of operating lease liabilities	7,699	—
Deferred revenue	233,497	238,439
<b>Total current liabilities</b>	<b>328,554</b>	<b>326,346</b>
Deferred revenue, less current portion	92,723	99,257
Deferred tax liabilities, net	849	2,594
Long-term operating lease liabilities	8,808	—
Other liabilities	2,238	2,953
<b>Total stockholders' equity</b>	<b>411,904</b>	<b>391,303</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 845,076</b>	<b>\$ 822,453</b>

**Table III**

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

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Net income (loss)	\$ 8,935	\$ (2,163)	\$ (5,645)	\$ 3,561
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	5,447	2,948	17,065	12,060
Noncash stock-based compensation	17,307	28,901	65,888	80,487
Noncash change in contingent consideration	(3,783)	—	(3,783)	—
Deferred income taxes	(1,783)	314	(1,783)	164
Amortization of deferred commissions cost	4,567	4,342	17,717	17,348
Impairment of operating assets	566	—	2,761	—
Changes in operating assets and liabilities:				
Trade accounts receivable	13,361	(6,174)	26,096	(24,092)
Operating lease assets and liabilities, net	(714)	—	(1,226)	—
Other current assets and Other assets	(6,832)	975	(1,246)	11,400
Deferred commissions cost	(4,711)	(5,202)	(16,063)	(18,967)
Accounts payable	(748)	848	(2,474)	1,485
Accrued liabilities	21	(270)	(1,997)	5,075
Deferred revenue	32	12,351	(6,230)	21,719
Other liabilities	791	(284)	(616)	(60)
Net cash provided by operating activities	32,456	36,586	88,464	110,180
<b>Cash flows from investing activities</b>				
Purchase of short-term investments	(10,845)	(32,188)	(43,645)	(130,338)
Proceeds from maturity of short-term investments	32,188	32,394	130,338	131,637
Business combination, net of cash acquired	—	—	(157,495)	—
Purchase of property and equipment	(1,292)	(1,456)	(3,203)	(6,560)
Net cash provided by (used in) investing activities	20,051	(1,250)	(74,005)	(5,261)
<b>Cash flows from financing activities</b>				
Repurchase of common stock	(37,172)	(40,014)	(77,198)	(132,697)
Proceeds from stock-based compensation plans	6,851	9,155	37,795	41,984
Net cash used in financing activities	(30,321)	(30,859)	(39,403)	(90,713)
Effects of exchange rate — changes in cash	(6,129)	(3,883)	(6,966)	(16,998)
Net increase (decrease) in cash, cash equivalents and restricted cash	16,057	594	(31,910)	(2,792)
Cash, cash equivalents and restricted cash at beginning of period	280,025	327,398	327,992	330,784
Cash, cash equivalents and restricted cash at end of period	<u>\$ 296,082</u>	<u>\$ 327,992</u>	<u>\$ 296,082</u>	<u>\$ 327,992</u>

**Table IV**

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

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	2020	2019
<b>Non-GAAP financial measures and reconciliation:</b>				
GAAP income (loss) from operations	\$ (2,186)	\$ 267	\$ (17,508)	\$ 4,908
Noncash stock-based compensation (1)	17,236	27,751	64,135	77,855
FICA and related payroll tax expense related to stock-based compensation (2)	381	650	1,571	3,034
Restructuring (3)	2,397	1,423	21,348	14,765
Non-routine shareholder matter (4)	—	853	7,628	9,966
Litigation settlement (5)	—	—	—	1,400
Acquisition costs (6)	—	—	5,639	—
Amortization of intangible assets (7)	2,825	—	5,650	—
Hedvig deferred payments (8)	1,406	—	2,812	—
Net change in contingent consideration (9)	(3,783)	—	(3,783)	—
<b>Non-GAAP income from operations</b>	<b>\$ 18,276</b>	<b>\$ 30,944</b>	<b>\$ 87,492</b>	<b>\$ 111,928</b>
GAAP net income (loss)	\$ 8,935	\$ (2,163)	\$ (5,645)	\$ 3,561
Noncash stock-based compensation (1)	17,236	27,751	64,135	77,855
FICA and related payroll tax expense related to stock-based compensation (2)	381	650	1,571	3,034
Restructuring (3)	2,397	1,423	21,348	14,765
Non-routine shareholder matter (4)	—	853	7,628	9,966
Litigation settlement (5)	—	—	—	1,400
Acquisition costs (6)	—	—	5,639	—
Amortization of intangible assets (7)	2,825	—	5,650	—
Hedvig deferred payments (8)	1,406	—	2,812	—
Net change in contingent consideration (9)	(3,783)	—	(3,783)	—
Non-GAAP provision for income taxes adjustment (10)	(15,550)	(4,639)	(31,863)	(24,843)
<b>Non-GAAP net income</b>	<b>\$ 13,847</b>	<b>\$ 23,875</b>	<b>\$ 67,492</b>	<b>\$ 85,738</b>
Diluted weighted average shares outstanding (11)	46,718	47,239	46,440	47,601
<b>Non-GAAP diluted net income per share</b>	<b>\$ 0.30</b>	<b>\$ 0.51</b>	<b>\$ 1.45</b>	<b>\$ 1.80</b>

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	2020	2019
Subscription and utility software and related support services	\$ 38,424	\$ 46,513	\$ 153,920	\$ 147,378
Recurring support and services	79,180	81,976	323,038	339,037
<b>Total recurring revenue</b>	<b>\$ 117,604</b>	<b>\$ 128,489</b>	<b>\$ 476,958</b>	<b>\$ 486,415</b>
Percentage of Total Revenues	71%	71%	71%	68%
Perpetual software and product revenue	\$ 40,018	\$ 43,235	\$ 162,869	\$ 185,833
Other professional services	7,127	9,703	31,058	38,709
<b>Total non-recurring revenue</b>	<b>\$ 47,145</b>	<b>\$ 52,938</b>	<b>\$ 193,927</b>	<b>\$ 224,542</b>
Percentage of Total Revenues	29%	29%	29%	32%
<b>Total Revenue (12)</b>	<b>\$ 164,749</b>	<b>\$ 181,427</b>	<b>\$ 670,885</b>	<b>\$ 710,957</b>

	March 31, 2019	December 31, 2019	March 31, 2020
Subscription and Utility Annual Contract Value (13)	\$ 105,000	\$ 140,000	\$ 147,000

**Three Months Ended March 31, 2020**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 34,481	\$ 23,434	\$ 8,493	\$ 66,408
Customer Support Revenue	56,776	23,155	10,183	90,114
Professional Services	4,599	2,424	1,204	8,227
Total Revenue	\$ 95,856	\$ 49,013	\$ 19,880	\$ 164,749

**Three Months Ended March 31, 2019**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 44,824	\$ 25,289	\$ 10,717	\$ 80,830
Customer Support Revenue	58,514	21,496	9,883	89,893
Professional Services	5,609	3,435	1,660	10,704
Total Revenue	\$ 108,947	\$ 50,220	\$ 22,260	\$ 181,427

**Year Ended March 31, 2020**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 141,856	\$ 95,356	\$ 38,096	\$ 275,308
Customer Support Revenue	230,226	88,965	40,939	360,130
Professional Services	18,778	10,459	6,210	35,447
Total Revenue	\$ 390,860	\$ 194,780	\$ 85,245	\$ 670,885

**Year Ended March 31, 2019**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 170,114	\$ 95,913	\$ 43,872	\$ 309,899
Customer Support Revenue	237,190	82,895	38,662	358,747
Professional Services	23,076	12,380	6,855	42,311
Total Revenue	\$ 430,380	\$ 191,188	\$ 89,389	\$ 710,957

	Three Months Ended March 31, 2020		Year Ended March 31, 2020
	Sequential	Year Over Year	Year Over Year
<b>Non-GAAP software and products revenue reconciliation</b>			
GAAP software and products revenue	\$ 66,408	\$ 66,408	\$ 275,308
Adjustment for currency impact	671	1,228	4,624
<b>Non-GAAP software and products revenue on a constant currency basis (14)</b>	<b>\$ 67,079</b>	<b>\$ 67,636</b>	<b>\$ 279,932</b>
	Three Months Ended March 31, 2020		Year Ended March 31, 2020
	Sequential	Year Over Year	Year Over Year
<b>Non-GAAP services revenue reconciliation</b>			
GAAP services revenue	\$ 98,341	\$ 98,341	\$ 395,577
Adjustment for currency impact	317	1,180	5,939
<b>Non-GAAP services revenue on a constant currency basis (14)</b>	<b>\$ 98,658</b>	<b>\$ 99,521</b>	<b>\$ 401,516</b>
	Three Months Ended March 31, 2020		Year Ended March 31, 2020
	Sequential	Year Over Year	Year Over Year
<b>Non-GAAP total revenue reconciliation</b>			
GAAP total revenues	164,749	164,749	\$ 670,885
Adjustment for currency impact	988	2,408	10,563
<b>Non-GAAP total revenues on a constant currency basis (14)</b>	<b>\$ 165,737</b>	<b>\$ 167,157</b>	<b>\$ 681,448</b>

- (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:

	Three Months Ended March 31,		Year Ended March 31,	
	2020	2019	2020	2019
Cost of services revenue	\$ 581	\$ 705	\$ 2,604	\$ 2,922
Sales and marketing	7,646	7,884	31,779	34,874
Research and development	5,368	2,054	14,594	8,601
General and administrative	3,641	17,108	15,158	31,458
Stock-based compensation expense	<u>\$ 17,236</u>	<u>\$ 27,751</u>	<u>\$ 64,135</u>	<u>\$ 77,855</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 better help investors and financial analysts understand Commvault's operating results and underlying operational trends as compared to prior periods.
- (4) During fiscal 2019 and 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) During the second quarter of fiscal 2019 Commvault incurred costs related to a litigation settlement. Management believes, when used as a supplement to GAAP results, that the exclusion of these costs will help investors and financial analysts understand Commvault's operating results and underlying operational trends as compared to prior periods.
- (6) During the second and third quarters of fiscal 2020, Commvault incurred costs related to the acquisition of Hedvig, Inc. Management believes, when used as a supplement to GAAP results, that the exclusion of these costs will help investors and financial analysts understand Commvault's operating results and underlying operational trends as compared to prior periods.
- (7) Represents noncash amortization of intangible assets.
- (8) In connection with the acquisition of Hedvig Inc., certain Hedvig shareholders will receive cash payments for the 30 months following the date of acquisition, contingent on 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.



- (9) Represents the change in fair value of the contingent consideration associated with the acquisition of Hedvig.
- (10) The provision for income taxes is adjusted to reflect Commvault's estimated non-GAAP effective tax rate of approximately 27% in fiscal years 2020 and 2019.
- (11) For GAAP purposes the potentially dilutive impact of options and shares associated with our stock-based compensation programs were excluded from the calculation of GAAP loss per share in certain periods because they would have been anti-dilutive. For purposes of non-GAAP income per share the impact of dilutive options and shares has been included.
- (12) This table includes the following financial metric 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 the sale of perpetual software transactions. 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 also 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. Metallic, Commvault's new software-as-a-service offering is a hosted solution. Revenue from Metallic is recognized ratably over the course of the contractual period within services revenue.

- (13) This table includes the Subscription and Utility Annual Contract ("ACV") metric that is comprised of:
  - a. Subscription ACV - the annualized equivalent of the total contract value (both software and related support services) of all non-cancellable subscription agreements. Over the past eight quarters, the weighted average contract length of subscription agreements has been approximately three years. The total contract value includes all active contracts at the end of each fiscal quarter.

- b. Utility ACV - "pay-as-you-go" utility arrangements based on product usage (inclusive of both software and related support services) that are structured with no guaranteed minimums. The amounts included in Utility ACV have been annualized based on the actual reported quarterly amount in the most recent fiscal quarter.

Management believes that reviewing this ACV metric, in addition to our GAAP results, helps investors and financial analysts understand the value of arrangements that may potentially result in future revenues. Commvault believes this metric normalizes the variations in contractual length among our subscription and utility transactions and will help investors and analysts to track Commvault's transition to more potentially recurring revenue streams.

- (14) 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 2020. 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.