

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
Revenues:				
Software and products	\$ 98,575	\$ 88,625	\$ 255,998	\$ 237,488
Services	103,806	99,367	307,644	294,643
Total revenues	202,381	187,992	563,642	532,131
Cost of revenues:				
Software and products	4,271	6,916	9,471	20,666
Services	25,692	21,496	72,341	59,096
Total cost of revenues	29,963	28,412	81,812	79,762
Gross margin	172,418	159,580	481,830	452,369
Operating expenses:				
Sales and marketing	89,217	84,542	248,506	245,287
Research and development	39,257	35,727	113,118	97,824
General and administrative	29,132	22,702	80,919	69,009
Restructuring	—	11,618	2,082	19,709
Impairment of intangible assets	—	—	—	40,700
Depreciation and amortization	2,451	2,323	7,084	12,441
Total operating expenses	160,057	156,912	451,709	484,970
Income (loss) from operations	12,361	2,668	30,121	(32,601)
Interest income	120	167	543	759
Interest expense	(19)	—	(19)	—
Other income, net	564	—	564	—
Income (loss) before income taxes	13,026	2,835	31,209	(31,842)
Income tax expense	3,018	1,162	5,573	5,373
Net income (loss)	\$ 10,008	\$ 1,673	\$ 25,636	\$ (37,215)
Net income (loss) per common share:				
Basic	\$ 0.22	\$ 0.04	\$ 0.56	\$ (0.80)
Diluted	\$ 0.21	\$ 0.03	\$ 0.54	\$ (0.80)
Weighted average common shares outstanding:				
Basic	45,242	47,013	45,720	46,575
Diluted	46,719	48,013	47,552	46,575

**Table II**

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

	<u>December 31,</u> <u>2021</u>	<u>March 31,</u> <u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 233,691	\$ 397,237
Trade accounts receivable, net	213,040	188,126
Other current assets	20,310	22,237
Total current assets	467,041	607,600
Property and equipment, net	108,122	112,779
Operating lease assets	16,492	20,778
Deferred commissions cost	46,491	38,444
Goodwill	112,435	112,435
Other assets	17,978	12,137
Total assets	<u>\$ 768,559</u>	<u>\$ 904,173</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$ 248	\$ 374
Accrued liabilities	106,384	112,148
Current portion of operating lease liabilities	5,615	7,469
Deferred revenue	253,527	253,211
Total current liabilities	365,774	373,202
Deferred revenue, less current portion	134,856	119,231
Deferred tax liabilities, net	754	761
Long-term operating lease liabilities	12,148	15,419
Other liabilities	1,567	1,526
Total stockholders' equity	253,460	394,034
Total liabilities and stockholders' equity	<u>\$ 768,559</u>	<u>\$ 904,173</u>

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
<b>Cash flows from operating activities</b>				
Net income (loss)	\$ 10,008	\$ 1,673	\$ 25,636	\$ (37,215)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	2,769	2,636	8,027	13,379
Noncash stock-based compensation	28,533	22,037	76,793	61,572
Noncash change in fair value of equity securities	436	—	436	—
Amortization of deferred commissions cost	4,694	4,221	13,344	13,747
Impairment of operating lease assets	—	612	—	1,304
Impairment of intangible assets	—	—	—	40,700
Changes in operating assets and liabilities:				
Trade accounts receivable, net	(53,065)	(42,607)	(25,546)	(38,970)
Operating lease assets and liabilities, net	(265)	89	(809)	(719)
Other current assets and Other assets	2,174	(3,027)	(2,172)	6,955
Deferred commissions cost	(8,955)	(5,981)	(21,852)	(15,946)
Accounts payable	73	340	(120)	273
Accrued liabilities	22,659	17,635	(3,293)	484
Deferred revenue	17,733	20,941	19,564	10,719
Other liabilities	—	(1,564)	56	2,964
Net cash provided by operating activities	26,794	17,005	90,064	59,247
<b>Cash flows from investing activities</b>				
Proceeds from maturity of short-term investments	—	—	—	32,800
Purchase of property and equipment	(1,335)	(2,332)	(3,328)	(5,994)
Purchase of equity securities	(821)	—	(3,527)	—
Other	500	—	500	—
Net cash (used in) provided by investing activities	(1,656)	(2,332)	(6,355)	26,806
<b>Cash flows from financing activities</b>				
Repurchase of common stock	(85,322)	(33,132)	(265,414)	(33,132)
Proceeds from stock-based compensation plans	427	1,732	23,688	7,003
Payment of debt issuance costs	(609)	—	(609)	—
Net cash used in financing activities	(85,504)	(31,400)	(242,335)	(26,129)
Effects of exchange rate — changes in cash	(1,750)	11,143	(4,920)	21,563
Net (decrease) increase in cash and cash equivalents	(62,116)	(5,584)	(163,546)	81,487
Cash and cash equivalents at beginning of period	295,807	383,153	397,237	296,082
Cash and cash equivalents at end of period	\$ 233,691	\$ 377,569	\$ 233,691	\$ 377,569

**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 December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
<b>Non-GAAP financial measures and reconciliation:</b>				
GAAP income (loss) from operations	\$ 12,361	\$ 2,668	\$ 30,121	\$ (32,601)
Noncash stock-based compensation (1)	28,533	20,883	76,421	59,714
FICA and payroll tax expense related to stock-based compensation (2)	812	724	2,270	1,244
Restructuring (3)	—	11,618	2,082	19,709
Hedvig deferred payments (4)	1,406	1,406	4,217	4,218
Amortization of intangible assets (5)	—	—	—	5,650
Impairment of intangible assets (6)	—	—	—	40,700
<b>Non-GAAP income from operations</b>	<b>\$ 43,112</b>	<b>\$ 37,299</b>	<b>\$ 115,111</b>	<b>\$ 98,634</b>
GAAP net income (loss)	\$ 10,008	\$ 1,673	\$ 25,636	\$ (37,215)
Noncash stock-based compensation (1)	28,533	20,883	76,421	59,714
FICA and payroll tax expense related to stock-based compensation (2)	812	724	2,270	1,244
Restructuring (3)	—	11,618	2,082	19,709
Hedvig deferred payments (4)	1,406	1,406	4,217	4,218
Amortization of intangible assets (5)	—	—	—	5,650
Impairment of intangible assets (6)	—	—	—	40,700
Gain on sale of equity method investment (7)	(1,000)	—	(1,000)	—
Non-GAAP provision for income taxes adjustment (8)	(8,532)	(8,955)	(25,531)	(21,464)
<b>Non-GAAP net income</b>	<b>\$ 31,227</b>	<b>\$ 27,349</b>	<b>\$ 84,095</b>	<b>\$ 72,556</b>
Diluted weighted average shares outstanding	46,719	48,013	47,552	47,281
<b>Non-GAAP diluted earnings per share</b>	<b>\$ 0.67</b>	<b>\$ 0.57</b>	<b>\$ 1.77</b>	<b>\$ 1.53</b>

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
Subscription software and products revenue	\$ 70,403	\$ 48,650	\$ 167,526	\$ 138,239
Perpetual software and products revenue	28,172	39,975	88,472	99,249
Total software and products revenue	<u>\$ 98,575</u>	<u>\$ 88,625</u>	<u>\$ 255,998</u>	<u>\$ 237,488</u>
<b>Subscription as a % of total software and products revenue</b>	<b>71%</b>	<b>55%</b>	<b>65%</b>	<b>58%</b>

  

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
Subscription software and products revenue	\$ 70,403	\$ 48,650	\$ 167,526	\$ 138,239
Recurring support and services revenue	94,038	91,375	279,797	271,966
Total recurring revenue	<u>\$ 164,441</u>	<u>\$ 140,025</u>	<u>\$ 447,323</u>	<u>\$ 410,205</u>
<b>Percentage of total revenues</b>	<b>81%</b>	<b>74%</b>	<b>79%</b>	<b>77%</b>

  

Perpetual software and products revenue	\$ 28,172	\$ 39,975	\$ 88,472	\$ 99,249
Non-recurring services revenue	9,768	7,992	27,847	22,677
Total non-recurring revenue	<u>\$ 37,940</u>	<u>\$ 47,967</u>	<u>\$ 116,319</u>	<u>\$ 121,926</u>
<b>Percentage of total revenues</b>	<b>19%</b>	<b>26%</b>	<b>21%</b>	<b>23%</b>

  

<b>Total Revenue (9)</b>	<u><u>\$ 202,381</u></u>	<u><u>\$ 187,992</u></u>	<u><u>\$ 563,642</u></u>	<u><u>\$ 532,131</u></u>
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**Measures at period ending**

	December 31, 2020	March 31, 2021	December 31, 2021
Annualized Recurring Revenue (10)	\$ 507,242	\$ 517,948	\$ 561,226

**Three Months Ended December 31, 2021**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 57,538	\$ 32,949	\$ 8,088	\$ 98,575
Customer Support Revenue	50,163	26,018	9,826	86,007
Other Services Revenue	10,620	5,234	1,945	17,799
Total Revenue	<u>\$ 118,321</u>	<u>\$ 64,201</u>	<u>\$ 19,859</u>	<u>\$ 202,381</u>

**Three Months Ended December 31, 2020**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 43,636	\$ 33,374	\$ 11,615	\$ 88,625
Customer Support Revenue	53,488	25,808	10,386	89,682
Other Services Revenue	5,031	3,332	1,322	9,685
Total Revenue	<u>\$ 102,155</u>	<u>\$ 62,514</u>	<u>\$ 23,323</u>	<u>\$ 187,992</u>

**Nine Months Ended December 31, 2021**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 153,510	\$ 76,570	\$ 25,918	\$ 255,998
Customer Support Revenue	153,244	79,080	30,105	262,429
Other Services Revenue	27,323	12,776	5,116	45,215
<b>Total Revenue</b>	<b>\$ 334,077</b>	<b>\$ 168,426</b>	<b>\$ 61,139</b>	<b>\$ 563,642</b>

**Nine Months Ended December 31, 2020**

	Americas	EMEA	APJ	Total
Software and Products Revenue	\$ 133,522	\$ 74,232	\$ 29,734	\$ 237,488
Customer Support Revenue	162,903	74,029	30,840	267,772
Other Services Revenue	13,938	8,971	3,962	26,871
<b>Total Revenue</b>	<b>\$ 310,363</b>	<b>\$ 157,232</b>	<b>\$ 64,536</b>	<b>\$ 532,131</b>

	Three Months Ended December 31, 2021		Nine Months Ended December 31, 2021
	Sequential	Year Over Year	Year Over Year
<b>Non-GAAP software and products revenue reconciliation</b>			
GAAP software and products revenue	\$ 98,575	\$ 98,575	\$ 255,998
Adjustment for currency impact	1,360	1,512	(2,404)
<b>Non-GAAP software and products revenue on a constant currency basis (11)</b>	<b>\$ 99,935</b>	<b>\$ 100,087</b>	<b>\$ 253,594</b>
<b>Non-GAAP services revenue reconciliation</b>			
GAAP services revenue	\$ 103,806	\$ 103,806	\$ 307,644
Adjustment for currency impact	978	846	(4,845)
<b>Non-GAAP services revenue on a constant currency basis (11)</b>	<b>\$ 104,784</b>	<b>\$ 104,652</b>	<b>\$ 302,799</b>
<b>Non-GAAP total revenue reconciliation</b>			
GAAP total revenues	\$ 202,381	\$ 202,381	\$ 563,642
Adjustment for currency impact	2,338	2,358	(7,249)
<b>Non-GAAP total revenues on a constant currency basis (11)</b>	<b>\$ 204,719</b>	<b>\$ 204,739</b>	<b>\$ 556,393</b>

**Footnotes - Adjustments**

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2021	2020	2021	2020
Cost of services revenue	\$ 1,140	\$ 945	\$ 3,367	\$ 2,351
Sales and marketing	10,073	9,714	27,355	25,906
Research and development	9,127	6,203	24,722	17,722
General and administrative	8,193	4,021	20,977	13,735
Stock-based compensation expense	<u>\$ 28,533</u>	<u>\$ 20,883</u>	<u>\$ 76,421</u>	<u>\$ 59,714</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 recent fiscal years, Commvault initiated restructuring plans 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) 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.
- (5) Represents noncash amortization of intangible assets.
- (6) In the second quarter of fiscal 2021, Commvault recorded an impairment of its acquired intangible assets. These non-cash charges are not representative of ongoing costs to the business and are not expected to recur. As a result, these charges are being excluded to provide investors with a more comparable measure of costs associated with ongoing operations.
- (7) Represents the gain on the sale of Commvault's equity investment in Laitek, Inc.
- (8) The provision for income taxes is adjusted to reflect Commvault's estimated non-GAAP effective tax rate of 27%.
- (9) This table includes the following financial metrics that are derived from Commvault's GAAP recognized revenue:

*Subscription software and products revenue* - The amounts included on this line include the software and product portion of a) non-cancellable term-based, or subscription, licenses that expire at the end of the contractual term; and b) "pay-as-you-go" utility arrangements based on product usage that are structured with no guaranteed minimums. These revenues are included in Software and Products Revenue on Commvault's Consolidated Statement of Operations.

*Perpetual software and products revenue* - 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.

*Recurring support and services revenue* - The amounts included on this line consist primarily of maintenance and support revenues associated with the sale of both subscription and perpetual software arrangements. This revenue is included in Services Revenue on Commvault's Consolidated Statement of Operations. This line also includes revenue from software-as-a-service arrangements.

*Non-recurring services revenue* - 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. 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 software-as-a-service offering is recognized over time as services revenue.

- (10) 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 are annualized by dividing the total contract value by the number of days in the contract term, then multiplying by 365.

ARR should be viewed independently of GAAP revenue, deferred revenue and unbilled revenue and is not intended to be combined with or to replace those items. ARR is not a forecast of future revenue. 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.

- (11) 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 2022. 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 tables above.