

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Revenues:				
Software and products	\$ 82,825	\$ 75,261	\$ 175,261	\$ 157,423
Services	105,232	102,579	210,777	203,838
Total revenues	188,057	177,840	386,038	361,261
Cost of revenues:				
Software and products	2,286	2,894	7,186	5,200
Services	30,016	23,680	58,873	46,649
Total cost of revenues	32,302	26,574	66,059	51,849
Gross margin	155,755	151,266	319,979	309,412
Operating expenses:				
Sales and marketing	81,299	82,928	166,218	159,289
Research and development	37,053	37,726	77,166	73,861
General and administrative	25,553	25,358	52,529	51,787
Restructuring	—	636	2,132	2,082
Depreciation and amortization	2,537	2,352	5,172	4,633
Total operating expenses	146,442	149,000	303,217	291,652
Income from operations	9,313	2,266	16,762	17,760
Interest income	291	289	552	423
Interest expense	(105)	—	(210)	—
Other income (expense), net	154	—	(235)	—
Income before income taxes	9,653	2,555	16,869	18,183
Income tax expense	5,135	824	8,840	2,555
Net income	\$ 4,518	\$ 1,731	\$ 8,029	\$ 15,628
Net income per common share:				
Basic	\$ 0.10	\$ 0.04	\$ 0.18	\$ 0.34
Diluted	\$ 0.10	\$ 0.04	\$ 0.18	\$ 0.33
Weighted average common shares outstanding:				
Basic	44,759	45,743	44,751	45,960
Diluted	45,540	47,599	45,745	47,936

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

	<u>September 30,</u> <u>2022</u>	<u>March 31,</u> <u>2022</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 262,485	\$ 267,507
Trade accounts receivable, net	170,166	194,238
Other current assets	23,225	22,336
Total current assets	<u>455,876</u>	<u>484,081</u>
Property and equipment, net	102,562	106,513
Operating lease assets	11,853	14,921
Deferred commissions cost	52,300	52,974
Intangible assets, net	2,917	3,542
Goodwill	127,780	127,780
Other assets	26,500	26,269
Total assets	<u>\$ 779,788</u>	<u>\$ 816,080</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 200	\$ 432
Accrued liabilities	86,251	121,837
Current portion of operating lease liabilities	3,932	4,778
Deferred revenue	259,013	267,017
Total current liabilities	<u>349,396</u>	<u>394,064</u>
Deferred revenue, less current portion	151,968	150,180
Deferred tax liabilities, net	731	808
Long-term operating lease liabilities	8,738	11,270
Other liabilities	3,692	3,929
Total stockholders' equity	<u>265,263</u>	<u>255,829</u>
Total liabilities and stockholders' equity	<u>\$ 779,788</u>	<u>\$ 816,080</u>

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
<b>Cash flows from operating activities</b>				
Net income	\$ 4,518	\$ 1,731	\$ 8,029	\$ 15,628
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	2,878	2,665	5,855	5,258
Noncash stock-based compensation	25,327	26,449	56,422	48,260
Noncash change in fair value of equity securities	(155)	—	234	—
Amortization of deferred commissions cost	5,442	4,484	10,756	8,650
Changes in operating assets and liabilities:				
Trade accounts receivable, net	6,474	(6,535)	15,863	27,519
Operating lease assets and liabilities, net	102	(391)	(181)	(544)
Other current assets and Other assets	2,249	3,248	(461)	(4,346)
Deferred commissions cost	(6,365)	(6,956)	(13,017)	(12,897)
Accounts payable	(695)	48	(213)	(193)
Accrued liabilities	2,762	115	(28,604)	(25,952)
Deferred revenue	6,206	1,162	16,464	1,831
Other liabilities	1,101	39	1,130	56
Net cash provided by operating activities	49,844	26,059	72,277	63,270
<b>Cash flows from investing activities</b>				
Purchase of property and equipment	(514)	(551)	(1,381)	(1,993)
Purchase of equity securities	(778)	(2,706)	(1,793)	(2,706)
Net cash used in investing activities	(1,292)	(3,257)	(3,174)	(4,699)
<b>Cash flows from financing activities</b>				
Repurchase of common stock	(39,864)	(90,044)	(58,787)	(180,092)
Proceeds from stock-based compensation plans	6,672	7,826	7,359	23,261
Payment of debt issuance costs	—	—	(63)	—
Net cash used in financing activities	(33,192)	(82,218)	(51,491)	(156,831)
Effects of exchange rate — changes in cash	(11,588)	(3,926)	(22,634)	(3,170)
Net increase (decrease) in cash and cash equivalents	3,772	(63,342)	(5,022)	(101,430)
Cash and cash equivalents at beginning of period	258,713	359,149	267,507	397,237
Cash and cash equivalents at end of period	\$ 262,485	\$ 295,807	\$ 262,485	\$ 295,807

**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 September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
<b>Non-GAAP financial measures and reconciliation:</b>				
GAAP income from operations	\$ 9,313	\$ 2,266	\$ 16,762	\$ 17,760
Noncash stock-based compensation (1)	25,327	26,199	55,135	47,888
FICA and payroll tax expense related to stock-based compensation (2)	425	495	1,335	1,458
Restructuring (3)	—	636	2,132	2,082
Amortization of intangible assets (4)	312	—	626	—
Hedvig deferred payments (5)	—	1,405	—	2,811
<b>Non-GAAP income from operations</b>	<b>\$ 35,377</b>	<b>\$ 31,001</b>	<b>\$ 75,990</b>	<b>\$ 71,999</b>
<b>GAAP net income</b>				
GAAP net income	\$ 4,518	\$ 1,731	\$ 8,029	\$ 15,628
Noncash stock-based compensation (1)	25,327	26,199	55,135	47,888
FICA and payroll tax expense related to stock-based compensation (2)	425	495	1,335	1,458
Restructuring (3)	—	636	2,132	2,082
Amortization of intangible assets (4)	312	—	626	—
Hedvig deferred payments (5)	—	1,405	—	2,811
Non-GAAP provision for income taxes adjustment (6)	(4,508)	(7,624)	(11,706)	(16,999)
<b>Non-GAAP net income</b>	<b>\$ 26,074</b>	<b>\$ 22,842</b>	<b>\$ 55,551</b>	<b>\$ 52,868</b>
<b>Diluted weighted average shares outstanding</b>				
Diluted weighted average shares outstanding	45,540	47,599	45,745	47,936
<b>Non-GAAP diluted earnings per share</b>	<b>\$ 0.57</b>	<b>\$ 0.48</b>	<b>\$ 1.21</b>	<b>\$ 1.10</b>

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Subscription software and products revenue	\$ 62,994	\$ 47,605	\$ 137,632	\$ 97,123
Perpetual software and products revenue	19,831	27,656	37,629	60,300
<b>Total software and products revenue</b>	<b>\$ 82,825</b>	<b>\$ 75,261</b>	<b>\$ 175,261</b>	<b>\$ 157,423</b>
<b>Subscription as a % of total software and products revenue</b>	<b>76%</b>	<b>63%</b>	<b>79%</b>	<b>62%</b>

	Three Months Ended September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Subscription software and products revenue	\$ 62,994	\$ 47,605	\$ 137,632	\$ 97,123
Recurring support and services revenue	95,253	93,109	191,435	185,759
<b>Total recurring revenue</b>	<b>\$ 158,247</b>	<b>\$ 140,714</b>	<b>\$ 329,067</b>	<b>\$ 282,882</b>
<b>Percentage of total revenues</b>	<b>84%</b>	<b>79%</b>	<b>85%</b>	<b>78%</b>

Perpetual software and products revenue	\$ 19,831	\$ 27,656	\$ 37,629	\$ 60,300
Non-recurring services revenue	9,979	9,470	19,342	18,079
<b>Total non-recurring revenue</b>	<b>\$ 29,810</b>	<b>\$ 37,126</b>	<b>\$ 56,971</b>	<b>\$ 78,379</b>
<b>Percentage of total revenues</b>	<b>16%</b>	<b>21%</b>	<b>15%</b>	<b>22%</b>

<b>Total Revenue (7)</b>	<b>\$ 188,057</b>	<b>\$ 177,840</b>	<b>\$ 386,038</b>	<b>\$ 361,261</b>
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**Measures at period ending**

	September 30, 2021	March 31, 2022	September 30, 2022 (9)
Annualized Recurring Revenue (8)	\$ 542,564	\$ 583,254	\$ 604,392

	Three Months Ended September 30, 2022			Six Months Ended September 30, 2022		
	Americas	International (10)	Total	Americas	International (10)	Total
Software and Products Revenue	\$ 53,163	\$ 29,662	\$ 82,825	\$ 112,843	\$ 62,418	\$ 175,261
Customer Support Revenue	45,973	32,023	77,996	94,004	65,309	159,313
Other Services Revenue	17,055	10,181	27,236	31,953	19,511	51,464
<b>Total Revenue</b>	<b>\$ 116,191</b>	<b>\$ 71,866</b>	<b>\$ 188,057</b>	<b>\$ 238,800</b>	<b>\$ 147,238</b>	<b>\$ 386,038</b>

	Three Months Ended September 30, 2021			Six Months Ended September 30, 2021		
	Americas	International (10)	Total	Americas	International (10)	Total
Software and Products Revenue	\$ 44,185	\$ 31,076	\$ 75,261	\$ 95,972	\$ 61,451	\$ 157,423
Customer Support Revenue	51,207	36,246	87,453	103,081	73,341	176,422
Other Services Revenue	9,393	5,733	15,126	16,703	10,713	27,416
<b>Total Revenue</b>	<b>\$ 104,785</b>	<b>\$ 73,055</b>	<b>\$ 177,840</b>	<b>\$ 215,756</b>	<b>\$ 145,505</b>	<b>\$ 361,261</b>

	Three Months Ended September 30, 2022		Six Months Ended September 30, 2022
	Sequential	Year Over Year	Year Over Year
<b>Non-GAAP software and products revenue reconciliation</b>			
GAAP software and products revenue	\$ 82,825	\$ 82,825	\$ 175,261
Adjustment for currency impact	1,729	4,397	8,257
<b>Non-GAAP software and products revenue on a constant currency basis (11)</b>	<b>\$ 84,554</b>	<b>\$ 87,222</b>	<b>\$ 183,518</b>
	Three Months Ended September 30, 2022		Six Months Ended September 30, 2022
	Sequential	Year Over Year	Year Over Year
<b>Non-GAAP services revenue reconciliation</b>			
GAAP services revenue	\$ 105,232	\$ 105,232	\$ 210,777
Adjustment for currency impact	2,431	6,174	11,025
<b>Non-GAAP services revenue on a constant currency basis (11)</b>	<b>\$ 107,663</b>	<b>\$ 111,406</b>	<b>\$ 221,802</b>
	Three Months Ended September 30, 2022		Six Months Ended September 30, 2022
	Sequential	Year Over Year	Year Over Year
<b>Non-GAAP total revenue reconciliation</b>			
GAAP total revenues	\$ 188,057	\$ 188,057	\$ 386,038
Adjustment for currency impact	4,160	10,571	19,282
<b>Non-GAAP total revenues on a constant currency basis (11)</b>	<b>\$ 192,217</b>	<b>\$ 198,628</b>	<b>\$ 405,320</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 September 30,		Six Months Ended September 30,	
	2022	2021	2022	2021
Cost of services revenue	\$ 1,226	\$ 1,042	\$ 2,469	\$ 2,227
Sales and marketing	10,165	9,974	21,558	17,282
Research and development	7,793	8,410	17,034	15,595
General and administrative	6,143	6,773	14,074	12,784
Stock-based compensation expense	<u>\$ 25,327</u>	<u>\$ 26,199</u>	<u>\$ 55,135</u>	<u>\$ 47,888</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. During the fourth quarter of fiscal 2022, Commvault initiated a restructuring plan to combine the management of its EMEA and APJ field operations. 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) Represents noncash amortization of intangible assets.
- (5) In connection with the acquisition of Hedvig Inc., certain Hedvig shareholders received cash payments for the 30 months following the date of acquisition, subject to their continued employment with Commvault. While these payments were 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. These payments were completed in fiscal 2022.
- (6) The provision for income taxes is adjusted to reflect Commvault's estimated non-GAAP effective tax rate of 27%.
- (7) 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 Metallic contracts.

*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 revenue is recognized over time as services revenue.

- (8) 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.

- (9) The change in foreign exchange rates from March 31, 2022 to September 30, 2022 reduced ARR by approximately \$30 million. The foreign exchange rate impact from September 30, 2021 to September 30, 2022 was approximately \$35 million.
- (10) During the fourth quarter of fiscal 2022, Commvault combined the management of its EMEA and APJ field organizations into one International region (Europe, Middle East, Africa, Australia, India, Japan, Southeast Asia, China). The Americas region includes the United States, Canada, and Latin America.
- (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 2023. 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.