

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,	
	2022	2021	2022	2021
Non-GAAP financial measures and reconciliation:				
GAAP income from operations	\$ 5,018	\$ 12,361	\$ 21,780	\$ 30,121
Noncash stock-based compensation (1)	23,626	28,533	78,761	76,421
FICA and payroll tax expense related to stock-based compensation (2)	327	812	1,662	2,270
Restructuring (3)	9,228	—	11,360	2,082
Amortization of intangible assets (4)	312	—	938	—
Hedvig deferred payments	—	1,406	—	4,217
Non-GAAP income from operations	\$ 38,511	\$ 43,112	\$ 114,501	\$ 115,111
GAAP net income (loss)				
GAAP net income (loss)	\$ (310)	\$ 10,008	\$ 7,719	\$ 25,636
Noncash stock-based compensation (1)	23,626	28,533	78,761	76,421
FICA and payroll tax expense related to stock-based compensation (2)	327	812	1,662	2,270
Restructuring (3)	9,228	—	11,360	2,082
Amortization of intangible assets (4)	312	—	938	—
Hedvig deferred payments	—	1,406	—	4,217
Gain on sale of equity method investment	—	(1,000)	—	(1,000)
Non-GAAP provision for income taxes adjustment (5)	(4,791)	(8,532)	(16,497)	(25,531)
Non-GAAP net income	\$ 28,392	\$ 31,227	\$ 83,943	\$ 84,095
Diluted weighted average shares outstanding				
Diluted weighted average shares outstanding	45,681	46,719	45,810	47,552
Non-GAAP diluted earnings per share	\$ 0.62	\$ 0.67	\$ 1.83	\$ 1.77

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,	
	2022	2021	2022	2021
Cost of services revenue	\$ 1,383	\$ 1,140	\$ 3,852	\$ 3,367
Sales and marketing	10,479	10,073	32,037	27,355
Research and development	5,988	9,127	23,022	24,722
General and administrative	5,776	8,193	19,850	20,977
Stock-based compensation expense	<u>\$ 23,626</u>	<u>\$ 28,533</u>	<u>\$ 78,761</u>	<u>\$ 76,421</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) These restructuring charges relate primarily to severance and related costs associated with headcount reductions and stock-based compensation related to modifications of existing unvested awards granted to certain employees impacted by the restructuring plan.
- (4) Represents noncash amortization of intangible assets.
- (5) The provision for income taxes is adjusted to reflect Commvault's estimated non-GAAP effective tax rate of 27%.