

---

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

**May 3, 2017**  
(Date of report; date of  
earliest event reported)

**Commission file number: 1-33026**

---

**COMMVault SYSTEMS, INC.**  
(Exact name of registrant as specified in its charter)

---

**Delaware**  
(State or other jurisdiction of incorporation or  
organization)

**22-3447504**  
(I.R.S. Employer Identification No.)

**1 Commvault Way**  
**Tinton Falls, New Jersey**  
**07724**  
(Address of principal executive offices)  
(Zip Code)

**(732) 870-4000**  
(Registrant's telephone number, including area code)

---

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
-

## **Item 2.02 Results of Operations and Financial Condition**

On May 3, 2017, Commvault Systems, Inc. issued a press release announcing its results for its fourth fiscal quarter and year ended March 31, 2017. A copy of the press release is attached hereto as Exhibit 99.1.

This information is being furnished pursuant to Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities under that section and shall not be deemed to be incorporated by reference into filings under the Securities Act of 1933.

## **Item 9.01 Financial Statements and Exhibits**

(d) Exhibits:

99.1 Press Release dated May 3, 2017

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

COMMVault SYSTEMS, INC.

Dated: May 3, 2017

/S/ BRIAN CAROLAN

---

Brian Carolan  
Vice President and Chief Financial Officer

**Investor Relations Contact:**  
 Michael Picariello, Commvault  
 732-728-5380  
[ir@commvault.com](mailto:ir@commvault.com)

**Media Relations Contact:**  
 Leo Tignini, Commvault  
 732-728-5378  
[ltignini@commvault.com](mailto:ltignini@commvault.com)

## Commvault Sets Fiscal Q4 and Full-Year Revenue Records

- Commvault ends fiscal year strong, overachieves on fourth quarter revenue expectations --
- Record quarterly software revenue of \$84.7 million and total revenue of \$172.9 million --
- Q4 Software revenue up 10% sequentially and 15% year over year --
- The move to the cloud continues to be major catalyst for growth --

Fourth Quarter and Fiscal 2017 Highlights Include:

|                               | Fourth Quarter  | Fiscal 2017     |
|-------------------------------|-----------------|-----------------|
| <b>GAAP Results:</b>          |                 |                 |
| Revenues                      | \$172.9 million | \$650.5 million |
| Income from Operations (EBIT) | \$2.3 million   | \$0.2 million   |
| EBIT Margin                   | 1.3%            | 0.0%            |
| Diluted Earnings Per Share    | \$0.07          | \$0.01          |
| <b>Non-GAAP Results:</b>      |                 |                 |
| Income from Operations (EBIT) | \$21.7 million  | \$75.9 million  |
| EBIT Margin                   | 12.5%           | 11.7%           |
| Diluted Earnings Per Share    | \$0.29          | \$1.03          |

**TINTON FALLS, N.J. – May 3, 2017** – Commvault [NASDAQ: CVLT] today announced its financial results for the fourth quarter and fiscal year ended March 31, 2017.

N. Robert Hammer, Commvault's Chairman, President and CEO stated, "We concluded our fiscal year with continued business momentum and reported strong financial performance highlighted by record quarterly software revenue of \$84.7 million, representing growth of 15% over the prior year quarter and 10% sequentially. All geographic regions contributed to year over year software revenue growth as we continue to expand our new and existing enterprise customer footprint on a global basis. We believe that we have clearly established a leadership position for modern data management software for larger enterprises to and from the cloud, in the cloud, and cloud to cloud; in hybrid environments; on premises; and in mobile environments. We continue to see good growth from our stand-alone solution sets driven by virtual, edge and archive. Better execution from our sales teams as a result of improved sales leadership, structure and staffing, combined with our industry-leading software and services, continue to give us increased confidence as we move into fiscal 2018. Finally, we remained opportunistic during the fourth fiscal quarter, repurchasing an additional \$25 million of our common stock bringing our full year fiscal 2017 share repurchases to \$50 million."

Total revenues for the fourth quarter of fiscal 2017 were \$172.9 million, an increase of 8% year-over-year, an increase of 4% sequentially and an increase of 10% on a year-over-year constant currency basis. Software revenue in the fourth quarter of fiscal 2017 was \$84.7 million, an increase of 15% year-over-year, an increase of 10% sequentially and an increase of 18% on a year-over-year constant currency basis. Services revenue in the fourth quarter of fiscal 2017 was \$88.2 million, an increase of 2% year-over-year, flat sequentially and an increase of 3% on a year-over-year constant currency basis.

For the full fiscal year, total revenues were \$650.5 million, an increase of 9% from fiscal 2016. On a constant currency basis, total revenues for the full fiscal year increased 11% over fiscal 2016. Software revenue for the full fiscal year was \$296.4 million, an increase of 15% from fiscal 2016. On a constant currency basis, software revenue for the full fiscal year increased 17%. Services revenue for the full fiscal year was \$354.1 million, an increase of 5% from fiscal 2016. On a constant currency basis, services revenue for the full fiscal year increased 7%.

On a GAAP basis, income from operations (EBIT) decreased to \$2.3 million for the fourth quarter compared to \$9.3 million in the same period of the prior year. Non-GAAP income from operations (EBIT) decreased to \$21.7 million in the fourth quarter of fiscal 2017 compared to \$26.2 million in the fourth quarter of the prior year.

On a GAAP basis, income from operations (EBIT) for the full fiscal year was \$0.2 million. Non-GAAP income from operations (EBIT) increased 13% to \$75.9 million in fiscal 2017 compared to \$67.3 million in fiscal 2016.

For the fourth quarter of fiscal 2017, Commvault reported net income of \$3.2 million. Non-GAAP net income for the quarter decreased to \$13.7 million, or \$0.29 per diluted share, from \$16.6 million, or \$0.36 per diluted share, in the same period of the prior year.

For the full fiscal year, Commvault reported net income of \$0.5 million. Non-GAAP net income for the full fiscal year increased to \$48.0 million, or \$1.03 per diluted share, from \$42.4 million, or \$0.91 per diluted share, in fiscal 2016.

Operating cash flow totaled \$29.0 million for the fourth quarter of fiscal 2017 which compared to \$37.2 million in the fourth quarter of fiscal 2016. For the full fiscal year, operating cash flow was \$100.0 million, compared to \$84.4 million for fiscal 2016. Total cash and short-term investments were \$450.2 million as of March 31, 2017 compared to \$387.2 million as of March 31, 2016. During the fiscal fourth quarter, Commvault repurchased \$25.0 million of our common stock (0.5 million shares) bringing our fiscal 2017 total repurchases to \$50.0 million (1.0 million shares). As of May 3, 2017, there is \$125.0 million available under the share repurchase program that currently expires on March 31, 2018. We made no borrowings against our line of credit during fiscal 2017.

A reconciliation of GAAP to non-GAAP results has been provided in Financial Statement Table IV included in this press release. An explanation of these measures is also included below under the heading "Use of Non-GAAP Financial Measures."

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers ("ASC 606"). This standard replaces existing revenue recognition rules with a comprehensive revenue measurement and recognition standard. Commvault has early adopted ASC 606 as of April 1, 2017, the fiscal year 2018, using the full retrospective method. As a result, Tables V, VI and VII included in this press release includes recast financial information for fiscal 2016 and fiscal 2017.

#### **Recent Business Highlights:**

- On March 8, 2017, Commvault announced it was partnering with Pure Storage and Cisco to help customers enable business critical applications to perform faster, run more efficiently and increase availability through the integration of Commvault's Data Platform for FlashStack, a converged infrastructure solution offered by the two partners. Leveraging Commvault's proven IntelliSnap technology with purpose-built, all flash storage from Pure Storage and with Cisco's Unified Computing System (Cisco UCS) creates an ideal replacement over traditional data management and protection tools that are unable to scale and support critical enterprise applications and databases like Oracle, VMware, SAP, and Microsoft SQL and Exchange, whether physical or virtual.
- On March 7, 2017, in a nod to Commvault's growing partner ecosystem, CRN®, a brand of The Channel Company, named Ralph Nimergood, Commvault Vice President, Worldwide Channels and Alliances, to its exclusive 2017 list of the 50 Most Influential Channel Chiefs. This marks the third year in a row that Nimergood has been recognized as a CRN Channel Chief, and the second consecutive year that Nimergood has been recognized as one of CRN's 50 Most Influential Channel Chiefs. In calendar year 2016, Commvault grew its business through the VAR community at a double digit rate. Cloud growth was particularly strong and a key component of the company's revenue, with more than 90 percent of all enterprise deals involving cloud.
- On February 28, 2017, Commvault announced that Australia's biggest property data provider was leveraging Commvault Software to drive the company's digital business model into the cloud. CoreLogic is the leading property and data analytics provider in Australia and New Zealand, and is transforming how it manages 600 data sources and a one-petabyte-per-day customers data workloads, and modernizing its 40-year-old data infrastructure. CoreLogic's disaster recovery strategy will be provided as a service on Commvault's Data Platform, releasing resources into higher-value areas of its customer's business and accelerating the shift from rigid tape backups to more agile processes.

- On February 21, 2017, at HIMMS17, the healthcare industry's preeminent conference and exhibition, Commvault announced accelerating demand for its Commvault Data Platform with strong adoption among healthcare providers and organizations since the formation of its healthcare solutions group. At the conference, the company highlighted healthcare customers that are delivering higher quality, lower cost care by better protecting, controlling and extracting value from their EHR, imaging, financial and other enterprise data. Commvault also announced new partnerships with CloudWave and Harmony Healthcare IT, a technical achievement with TeraRecon, and a new IDC white paper on how healthcare organizations can use holistic data management to create a competitive advantage.
- On January 23, 2017, Commvault launched new reference architectures for Amazon Web Services (AWS), to provide enterprises with guidance on how the Commvault Data Platform can help organizations optimize their use of the AWS Cloud for backup, archive and recovery. Commvault also announced that existing customers can apply their licenses to applications enabled through AWS Marketplace. Additionally, customers will have the ability to easily direct data storage to specific AWS services - such as Amazon Simple Storage Service (Amazon S3), Amazon S3 Standard - Infrequent Access (Amazon S3-IA) and Amazon Glacier. The use of the Commvault Data Platform with the AWS Cloud delivers a powerful unified platform that simplifies data management wherever data is -- on-premises, the AWS Cloud, or mobile -- while reducing costs and risks.

### **Use of Non-GAAP Financial Measures**

Commvault has provided in this press release the following non-GAAP financial measures: non-GAAP income from operations, non-GAAP income from operations margin, non-GAAP net income and non-GAAP diluted earnings per share. This selected financial information has not been prepared in accordance with GAAP. Commvault uses these non-GAAP financial measures internally to understand, manage and evaluate its business and make operating decisions. In addition, Commvault believes these non-GAAP operating measures are useful to investors, when used as a supplement to GAAP financial measures, in evaluating Commvault's ongoing operational performance. Commvault believes that the use of these non-GAAP financial measures provide an additional tool for investors to use in evaluating ongoing operating results and trends, and in comparing its financial results with other companies in Commvault's industry, many of which present similar non-GAAP financial measures to the investment community. Commvault has also provided software, services and total revenues on a constant currency basis. Commvault analyzes revenue growth on a constant currency basis in order to provide a comparable framework for assessing how the business performed excluding the effect of foreign currency fluctuations. Finally, Commvault has provided free cash flow, which Commvault uses to measure the amount of cash flow the business is generating after capital expenditures.

All of these non-GAAP financial measures should be considered as a supplement to, and not as a substitute for or superior to, financial information prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures, which are provided in Table IV included in this press release.

**Non-GAAP income from operations and non-GAAP income from operations margin.** These non-GAAP financial measures exclude noncash stock-based compensation charges and additional FICA and related payroll tax expense incurred by Commvault when employees exercise in the money stock options or vest in restricted stock awards. Commvault believes that these non-GAAP financial measures are useful metrics for management and investors because they compare Commvault's core operating results over multiple periods. When evaluating the performance of Commvault's operating results and developing short and long term plans, Commvault does not consider such expenses. Although noncash stock-based compensation and the additional FICA and related payroll tax expenses are necessary to attract and retain employees, Commvault places its primary emphasis on stockholder dilution as compared to the accounting charges related to such equity compensation plans. In addition, because of the varying available valuation methodologies, subjective assumptions such as volatility, which are outside of Commvault's control and the variety of awards that companies can issue, Commvault believes that providing non-GAAP financial measures that exclude noncash stock-based compensation expense and the additional FICA and related payroll tax expenses incurred on stock option exercises and vesting of restricted stock awards allow investors to make meaningful comparisons between Commvault's operating results and those of other companies.

There are a number of limitations related to the use of non-GAAP income from operations and non-GAAP income from operations margin. The most significant limitation is that these non-GAAP financial measures exclude certain operating costs, primarily related to noncash stock-based compensation, which is of a recurring nature. Noncash stock-based compensation has been, and will continue to be for the foreseeable future, a significant recurring expense in Commvault's operating results. In addition, noncash stock-based compensation is an important part of Commvault's employees' compensation and can have a significant impact on their performance. Lastly, the components Commvault excludes in its non-GAAP financial measures may differ from the components that its peer companies exclude when they report their non-GAAP financial measures.

Commvault's management generally compensates for limitations described above related to the use of non-GAAP financial measures by providing investors with a reconciliation of the non-GAAP financial measure to the most directly comparable GAAP financial measure. Further, Commvault management uses non-GAAP financial measures only in addition to, and in conjunction with, results presented in accordance with GAAP.

**Non-GAAP net income and non-GAAP diluted EPS.** Non-GAAP net income excludes noncash stock-based compensation, the additional FICA and related payroll tax expenses incurred by Commvault when employees exercise in the money stock options or vest in restricted stock awards. Commvault has also excluded its share of earnings from its equity method investment. In addition, non-GAAP net income and non-GAAP diluted EPS incorporate a non-GAAP effective tax rate of 37% in fiscal 2017 and fiscal 2016.



Commvault anticipates that in any given period its non-GAAP tax rate may be either higher or lower than the GAAP tax rate as evidenced by historical fluctuations. On an annual basis, the GAAP tax rate was 37% for fiscal 2014 and 34% for fiscal 2015. The GAAP tax rates for fiscal 2016 and fiscal 2017 are not meaningful percentages due to the dollar amount of GAAP pre-tax income. From a cash tax perspective, the cash tax rate is estimated to be 18% for fiscal 2014 and 26% for fiscal 2015. For the same reason as the GAAP tax rates, the estimated cash tax rates for fiscal 2016 and fiscal 2017 are not meaningful percentages. Estimated cash taxes to be paid for 2017 and 2016 are expected to be approximately \$5 million. Commvault defines its cash tax rate as the total amount of cash income taxes payable for the fiscal year divided by consolidated GAAP pre-tax income. Over the next few years, Commvault believes its GAAP and cash tax rates will align.

Commvault measured itself to non-GAAP tax rates of 37% in fiscal 2017 and will continue to measure itself to a non-GAAP tax rate of 37% in fiscal 2018. Commvault believes that the use of a non-GAAP tax rate is a useful measure as it allows management and investors to compare its operating results on a more consistent basis over the multiple periods presented in its earnings release without the impact of significant variations in the tax rate as more fully described above. Non-GAAP EPS is derived from non-GAAP net income divided by the weighted average shares outstanding on a fully diluted basis.

Commvault considers non-GAAP net income and non-GAAP diluted EPS useful metrics for Commvault management and its investors for the same basic reasons that Commvault uses non-GAAP income from operations and non-GAAP income from operations margin. In addition, the same limitations as well as management actions to compensate for such limitations described above also apply to Commvault's use of non-GAAP net income and non-GAAP EPS.

## Conference Call Information

Commvault will host a conference call today, May 3, 2017, at 8:30 a.m. Eastern Time (5:30 a.m. Pacific Time) to discuss its financial results. To access this call, dial (844) 742-4247 (domestic) or (661) 378-9470 (international). Investors can also access the audio version of the conference call by visiting [www.commvault.com](http://www.commvault.com). The live webcast, which will include slides that will be discussed as part of Commvault's prepared remarks on the early adoption of ASC 606 effective April 1, 2017, can be accessed at <http://edge.media-server.com/m/p/abpeg6xt> or under the "Events" section of Commvault's website. An archived webcast of this conference call will also be available following the call.

## About Commvault

Commvault is a leading provider of data protection and information management solutions, helping companies worldwide activate their data to drive more value and business insight and to transform modern data environments. With solutions and services delivered directly and through a worldwide network of partners and service providers, Commvault solutions comprise one of the industry's leading portfolios in data protection and recovery, cloud, virtualization, archive, file sync and share. Commvault has earned accolades from customers and third party influencers for its technology vision, innovation, and execution as an independent and trusted expert. Without the distraction of a hardware business or other business agenda, Commvault's sole focus on data management has led to adoption by companies of all sizes, in all industries, and for solutions deployed on premise, across mobile platforms, to and from the cloud, and provided as-a-service. Commvault employs more than 2,500 highly skilled individuals across markets worldwide, is publicly traded on NASDAQ (CVLT), and is headquartered in Tinton Falls, New Jersey in the United States. To learn more about Commvault — and how it can help make your data work for you — visit [commvault.com](http://commvault.com).

## Safe Harbor Statement

This press release may contain forward-looking statements, including statements regarding financial projections, which are subject to risks and uncertainties, such as competitive factors, difficulties and delays inherent in the development, manufacturing, marketing and sale of software products and related services, general economic conditions, outcome of litigation and others. For a discussion of these and other risks and uncertainties affecting Commvault's business, see "Item 1A. Risk Factors" in our annual report in Form 10-K and "Item 1A. Risk Factors" in our most recent quarter report in Form 10-Q. Statements regarding Commvault's beliefs, plans, expectations or intentions regarding the future are forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Actual results may differ materially from anticipated results. Commvault does not undertake to update its forward-looking statements. The development and timing of any product release as well as any of its features or functionality remain at our sole discretion.

©1999-2017 Commvault Systems, Inc. All rights reserved. Commvault, Commvault and logo, the "C hexagon" logo, Commvault Systems, Solving Forward, SIM, Singular Information Management, OnePass, Commvault Galaxy, Unified Data Management, QiNetix, Quick Recovery, QR, CommNet, GridStor, Vault Tracker, InnerVault, Quick Snap, QSnap, IntelliSnap, Recovery Director, CommServe, CommCell, ROMS, Commvault Edge, and CommValue are trademarks or registered trademarks of Commvault Systems, Inc. All other third party brands, products, service names, trademarks, or registered service marks are the property of and used to identify the products or services of their respective owners. All specifications are subject to change without notice.

## Commvault Systems, Inc.

**Consolidated Statements of Income**  
**(In thousands, except per share data)**  
**(Unaudited)**

|  | Three Months Ended<br>March 31, |                 | Year Ended<br>March 31, |                |
|--|---------------------------------|-----------------|-------------------------|----------------|
|  | 2017                            | 2016            | 2017                    | 2016           |
| <b>Revenues:</b>                                       |                                 |                 |                         |                |
| Software   | \$ 84,705                       | \$ 73,344       | \$ 296,421              | \$ 258,793     |
| Services   | 88,226                          | 86,221          | 354,097                 | 336,333        |
| Total revenues   | 172,931                         | 159,565         | 650,518                 | 595,126        |
| <b>Cost of revenues:</b>                               |                                 |                 |                         |                |
| Software   | 739                             | 790             | 3,045                   | 2,385          |
| Services   | 20,635                          | 20,007          | 82,147                  | 80,327         |
| Total cost of revenues                                 | 21,374                          | 20,797          | 85,192                  | 82,712         |
| Gross margin   | 151,557                         | 138,768         | 565,326                 | 512,414        |
| <b>Operating expenses:</b>                             |                                 |                 |                         |                |
| Sales and marketing                                    | 102,063                         | 89,652          | 387,975                 | 352,669        |
| Research and development                               | 22,867                          | 18,411          | 83,543                  | 69,287         |
| General and administrative                             | 22,082                          | 19,131          | 84,944                  | 78,848         |
| Depreciation and amortization                          | 2,253                           | 2,275           | 8,635                   | 9,611          |
| Total operating expenses                               | 149,265                         | 129,469         | 565,097                 | 510,415        |
| Income from operations                                 | 2,292                           | 9,299           | 229                     | 1,999          |
| Interest expense                                       | (233)                           | (241)           | (957)                   | (933)          |
| Interest income  | 320                             | 275             | 1,163                   | 862            |
| Equity in loss of affiliate                            | (414)                           | (83)            | (958)                   | (83)           |
| Income (loss) before income taxes                      | 1,965                           | 9,250           | (523)                   | 1,845          |
| Income tax expense (benefit)                           | (1,223)                         | 3,456           | (1,063)                 | 1,709          |
| Net income   | <u>\$ 3,188</u>                 | <u>\$ 5,794</u> | <u>\$ 540</u>           | <u>\$ 136</u>  |
| <b>Net income per common share:</b>                    |                                 |                 |                         |                |
| Basic  | <u>\$ 0.07</u>                  | <u>\$ 0.13</u>  | <u>\$ 0.01</u>          | <u>\$ 0.00</u> |
| Diluted  | <u>\$ 0.07</u>                  | <u>\$ 0.13</u>  | <u>\$ 0.01</u>          | <u>\$ 0.00</u> |
| <b>Weighted average common shares<br/>outstanding:</b> |                                 |                 |                         |                |
| Basic  | <u>44,868</u>                   | <u>44,615</u>   | <u>44,700</u>           | <u>45,159</u>  |
| Diluted  | <u>46,627</u>                   | <u>45,787</u>   | <u>46,621</u>           | <u>46,489</u>  |

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

|   | <u>March 31,</u>  | <u>March 31,</u>  |
|---|-------------------|-------------------|
|   | 2017              | 2016              |
| <b>ASSETS</b>                                     |                   |                   |
| Current assets:                                   |                   |                   |
| Cash and cash equivalents                         | \$ 329,491        | \$ 288,107        |
| Short-term investments                            | 120,693           | 99,072            |
| Trade accounts receivable, net                    | 132,761           | 113,429           |
| Prepaid expenses and other current assets         | 15,791            | 16,769            |
| <b>Total current assets</b>                       | <b>598,736</b>    | <b>517,377</b>    |
| Deferred tax assets, net                          | 61,018            | 49,976            |
| Property and equipment, net                       | 132,319           | 135,904           |
| Equity method investment                          | 3,621             | 4,579             |
| Other assets                                      | 7,273             | 6,737             |
| <b>Total assets</b>                               | <b>\$ 802,967</b> | <b>\$ 714,573</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>       |                   |                   |
| Current Liabilities:                              |                   |                   |
| Accounts payable                                  | \$ 117            | \$ 309            |
| Accrued liabilities                               | 78,701            | 69,678            |
| Deferred software revenue                         | 2,793             | 1,578             |
| Deferred services revenue                         | 203,984           | 193,399           |
| <b>Total current liabilities</b>                  | <b>285,595</b>    | <b>264,964</b>    |
| Deferred revenue, less current portion            | 70,803            | 49,889            |
| Other liabilities                                 | 3,934             | 3,452             |
| <b>Total stockholders' equity</b>                 | <b>442,635</b>    | <b>396,268</b>    |
| <b>Total liabilities and stockholders' equity</b> | <b>\$ 802,967</b> | <b>\$ 714,573</b> |

## Commvault Systems, Inc.

**Consolidated Statements of Cash Flows**  
**(In thousands)**  
**(Unaudited)**

|   | Three Months Ended<br>March 31, |                   | Year Ended<br>March 31, |                   |
|---|---------------------------------|-------------------|-------------------------|-------------------|
|   | 2017                            | 2016              | 2017                    | 2016              |
| <b>Cash flows from operating activities</b>                                       |                                 |                   |                         |                   |
| Net income  | \$ 3,188                        | \$ 5,794          | \$ 540                  | \$ 136            |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                 |                   |                         |                   |
| Depreciation and amortization   | 2,659                           | 2,670             | 10,232                  | 11,179            |
| Noncash stock-based compensation  | 18,775                          | 16,680            | 73,928                  | 64,196            |
| Excess tax benefits from stock-based compensation                                 | (1,466)                         | (401)             | (6,242)                 | (6,664)           |
| Deferred income taxes   | (2,971)                         | (1,452)           | (11,045)                | (9,332)           |
| Equity in loss of affiliate   | 414                             | 83                | 958                     | 83                |
| Changes in operating assets and liabilities:                                      |                                 |                   |                         |                   |
| Trade accounts receivable   | (16,031)                        | 1,693             | (21,493)                | 3,879             |
| Other current assets and Other assets   | (1,115)                         | 395               | (55)                    | 2,843             |
| Accounts payable  | (31)                            | 171               | (190)                   | (454)             |
| Accrued liabilities   | 4,230                           | (2,048)           | 15,088                  | 1,972             |
| Deferred revenue  | 21,055                          | 13,333            | 37,988                  | 16,317            |
| Other liabilities   | 278                             | 261               | 330                     | 258               |
| Net cash provided by operating activities   | 28,985                          | 37,179            | 100,039                 | 84,413            |
| <b>Cash flows from investing activities</b>                                       |                                 |                   |                         |                   |
| Purchase of short-term investments  | (2,395)                         | (26,836)          | (96,306)                | (99,071)          |
| Proceeds from maturity of short-term investments                                  | 2,449                           | 12,474            | 74,685                  | 49,935            |
| Purchase of equity method investment  | —                               | (86)              | —                       | (4,662)           |
| Purchases for corporate campus headquarters                                       | —                               | —                 | —                       | (2,111)           |
| Purchase of property and equipment  | (1,939)                         | (1,273)           | (6,424)                 | (6,280)           |
| Net cash used in investing activities   | (1,885)                         | (15,721)          | (28,045)                | (62,189)          |
| <b>Cash flows from financing activities</b>                                       |                                 |                   |                         |                   |
| Repurchase of common stock  | (25,001)                        | (56,897)          | (49,998)                | (91,477)          |
| Proceeds from stock-based compensation plans                                      | 7,050                           | 5,065             | 21,321                  | 14,843            |
| Excess tax benefits from stock-based compensation                                 | 1,466                           | 401               | 6,242                   | 6,664             |
| Net cash used in financing activities   | (16,485)                        | (51,431)          | (22,435)                | (69,970)          |
| Effects of exchange rate — changes in cash  | 2,464                           | 1,684             | (8,175)                 | (1,820)           |
| Net increase (decrease) in cash and cash equivalents                              | 13,079                          | (28,289)          | 41,384                  | (49,566)          |
| Cash and cash equivalents at beginning of period                                  | 316,412                         | 316,396           | 288,107                 | 337,673           |
| Cash and cash equivalents at end of period  | <u>\$ 329,491</u>               | <u>\$ 288,107</u> | <u>\$ 329,491</u>       | <u>\$ 288,107</u> |

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

|   | Three Months Ended<br>March 31, |                  | Year Ended<br>March 31, |                  |
|---|---------------------------------|------------------|-------------------------|------------------|
|   | 2017                            | 2016             | 2017                    | 2016             |
| <b>Non-GAAP financial measures and reconciliation:</b>  |                                 |                  |                         |                  |
| GAAP income from operations   | \$ 2,292                        | \$ 9,299         | \$ 229                  | \$ 1,999         |
| Noncash stock-based compensation (1)  | 18,775                          | 16,680           | 73,928                  | 64,196           |
| FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards (2) | 602                             | 261              | 1,790                   | 1,151            |
| <b>Non-GAAP income from operations</b>  | <b>\$ 21,669</b>                | <b>\$ 26,240</b> | <b>\$ 75,947</b>        | <b>\$ 67,346</b> |
| GAAP net income   | \$ 3,188                        | \$ 5,794         | \$ 540                  | \$ 136           |
| Noncash stock-based compensation (1)  | 18,775                          | 16,680           | 73,928                  | 64,196           |
| FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards (2) | 602                             | 261              | 1,790                   | 1,151            |
| Equity in loss of affiliate (3)   | 414                             | 83               | 958                     | 83               |
| Non-GAAP provision for income taxes adjustment (4)  | (9,273)                         | (6,265)          | (29,240)                | (23,182)         |
| <b>Non-GAAP net income</b>  | <b>\$ 13,706</b>                | <b>\$ 16,553</b> | <b>\$ 47,976</b>        | <b>\$ 42,384</b> |
| Diluted weighted average shares outstanding   | 46,627                          | 45,787           | 46,621                  | 46,489           |
| <b>Non-GAAP diluted net income per share</b>  | <b>\$ 0.29</b>                  | <b>\$ 0.36</b>   | <b>\$ 1.03</b>          | <b>\$ 0.91</b>   |

|   | Three months ended March 31, 2017 |                   | Year Ended March 31, 2017 |                  |
|---|-----------------------------------|-------------------|---------------------------|------------------|
|   | Sequential                        | Year Over Year    | Year Over Year            |                  |
| <b>Non-GAAP software revenue reconciliation</b>                   |                                   |                   |                           |                  |
| GAAP software revenue   | \$ 84,705                         | \$ 84,705         | \$ 296,421                |                  |
| Adjustment for currency impact                                    | (262)                             | 1,882             | 5,393                     |                  |
| <b>Non-GAAP software revenue on a constant currency basis (5)</b> | <b>\$ 84,443</b>                  | <b>\$ 86,587</b>  | <b>\$ 301,814</b>         |                  |
| <b>Non-GAAP services revenue reconciliation</b>                   |                                   |                   |                           |                  |
| GAAP services revenue   | \$ 88,226                         | \$ 88,226         | \$ 354,097                |                  |
| Adjustment for currency impact                                    | 46                                | 1,008             | 4,115                     |                  |
| <b>Non-GAAP services revenue on a constant currency basis (5)</b> | <b>\$ 88,272</b>                  | <b>\$ 89,234</b>  | <b>\$ 358,212</b>         |                  |
| <b>Non-GAAP total revenue reconciliation</b>                      |                                   |                   |                           |                  |
| GAAP total revenues   | \$ 172,931                        | \$ 172,931        | \$ 650,518                |                  |
| Adjustment for currency impact                                    | (216)                             | 2,890             | 9,508                     |                  |
| <b>Non-GAAP total revenues on a constant currency basis (5)</b>   | <b>\$ 172,715</b>                 | <b>\$ 175,821</b> | <b>\$ 660,026</b>         |                  |
| <b>Non-GAAP free cash flow reconciliation:</b>                    |                                   |                   |                           |                  |
| Net cash provided by operating activities                         | \$ 28,985                         | \$ 37,179         | \$ 100,039                | \$ 84,413        |
| Purchase of property and equipment                                | (1,939)                           | (1,273)           | (6,424)                   | (6,280)          |
| <b>Non-GAAP free cash flow</b>                                    | <b>\$ 27,046</b>                  | <b>\$ 35,906</b>  | <b>\$ 93,615</b>          | <b>\$ 78,133</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:

|   | Three Months Ended March 31, |                  | Year Ended March 31, |                  |
|---|------------------------------|------------------|----------------------|------------------|
|   | 2017                         | 2016             | 2017                 | 2016             |
| Cost of services revenue                | \$ 1,030                     | \$ 848           | \$ 3,925             | \$ 3,106         |
| Sales and marketing                     | 8,944                        | 7,546            | 34,005               | 28,557           |
| Research and development                | 1,963                        | 1,834            | 7,335                | 6,722            |
| General and administrative              | 6,838                        | 6,452            | 28,663               | 25,811           |
| <b>Stock-based compensation expense</b> | <b>\$ 18,775</b>             | <b>\$ 16,680</b> | <b>\$ 73,928</b>     | <b>\$ 64,196</b> |

- (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) Represents Commvault's share of loss from its investment in Laitek, Inc.
- (4) The provision for income taxes is adjusted to reflect Commvault's estimated non-GAAP effective tax rate of approximately 37% in fiscal 2017 and fiscal 2016.
- (5) 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 during fiscal 2017. 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.



**Commvault Systems, Inc.**  
**Recast for Adoption of ASC 606**  
**Consolidated Condensed Statements of Income Measures**  
(In thousands)  
(Unaudited)

|   | Three Months Ended |                    |                   |                   | Year Ended                   |
|---|--------------------|--------------------|-------------------|-------------------|------------------------------|
|   | June 30, 2015      | September 30, 2015 | December 31, 2015 | March 31, 2016    | March 31, 2016               |
| <b>Revenues:</b>  |                    |                    |                   |                   |                              |
| Software  | \$ 54,741          | \$ 57,672          | \$ 74,000         | \$ 71,678         | \$ 258,091                   |
| Services  | 81,983             | 83,450             | 84,289            | 85,954            | 335,676                      |
| <b>Total revenues</b>   | <b>136,724</b>     | <b>141,122</b>     | <b>158,289</b>    | <b>157,632</b>    | <b>593,767</b>               |
| Total cost of revenues  | 20,547             | 20,939             | 20,429            | 20,797            | 82,712                       |
| Gross margin  | <b>116,177</b>     | <b>120,183</b>     | <b>137,860</b>    | <b>136,835</b>    | <b>511,055</b>               |
| Total operating expenses  | 124,451            | 123,859            | 130,111           | 128,524           | 506,945                      |
| <b>Income (loss) from operations</b>  | <b>\$ (8,274)</b>  | <b>\$ (3,676)</b>  | <b>\$ 7,749</b>   | <b>\$ 8,311</b>   | <b>\$ 4,110</b>              |
| <b>Non-GAAP Adjustments</b>   |                    |                    |                   |                   |                              |
| Non-cash stock-based compensation   | 15,221             | 15,068             | 17,227            | 16,680            | 64,196                       |
| FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards | 319                | 341                | 230               | 261               | 1,151                        |
| <b>Non-GAAP income from operations</b>  | <b>\$ 7,266</b>    | <b>\$ 11,733</b>   | <b>\$ 25,206</b>  | <b>\$ 25,252</b>  | <b>\$ 69,457</b>             |
| <b>Three Months Ended</b>   |                    |                    |                   |                   |                              |
|   | June 30, 2016      | September 30, 2016 | December 31, 2016 | March 31, 2017    | Year Ended<br>March 31, 2017 |
| <b>Revenues:</b>  |                    |                    |                   |                   |                              |
| Software  | \$ 63,413          | \$ 70,405          | \$ 78,655         | \$ 78,195         | \$ 290,668                   |
| Services  | 88,361             | 89,033             | 88,406            | 88,537            | 354,337                      |
| <b>Total revenues</b>   | <b>151,774</b>     | <b>159,438</b>     | <b>167,061</b>    | <b>166,732</b>    | <b>645,005</b>               |
| Total cost of revenues  | 20,995             | 21,657             | 21,166            | 21,374            | 85,192                       |
| Gross margin  | <b>130,779</b>     | <b>137,781</b>     | <b>145,895</b>    | <b>145,358</b>    | <b>559,813</b>               |
| Total operating expenses  | 134,007            | 137,839            | 142,053           | 147,156           | 561,055                      |
| <b>Income (loss) from operations</b>  | <b>\$ (3,228)</b>  | <b>\$ (58)</b>     | <b>\$ 3,842</b>   | <b>\$ (1,798)</b> | <b>\$ (1,242)</b>            |
| <b>Non-GAAP Adjustments</b>   |                    |                    |                   |                   |                              |
| Non-cash stock-based compensation   | 17,340             | 18,703             | 19,110            | 18,775            | 73,928                       |
| FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards | 216                | 250                | 722               | 602               | 1,790                        |
| <b>Non-GAAP income from operations</b>  | <b>\$ 14,328</b>   | <b>\$ 18,895</b>   | <b>\$ 23,674</b>  | <b>\$ 17,579</b>  | <b>\$ 74,476</b>             |
| <b>Three Months Ended</b>   |                    |                    |                   |                   |                              |
|   | June 30, 2016      | September 30, 2016 | December 31, 2016 | March 31, 2017    | Year Ended<br>March 31, 2017 |
| Software revenue growth - year over year  | 16 %               | 22 %               | 6%                | 9 %               | 13 %                         |
| Total revenue growth - year over year   | 11 %               | 13 %               | 6%                | 6 %               | 9 %                          |
| EBIT Margin   | (2.1)%             | (0.0)%             | 2.3%              | (1.1)%            | (0.2)%                       |
| Non-GAAP EBIT Margin  | 9.4 %              | 11.9 %             | 14.2%             | 10.5 %            | 11.5 %                       |
| <b>Net income (loss) per common share:</b>  |                    |                    |                   |                   |                              |
| Basic   | \$ (0.06)          | \$ (0.00)          | \$ 0.04           | \$ 0.00           | \$ (0.01)                    |
| Diluted   | \$ (0.06)          | \$ (0.00)          | \$ 0.04           | \$ 0.00           | \$ (0.01)                    |
| <b>Non-GAAP net income per common share:</b>  |                    |                    |                   |                   |                              |
| Basic   | \$ 0.20            | \$ 0.27            | \$ 0.33           | \$ 0.25           | \$ 1.05                      |
| Diluted   | \$ 0.20            | \$ 0.26            | \$ 0.32           | \$ 0.24           | \$ 1.01                      |

**Commvault Systems, Inc.**  
**Reconciliation of as Reported to as Recast for Adoption of ASC 606**  
**Consolidated Condensed Statements of Income Measures**  
(In thousands)  
(Unaudited)

|   | Year Ended March 31, 2017 |                   |                                   |
|---|---------------------------|-------------------|-----------------------------------|
|   | As Reported               | Adjustments       | Recast for Adoption of<br>ASC 606 |
| <b>Revenues:</b>  |                           |                   |                                   |
| Software  | \$ 296,421                | \$ (5,753) (1)    | \$ 290,668                        |
| Services  | 354,097                   | 240               | 354,337                           |
| <b>Total revenues</b>   | <b>650,518</b>            | <b>(5,513)</b>    | <b>645,005</b>                    |
| Total cost of revenues  | 85,192                    | —                 | 85,192                            |
| Gross margin  | 565,326                   | (5,513)           | 559,813                           |
| Total operating expenses  | 565,097                   | (4,042) (2)       | 561,055                           |
| <b>Income (loss) from operations</b>  | <b>\$ 229</b>             | <b>\$ (1,471)</b> | <b>\$ (1,242)</b>                 |
| <b>Non-GAAP Adjustments</b>   |                           |                   |                                   |
| Non-cash stock-based compensation   | 73,928                    | —                 | 73,928                            |
| FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards | 1,790                     | —                 | 1,790                             |
| <b>Non-GAAP income from operations</b>  | <b>\$ 75,947</b>          | <b>\$ (1,471)</b> | <b>\$ 74,476</b>                  |

## (1) Adjustments to Software Revenue

|  |                |
|--|----------------|
| Perpetual software license adjustments, net          | (2,839)        |
| Subscription-based software revenue adjustments, net | (1,200)        |
| Amounts previously recorded as operating expenses    | (1,714)        |
| <b>Total \$</b>                                      | <b>(5,753)</b> |

## (2) Adjustments to the Sales and Marketing Expense

|   |                |
|---|----------------|
| Impact of deferred commissions cost, net          | (2,328)        |
| Amounts previously recorded as operating expenses | (1,714)        |
| <b>Total \$</b>                                   | <b>(4,042)</b> |

**Commvault Systems, Inc.**  
**Reconciliation of as Reported to as Recast for Adoption of ASC 606**  
**Consolidated Condensed Statements of Income Measures**  
(In thousands)  
(Unaudited)

|   | Year Ended March 31, 2016 |                 |                                   |
|---|---------------------------|-----------------|-----------------------------------|
|   | As Reported               | Adjustments     | Recast for Adoption of<br>ASC 606 |
| <b>Revenues:</b>  |                           |                 |                                   |
| Software  | \$ 258,793                | \$ (702) (1)    | \$ 258,091                        |
| Services  | 336,333                   | (657)           | 335,676                           |
| <b>Total revenues</b>   | <b>595,126</b>            | <b>(1,359)</b>  | <b>593,767</b>                    |
| Total cost of revenues  | 82,712                    | —               | 82,712                            |
| Gross margin  | 512,414                   | (1,359)         | 511,055                           |
| Total operating expenses  | 510,415                   | (3,470) (2)     | 506,945                           |
| <b>Income from operations</b>   | <b>\$ 1,999</b>           | <b>\$ 2,111</b> | <b>\$ 4,110</b>                   |
| <b>Non-GAAP Adjustments</b>   |                           |                 |                                   |
| Non-cash stock-based compensation   | 64,196                    | —               | 64,196                            |
| FICA and related payroll tax expense on stock option exercises and vesting on restricted stock awards | 1,151                     | —               | 1,151                             |
| <b>Non-GAAP income from operations</b>  | <b>\$ 67,346</b>          | <b>\$ 2,111</b> | <b>\$ 69,457</b>                  |

## (1) Adjustments to Software Revenue

|  |              |
|--|--------------|
| Perpetual software license adjustments, net          | 2,362        |
| Subscription-based software revenue adjustments, net | (1,228)      |
| Amounts previously recorded as operating expenses    | (1,836)      |
| <b>Total \$</b>                                      | <b>(702)</b> |

## (2) Adjustments to the Sales and Marketing Expense

|   |                |
|---|----------------|
| Impact of deferred commissions cost, net          | (1,634)        |
| Amounts previously recorded as operating expenses | (1,836)        |
| <b>Total \$</b>                                   | <b>(3,470)</b> |

**Commvault Systems, Inc.**  
**Reconciliation of as Reported to as Recast for Adoption of ASC 606**  
**Consolidated Condensed Balance Sheet Measures**  
**(In thousands)**  
**(Unaudited)**

|  | March 31, 2017 |             |                                |
|--|----------------|-------------|--------------------------------|
|  | As Reported    | Adjustments | Recast for Adoption of ASC 606 |
| <b>Current assets:</b>                     |                |             |                                |
| Trade accounts receivable                  | \$ 132,761     | \$ 1,789    | \$ 134,550                     |
| Unbilled receivables                       | \$ —           | \$ 1,211    | \$ 1,211                       |
| Total current assets                       | \$ 598,736     | \$ 3,000    | \$ 601,736                     |
| Deferred commissions                       | \$ —           | \$ 30,378   | \$ 30,378                      |
| Deferred tax assets, net                   | \$ 61,018      | \$ (10,790) | \$ 50,228                      |
| Total assets                               | \$ 802,967     | \$ 22,588   | \$ 825,555                     |
| <b>Current Liabilities:</b>                |                |             |                                |
| Deferred revenue                           | \$ 206,777     | \$ (2,001)  | \$ 204,776                     |
| Total current liabilities                  | \$ 285,595     | \$ (2,001)  | \$ 283,594                     |
| Other liabilities                          | \$ 3,934       | \$ 292      | \$ 4,226                       |
| Accumulated deficit                        | \$ (239,974)   | \$ 24,297   | \$ (215,677)                   |
| Total stockholders' equity                 | \$ 442,635     | \$ 24,297   | \$ 466,932                     |
| Total liabilities and stockholders' equity | \$ 802,967     | \$ 22,588   | \$ 825,555                     |