

Carbonite Reports Record Fourth Quarter and Full Year Revenues for 2015

BOSTON, MA - February 4, 2016 - Carbonite, Inc. (NASDAQ: CARB), a leading provider of cloud and hybrid business continuity solutions for small and midsize businesses (SMBs), today announced financial results for the fourth quarter and full year ended December 31, 2015. The Company reported:

- Record revenue of \$136.6 million for 2015, an increase of 11% year over year
- Record bookings of \$144.1 million for 2015, an increase of 12% year over year
- Record revenue of \$35.1 million for the fourth quarter, an increase of 10% year over year
- Record bookings of \$37.4 million for the fourth quarter, an increase of 8% year over year

The Company also reported that both SMB and consumer bookings for 2015 were consistent with expectations. SMB bookings grew 35% over 2014, consistent with expectations of growth greater than 30% and consumer bookings grew 2% consistent with expectations of zero to 5%. Non-GAAP gross margins and non-GAAP net income per share significantly outperformed expectations for the year ended December 31, 2015.

“2015 was a strong year for Carbonite, driven by the growth in SMB bookings which accounted for 38% of total bookings in 2015 versus 31% in 2014. Now that we have closed the acquisition of EVault, integration will be a top priority as we integrate the two businesses to maximize operational and go-to-market synergies, positioning ourselves for continued growth,” said Anthony Folger, CFO of Carbonite.

“The acquisition of EVault is transformative for Carbonite,” said Mohamad Ali, President and CEO of Carbonite. With EVault, Carbonite now has a complete family of products that address the needs of all sizes of SMBs, positioning us to gain share in the cloud-based backup and disaster recovery market and enter the disaster recovery as a service (DRaaS) market - a market with an estimated 30% CAGR through 2018 according to Gartner - with customer-proven solutions. I’m most pleased with how we continue to deliver value above and beyond what our customers expect of us, which is evident by the numerous customer-choice awards we won in 2015. There’s no doubt we’ve hit our stride and after substantial progress made in 2015, we’re well positioned for continued success in the year ahead.”

Fourth Quarter 2015 Results:

- Revenue for the fourth quarter was \$35.1 million, an increase of 10% from \$31.9 million in the fourth quarter of 2014.
- Bookings for the fourth quarter were \$37.4 million, an increase of 8% from \$34.5 million in the fourth quarter of 2014.¹
- Gross margin for the fourth quarter was 73.8%, compared to 68.7% in the fourth quarter of 2014. Non-GAAP gross margin was 75.3% in the fourth quarter, compared to 69.5% in the fourth quarter of 2014.²
- Net loss for the fourth quarter was (\$4.6) million, compared to a net loss of (\$5.1) million in the fourth quarter of 2014. Non-GAAP net income for the fourth quarter was \$3.6 million, compared to non-GAAP net loss of (\$0.9) million in the fourth quarter of 2014.³
- Net loss per share for the fourth quarter was (\$0.17) (basic and diluted), compared to a net loss per share of (\$0.19) (basic and diluted) in the fourth quarter of 2014. Non-GAAP net income per share was \$0.13 (basic and diluted) for the fourth quarter, compared to non-GAAP net loss per share of (\$0.03) (basic and diluted) in the fourth quarter of 2014.³
- Total cash, cash equivalents and marketable securities were \$64.9 million as of December 31, 2015, compared to \$61.1 million as of December 31, 2014.
- Cash flow from operations for the fourth quarter was \$4.6 million, compared to \$7.9 million in the fourth quarter of 2014. Free cash flow for the fourth quarter was \$7.1 million, compared to \$7.1 million in the fourth quarter of 2014.⁴

Full Year 2015 Results:

- Revenue for the full year was \$136.6 million, an increase of 11% from \$122.6 million in 2014.
- Bookings for the full year were \$144.1 million, an increase of 12% from \$128.2 million in 2014.¹
- Gross margin for the full year was 71.6%, compared to 68.5% in 2014. Non-GAAP gross margin was 73.1% in the full year, compared to 69.3% in 2014.²
- Net loss for the full year was (\$21.6) million, compared to a net loss of (\$9.4) million in 2014. Non-GAAP net income for the full year was \$4.1 million, compared to non-GAAP net loss of (\$0.1) million in 2014.³
- Net loss per share for the full year was (\$0.80) (basic and diluted), compared to a net loss per share of (\$0.35) (basic and diluted) in 2014. Non-GAAP net income per share was \$0.15 (basic and diluted), for the full year, compared to non-GAAP net loss per share of (\$0.00) (basic and diluted) in 2014.³
- Total cash and investments were \$64.9 million as of December 31, 2015, compared to \$61.1 million as of December 31, 2014.
- Cash flow from operations for the full year was \$13.2 million, compared to \$22.7 million in 2014. Free cash flow for the full year was \$14.3 million, compared to \$15.1 million in 2014.⁴

¹ Bookings represent the aggregate dollar value of customer subscriptions received during a period and are calculated as revenue recognized during a particular period plus the change in total deferred revenue, excluding deferred revenue recorded in connection with acquisitions, net of foreign exchange during the same period.

² Non-GAAP gross margin excludes amortization expense on intangible assets, stock-based compensation expense and acquisition-related expense.

³ Non-GAAP net income (loss) and non-GAAP net income (loss) per share excludes amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, hostile takeover-related expense, and CEO transition expense.

⁴ Free cash flow is calculated by subtracting the cash paid for the purchase of property and equipment and adding the payments related to corporate headquarter relocation, acquisition-related payments, hostile takeover-related payments, CEO transition payments, litigation-related payments and the cash portion of the lease exit charge from net cash provided by operating activities.

An explanation of non-GAAP measures is provided under the heading “Non-GAAP Financial Measures” below and reconciliation to the most comparable GAAP measures is provided in the tables at the end of this press release.

Business Outlook

For the first quarter of 2016, non-GAAP revenues are expected to be in the range of \$40.0-\$45.0 million and non-GAAP net loss per share to be in the range of (\$0.07)-(\$0.05) (basic and diluted).

For the full year of 2016, non-GAAP revenues are expected to be in the range of \$175.0-\$190.0 million and non-GAAP net income per share to be in the range of \$0.09-\$0.15 (basic and diluted).

Carbonite’s expectations of non-GAAP net income (loss) per share for the quarter and full year excludes stock-based compensation expense, litigation-related expense, acquisition-related expense, amortization expense on intangible assets and assumes a 2016 effective tax rate of 0% and weighted average shares outstanding of approximately 27.2 million for the quarter and 27.3 million for the full year 2016.

2015 Highlights

Investment in Product and Engineering

In 2015, Carbonite upgraded and refreshed its entire product portfolio of endpoint, server and appliance solutions to meet the changing needs of both consumers and SMBs. This includes updates to

- Carbonite Pro Prime - which provides administrators the ability to remotely deploy and manage backups for all of the workstations in their organization, simplifying the data protection process and reducing the risk of data loss for SMBs.
- Carbonite Server Advanced - which includes image backup and bare metal recovery, in addition to support for Microsoft Office 365, Microsoft Exchange Online email backup and increased support for Hyper-V VM backup.
- Mailstore Server - which delivers a fully integrated job scheduler that eliminates the need for third-party scheduling tools, advances support for Microsoft Office 365 and improves search functionality.

Channel Growth

In 2015, Carbonite enhanced its Partner Program with additional tools, training and support as well as financial incentives that will help them improve their business. The Company:

- Ended 2015 with over 8,200 active reseller partners, an increase of 41% over 2014
- Added an award-winning regional distributor, Ebertlang in the DACH region
- Signed agreements with two large IT distributors, ALSO and TD Azlan, in Europe

Industry Recognition

As a result of its renewed focus on product and channel, Carbonite was awarded for its commitment to its customers, receiving the highest honors in more than 15 awards programs throughout the year. Among the most notable achievements include:

- PC Magazine Business Choice Award - First Place in the Cloud Computing Services SOHO/SMB category
- International Business Awards - Gold Stevie for Customer Service Department of the year, Silver Stevie for Customer Service Executive of the Year, and Bronze Stevie for Customer Service Team of the Year
- CRN Partner Program Guide - 5 Star Winner
- ChannelPro Readers' Choice Awards - Gold Winner for Best Cloud BDR Solutions

Conference Call and Webcast Information

In conjunction with this announcement, Carbonite will host a conference call on Thursday, February 4, 2016 at 8:30 a.m. EDT to review the results. This call will be webcast live and can be found in the investor relations section of the Company's website at <http://investor.carbonite.com>. The conference call can also be accessed by dialing (877) 303-1393 in the United States or (315) 625-3228 internationally with the passcode 18837602.

Following the completion of the call, a recorded replay will be available on the company's website, <http://investor.carbonite.com>, under "Events & Presentations" through February 4, 2017.

Non-GAAP Financial Measures

This press release contains non-GAAP financial measures including bookings, non-GAAP revenue, non-GAAP gross margin, non-GAAP net income (loss) and non-GAAP net income (loss) per share, non-GAAP operating expense and free cash flow. Bookings represent the aggregate dollar value of customer subscriptions received during a period and are calculated as revenue recognized during a particular period plus the change in total deferred revenue, excluding deferred revenue recorded in connection with acquisitions, net of foreign exchange during the same period. Non-GAAP revenue excludes the impact of purchase accounting adjustments. Non-GAAP gross margin excludes amortization expense on intangible assets, stock-based compensation expense and acquisition-related expense. Non-GAAP net income (loss) and non-GAAP net income (loss) per share excludes amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, hostile takeover-related expense, and CEO transition expense. Non-GAAP operating expense excludes amortization expense on intangible assets, stock-based compensation expense, litigation-related expense, restructuring-related expense, acquisition-related expense, hostile takeover-related expense, and CEO transition expense. Free cash flow is calculated by subtracting the cash paid for the purchase of property and equipment and

adding the payments related to corporate headquarter relocation, acquisition-related payments, hostile takeover-related payments, CEO transition payments, litigation-related payments and the cash portion of the lease exit charge from net cash provided by operating activities.

The Company believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to the Company's financial condition and results of operations. The Company's management uses these non-GAAP measures to compare the Company's performance to that of prior periods and uses these measures in financial reports prepared for management and the Company's board of directors. The Company believes that the use of these non-GAAP financial measures provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other software-as-a-service companies, many of which present similar non-GAAP financial measures to investors.

The Company does not consider these non-GAAP measures in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant items that are required by GAAP to be recorded in the Company's financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management. In order to compensate for these limitations, management presents its non-GAAP financial measures in connection with its GAAP results. The Company urges investors to review the reconciliation of its non-GAAP financial measures to the comparable GAAP financial measures, which it includes in press releases announcing financial results, including this press release, and not to rely on any single financial measure to evaluate the Company's business.

Cautionary Language Concerning Forward-Looking Statements

This Press Release contains "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended by the Private Securities Litigation Reform Act of 1995. These forward-looking statements represent the Company's views as of the date they were first made based on the current intent, belief or expectations, estimates, forecasts, assumptions and projections of the Company and members of our management team. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "project," "goals," "estimate," "potential," "predict," "may," "will," "might," "could," "intend," variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements. Those statements include, but are not limited to, statements regarding guidance on our future financial results and other projections or measures of future performance. Forward-looking statements are subject to a number of risks and uncertainties, many of which involve factors or circumstances that are beyond the Company's control. The Company's actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including, but not limited to, the Company's ability to profitably attract new customers and retain existing customers, the Company's dependence on the market for cloud backup services, the Company's ability to manage growth, and changes in economic or regulatory conditions or other trends affecting the Internet and the information technology industry. These and other important risk factors are discussed under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 filed with the Securities and Exchange Commission (the "SEC"), which is available on www.sec.gov, and elsewhere in any subsequent periodic or current reports filed by us with the SEC. Except as required by applicable law, we do not undertake any obligation to update our forward-looking statements to reflect future events, new information or circumstances.

About Carbonite

Carbonite (Nasdaq:CARB) is a leading provider of cloud and hybrid business continuity solutions for small and mid-sized businesses. Together with our partners, we support more than 1.5 million individuals and small businesses around the world who rely on us to ensure their important data is protected, available and useful. To learn more about the cloud solutions voted #1 by PC Magazine readers, as well as our partner program and our award-winning customer support, visit us at Carbonite.com.

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