

FYE24 Fourth Quarter Conference Call

CX Automation Leader

March 27, 2024

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Q4 FYE24 Earnings Call Topics



Strong Q4 Results – Ahead of Expectations

Continued Momentum Driven By AI Differentiation

Raising Outlook for FYE25

Strong Q4 Results – Ahead of Expectations

Strong Q4 Financial Results

Revenue

\$265 million

Up 12% year-over-year

SaaS Revenue

Up ~28% year-over-year

Diluted EPS

GAAP: \$0.37

Non-GAAP: \$1.07; up 42% year-over-year

Strong Demand for AI Innovation

Demand for AI Innovation Drives Bundled SaaS

Q4 Bundled SaaS New ACV Bookings

Up 16% year-over-year

Bundled SaaS Accelerates Free Cash Flow

Note: Q4 revenue and SaaS revenue are the same on a GAAP and non-GAAP basis. GAAP diluted EPS y-o-y growth not provided as it does not provide meaningful data.

Increasing CX Automation

Creating capacity and lowering costs while improving CX is finally possible

Contact Center:

PAST

- Pressure to Hire More People
- Hard to Deliver CX Expectations

Increasing
CX Automation

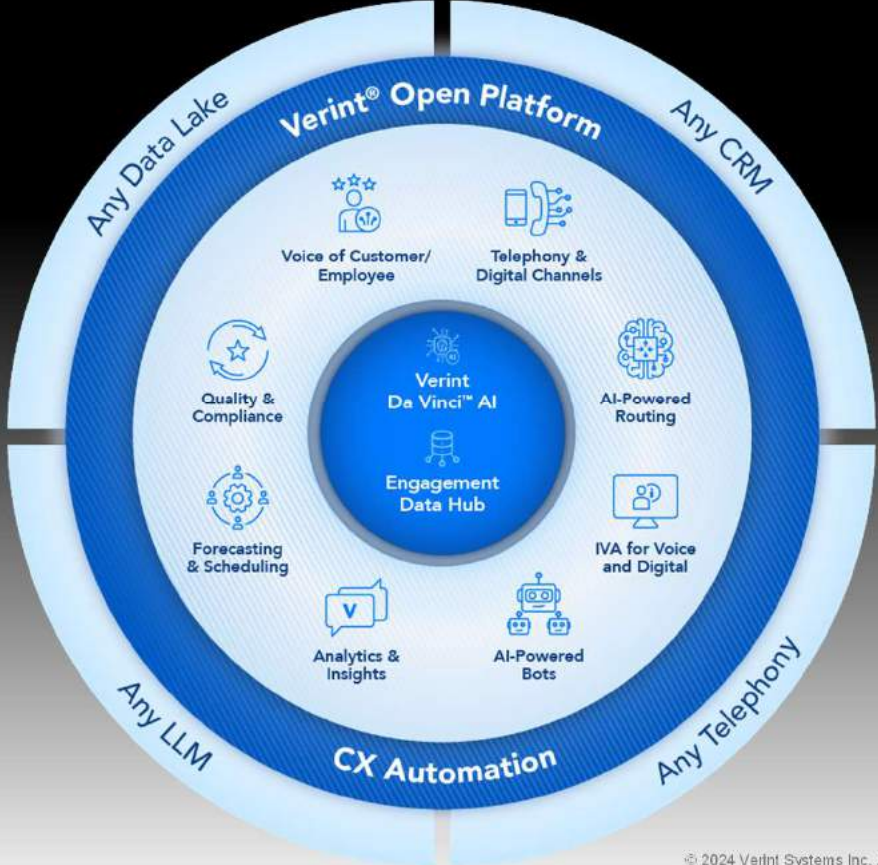
Contact Center:

TODAY & FUTURE

- Data and AI-centric Platform
- Higher Workforce Productivity at Lower Overall Cost
- Elevating CX with Same Resources

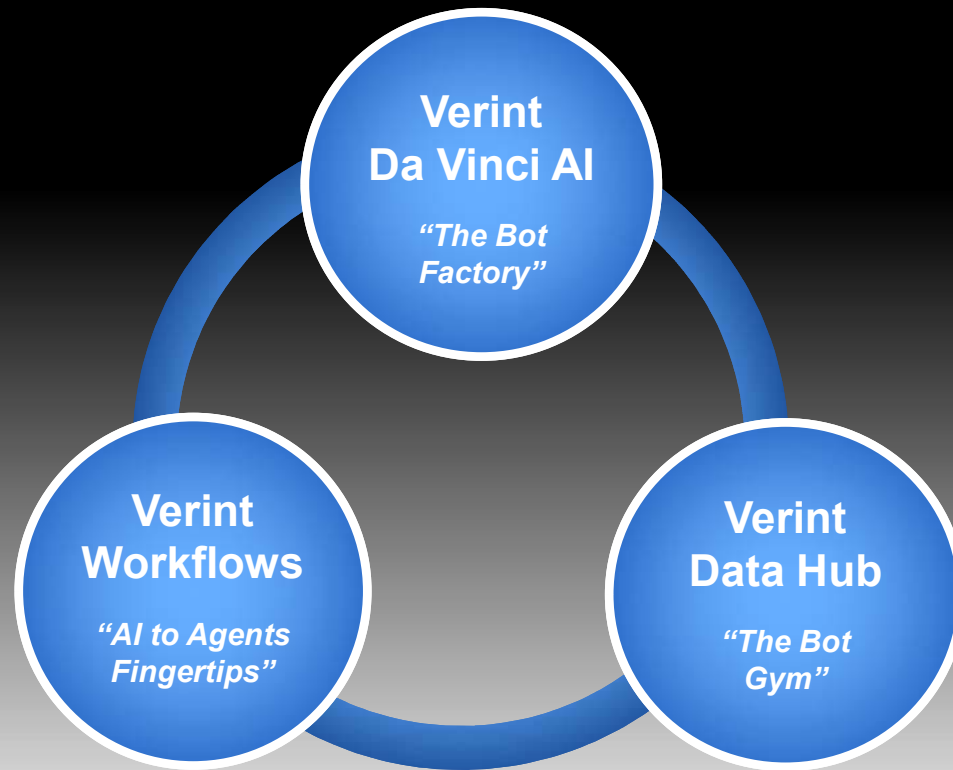
Designed to Increase CX Automation

Large base of 4 million agents looking to add AI-powered bots



Verint Open Platform Delivers 'AI Business Outcomes' Now

A team of 40 AI-powered bots – each bot designed to deliver specific ROI



Bot Strategy – AI Business Outcomes Drive ROI

Agent bots and enterprise bots embedded in CX workflows increasing workforce capacity

Agent Bots

Increase Agent Capacity



Advanced Containment



Wrap-up Voice



Wrap-up Digital



Performance Coaching



Knowledge Suggestion



Sentiment Coaching



Agent Virtual Assistant



Agent Transfer



Self-service Transfer

Enterprise Bots

Increase Capacity of Other Roles in CX Workforce



Workload Forecasting



Compliance Scoring



CX Scoring



Extended Workload Forecasting



Intent Discovery



Knowledge Creation



Performance Scoring



Quality Template



Transcription Tuning

Bot Example: Verint TimeFlex

Bot enables unlimited agent schedule changes – no additional supervisors needed
Bot elevates employee experience and reduces workforce attrition and absenteeism

Contact Center *Before*

Limited Agent Schedule Changes
(Manual Process)



Contact Center *After*

Unlimited Schedule Changes
(AI Driven Automated Process)

Q4 Customer Wins

Orders Across Base and New Logos

~50 Orders > \$1 Million TCV

AT&T, Goldman Sachs, HSBC, Instacart, UPS

100+ New Logo Customers

The Results Company, Christian Dior, Suncor

Bundled SaaS Pipeline >20% y-o-y Growth

Large Order – \$49 million TCV

Leading Healthcare Provider, 5 Year Term

~50% Bundled SaaS and ~50% Unbundled SaaS

Bundled SaaS AI innovation >10 AI-Powered Bots

Note: Pipeline growth as of the end of Q4 FYE24. 50%/50% reflects revenue recognition.

Outlook

Raising FYE25 Outlook

Revenue Growth: 5%

Operating Income Growth: 7%

Diluted EPS: \$2.89

FYE25 Drivers

AI Adoption Driving Bundled SaaS Growth

Perpetual Headwind Behind Us

Roadmap to 'Rule of 40' Company in FYE27

Note: Guidance is provided on a non-GAAP basis. 5% revenue growth is adjusted for divestiture of manual quality managed services offering.

Financial Review



Q4 Results – Ahead of Expectations

Driven by Strong Demand for Our AI Innovation

Q4 Results

Revenue

\$265 million

Up 12% year-over-year

Gross Margin

GAAP: 72.0%

Non-GAAP: 74.7%

Up ~300bps year-over-year

Diluted EPS

GAAP: \$0.37

Non-GAAP: \$1.07; up 42% year-over-year

Note: Revenue and year-over-year gross margin expansion is the same on a GAAP and non-GAAP basis. GAAP diluted EPS y-o-y growth not provided as it does not provide meaningful data.

Q4 Results – Strong Bundled SaaS Momentum

Driven by Strong Demand for Our AI Innovation

Bundled SaaS KPIs

Q4 Bundled SaaS New ACV Bookings
Up 16% year-over-year

12-Month Bundled SaaS Pipeline
Up >20% year-over-year, leading indicator

Bundled SaaS Accelerates Free Cash Flow

Note: Free cash flow is GAAP cash flow from operations less capital expenditures

Verint Open Platform – AI Investments

Executing on our roadmap to become a 'Rule of 40' company

AI Investments – Q4 Highlights

R&D Focus on AI

Ended year with ~1,300 engineers

Expanded Customer Success Team

To drive customer AI adoption

Aligned Service Catalog to AI Offering

Divested manual quality managed services; replaced by AI-powered bot

FYE25 Revenue Outlook

Growth driven primarily by Bundled SaaS

AI Momentum Drives Growth

AI Adoption Drives Bundled SaaS New ACV Bookings

Expect 20% growth for the year

Completed SaaS Transition

Prior year headwind from perpetual now eliminated

FYE25 Revenue Outlook of \$930 million, 5% growth year-over-year

Growth rate adjusted for divestiture which generated \$25 million of revenue in FYE24

Note: Guidance is provided on a non-GAAP basis.

Raising FYE25 Guidance

Revenue: \$930 million +/- 2, up 5% (growth rate adjusted for divestiture)

Gross Margin Expansion: 72.5%, up ~100bps

Operating Income Growth: Up 7%

Non-GAAP Diluted EPS: \$2.89

Below the Line Items

Quarterly Interest and Other Expense, Net: ~\$500,000

Quarterly Net Income from Non-Controlling Interest: ~\$250,000

FYE25 Tax Rate: ~11% cash tax rate

FYE25 Fully Diluted Shares Outstanding: ~72.5 million

Note: Guidance is provided on a non-GAAP basis unless otherwise noted. Growth rates are on a year-over-year basis.

FYE25 Free Cash Flow

Definition: GAAP Cash from Operations less CapEx

Outlook: Increase >40% y-o-y to \$180 million

Note: y-o-y represents year-over year growth. CapEx includes software development costs.

Balance Sheet and Share Buyback

Strong Balance Sheet with Low Leverage

Largest use of Future Cash Generation: Share Buyback

Delivering AI Business Outcomes Now

Strong Finish to FYE24; Raising Outlook for FYE25

Verint AI-Powered Bots Deliver Economic Benefits for Verint and Brands

Targeting 'Rule of 40' in FYE27 with Revenue Acceleration and Margin Expansion

Note: Guidance is provided on a non-GAAP basis.

Thank You

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Financial Outlook

FYE 2025 Outlook

We are providing our non-GAAP outlook for the year ending January 31, 2025. Our outlook reflects the divestiture of a managed service offering on January 31, 2024 that generated \$25 million in FYE 24 revenue.

- **Revenue:** \$930 million +/- 2%, reflecting 5% year-over-year growth (growth rate adjusted for divestiture)
- **Diluted EPS:** \$2.89 at the midpoint of our revenue guidance, reflecting 6% year-over-year growth

Our non-GAAP outlook for three months ending April 30, 2024 and year ending January 31, 2025 excludes the following GAAP measure which we are able to quantify with reasonable certainty:

- Amortization of intangible assets of approximately \$4 million and \$17 million, for the three months ending April 30, 2024 and year ending January 31, 2025, respectively.

Our non-GAAP outlook for the three months ending April 30, 2024 and year ending January 31, 2025 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Stock-based compensation expenses are expected to be between approximately \$17 million and \$19 million, and \$70 million and \$74 million, for the three months ending April 30, 2024 and year ending January 31, 2025, respectively, assuming market prices for our common stock approximately consistent with current levels.

Our non-GAAP guidance does not include the potential impact of any in-process business acquisitions that may close after the date hereof, and, unless otherwise specified, reflects foreign currency exchange rates approximately consistent with current rates.

We are unable, without unreasonable efforts, to provide a reconciliation for other GAAP measures which are excluded from our non-GAAP outlook, including the impact of future business acquisitions or acquisition expenses, future restructuring expenses, and non-GAAP income tax adjustments due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items. While historical results may not be indicative of future results, actual amounts for the three months and year ended January 31, 2024 and 2023 for the GAAP measures excluded from our non-GAAP outlook appear in this presentation.

Financial Outlook

Our non-GAAP three-year targets exclude various GAAP measures, including:

- Amortization of intangible assets.
- Stock-based compensation expenses.
- Acquisition expenses.
- Restructuring expenses.

Our non-GAAP three-year targets also reflect income tax provisions on a non-GAAP basis.

We are unable, without unreasonable efforts, to provide a reconciliation for these GAAP measures which are excluded from our non-GAAP three-year targets, due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items. Our non-GAAP three-year targets reflect foreign currency exchange rates approximately consistent with current rates.

SaaS KPIs

	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Month Ended				Year Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
(\$ in millions)	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric
SaaS ARR		\$397.4	\$401.8	\$428.4	\$460.8	\$498.0	\$498.0	\$493.7	\$502.9	\$512.3	\$534.4	\$534.4
SaaS ARR Growth YoY			48.6%	41.7%	36.5%	25.3%	25.3%	22.9%	17.4%	11.2%	7.3%	7.3%
New SaaS ACV			\$24.1	\$27.3	\$26.8	\$23.9		\$16.0	\$26.5	\$25.4	\$25.4	
New SaaS ACV - Last Twelve Months	\$66.2	\$94.0	\$99.2	\$99.9	\$108.5	\$102.1	\$102.1	\$94.0	\$93.1	\$91.7	\$93.3	\$93.3
New SaaS ACV - Last Twelve Months - Growth YoY		42.0%	35.8%	20.5%	26.7%	8.6%	8.6%	-5.3%	-6.8%	-15.4%	-8.6%	-8.6%
New SaaS ACV - Bundled SaaS Component		\$67.0	\$15.0	\$16.7	\$17.4	\$15.6	\$64.7	\$11.9	\$21.0	\$22.3	\$18.1	\$73.2
Growth YoY			7.1%	-18.1%	35.9%	-21.4%	-3.5%	-21.1%	25.9%	28.2%	15.8%	13.2%
New SaaS ACV - Unbundled SaaS Component		\$26.9	\$9.0	\$10.6	\$9.5	\$8.3	\$37.4	\$4.1	\$5.5	\$3.1	\$7.4	\$20.1
Growth YoY			89.4%	71.1%	71.2%	-20.8%	38.7%	-54.3%	-48.5%	-67.0%	-10.9%	-46.3%

Summary

(\$ in millions)	Year Ended		Year Ended		Three Months Ended								Year Ended		Three Month Ended								Year Ended		
	1/31/2021		1/31/2022		4/30/2022		7/31/2022		10/31/2022		1/31/2023		1/31/2023		4/30/2023		7/31/2023		10/31/2023		1/31/2024		1/31/2024		
	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	
Revenue Metrics																									
Recurring Revenue	\$575.6	\$586.0	\$633.1	\$639.3	\$159.4	\$160.7	\$166.4	\$167.2	\$174.2	\$174.6	\$185.5	\$186.0	\$685.5	\$688.5	\$166.4	\$167.1	\$161.0	\$161.2	\$161.1	\$161.2	\$210.7	\$210.8	\$699.2	\$700.3	
Nonrecurring Revenue	\$254.6	\$254.6	\$241.4	\$241.4	\$58.5	\$58.5	\$56.5	\$56.5	\$51.0	\$51.0	\$50.7	\$50.7	\$216.7	\$216.7	\$50.1	\$50.1	\$49.2	\$49.2	\$57.4	\$57.4	\$54.4	\$54.4	\$211.1	\$211.1	
Total Revenue	\$830.2	\$840.6	\$874.5	\$880.7	\$217.9	\$219.2	\$222.9	\$223.6	\$225.2	\$225.6	\$236.2	\$236.8	\$902.2	\$905.2	\$216.6	\$217.2	\$210.2	\$210.4	\$218.5	\$218.7	\$265.1	\$265.2	\$910.4	\$911.5	
Reported Revenue Growth	-1.9%	-3.7%	5.3%	4.8%	8.5%	8.6%	3.9%	3.7%	0.2%	-0.6%	0.9%	0.2%	3.2%	2.8%	-0.6%	-0.9%	-5.7%	-5.9%	-3.0%	-3.1%	12.2%	12.0%	0.9%	0.7%	
Constant Currency Revenue Growth	-2.1%	-3.9%	4.2%	3.6%	9.5%	9.9%	6.7%	6.2%	3.2%	2.2%	2.9%	2.0%	5.3%	5.0%	7.0%	0.3%	-5.8%	-6.1%	-3.6%	-3.8%	11.7%	11.5%	0.9%	0.6%	
Recurring Revenue Mix																									
% of Software Revenue that is Recurring Revenue	80.2%	80.5%	82.1%	82.2%	82.7%	82.9%	84.4%	84.4%	87.7%	87.7%	86.8%	86.9%	85.5%	85.5%	87.2%	87.3%	86.5%	86.5%	86.8%	86.8%	89.1%	89.1%	87.5%	87.5%	
Gross Profit Metrics																									
Gross Profit	\$542.7	\$580.8	\$575.9	\$606.2	\$141.2	\$147.9	\$147.8	\$153.8	\$154.8	\$160.7	\$163.4	\$169.3	\$607.2	\$631.7	\$148.2	\$151.5	\$141.3	\$146.3	\$153.0	\$155.9	\$190.8	\$198.2	\$633.3	\$651.9	
Gross Margin %	65.4%	69.1%	65.9%	68.8%	64.8%	67.5%	66.3%	68.8%	68.7%	71.2%	69.2%	71.5%	67.3%	69.8%	68.4%	69.8%	67.2%	69.5%	70.0%	71.3%	72.0%	74.7%	69.6%	71.5%	
Gross Profit Growth YoY			6.1%	4.4%	9.8%	8.9%	4.0%	3.2%	1.3%	-0.3%	7.1%	5.7%	5.4%	4.2%	5.0%	2.4%	-4.4%	-4.9%	-1.2%	-3.0%	16.8%	17.1%	4.3%	3.2%	
Operating Expense Metrics																									
Research and Development, net	\$128.2	\$113.0	\$123.3	\$114.3	\$30.9	\$28.2	\$34.0	\$29.5	\$32.9	\$28.9	\$32.8	\$29.1	\$130.8	\$115.6	\$31.8	\$29.3	\$34.1	\$28.8	\$32.1	\$29.0	\$35.9	\$32.7	\$133.8	\$119.8	
% of Revenue	15.4%	13.4%	14.1%	13.0%	14.2%	12.8%	15.2%	13.2%	14.6%	12.8%	13.9%	12.3%	14.5%	12.8%	14.7%	13.5%	16.2%	13.7%	14.7%	13.3%	13.5%	12.3%	14.7%	13.1%	
Selling, General and Administrative	\$327.3	\$246.3	\$376.8	\$284.6	\$102.9	\$75.9	\$105.7	\$76.6	\$93.8	\$73.2	\$90.6	\$78.5	\$392.9	\$304.2	\$101.3	\$77.1	\$108.4	\$76.7	\$87.9	\$73.3	\$108.4	\$82.4	\$405.9	\$309.4	
% of Revenue	39.4%	29.3%	42.7%	32.3%	47.2%	34.6%	47.4%	34.3%	41.6%	32.5%	38.3%	33.1%	43.6%	33.6%	46.8%	35.5%	51.6%	36.4%	40.2%	33.5%	40.9%	31.1%	44.6%	33.9%	
Profitability Metrics																									
Operating (Loss) Income	\$57.4	\$221.5	\$48.8	\$207.2	\$0.5	\$43.8	\$1.5	\$47.7	\$21.7	\$58.6	\$33.7	\$61.7	\$57.4	\$211.8	\$8.8	\$45.1	(\$7.5)	\$40.9	\$26.7	\$53.6	\$40.2	\$83.1	\$88.2	\$222.6	
Operating Margin %	6.9%	26.4%	5.4%	23.5%	0.2%	20.0%	0.7%	21.3%	9.6%	26.0%	14.3%	26.1%	6.4%	23.4%	4.1%	20.8%	-3.6%	19.4%	12.2%	24.5%	15.2%	31.3%	7.5%	24.4%	
Adjusted EBITDA	\$248.8	\$248.8	\$232.5	\$232.5	\$50.6	\$50.6	\$54.0	\$64.7	\$64.7	\$64.7	\$68.0	\$68.0	\$237.3	\$237.3	\$51.9	\$51.9	\$47.4	\$47.4	\$59.2	\$59.2	\$88.7	\$88.7	\$247.2	\$247.2	
Adjusted EBITDA Margin	29.6%	29.6%	26.4%	26.4%	23.1%	23.1%	24.2%	24.2%	28.7%	28.7%	28.7%	28.7%	26.2%	26.2%	23.9%	23.9%	22.5%	22.5%	27.1%	27.1%	33.4%	33.4%	27.1%	27.1%	
Diluted EPS	(\$0.88)	\$2.57	(\$0.07)	\$2.28	(\$0.08)	\$0.52	(\$0.12)	\$0.56	(\$0.02)	\$0.69	\$0.12	\$0.75	(\$0.09)	\$2.52	(\$0.03)	\$0.53	(\$0.17)	\$0.48	\$0.12	\$0.65	\$0.37	\$1.07	\$0.28	\$2.73	

Note: FYE21 diluted EPS includes Verint's former Cyber Intelligence Solutions business. We completed the previously announced spin-off of former Cyber Intelligence Solutions business on February 1, 2021. All other FYE21 metrics are comparable to future periods shown.

Recurring Summary

(\$ in millions)		Year Ended		Year Ended		Three Months Ended								Year Ended		Three Months Ended								Year Ended	
		1/31/2021		1/31/2022		4/30/2022		7/31/2022		10/31/2022		1/31/2023		1/31/2023		4/30/2023		7/31/2023		10/31/2023		1/31/2024		1/31/2024	
		GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP		
Revenue Metrics	Recurring Revenue	\$575.6	\$586.0	\$633.1	\$639.3	\$159.4	\$160.7	\$166.4	\$167.2	\$174.2	\$174.6	\$185.5	\$186.0	\$685.5	\$688.5	\$166.4	\$167.1	\$161.0	\$161.2	\$161.1	\$161.2	\$210.7	\$210.8	\$699.2	\$700.3
	SaaS	\$218.0	\$227.1	\$322.8	\$328.4	\$94.7	\$96.0	\$102.6	\$103.2	\$115.8	\$116.2	\$131.1	\$131.6	\$444.2	\$447.0	\$117.1	\$117.8	\$113.4	\$113.7	\$115.7	\$115.8	\$168.6	\$168.7	\$514.8	\$515.9
	SaaS Bundled	\$146.0	\$155.0	\$183.0	\$188.6	\$49.3	\$50.6	\$54.7	\$55.4	\$57.0	\$57.4	\$61.6	\$62.0	\$222.6	\$225.4	\$59.5	\$60.1	\$62.1	\$62.3	\$63.3	\$63.4	\$65.8	\$65.9	\$250.5	\$251.6
	SaaS Unbundled	\$72.0	\$72.2	\$139.7	\$139.8	\$45.4	\$45.4	\$47.9	\$47.9	\$58.7	\$58.7	\$69.6	\$69.6	\$221.6	\$221.6	\$57.7	\$57.7	\$51.4	\$51.4	\$52.4	\$52.4	\$102.8	\$102.8	\$264.3	\$264.3
	Support	\$295.2	\$298.4	\$244.7	\$244.9	\$48.7	\$48.7	\$48.1	\$48.1	\$43.0	\$43.0	\$40.1	\$40.1	\$179.9	\$180.0	\$36.4	\$36.4	\$35.4	\$35.4	\$33.6	\$33.6	\$31.3	\$31.3	\$136.7	\$136.7
	Optional Managed Services	\$59.5	\$60.5	\$65.6	\$66.2	\$15.9	\$16.0	\$15.8	\$15.8	\$15.4	\$15.5	\$14.3	\$14.3	\$61.4	\$61.6	\$12.9	\$12.9	\$12.2	\$12.2	\$11.8	\$11.8	\$10.8	\$10.8	\$47.7	\$47.7
	Recurring Revenue Growth YoY	7.7%	4.4%	10.0%	9.1%	10.3%	10.5%	6.6%	6.3%	9.7%	8.5%	6.8%	5.9%	8.3%	7.7%	4.4%	4.0%	-3.3%	-3.5%	-7.5%	-7.7%	13.6%	13.3%	2.0%	1.7%
	Constant Currency Recurring Revenue Growth YoY			8.8%	7.9%	11.6%	11.7%	9.3%	9.1%	13.1%	11.9%	8.8%	7.8%	10.6%	10.1%	5.9%	5.4%	-3.6%	-3.9%	-8.4%	-8.5%	13.1%	12.9%	7.9%	7.6%
	SaaS Revenue Growth YoY	32.9%	20.5%	48.1%	44.6%	49.0%	49.0%	34.3%	33.6%	41.0%	38.1%	30.2%	28.3%	37.6%	36.1%	23.7%	22.7%	10.6%	10.1%	-0.1%	-0.3%	28.6%	28.2%	15.9%	15.4%
	Constant Currency SaaS Revenue Growth YoY			46.8%	43.3%	50.3%	50.3%	36.8%	36.2%	44.3%	41.4%	32.2%	30.2%	39.9%	38.4%	25.1%	24.1%	10.3%	9.8%	-0.9%	-1.2%	28.1%	27.7%	15.6%	15.3%
Gross Profit	Recurring Gross Profit	\$436.6	\$450.7	\$476.6	\$485.4	\$118.3	\$120.3	\$125.6	\$127.3	\$135.4	\$137.0	\$143.9	\$145.7	\$523.2	\$530.3	\$126.8	\$127.9	\$121.4	\$123.5	\$122.2	\$122.9	\$165.9	\$170.5	\$536.4	\$544.7
	Recurring Gross Margin %	75.8%	76.9%	75.3%	75.9%	74.3%	74.9%	75.5%	76.1%	77.7%	78.4%	77.6%	78.3%	76.3%	77.0%	76.2%	76.5%	75.4%	76.6%	75.9%	76.2%	78.7%	80.9%	76.7%	77.8%
	Recurring Gross Profit Growth YoY			9.2%	7.7%	11.2%	11.2%	5.9%	5.9%	11.0%	9.9%	11.0%	10.2%	9.8%	9.3%	7.1%	6.3%	-3.3%	-3.0%	-9.7%	-10.3%	15.3%	17.0%	2.5%	2.7%

Nonrecurring Summary

(\$ in millions)	Year Ended		Year Ended		Three Months Ended								Year Ended		Three Month Ended								Year Ended	
	1/31/2021		1/31/2022		4/30/2022		7/31/2022		10/31/2022		1/31/2023		1/31/2023		4/30/2023		7/31/2023		10/31/2023		1/31/2024		1/31/2024	
	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenue																								
Nonrecurring Revenue	\$254.6	\$254.6	\$241.4	\$241.4	\$58.5	\$58.5	\$56.5	\$56.5	\$51.0	\$51.0	\$50.7	\$50.7	\$216.7	\$216.7	\$50.1	\$50.1	\$49.2	\$49.2	\$57.4	\$57.4	\$54.4	\$54.4	\$211.1	\$211.1
Perpetual	\$141.8	\$141.8	\$138.1	\$138.1	\$33.3	\$33.3	\$30.8	\$30.8	\$24.4	\$24.4	\$28.1	\$28.1	\$116.6	\$116.6	\$24.3	\$24.3	\$25.2	\$25.2	\$24.6	\$24.6	\$25.8	\$25.8	\$99.9	\$99.9
Professional Services and other	\$112.8	\$112.8	\$103.3	\$103.3	\$25.3	\$25.3	\$25.7	\$25.7	\$26.5	\$26.5	\$22.6	\$22.6	\$100.1	\$100.1	\$25.8	\$25.8	\$24.0	\$24.0	\$32.9	\$32.9	\$28.7	\$28.7	\$111.3	\$111.3
Nonrecurring Revenue Growth YoY			-5.2%	-5.2%	3.7%	3.7%	-3.4%	-3.4%	-22.8%	-22.8%	-16.1%	-16.1%	-10.2%	-10.2%	-14.4%	-14.4%	-12.9%	-12.9%	12.7%	12.7%	7.2%	7.2%	-2.6%	-2.6%
Gross Profit																								
Nonrecurring Gross Profit	\$124.1	\$130.1	\$117.2	\$120.8	\$26.5	\$27.6	\$25.8	\$26.5	\$23.0	\$23.7	\$22.0	\$23.5	\$97.2	\$101.3	\$23.3	\$23.6	\$21.8	\$22.8	\$32.4	\$33.0	\$26.5	\$27.7	\$104.0	\$107.1
Nonrecurring Gross Margin %	48.7%	51.1%	48.5%	50.0%	45.2%	47.1%	45.6%	47.0%	45.0%	46.5%	43.3%	46.4%	44.8%	46.8%	46.6%	47.1%	44.3%	46.4%	56.4%	57.4%	48.7%	51.0%	49.3%	50.7%
Nonrecurring Gross Profit Growth YoY			-5.6%	-7.2%	-0.4%	0.0%	-7.8%	-7.9%	-35.3%	-35.0%	-19.0%	-15.7%	-17.1%	-16.1%	-11.9%	-14.3%	-15.4%	-13.9%	41.1%	39.1%	20.6%	17.8%	7.0%	5.8%

Constant Currency

(\$ in millions)	Year Ended		Three Months Ended				Year Ended		Three Months Ended				Year Ended											
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024												
GAAP																								
Revenue for the three months ended prior period	\$	846.5	\$	830.2	\$	200.9	\$	214.6	\$	224.8	\$	234.2	\$	874.5	\$	217.9	\$	222.9	\$	225.2	\$	236.2	\$	902.2
Revenue for the three months ended current period	\$	830.2	\$	874.5	\$	217.9	\$	222.9	\$	225.2	\$	236.2	\$	902.2	\$	216.6	\$	210.2	\$	218.5	\$	265.1	\$	910.4
Revenue for the three months ended current period at constant currency (1)	\$	829.0	\$	865.0	\$	220.0	\$	229.0	\$	232.0	\$	241.0	\$	921.0	\$	220.0	\$	210.0	\$	217.0	\$	264.0	\$	910.0
Reported period-over-period revenue growth		-1.9%		5.3%		8.5%		3.9%		0.2%		0.9%		3.2%		-0.6%		-5.7%		-3.0%		12.2%		0.9%
% impact from change in foreign currency exchange rates		-0.2%		-1.0%		1.0%		2.8%		3.0%		2.0%		2.1%		1.6%		-0.1%		-0.6%		-0.5%		0.0%
Constant currency period-over-period revenue growth		-2.1%		4.2%		9.5%		6.7%		3.2%		2.9%		5.3%		1.0%		-5.8%		-3.6%		11.7%		0.9%
Non-GAAP																								
Revenue for the three months ended prior period	\$	873.2	\$	840.6	\$	201.9	\$	215.6	\$	226.9	\$	236.2	\$	880.7	\$	219.2	\$	223.6	\$	225.6	\$	236.8	\$	905.2
Revenue for the three months ended current period	\$	840.6	\$	880.7	\$	219.2	\$	223.6	\$	225.6	\$	236.8	\$	905.2	\$	217.2	\$	210.4	\$	218.7	\$	265.2	\$	911.5
Revenue for the three months ended current period at constant currency (1)	\$	839.0	\$	871.0	\$	222.0	\$	229.0	\$	232.0	\$	241.0	\$	925.0	\$	220.0	\$	210.0	\$	217.0	\$	264.0	\$	911.0
Reported period-over-period revenue growth		-3.7%		4.8%		8.6%		3.7%		-0.6%		0.2%		2.8%		-0.9%		-5.9%		-3.1%		12.0%		0.7%
% impact from change in foreign currency exchange rates		-0.2%		-1.2%		1.3%		2.5%		2.8%		1.8%		2.2%		1.2%		-0.2%		-0.7%		-0.5%		-0.1%
Constant currency period-over-period revenue growth		-3.9%		3.6%		9.9%		6.2%		2.2%		2.0%		5.0%		0.3%		-6.1%		-3.8%		11.5%		0.6%

Gross Profit

	Year Ended		Three Months Ended				Year Ended		Three Months Ended				Year Ended	
	(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024	
Gross Profit and Gross Margin														
Total GAAP revenue	\$	830.2	\$ 874.5	\$ 217.9	\$ 222.9	\$ 225.2	\$ 236.2	\$ 902.2	\$ 216.6	\$ 210.2	\$ 218.5	\$ 265.1	\$ 910.4	
Recurring costs		139.0	156.6	41.0	40.9	38.8	41.6	162.3	39.6	39.6	38.9	44.8	162.9	
Nonrecurring costs		130.5	124.2	32.1	30.7	28.0	28.7	119.5	26.8	27.4	25.0	27.9	107.1	
Amortization of acquired technology		18.0	17.8	3.6	3.6	3.6	2.4	13.2	2.0	1.9	1.6	1.6	7.1	
Total GAAP cost of revenue		287.6	298.6	76.7	75.1	70.4	72.8	295.1	68.4	68.9	65.5	74.3	277.1	
GAAP gross profit	\$	542.7	\$ 575.9	\$ 141.2	\$ 147.8	\$ 154.8	\$ 163.4	\$ 607.2	\$ 148.2	\$ 141.3	\$ 153.0	\$ 190.8	\$ 633.3	
GAAP gross margin		65.4%	65.9%	64.8%	66.3%	68.7%	69.2%	67.3%	68.4%	67.2%	70.0%	72.0%	69.6%	
Revenue adjustments		10.3	6.2	1.3	0.7	0.4	0.5	3.0	0.6	0.2	0.1	0.1	1.1	
Amortization of acquired technology		18.0	17.8	3.6	3.6	3.6	2.4	13.2	2.0	1.9	1.6	1.6	7.1	
Stock-based compensation expenses		3.3	5.0	1.2	1.8	1.3	1.4	5.7	0.4	1.4	1.1	1.2	4.1	
Acquisition and divestitures expenses (benefit), net		0.4	0.3	0.3	(0.1)	-	-	0.2	0.1	0.3	0.0	(0.2)	0.1	
Restructuring expenses		2.2	0.8	0.3	0.0	0.6	1.5	2.4	0.3	1.2	(0.0)	4.7	6.1	
Separation expenses (2)		-	0.1	-	-	-	-	-	-	-	-	-	-	
Impairment charges		0.1	-	-	-	-	-	-	-	-	-	-	-	
Discontinued operations corporate overhead adjustment		4.7	-	-	-	-	-	-	-	-	-	-	-	
Allocation methodology difference		(0.8)	-	-	-	-	-	-	-	-	-	-	-	
Non-GAAP gross profit	\$	580.8	\$ 606.2	\$ 147.9	\$ 153.8	\$ 160.7	\$ 169.3	\$ 631.7	\$ 151.5	\$ 146.3	\$ 155.9	\$ 198.2	\$ 651.9	
Non-GAAP gross margin		69.1%	68.8%	67.5%	68.8%	71.2%	71.5%	69.8%	69.8%	69.5%	71.3%	74.7%	71.5%	
Recurring Gross Profit and Gross Margin														
GAAP recurring revenue	\$	575.6	\$ 633.1	\$ 159.4	\$ 166.4	\$ 174.2	\$ 185.5	\$ 685.5	\$ 166.4	\$ 161.0	\$ 161.1	\$ 210.7	\$ 699.2	
GAAP recurring costs		139.0	156.6	41.0	40.9	38.8	41.6	162.3	39.6	39.6	38.9	44.8	162.9	
GAAP recurring gross profit		436.6	476.6	118.3	125.6	135.4	143.9	523.2	126.8	121.4	122.2	165.9	536.4	
GAAP recurring gross margin		75.8%	75.3%	74.3%	75.5%	77.7%	77.6%	76.3%	76.2%	75.4%	75.9%	78.7%	76.7%	
Recurring revenue adjustments		10.3	6.2	1.3	0.7	0.4	0.5	3.0	0.6	0.2	0.1	0.1	1.1	
Recurring stock-based compensation expenses		1.1	2.0	0.5	0.9	0.7	0.7	2.9	0.3	0.7	0.5	0.6	2.1	
Recurring acquisition and divestitures expenses (benefit), net		0.1	0.1	0.0	-	-	-	0.0	0.1	0.3	0.0	(0.2)	0.1	
Recurring restructuring expenses		1.0	0.5	0.1	0.0	0.5	0.7	1.3	0.1	0.8	(0.0)	4.1	5.0	
Recurring separation expenses (2)		-	0.0	-	-	-	-	-	-	-	-	-	-	
Recurring impairment charges		-	-	-	-	-	-	-	-	-	-	-	-	
Recurring discontinued operations corporate overhead adjustment		1.0	-	-	-	-	-	-	-	-	-	-	-	
Recurring allocation methodology difference		0.6	-	-	-	-	-	-	-	-	-	-	-	
Non-GAAP recurring gross profit	\$	450.7	\$ 485.4	\$ 120.3	\$ 127.3	\$ 137.0	\$ 145.7	\$ 530.3	\$ 127.9	\$ 123.5	\$ 122.9	\$ 170.5	\$ 544.7	
Non-GAAP recurring gross margin		76.9%	75.9%	74.9%	76.1%	78.4%	78.3%	77.0%	76.5%	76.6%	76.2%	80.9%	77.8%	
Nonrecurring Gross Profit and Gross Margin														
GAAP nonrecurring revenue	\$	254.6	\$ 241.4	\$ 58.5	\$ 56.5	\$ 51.0	\$ 50.7	\$ 216.7	\$ 50.1	\$ 49.2	\$ 57.4	\$ 54.4	\$ 211.1	
GAAP nonrecurring costs		130.5	124.2	32.1	30.7	28.0	28.7	119.5	26.8	27.4	25.0	27.9	107.1	
GAAP nonrecurring gross profit		124.1	117.2	26.5	25.8	23.0	22.0	97.2	23.3	21.8	32.4	26.5	104.0	
GAAP nonrecurring gross margin		48.7%	48.5%	45.2%	45.6%	45.0%	43.3%	44.8%	46.5%	44.3%	56.4%	48.7%	49.3%	
Nonrecurring revenue adjustments		-	-	-	-	-	-	-	-	-	-	-	-	
Nonrecurring stock-based compensation expenses		2.2	3.0	0.6	0.8	0.6	0.7	2.8	0.1	0.7	0.6	0.6	2.0	
Nonrecurring acquisition and divestitures expenses (benefit), net		0.2	0.2	0.2	(0.1)	-	-	0.2	-	-	-	-	-	
Nonrecurring restructuring expenses (benefit)		1.2	0.3	0.2	0.0	0.1	0.8	1.2	0.2	0.3	0.0	0.6	1.1	
Nonrecurring separation expenses (2)		-	0.0	-	-	-	-	-	-	-	-	-	-	
Nonrecurring impairment charges		0.1	-	-	-	-	-	-	-	-	-	-	-	
Nonrecurring discontinued operations corporate overhead adjustment		3.7	-	-	-	-	-	-	-	-	-	-	-	
Nonrecurring allocation methodology difference		(1.4)	-	-	-	-	-	-	-	-	-	-	-	
Non-GAAP nonrecurring gross profit	\$	130.1	\$ 120.8	\$ 27.6	\$ 26.5	\$ 23.7	\$ 23.5	\$ 101.3	\$ 23.6	\$ 22.8	\$ 33.0	\$ 27.7	\$ 107.1	
Non-GAAP nonrecurring gross margin		51.1%	50.0%	47.1%	47.0%	46.5%	46.4%	46.8%	47.1%	46.4%	57.4%	51.0%	50.7%	

Operating Expenses

(\$ in millions)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended				Year Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
Research and Development, net												
GAAP research and development, net	\$ 128.2	\$ 123.3	\$ 30.9	\$ 34.0	\$ 32.9	\$ 32.8	\$ 130.6	\$ 31.8	\$ 34.1	\$ 32.1	\$ 35.9	\$ 133.8
as a % of GAAP revenue	15.4%	14.1%	14.2%	15.2%	14.6%	13.9%	14.5%	14.7%	16.2%	14.7%	13.5%	14.7%
Stock-based compensation expenses	(3.9)	(7.6)	(2.4)	(4.4)	(3.5)	(2.2)	(12.6)	(2.3)	(3.5)	(3.0)	(3.1)	(11.9)
Acquisition and divestitures (expenses) benefit, net	(0.3)	(0.5)	(0.2)	-	-	-	(0.2)	(0.1)	(0.0)	(0.0)	(0.0)	(0.1)
Restructuring expenses	(1.4)	(0.4)	(0.1)	-	(0.5)	(1.5)	(2.1)	(0.1)	(0.2)	(0.0)	(0.0)	(0.3)
Separation expenses (2)	-	(0.5)	-	-	-	-	-	-	-	-	-	-
IT facilities and infrastructure realignment (6)	-	-	-	-	-	-	-	-	(1.6)	-	(0.0)	(1.7)
Other Adjustments	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	0.0	-	-	-
Discontinued operations corporate overhead adjustment	(16.9)	-	-	-	-	-	-	-	-	-	-	-
Allocation methodology difference	7.4	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP research and development, net	\$ 113.0	\$ 114.3	\$ 28.2	\$ 29.5	\$ 28.9	\$ 29.1	\$ 115.6	\$ 29.3	\$ 28.8	\$ 29.0	\$ 32.7	\$ 119.8
as a % of non-GAAP revenue	13.4%	13.0%	12.8%	13.2%	12.8%	12.3%	12.8%	13.5%	13.7%	13.3%	12.3%	13.1%
Selling, General and Administrative expenses												
GAAP selling, general and administrative expenses	\$ 327.3	\$ 376.8	\$ 102.9	\$ 105.7	\$ 93.8	\$ 90.6	\$ 392.9	\$ 101.3	\$ 108.4	\$ 87.9	\$ 108.4	\$ 405.9
as a % of GAAP revenue	39.4%	43.1%	47.2%	47.4%	41.6%	38.3%	43.6%	46.8%	51.6%	40.2%	40.9%	44.6%
Stock-based compensation expenses	(38.0)	(52.7)	(14.8)	(19.5)	(15.0)	(8.5)	(57.9)	(12.2)	(14.3)	(12.1)	(13.0)	(51.6)
Acquisition and divestitures benefit (expenses), net (7)	(2.8)	(9.6)	(1.4)	(0.1)	(1.2)	1.3	(1.3)	(7.7)	1.8	0.2	(10.1)	(15.7)
Restructuring expenses	(3.6)	(4.8)	(2.7)	(3.8)	(1.3)	(3.0)	(10.8)	(1.0)	(1.9)	(0.5)	(1.2)	(4.6)
Separation expenses (2)	-	(12.4)	(0.6)	(0.3)	(0.3)	(0.2)	(1.3)	(0.1)	(0.2)	(0.2)	(0.2)	(0.8)
Accelerated lease costs (5)	(2.4)	(9.8)	(5.5)	(1.6)	(0.7)	(0.4)	(8.3)	(0.3)	(4.9)	(0.1)	(0.1)	(5.4)
IT facilities and infrastructure realignment (6)	-	(1.2)	(1.5)	(0.9)	(1.1)	(0.9)	(4.5)	(2.8)	(12.1)	(1.9)	(1.4)	(18.2)
Impairment charges	-	(1.6)	-	(1.8)	-	-	(1.8)	-	-	-	-	-
Other Adjustments	0.5	(0.1)	(0.5)	(1.1)	(0.9)	(0.4)	(2.9)	(0.0)	(0.2)	(0.0)	(0.0)	(0.2)
Discontinued operations corporate overhead adjustment	(29.3)	-	-	-	-	-	-	-	-	-	-	-
Allocation methodology difference	(5.5)	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP selling, general and administrative expenses	\$ 246.3	\$ 284.6	\$ 75.9	\$ 76.6	\$ 73.2	\$ 78.5	\$ 304.2	\$ 77.1	\$ 76.7	\$ 73.3	\$ 82.4	\$ 309.4
as a % of non-GAAP revenue	29.3%	32.3%	34.6%	34.3%	32.5%	33.1%	33.6%	35.5%	36.4%	33.5%	31.1%	33.9%

Operating Margin

(\$ in millions)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended				Year Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
GAAP operating (loss) income	\$ 57.4	\$ 46.8	\$ 0.5	\$ 1.5	\$ 21.7	\$ 33.7	\$ 57.4	\$ 8.8	\$ (7.5)	\$ 26.7	\$ 40.2	\$ 68.2
GAAP operating margin	6.9%	5.4%	0.2%	0.7%	9.6%	14.3%	6.4%	4.1%	-3.6%	12.2%	15.2%	7.5%
Revenue adjustments	10.3	6.2	1.3	0.7	0.4	0.5	3.0	0.6	0.2	0.1	0.1	1.1
Amortization of acquired technology	18.0	17.8	3.6	3.6	3.6	2.4	13.2	2.0	1.9	1.6	1.6	7.1
Amortization of other acquired intangible assets	29.8	29.0	6.8	6.6	6.4	6.4	26.2	6.3	6.4	6.3	6.3	25.4
Stock-based compensation expenses	45.2	65.3	18.4	25.7	19.9	12.2	76.1	15.0	19.1	16.2	17.3	67.6
Acquisition and divestitures (benefit) expenses, net (7)	3.4	10.4	1.8	0.0	1.2	(1.3)	1.7	7.8	(1.5)	(0.2)	9.9	16.0
Restructuring expenses	7.1	6.0	3.1	3.8	2.4	5.9	15.3	1.4	3.2	0.5	5.9	11.0
Separation expenses (2)	-	12.9	0.6	0.3	0.3	0.2	1.3	0.1	0.2	0.2	0.2	0.8
Accelerated lease costs (5)	2.4	9.8	5.5	1.6	0.7	0.4	8.3	0.3	4.9	0.1	0.1	5.4
IT facilities and infrastructure realignment (6)	-	1.2	1.5	0.9	1.1	0.9	4.5	2.8	13.7	1.9	1.4	19.9
Impairment charges	0.1	1.6	-	1.8	-	-	1.8	-	-	-	-	-
Other adjustments	(0.4)	0.1	0.6	1.1	0.9	0.5	3.0	0.0	0.2	0.0	0.0	0.2
Discontinued operations corporate overhead adjustment	50.9	-	-	-	-	-	-	-	-	-	-	-
Allocation methodology difference	(2.7)	-	-	-	-	-	-	-	-	-	-	-
Non-GAAP operating income	\$ 221.5	\$ 207.2	\$ 43.8	\$ 47.7	\$ 58.6	\$ 61.7	\$ 211.8	\$ 45.1	\$ 40.9	\$ 53.6	\$ 83.1	\$ 222.6
Non-GAAP operating margin	26.4%	23.5%	20.0%	21.3%	26.0%	26.1%	23.4%	20.8%	19.4%	24.5%	31.3%	24.4%

Adjusted EBITDA Margin

(\$ in millions)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended				Year Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
GAAP net (loss) income from continuing operations	\$ (48.6)	\$ 15.7	\$ 0.6	\$ (2.2)	\$ 4.2	\$ 13.1	\$ 15.7	\$ 3.6	\$ (5.8)	\$ 12.9	\$ 28.9	\$ 39.6
As a percentage of GAAP revenue	-5.9%	1.8%	0.3%	-1.0%	1.9%	5.5%	1.7%	-2.8%	5.9%	10.9%	10.9%	4.4%
Provision for (benefit from) income taxes	6.9	23.9	0.3	2.8	17.4	18.6	39.1	4.4	(2.5)	13.0	6.9	21.6
Other expense, net	99.1	7.3	(0.4)	0.9	0.1	2.0	2.6	0.8	0.8	0.9	4.4	6.9
Depreciation and amortization (3)	75.0	72.6	17.4	16.6	16.2	15.1	65.3	16.9	24.7	13.9	13.6	69.0
Revenue adjustments	10.3	6.2	1.3	0.7	0.4	0.5	3.0	0.6	0.2	0.1	0.1	1.1
Stock-based compensation expenses	45.2	65.3	18.4	25.7	19.9	12.2	76.1	15.0	19.1	16.2	17.3	67.6
Acquisition and divestitures (benefit) expenses, net (7)	3.4	10.4	1.8	0.0	1.2	(1.3)	1.7	7.8	(1.5)	(0.2)	9.9	16.0
Restructuring expenses	7.1	5.9	3.0	3.7	2.3	5.8	14.9	1.3	3.2	0.5	5.9	10.9
Separation expenses (2)	-	12.6	0.6	0.3	0.3	0.2	1.3	0.1	0.2	0.2	0.2	0.8
Accelerated lease costs (5)	2.4	9.8	5.5	1.6	0.7	0.4	8.3	0.3	4.9	0.1	0.1	5.4
IT facilities and infrastructure realignment (6)	-	1.2	1.5	0.9	1.1	0.9	4.5	1.0	4.0	1.7	1.4	8.1
Impairment charges	0.1	1.6	-	1.8	-	-	1.8	-	-	-	-	-
Other adjustments	(0.4)	0.1	0.6	1.1	0.9	0.5	3.0	0.0	0.2	0.0	0.0	0.2
Discontinued operations corporate overhead adjustment	50.9	-	-	-	-	-	-	-	-	-	-	-
Allocation methodology difference	(2.7)	-	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	\$ 248.8	\$ 232.5	\$ 50.6	\$ 54.0	\$ 64.7	\$ 68.0	\$ 237.3	\$ 51.9	\$ 47.4	\$ 59.2	\$ 88.7	\$ 247.2
As a percentage of non-GAAP revenue	29.6%	26.4%	23.1%	24.2%	28.7%	28.7%	26.2%	23.9%	22.5%	27.1%	33.4%	27.1%

Other Expense, Tax and Net Income

(\$ in millions)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended				Year Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
Other Expense Reconciliation												
GAAP other (expense) income, net	\$ (99.1)	\$ (7.3)	\$ 0.4	\$ (0.9)	\$ (0.1)	\$ (2.0)	\$ (2.6)	\$ (0.8)	\$ (0.8)	\$ (0.9)	\$ (4.4)	\$ (6.9)
Unrealized losses on derivatives, net	1.1	14.3	-	-	-	-	-	-	-	-	-	-
Amortization of convertible note discount	12.9	-	-	-	-	-	-	-	-	-	-	-
Expenses and losses on debt modification or retirement	1.5	2.5	-	-	-	-	-	0.2	-	-	-	0.2
Change in fair value of future tranche right	56.1	(15.8)	-	-	-	-	-	-	-	-	-	-
Acquisition and divestitures expenses (benefit), net	0.1	(3.5)	-	-	-	-	-	(0.2)	-	-	-	(0.2)
Separation expenses (benefit)	-	-	-	-	-	1.3	1.3	(0.0)	(0.1)	(0.1)	5.1	4.8
Other adjustments	-	(1.2)	-	-	-	-	-	-	-	-	-	-
Non-GAAP other (expense) income, net	\$ (27.3)	\$ (11.0)	\$ 0.4	\$ (0.9)	\$ (0.1)	\$ (0.8)	\$ (1.3)	\$ (0.7)	\$ (0.9)	\$ (1.0)	\$ 0.7	\$ (2.0)
Tax Provision (Benefit) Reconciliation												
GAAP provision for (benefit from) income taxes	\$ 6.9	\$ 23.9	\$ 0.3	\$ 2.8	\$ 17.4	\$ 18.6	\$ 39.1	\$ 4.4	\$ (2.5)	\$ 13.0	\$ 6.9	\$ 21.6
GAAP effective income tax rate	-16.6%	60.4%	34.0%	465.4%	80.5%	58.6%	71.4%	54.6%	30.5%	50.2%	19.2%	35.3%
Non-GAAP tax adjustments	9.2	(2.3)	4.2	1.9	(11.3)	(14.7)	(19.9)	(0.3)	6.1	(8.6)	(0.8)	(3.6)
Non-GAAP provision for income taxes	\$ 16.2	\$ 21.6	\$ 4.5	\$ 4.7	\$ 6.1	\$ 3.8	\$ 19.2	\$ 4.1	\$ 3.6	\$ 4.3	\$ 6.1	\$ 18.1
Non-GAAP effective income tax rate	8.3%	11.0%	10.2%	10.1%	10.4%	6.3%	9.1%	9.2%	9.0%	8.2%	7.2%	8.2%
Net (Loss) Income from Continuing Operations Attributable to Verint Systems Inc. Common Shares Reconciliation												
GAAP net (loss) income from continuing operations attributable to Verint Systems Inc. common shares	\$ (57.3)	\$ (4.5)	\$ (4.9)	\$ (7.6)	\$ (1.1)	\$ 7.7	\$ (5.9)	\$ (1.9)	\$ (11.2)	\$ 7.4	\$ 23.5	\$ 17.8
Total GAAP net (loss) income adjustments (4) (7)	234.3	177.9	39.1	49.5	53.4	49.2	196.4	36.7	42.1	40.6	54.0	183.8
Non-GAAP net income from continuing operations attributable to Verint Systems Inc. common shares	\$ 177.0	\$ 173.4	\$ 34.2	\$ 41.9	\$ 52.3	\$ 57.0	\$ 190.5	\$ 34.8	\$ 30.9	\$ 48.0	\$ 77.5	\$ 201.6

EPS and Diluted Shares Outstanding

(\$ in millions, except share and per share data; shares in thousands)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended				Year Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
GAAP diluted net loss from continuing operations per common share attributable to Verint Systems Inc.	\$ (0.88)	\$ (0.07)	\$ (0.08)	\$ (0.12)	\$ (0.02)	0.12	\$ (0.09)	\$ (0.03)	\$ (0.17)	0.12	0.37	\$ 0.28
Non-GAAP diluted net income from continuing operations per common share attributable to Verint Systems Inc. (4)	\$ 2.57	\$ 2.28	\$ 0.52	\$ 0.56	\$ 0.69	0.75	\$ 2.52	\$ 0.53	\$ 0.48	\$ 0.65	1.07	\$ 2.73
GAAP weighted-average shares used in computing diluted net loss from continuing operations per common share	65,173	65,591	64,947	64,958	65,583	66,131	65,332	64,940	64,294	64,144	63,080	64,318
Additional weighted-average shares applicable to non-GAAP net income from continuing operations per common share attributable to Verint Systems Inc	3,654	10,419	1,255	10,356	10,004	9,478	10,235	447	269	9,478	9,478	9,478
Non-GAAP diluted weighted-average shares used in computing net income from continuing operations per common share (4)	68,827	76,010	66,202	75,314	75,587	75,609	75,567	65,387	64,563	73,622	72,558	73,796

Debt

(\$ in millions)	As of 1/31/2023	As of 4/30/2023	As of 7/31/2023	As of 10/31/2023	As of 1/31/2024
Current maturities of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Long-term debt	408.9	409.7	410.0	410.5	411.0
Unamortized debt discounts and issuance costs	6.1	5.3	5.0	4.5	4.0
Gross debt	415.0	415.0	415.0	415.0	415.0
Less:					
Cash and cash equivalents	282.1	260.7	231.3	209.6	241.4
Restricted cash and cash equivalents, and restricted bank time deposits	0.3	0.3	-	1.8	1.3
Short-term investments	0.7	3.6	1.5	0.7	0.7
Long-term restricted cash, cash equivalents, bank time deposits and investments	0.3	0.3	0.2	0.2	0.2
Net debt, including long-term restricted cash, cash equivalents, bank time deposits, and investments	\$ 131.6	\$ 150.1	\$ 182.0	\$ 202.7	\$ 171.5

Divestiture Revenue

(\$ in millions)	Three Months Ended				Year Ended
	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
Total GAAP revenue	\$ 216.6	\$ 210.2	\$ 218.5	\$ 265.1	\$ 910.4
Revenue from divested offering	6.8	6.4	6.1	5.9	25.2
Total GAAP revenue without divested offering	\$ 209.8	\$ 203.7	\$ 212.4	\$ 259.2	\$ 885.1
Total non-GAAP revenue	\$ 217.2	\$ 210.4	\$ 218.7	\$ 265.2	\$ 911.5
Revenue from divested offering	6.8	6.4	6.1	5.9	25.2
Total non-GAAP revenue without divested offering	\$ 210.4	\$ 204.0	\$ 212.6	\$ 259.3	\$ 886.2

Note: On January 31, 2024, we divested our manual quality managed services offering, which is being replaced by an AI-powered bot. The divested offering generated \$25.2 million of revenue in FYE 24.

Revenue Metrics Reconciliation

(\$ in millions)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Month Ended				Year Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
Recurring revenue- GAAP	\$ 575.6	\$ 633.1	\$ 159.4	\$ 166.4	\$ 174.2	\$ 185.5	\$ 685.5	\$ 166.4	\$ 161.0	\$ 161.1	\$ 210.7	\$ 699.2
SaaS revenue - GAAP	218.0	322.8	94.7	102.6	115.8	131.1	444.2	117.1	113.4	115.7	168.6	514.8
Optional managed services revenue - GAAP	59.5	65.6	15.9	15.8	15.4	14.3	61.4	12.9	12.2	11.8	10.8	47.7
Support revenue - GAAP	298.2	244.7	48.7	48.1	43.0	40.1	179.9	36.4	35.4	33.6	31.3	136.7
Nonrecurring revenue - GAAP	254.6	241.4	58.5	56.5	51.0	50.7	216.7	50.1	49.2	57.4	54.4	211.1
Perpetual revenue - GAAP	141.8	138.1	33.3	30.8	24.4	28.1	116.6	24.3	25.2	24.6	25.8	99.9
Professional services and other revenue - GAAP	112.8	103.3	25.3	25.7	26.5	22.6	100.1	25.8	24.0	32.9	28.7	111.3
Total revenue - GAAP	\$ 830.2	\$ 874.5	\$ 217.9	\$ 222.9	\$ 225.2	\$ 236.2	\$ 902.2	\$ 216.6	\$ 210.2	\$ 218.5	\$ 265.1	\$ 910.4
Estimated recurring revenue adjustments	10.3	6.2	1.3	0.7	0.4	0.5	3.0	0.6	0.2	0.1	0.1	1.1
Estimated SaaS revenue adjustments	9.2	5.6	1.3	0.7	0.4	0.5	2.8	0.6	0.2	0.1	0.1	1.1
Estimated optional managed services revenue adjustments	1.0	0.5	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Estimated support revenue adjustments	0.2	0.0	0.0	-	-	-	0.0	-	-	-	-	-
Estimated nonrecurring revenue adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Estimated perpetual revenue adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Estimated professional services and other revenue adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Total estimated revenue adjustments	10.3	6.2	1.3	0.7	0.4	0.5	3.0	0.6	0.2	0.1	0.1	1.1
Recurring revenue- non-GAAP	\$ 586.0	\$ 639.3	\$ 160.7	\$ 167.2	\$ 174.6	\$ 186.0	\$ 688.5	\$ 167.1	\$ 161.2	\$ 161.2	\$ 210.8	\$ 700.3
SaaS revenue - non-GAAP	227.1	328.4	96.0	103.2	116.2	131.6	447.0	117.8	113.7	115.8	168.7	515.9
Optional managed services revenue - non-GAAP	60.5	66.2	16.0	15.8	15.5	14.3	61.6	12.9	12.2	11.8	10.8	47.7
Support revenue - non-GAAP	298.4	244.8	48.7	48.1	43.0	40.1	180.0	36.4	35.4	33.6	31.3	136.7
Nonrecurring revenue - non-GAAP	254.6	241.4	58.5	56.5	51.0	50.7	216.7	50.1	49.2	57.4	54.4	211.1
Perpetual revenue - non-GAAP	141.8	138.1	33.3	30.8	24.4	28.1	116.6	24.3	25.2	24.6	25.8	99.9
Professional services and other revenue - non-GAAP	112.8	103.3	25.3	25.7	26.5	22.6	100.1	25.8	24.0	32.9	28.7	111.3
Total revenue - non-GAAP	\$ 840.6	\$ 880.7	\$ 219.2	\$ 223.6	\$ 225.6	\$ 236.8	\$ 905.2	\$ 217.2	\$ 210.4	\$ 218.7	\$ 265.2	\$ 911.5

SaaS Revenue Reconciliation

(\$ in millions)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended				Year Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
Bundled SaaS revenue - GAAP	\$ 146.0	\$ 183.0	\$ 49.3	\$ 54.7	\$ 57.0	\$ 61.6	\$ 222.6	\$ 59.5	\$ 62.1	\$ 63.3	\$ 65.8	\$ 250.5
Unbundled SaaS revenue - GAAP	72.0	139.7	45.4	47.9	58.7	69.6	221.6	57.7	51.4	52.4	102.8	264.3
SaaS revenue - GAAP	218.0	322.8	94.7	102.6	115.8	131.1	444.2	117.1	113.4	115.7	168.6	514.8
Estimated bundled SaaS revenue adjustments	9.0	5.6	1.3	0.7	0.4	0.5	2.8	0.6	0.2	0.1	0.1	1.1
Estimated unbundled SaaS revenue adjustments	0.2	0.1	-	-	-	-	-	-	-	-	-	-
Estimated SaaS revenue adjustments	9.2	5.6	1.3	0.7	0.4	0.5	2.8	0.6	0.2	0.1	0.1	1.1
Bundled SaaS revenue - non-GAAP	155.0	188.6	50.6	55.4	57.4	62.0	225.4	60.1	62.3	63.4	65.9	251.6
Unbundled SaaS revenue - non-GAAP	72.2	139.8	45.4	47.9	58.7	69.6	221.6	57.7	51.4	52.4	102.8	264.3
SaaS revenue - non-GAAP	\$ 227.1	\$ 328.4	\$ 96.0	\$ 103.2	\$ 116.2	\$ 131.6	\$ 447.0	\$ 117.8	\$ 113.7	\$ 115.8	\$ 168.7	\$ 515.9

Footnotes

Note: Amounts may not foot throughout the workbook due to rounding.

- (1) Revenue for the current period at constant currency is calculated by translating current-period GAAP or non-GAAP foreign currency revenue (as applicable) into U.S. dollars using average foreign currency exchange rates for the same prior period rather than actual current-period foreign currency exchange rates.
- (2) For the quarters ended April 30, 2020, July 31, 2020, October 31, 2020 and January 31, 2021, separation expenses are considered part of discontinued operations and are, therefore, not included in the reported results from continuing operations.
- (3) Represents depreciation and amortization expenses that are adjusted for financing fee amortization.
- (4) EPS calculation includes the more dilutive of either preferred stock dividends or conversion of preferred stock shares.
- (5) Accelerated lease costs were previously included within Restructuring expenses for the three months ended April 30, 2020, July 31, 2020, October 31, 2020, April 30, 2021, July 31, 2021 and October 31, 2021.
- (6) IT facilities and infrastructure realignment costs were previously included within Other Adjustments for the three months ended April 30, 2021, July 31, 2021, October 31, 2021, January 31, 2022, April 30, 2022 and July 31, 2022.
- (7) For the three months and year ended January 31, 2024, acquisition and divestitures (expenses) benefit, net included a loss on the sale of our manual quality managed services business of \$9.7 million, which was recorded as part of selling, general, and administrative expenses in our consolidated statement of operations. Today, our platform includes an AI-powered solution for automating the quality process. We expect our customers to adopt AI over time and believe that a people-centric managed services offering is no longer core to our offering.

Supplemental Info Non-GAAP Measures

The following tables include reconciliations of certain financial measures not prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), consisting of non-GAAP revenue, non-GAAP recurring revenue, non-GAAP nonrecurring revenue, non-GAAP perpetual revenue, non-GAAP support revenue, non-GAAP professional services revenue, non-GAAP SaaS revenue, non-GAAP bundled SaaS revenue, non-GAAP unbundled SaaS revenue, non-GAAP optional managed services revenue, non-GAAP revenue from divested manual quality managed services, non-GAAP recurring gross profit and gross margins, non-GAAP nonrecurring gross profit and gross margins, non-GAAP gross profit and gross margins, non-GAAP research and development, net, non-GAAP selling, general and administrative expenses, non-GAAP operating income and operating margins, non-GAAP other income (expense), net, non-GAAP provision for (benefit from) income taxes and non-GAAP effective income tax rate, non-GAAP net income (loss) attributable to Verint Systems Inc. common shares, non-GAAP diluted net income (loss) per common share attributable to Verint Systems Inc., adjusted EBITDA and adjusted EBITDA as a percentage of non-GAAP revenue, net debt and constant currency measures. The tables above include a reconciliation of each non-GAAP financial measure for completed periods presented in this press release to the most directly comparable GAAP financial measure.

We believe these non-GAAP financial measures, used in conjunction with the corresponding GAAP measures, provide investors with useful supplemental information about the financial performance of our business by:

- facilitating the comparison of our financial results and business trends between periods, by excluding certain items that either can vary significantly in amount and frequency, are based upon subjective assumptions, or in certain cases are unplanned for or difficult to forecast,
- facilitating the comparison of our financial results and business trends with other technology companies who publish similar non-GAAP measures, and
- allowing investors to see and understand key supplementary metrics used by our management to run our business, including for budgeting and forecasting, resource allocation, and compensation matters.

We also make these non-GAAP financial measures available because a number of our investors have informed us that they find this supplemental information useful.

Our non-GAAP financial measures are calculated by making the following adjustments to our GAAP financial measures:

•**Revenue adjustments.** For acquisitions completed prior to February 1, 2023, we exclude from our non-GAAP revenue the impact of fair value adjustments required under previous GAAP guidance relating to SaaS services, optional managed services and customer support contracts acquired in a business acquisition, which would have otherwise been recognized on a stand-alone basis. Beginning February 1, 2023, we adopted accounting guidance which eliminates the fair value provision that resulted in the accounting adjustment on a prospective basis. We believe that it is useful for investors to understand the total amount of revenue that we and the acquired company would have recognized on a stand-alone basis under GAAP, absent the accounting adjustment associated with the business acquisition under prior accounting guidance. Our non-GAAP revenue also reflects certain adjustments from aligning an acquired company's revenue recognition policies to our policies. We believe that our non-GAAP revenue measure helps management and investors understand our revenue trends and serves as a useful measure of ongoing business performance.

•**Amortization of acquired technology and other acquired intangible assets.** When we acquire an entity, we are required under GAAP to record the fair values of the intangible assets of the acquired entity and amortize those assets over their useful lives. We exclude the amortization of acquired intangible assets, including acquired technology, from our non-GAAP financial measures because they are inconsistent in amount and frequency and are significantly impacted by the timing and size of acquisitions. We also exclude these amounts to provide easier comparability of pre- and post-acquisition operating results.

•**Stock-based compensation expenses.** We exclude stock-based compensation expenses related to restricted stock unit and performance stock unit awards, stock bonus programs, bonus share programs, and other stock-based awards from our non-GAAP financial measures. We evaluate our performance both with and without these measures because stock-based compensation is typically a non-cash expense and can vary significantly over time based on the timing, size and nature of awards granted, and is influenced in part by certain factors which are generally beyond our control, such as the volatility of the price of our common stock. In addition, measurement of stock-based compensation is subject to varying valuation methodologies and subjective assumptions, and therefore we believe that excluding stock-based compensation from our non-GAAP financial measures allows for meaningful comparisons of our current operating results to our historical operating results and to other companies in our industry.

•**Unrealized gains and losses on certain derivatives, net.** We exclude from our non-GAAP financial measures unrealized gains and losses on certain derivatives which are not designated as hedges under accounting guidance. We exclude unrealized gains and losses on foreign currency derivatives that serve as economic hedges against variability in the cash flows of recognized assets or liabilities, or of forecasted transactions. These contracts, if designated as hedges under accounting guidance, would be considered "cash flow" hedges. These unrealized gains and losses are excluded from our non-GAAP financial measures because they are non-cash transactions which are highly variable from period to period. Upon settlement of these foreign currency derivatives, any realized gain or loss is included in our non-GAAP financial measures.

Supplemental Info Non-GAAP Measures

• **Amortization of convertible note discount.** Our non-GAAP financial measures for periods prior to February 1, 2021 exclude the amortization of the imputed discount on our convertible notes. Under GAAP, certain convertible debt instruments that may be settled in cash upon conversion were required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflected the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we were required to recognize imputed interest expense on the difference between our assumed non-convertible debt borrowing rate and the coupon rate on our 1.50% convertible notes. This difference is excluded from our non-GAAP financial measures because we believe that this expense is based upon subjective assumptions and does not reflect the cash cost of our convertible debt. Effective with the February 1, 2021 adoption of Accounting Standards Update ("ASU") 2020-06, Accounting for Convertible Instruments and Contracts in an Entity's Own Equity, we no longer record the conversion feature of our convertible senior notes in equity. Instead, we combined the previously separated equity component with the liability component, which together is classified as debt, thereby eliminating the subsequent amortization of the debt discount as interest expense.

• **Expenses and losses on debt modification or retirement.** We exclude from our non-GAAP financial measures losses on early retirements of debt attributable to refinancing or repaying our debt, and expenses incurred to modify debt terms, because we believe they are not reflective of our ongoing operations.

• **Change in fair value of future tranche right.** On December 4, 2019, we entered into an Investment Agreement with an affiliate of Apax Partners (the "Apax Investor"), whereby the Apax Investor agreed to make an investment in us of up to \$400.0 million of convertible preferred stock. In connection with the Apax Investor's first \$200.0 million investment on May 7, 2020 (for 200,000 shares of Series A Preferred Stock), we determined that our obligation to issue, and the Apax Investor's obligation to purchase the Series B Preferred Stock in connection with the completion of the spin-off of our former Cyber Intelligence Solutions business and the satisfaction of other customary closing conditions (the "Future Tranche Right") met the definition of a freestanding financial instrument. This Future Tranche Right was reported at fair value as an asset or liability on our consolidated balance sheet and was remeasured at fair value each reporting period until the settlement of the right at the time of issuance of the Series B Preferred Stock, which occurred on April 6, 2021. Changes in its fair value were recognized as a non-cash charge or benefit within other income (expense), net on the condensed consolidated statement of operations. We excluded this change in fair value of the Future Tranche Right from our non-GAAP financial measures because it was unusual in nature, could vary significantly in amount, and was unrelated to our ongoing operations.

• **Acquisition and divestitures expenses (benefit), net.** In connection with acquisition activity (including with respect to acquisitions that are not consummated), we incur expenses (benefits), including legal, accounting, and other professional fees, integration costs, changes in the fair value of contingent consideration obligations, and other costs. Integration costs may consist of information technology expenses as systems are integrated across the combined entity, consulting expenses, marketing expenses, and professional fees, as well as non-cash charges to write-off or impair the value of redundant assets. In connection with divestiture activity, we exclude the gain or loss on divestiture as well as any expenses incurred, including legal, accounting, and other professional fees. We exclude these expenses from our non-GAAP financial measures because they are unpredictable, can vary based on the size and complexity of each transaction, and are unrelated to our continuing operations or to the continuing operations of the acquired businesses.

• **Restructuring expenses (benefit).** We exclude restructuring expenses (benefit) from our non-GAAP financial measures, which include employee termination costs, facility exit costs (except as included in accelerated lease costs and IT facilities and infrastructure realignment described below), certain professional fees, asset impairment charges (except as included in acquisition or IT facilities and infrastructure realignment), and other costs directly associated with resource realignments incurred in reaction to changing strategies or business conditions. All of these costs can vary significantly in amount and frequency based on the nature of the actions as well as the changing needs of our business and we believe that excluding them provides easier comparability of pre- and post-restructuring operating results.

• **Separation expenses (benefit).** On February 1, 2021, we completed the spin-off of our former Cyber Intelligence Solutions business. We exclude from our non-GAAP financial measures expenses incurred (benefit from) in connection with the spin-off, including third-party advisory, accounting, legal, tax, consulting, and other similar services related to the separation as well as costs associated with the operational separation of the two businesses, including those related to human resources, brand management, real estate, and information technology (which are included in Separation expenses to the extent not capitalized). Separation expenses also include incremental cash income taxes related to the reorganization of legal entities and operations in order to effect the separation and other expense adjustments associated with tax-related indemnification asset as a result of the spin-off. These costs are incremental to our normal operating expenses and are being incurred solely as a result of the separation transaction. Accordingly, we are excluding these separation expenses from our non-GAAP financial measures in order to evaluate our performance on a comparable basis.

• **Accelerated lease costs.** We exclude from our non-GAAP financial measures accelerated facility costs and associated accelerated lease expenses, including losses on terminations, due to the early termination or abandonment of certain office leases as a result of our move to a hybrid work model because these charges are not reflective of our ongoing business and operating results.

• **IT facilities and infrastructure realignment.** We exclude from our non-GAAP financial measures nonrecurring IT facilities and infrastructure realignment costs and other IT charges associated with modifying the workplace, including consolidating and/or migrating data centers and labs to the cloud, simplifying the corporate network, and one-time costs for implementing collaboration tools to enable our work from anywhere strategy, as well as asset impairment charges, accelerated depreciation and IT facility exit costs.

• **Impairment charges and other adjustments.** We exclude from our non-GAAP financial measures asset impairment charges (other than those already included within restructuring, acquisition, or IT facilities and realignment activity), rent expense for redundant facilities, gains or losses on sales of property, gains or losses on settlements of certain legal matters, and certain professional fees unrelated to our ongoing operations, all of which are unusual in nature and can vary significantly in amount and frequency.

Supplemental Info Non-GAAP Measures

•Discontinued operations corporate overhead adjustment. These amounts represent general corporate overhead costs related to executive management, finance, legal, information technology, and other shared services functions that were historically allocated to Cognyte, but are not permitted to be included in discontinued operations under GAAP guidelines as they represent indirect expenses of Cognyte.

•Allocation methodology difference. These amounts are the result of presenting our former Cyber Intelligence Solutions business on a discontinued operations basis for quarters previously reported due to the completion of the spin-off on February 1, 2021. This adjustment represents the difference between the allocation of shared corporate support expenses under GAAP guidelines for reporting discontinued operations compared to management's previously estimated allocations of those shared corporate support expenses.

•Non-GAAP income tax adjustments. We exclude from our non-GAAP measures of net income attributable to Verint Systems Inc., our GAAP provision for (benefit from) income taxes and instead include a non-GAAP provision for income taxes, determined by applying a non-GAAP effective income tax rate to our income before provision for income taxes, as adjusted for the non-GAAP items described above. The non-GAAP effective income tax rate is generally based upon the income taxes we expect to pay in the reporting year. Our GAAP effective income tax rate can vary significantly from year to year as a result of tax law changes, settlements with tax authorities, changes in the geographic mix of earnings including acquisition activity, changes in the projected realizability of deferred tax assets, and other unusual or period-specific events, all of which can vary in size and frequency. We believe that our non-GAAP effective income tax rate removes much of this variability and facilitates meaningful comparisons of operating results across periods. Our non-GAAP effective income tax rate for the year ended January 31, 2024 is 8%, and was 9% for the year ended January 31, 2023, 11% for the year ended January 31, 2022, 8% for the year ended January 31, 2021. We evaluate our non-GAAP effective income tax rate on an ongoing basis, and it can change from time to time. Our non-GAAP income tax rate can differ materially from our GAAP effective income tax rate.

Revenue Metrics and Operating Metrics

Recurring revenue, on both a GAAP and non-GAAP basis, is the portion of our revenue that we believe is likely to be renewed in the future, and primarily consists of SaaS revenue, optional managed services revenue and initial and renewal post contract support.

Nonrecurring revenue, on both a GAAP and non-GAAP basis, primarily consists of our perpetual licenses, consulting, implementation and installation services, hardware, training and patent license royalties.

SaaS revenue includes bundled SaaS, software with standard managed services and unbundled SaaS (including associated support) that we account for as term licenses where managed services are purchased separately.

Optional Managed Services are recurring services that are intended to improve our customers' operations and reduce expenses.

Percentage of software revenue that is recurring revenue is calculated as the sum of SaaS revenue, optional managed services revenue and support revenue as a percentage of total SaaS revenue, optional managed services revenue, support revenue, and perpetual revenue.

New SaaS Annual Contract Value (ACV) includes the annualized contract value of all new SaaS contracts received within the period; new unbundled SaaS contracts only include the license portion of those orders. In cases where SaaS is offered to partners through usage-based contracts, we include the incremental value of usage contracts over a rolling four quarters. Orders are only included in New SaaS ACV with a completed customer contract signed by both parties before the end of the period.

SaaS Annual Recurring Revenue (SaaS ARR) represents the annualized quarterly run-rate value of active or signed SaaS contracts as of the end of a period. For unbundled SaaS contracts, the amount included in SaaS ARR is generally consistent with the amount that we invoice the customer annually for the term-based license transaction. We use SaaS ARR to identify the annual recurring value of customer contracts at the end of a reporting period and to monitor the growth of our recurring business as we shift to SaaS. SaaS ARR reduces fluctuations due to seasonality, contract term, and the sales mix of subscriptions for bundled SaaS and unbundled SaaS. SaaS ARR should be viewed independently of revenue, and does not represent our revenue under ASC 806 on an annualized basis, as it is an operating metric that is impacted by contract start and end dates and renewal rates. SaaS ARR is not intended to be a replacement for forecasts of SaaS revenue.

Supplemental Info Non-GAAP Measures

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure defined as net income (loss) before interest expense, interest income, income taxes, depreciation expense, amortization expense, stock-based compensation expenses, revenue adjustments, restructuring expenses, acquisition expenses, separation expenses, accelerated lease costs, IT facilities and infrastructure realignment, and other expenses excluded from our non-GAAP financial measures as described above. We believe that adjusted EBITDA is also commonly used by investors to evaluate operating performance between companies because it helps reduce variability caused by differences in capital structures, income taxes, stock-based compensation expenses, accounting policies, and depreciation and amortization policies. Adjusted EBITDA is also used by credit rating agencies, lenders, and other parties to evaluate our creditworthiness.

Net Debt

Net Debt is a non-GAAP measure defined as the sum of long-term and short-term debt on our consolidated balance sheet, excluding unamortized discounts and issuance costs, less the sum of cash and cash equivalents, restricted cash, restricted cash equivalents, restricted bank time deposits, and restricted investments (including long-term portions), and short-term investments. We use this non-GAAP financial measure to help evaluate our capital structure, financial leverage, and our ability to reduce debt and to fund investing and financing activities and believe that it provides useful information to investors.

Free Cash Flow

Free Cash Flow is defined as GAAP cash provided by operating activities less our capital expenditures, which include purchases of property and equipment and capitalized software development costs.

Supplemental Information About Constant Currency

Because we operate on a global basis and transact business in many currencies, fluctuations in foreign currency exchange rates can affect our consolidated U.S. dollar operating results. To facilitate the assessment of our performance excluding the effect of foreign currency exchange rate fluctuations, we calculate our GAAP and non-GAAP revenue, recurring revenue, and SaaS revenue on both an as-reported basis and a constant currency basis, allowing for comparison of results between periods as if foreign currency exchange rates had remained constant. We perform our constant currency calculations by translating current-period results into U.S. dollars using prior-period average foreign currency exchange rates or hedge rates, as applicable, rather than current period exchange rates. We believe that constant currency measures, which exclude the impact of changes in foreign currency exchange rates, facilitate the assessment of underlying business trends.

Unless otherwise indicated, our financial outlook, which is provided on a non-GAAP basis, reflects foreign currency exchange rates approximately consistent with rates in effect when the outlook is provided.

We also incur foreign exchange gains and losses resulting from the revaluation and settlement of monetary assets and liabilities that are denominated in currencies other than the entity's functional currency. Our financial outlook for diluted earnings per share includes net foreign exchange gains or losses incurred to date, if any, but does not include potential future gains or losses.