FYE26 First Quarter Conference Call

The CX Automation Leader

Delivering AI Business Outcomes NOW

June 4, 2025

VERINT®

Disclaimers

Forward-Looking Statements

This presentation contains "forward-looking statements," including statements regarding expectations, predictions, views, opportunities, plans, strategies, beliefs, and statements of similar effect relating to Verint Systems Inc. These forward-looking statements are not guarantees of future performance and they are based on management's expectations that involve a number of known and unknown risks, uncertainties, assumptions, and other important factors, any of which could cause our actual results to differ materially from those expressed in or implied by the forward-looking statements. The forward-looking statements contained in this presentation are made as of the date of this presentation and, except as required by law, Verint assumes no obligation to update or revise them, or to provide reasons why actual results may differ. For a more detailed discussion of how these and other risks, uncertainties, and assumptions could cause Verint's actual results to differ materially from those indicated in its forward-looking statements, see Verint's prior filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

This presentation includes financial measures which are not prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America, including certain constant currency measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please see the appendices to this presentation, Verint's earnings press releases, as well as the GAAP to non-GAAP reconciliation found under the Investor Relations tab on Verint's website Verint.com.

Q1 Highlights – Strong Start to the Year

ARR Growth Acceleration

Revenue and Non-GAAP Diluted EPS Overachievement

Momentum Driven by Differentiated CX Automation Platform

Note: Diluted EPS guidance provided on a non-GAAP basis.

ARR Growth Acceleration

Last Four Quarters

Q2 FYE25
ARR Growth: 3%

Q3 FYE25
ARR Growth: 4%

Q4 FYE25
ARR Growth: 5%

Q1 FYE26
ARR Growth: 6%

Expect to Exit the Year with
8% ARR Growth

Note: Growth % provided on a year-over-year basis. Q2, Q3, and Q4 growth rates adjusted for the FYE24 divestiture.

Large Q1 Orders

Eight-Digit Deals

$13M

TCV

Leading Insurance Provider

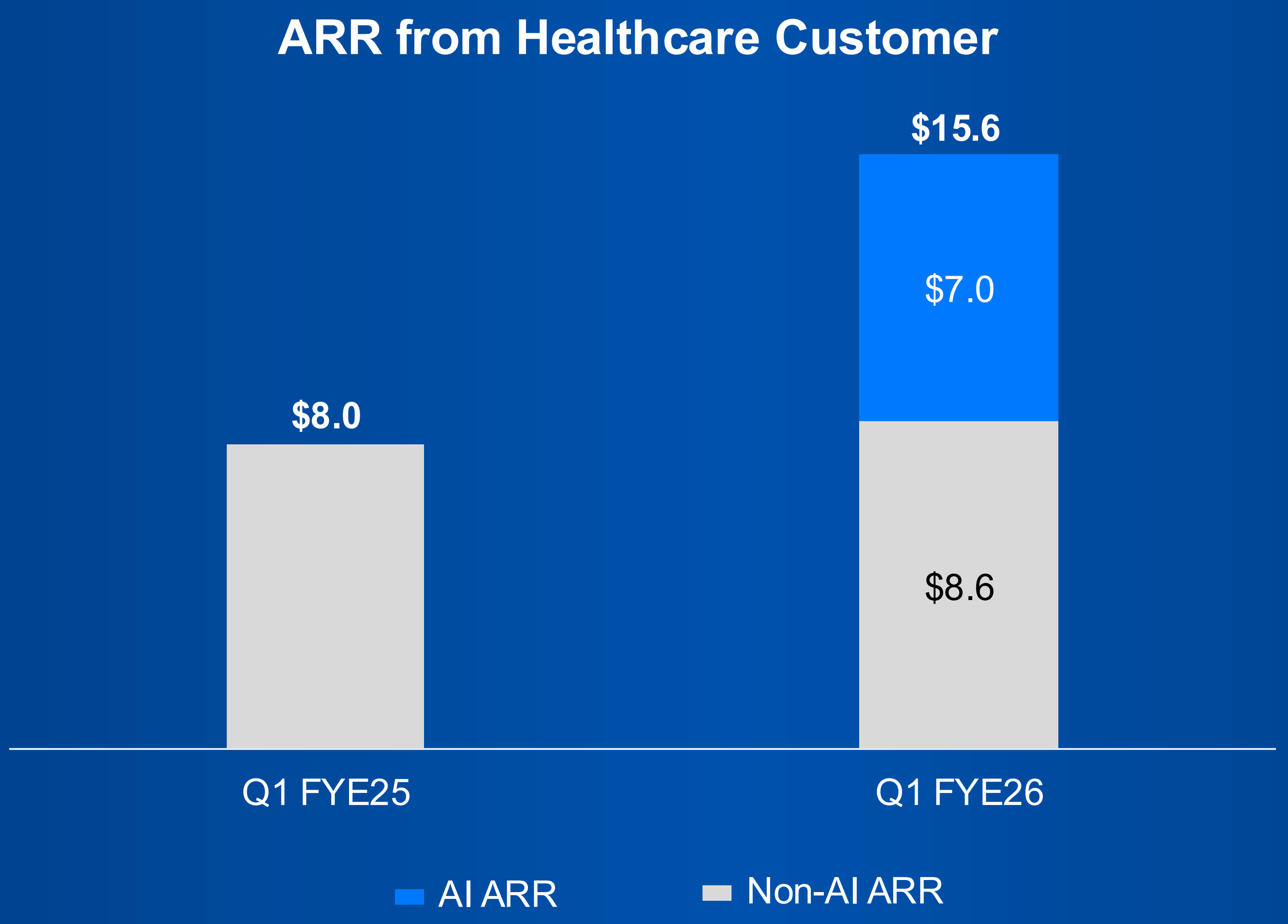
$14M

TCV

Leading Healthcare Company

$14M TCV Order Drives ARR Increase

Hybrid Cloud Design Facilitates AI Adoption



Note: Amounts in USD millions.

Customers Reporting Strong AI Business Outcomes

$30M
More in Sales

A telco with over 3K agents increased revenue by $770 per agent per month by automating real-time agent guidance

$10M
Saved

A bank contained 10M interactions (80% containment rate) through AI-driven self service with Verint IVA

$9M
Saved

A bank reduced call time by 20 seconds by giving agents real-time knowledge, through Knowledge Automation Bot, increasing capacity by 7%

$5M
Saved

A financial services firm reduced call duration by 20 sec by providing agents real-time coaching with Coaching Bot

$4.5M
Saved

An insurer reduced attrition by 30%, providing agents unlimited scheduling flexibility with Time Flex Bot

+39
NPS

A mortgage lender increased NPS from +3 to +39 through real-time agent coaching with Coaching Bot

Summary

Stronger and Faster AI Outcomes than Any Other CX Vendor

Strong Start to the Year with AI Momentum

Well Positioned for ARR Acceleration

Financial Review

Kicked Off the Year with Strong Q1

ARR Growth Acceleration; Revenue and Non-GAAP Diluted EPS Ahead of Guidance

ARR Growth Acceleration

Q2 FYE25
ARR Growth: 3%

Q3 FYE25
ARR Growth: 4%

Q4 FYE25
ARR Growth: 5%

Q1 FYE26
ARR Growth: 6%

Q1 Revenue and Diluted EPS Ahead of Guidance

Revenue
$208 Million

EPS
GAAP Net Loss Per Share: ($0.04)
Non-GAAP Diluted EPS: $0.29

Note: Guidance is provided on a Non-GAAP basis. Growth % provided on a year-over-year basis. Q2, Q3, and Q4 growth rates adjusted for the FYE24 divestiture.

Tracking our Business Two Ways

Ratable View

Cash Generation Model

Non-Ratable View

P&L

Cash Generation Model – Guidance

Expect 8% ARR Growth and 12% Free Cash Flow Growth in FYE26

	FYE26 **Guidance**
Q4 ARR	$768
ARR Growth	*8%*
Non-Recurring Revenue	$192
Cash Generation	$960
Less: Non-GAAP COGS and OpEx	($715)
Cash Contribution	$245
Free Cash Flow	$145
Free Cash Flow Growth	*12%*

ARR Growth Outlook

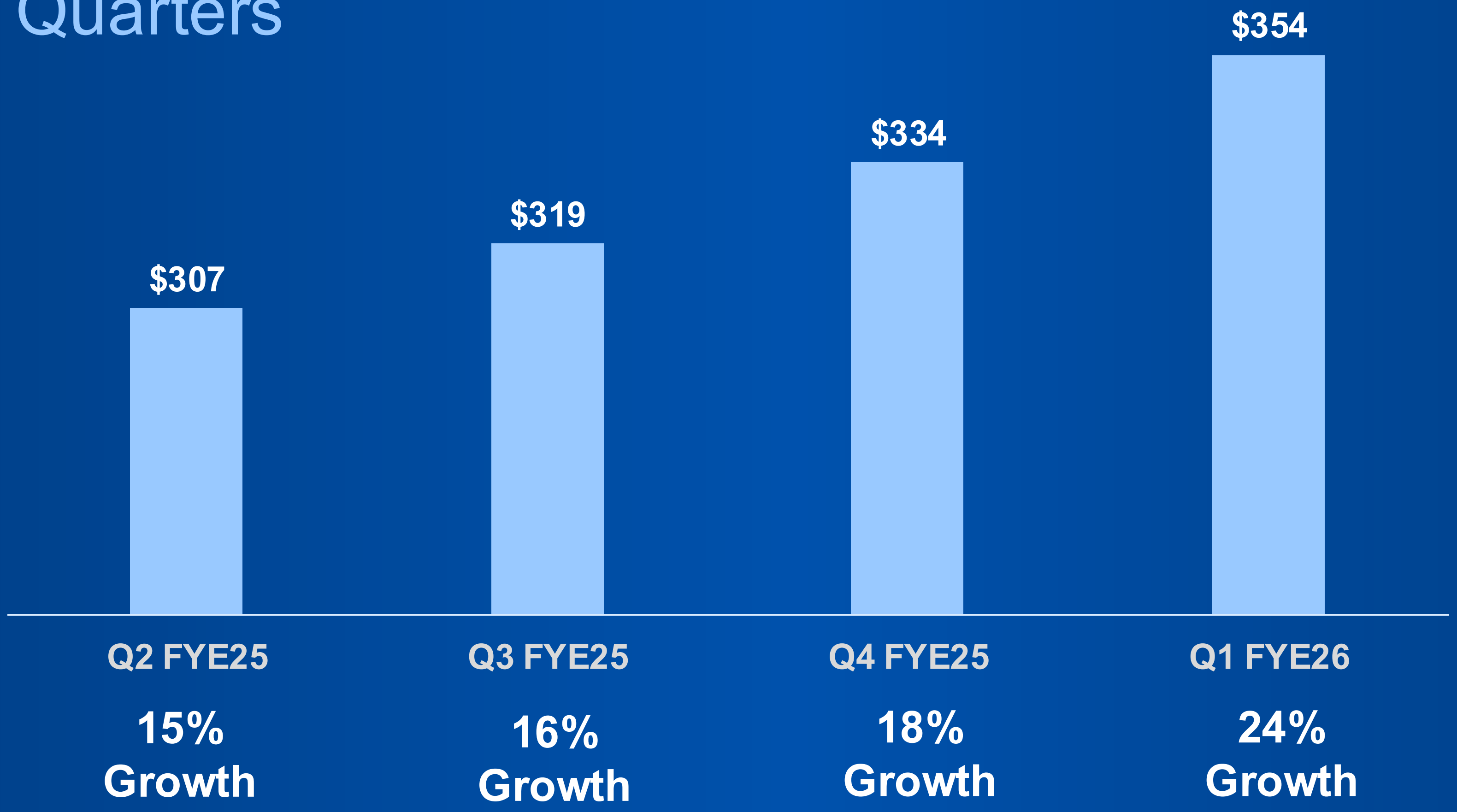
Strong Demand for our AI solutions
SaaS Pipeline: Up >30% Year-over-Year

Expect ARR Momentum to Continue
Q2 ARR Outlook: $720 million

Note: Millions of USD. Growth % provided on a year-over-year basis. COGS and OpEX guidance is provided on a non-GAAP basis.

AI ARR Growth Acceleration

Last Four Quarters



Expect to Exit the Year with **>20% AI ARR Growth**

Note: Millions of USD. Growth % provided on a year-over-year basis.

P&L Guidance

FYE26

Revenue: $960 million +/- 3%

Non-GAAP Diluted EPS: $2.93

Q2 FYE26

Revenue: $200 million, influenced by timing of Unbundled SaaS renewals

Non-GAAP Diluted EPS: $0.26

Note: Guidance is provided on a Non-GAAP basis. Diluted EPS provided at the mid-point of the revenue range.

Balance Sheet

Strong Balance Sheet with Low Net Leverage

Bought Back ~2.5 Million Shares in Q1

Summary

ARR Growth Acceleration Driven by Growing AI Adoption

Expect to Exit FYE26 with 8% ARR Growth

Expect 12% Free Cash Flow Growth in FYE26

Note: Growth % provided on a year-over-year basis.

Appendix

Financial Outlook

(in millions)	FYE 2026 Outlook
Subscription ARR (as of Q4 FYE 2026)	$768 million +/- 1%, reflecting 8% growth year-over-year
Cash Generation	$960 million +/- 1%
Cash Contribution	$245 million at mid-point of Cash Generation
Revenue	$960 million +/- 3%, wider range reflects impact of ASC 606
Non-GAAP Diluted EPS	$2.93 at midpoint of revenue guidance

Our non-GAAP outlook for the three months ending July 31, 2025 and year ending January 31, 2026 excludes the following GAAP measure which we are able to quantify with reasonable certainty:

- Amortization of intangible assets of approximately $6 million and $24 million, for the three months ending July 31, 2025 and year ending January 31, 2026, respectively.

Our non-GAAP outlook for the three months ending July 31, 2025 and year ending January 31, 2026 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 $14 million and $17 million, and between approximately $59 million and $63 million, for the three months ending July 31, 2025 and year ending January 31, 2026, respectively, assuming market prices for our common stock approximately consistent with current levels.

Our non-GAAP outlook 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 ended April 30, 2025 and 2024 for the GAAP measures excluded from our non-GAAP outlook appear in this presentation.

Annual Recurring Revenue

($ in millions)	Three Months Ended				Year Ended	Three Months Ended				Year Ended	Three Months Ended
	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024	4/30/2024	7/31/2024	10/31/2024	1/31/2025	1/31/2025	4/30/2025
Subscription ARR[1]	$667.7	$665.0	$670.5	$676.6	$676.6	$668.1	$684.7	$695.3	$711.8	$711.8	$710.0
Growth YoY[1]						*0.1%*	*3.0%*	*3.7%*	*5.2%*	*5.2%*	*6.3%*
AI ARR[1]	$261.8	$266.1	$274.6	$283.0	$283.0	$285.1	$307.0	$319.1	$334.2	$334.2	$353.9
Growth YoY[1]						*8.9%*	*15.4%*	*16.2%*	*18.1%*	*18.1%*	*24.1%*
Non-AI ARR[1]	$405.9	$398.9	$395.9	$393.6	$393.6	$383.1	$377.6	$376.2	$377.6	$377.6	$356.1
Growth YoY[1]						*-5.6%*	*-5.3%*	*-5.0%*	*-4.1%*	*-4.1%*	*-7.0%*

(1) Adjusted for the quality managed services divestiture, which closed January 31, 2024.

Cash Generation & Cash Contribution

($ in millions)	Year Ended	
	1/31/2024	1/31/2025
Cash Generation		
Subscription ARR[1]	$676.6	$711.8
Nonrecurring Perpetual and Professional Services and Other Revenue	$211.1	$201.1
Cash Generation	**$887.8**	**$912.8**
Less: Cost of Revenue and Operating Expenses (1) (2)	$664.1	$684.7
Cash Contribution	**$223.7**	**$228.1**

(1) Adjusted for the quality managed services divestiture, which closed January 31, 2024.

(2) Reconciliations of GAAP to Non-GAAP for Cost of Revenue and Operating Expenses can be located on the "Reconciliations" section of this workbook.

Free Cash Flow

($ in millions)	Year Ended 1/31/2024	Three Months Ended 4/30/2024	Three Months Ended 7/31/2024	Three Months Ended 10/31/2024	Three Months Ended 1/31/2025	Year Ended 1/31/2025	Three Months Ended 4/30/2025
Net cash provided by operating activities	$150.6	$60.7	$3.9	$33.6	$59.2	$157.4	$26.3
Less: purchases of property and equipment	$16.1	$3.6	$4.3	$4.3	$3.2	$15.3	$3.2
Less: cash paid for capitalized software development costs	$9.6	$2.5	$3.2	$3.4	$3.2	$12.2	$2.9
Free Cash Flow	**$124.9**	**$54.6**	**($3.6)**	**$26.0**	**$52.9**	**$129.9**	**$20.3**

Gross Profit

($ in millions)	Year Ended 1/31/2024	Three Months Ended 4/30/2024	7/31/2024	10/31/2024	1/31/2025	Year Ended 1/31/2025	Three Months Ended 4/30/2025
Gross Profit and Gross Margin							
Total GAAP revenue	**$ 910.4**	**$ 221.3**	**$ 210.2**	**$ 224.2**	**$ 253.5**	**$ 909.2**	**$ 208.1**
Recurring costs	162.9	35.9	36.3	38.7	39.1	150.1	42.1
Nonrecurring perpetual costs	32.1	8.8	8.8	8.5	9.9	36.0	7.2
Nonrecurring professional services and other costs	75.0	17.7	18.0	16.8	15.8	68.3	17.5
Amortization of acquired technology	7.1	1.4	1.6	1.5	2.3	6.8	2.3
Total GAAP cost of revenue	**277.1**	**63.8**	**64.7**	**65.6**	**67.1**	**261.1**	**69.2**
GAAP gross profit	**$ 633.3**	**$ 157.5**	**$ 145.4**	**$ 158.6**	**$ 186.5**	**$ 648.1**	**$ 138.9**
GAAP gross margin	**69.6%**	**71.2%**	**69.2%**	**70.8%**	**73.5%**	**71.3%**	**66.7%**
Revenue adjustments	1.1	-	-	-	-	-	-
Amortization of acquired technology	7.1	1.4	1.6	1.5	2.3	6.8	2.3
Stock-based compensation expenses	4.1	1.1	2.2	0.9	2.5	6.7	0.3
Acquisition and divestitures expenses (benefit), net	0.1	-	-	0.0	0.3	0.3	0.2
Restructuring expenses (benefit)	6.1	0.2	0.4	0.2	1.3	2.1	3.6
Non-GAAP gross profit	**$ 651.9**	**$ 160.1**	**$ 149.7**	**$ 161.3**	**$ 192.8**	**$ 663.9**	**$ 145.4**
Non-GAAP gross margin	**71.5%**	**72.4%**	**71.2%**	**72.0%**	**76.1%**	**73.0%**	**69.9%**

Operating Expenses

($ in millions)	Year Ended 1/31/2024	Three Months Ended 4/30/2024	7/31/2024	10/31/2024	1/31/2025	Year Ended 1/31/2025	Three Months Ended 4/30/2025
Research and Development, net							
GAAP research and development, net	**$ 133.8**	**$ 36.7**	**$ 35.4**	**$ 37.7**	**$ 39.5**	**$ 149.3**	**$ 40.6**
as a % of GAAP revenue	**14.7%**	**16.6%**	**16.8%**	**16.8%**	**15.6%**	**16.4%**	**19.5%**
Stock-based compensation expenses	(11.9)	(3.5)	(4.5)	(3.1)	(3.7)	(14.8)	(3.1)
Acquisition and divestitures expenses (benefit), net	(0.1)	-	(0.0)	(0.2)	(2.6)	(2.8)	1.2
Restructuring expenses	(0.3)	(1.5)	(0.2)	(0.4)	(1.1)	(3.1)	(2.4)
IT facilities and infrastructure realignment	(1.7)	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
Non-GAAP research and development, net	**$ 119.8**	**$ 31.7**	**$ 30.7**	**$ 34.1**	**$ 32.1**	**$ 128.7**	**$ 36.4**
as a % of non-GAAP revenue	**13.1%**	**14.3%**	**14.6%**	**15.2%**	**12.7%**	**14.2%**	**17.5%**
Selling, General and Administrative expenses							
GAAP selling, general and administrative expenses	**$ 405.9**	**$ 93.3**	**$ 93.2**	**$ 96.0**	**$ 97.1**	**$ 379.6**	**$ 89.7**
as a % of GAAP revenue	**44.6%**	**42.2%**	**44.3%**	**42.8%**	**38.3%**	**41.7%**	**43.1%**
Stock-based compensation expenses	(51.6)	(13.4)	(17.1)	(14.1)	(12.5)	(57.1)	(12.1)
Acquisition and divestitures expenses (benefit), net (2)	(15.7)	(0.2)	(0.8)	(1.0)	(5.8)	(7.9)	8.0
Restructuring expenses	(4.6)	(1.1)	(0.4)	(0.4)	(1.3)	(3.3)	(1.9)
Separation expenses (1)	(0.8)	-	-	-	-	-	-
Accelerated lease costs	(5.4)	-	-	-	-	-	-
IT facilities and infrastructure realignment	(18.2)	-	-	-	-	-	-
Other adjustments	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)
Non-GAAP selling, general and administrative expenses	**$ 309.4**	**$ 78.4**	**$ 74.7**	**$ 80.3**	**$ 77.4**	**$ 310.9**	**$ 83.7**
as a % of non-GAAP revenue	**33.9%**	**35.4%**	**35.5%**	**35.8%**	**30.5%**	**34.2%**	**40.2%**

(1) Effective February 1, 2024, separation expenses are immaterial and therefore included in Other adjustments.

(2) 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.

Divestiture

Divestiture ($ in millions)	Three Months Ended				Year Ended
	4/30/2023	7/31/2023	10/31/2023	1/31/2024	1/31/2024
Revenue					
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**
Cost of Revenue					
Total GAAP cost of revenue	**$ 68.4**	**$ 68.9**	**$ 65.5**	**$ 74.3**	**$ 277.1**
Cost of revenue from divested offering	5.7	5.7	4.8	8.5	24.5
Total GAAP cost of revenue without divested offering	**62.7**	**63.2**	**60.8**	**65.8**	**252.6**
Amortization of acquired technology	2.0	1.9	1.6	1.6	7.1
Stock-based compensation expenses	0.4	1.4	1.1	1.2	4.1
Acquisition and divestitures expenses, net	0.1	0.0	0.0	0.0	0.1
Restructuring expenses	0.3	1.0	0.0	0.7	2.0
Total non-GAAP cost of revenue without divested offering	**$ 60.0**	**$ 58.9**	**$ 58.1**	**$ 62.3**	**$ 239.3**
Operating Expenses					
Total GAAP operating expenses	**$ 139.4**	**$ 148.8**	**$ 126.3**	**$ 150.6**	**$ 565.1**
Operating expenses from divested offering	1.5	1.7	1.2	7.9	12.3
Total GAAP operating expenses without divested offering	**137.9**	**147.1**	**125.1**	**142.7**	**552.8**
Amortization of other acquired intangible assets	6.2	6.2	6.2	6.2	24.9
Stock-based compensation expenses	14.5	17.7	15.0	16.2	63.3
Acquisition and divestitures expenses (benefit), net	7.8	(1.8)	(0.2)	3.9	9.6
Restructuring expenses	1.1	2.0	0.5	0.7	4.4
Accelerated lease costs	0.3	4.7	0.1	0.1	5.2
IT facilities and infrastructure realignment	2.8	13.5	1.9	1.4	19.6
Other adjustments	0.2	0.4	0.2	0.2	1.0
Total non-GAAP operating expenses without divested offering	**$ 105.1**	**$ 104.3**	**$ 101.3**	**$ 114.0**	**$ 424.8**

Net Income, Diluted EPS and Shares

(in thousands)	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
GAAP net (loss) income attributable to Verint Systems Inc. common shares	**$ (2,378)**	**$ 10,041**
Amortization of acquired technology	2,308	1,358
Amortization of other acquired intangible assets	3,519	3,065
Stock-based compensation expenses	15,467	18,021
Acquisition and divestitures (benefit) expenses, net	(9,032)	205
Restructuring expenses	7,953	2,780
Other adjustments	465	109
Non-GAAP tax adjustments	124	1,778
Dividends, reversed due to assumed conversion of preferred stock(3)	—	5,200
Total adjustments	20,804	32,516
Non-GAAP net income attributable to Verint Systems Inc. common shares	**$ 18,426**	**$ 42,557**

Diluted Net (Loss) Income Per Common Share Attributable to Verint Systems Inc.

(in thousands, except per share data)	Three Months Ended April 30, 2025	Three Months Ended April 30, 2024
GAAP diluted net (loss) income per common share attributable to Verint Systems Inc.	$ (0.04)	$ 0.16
Non-GAAP diluted net income per common share attributable to Verint Systems Inc.(3)	$ 0.29	$ 0.59
GAAP weighted-average shares used in computing diluted net (loss) income per common share attributable to Verint Systems Inc.	**61,916**	**62,845**
Additional weighted-average shares applicable to non-GAAP diluted net income per common share attributable to Verint Systems Inc.	768	9,477
Non-GAAP diluted weighted-average shares used in computing net income per common share attributable to Verint Systems Inc.(3)	**62,684**	**72,322**

(3) EPS calculation includes the more dilutive of either preferred stock dividends or conversion of preferred stock shares. Dividends on the preferred stock were more dilutive in the three months ended April 30, 2025. Conversion of the outstanding preferred shares was more dilutive in the three months ended April 30, 2024.

Supplemental Information

Non-GAAP Financial 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 revenue from divested manual quality managed services, non-GAAP cost of revenue from divested manual quality managed services, non-GAAP gross profit and gross margins, non-GAAP research and development, net, non-GAAP selling, general and administrative expenses, non-GAAP operating expenses from divested manual quality managed services and free cash flow. 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.

Non-GAAP financial measures should not be considered in isolation, as substitutes for, or superior to, comparable GAAP financial measures. The non-GAAP financial measures we present have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP, and these non-GAAP financial measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP financial measures. These non-GAAP financial measures do not represent discretionary cash available to us to invest in the growth of our business, and we may in the future incur expenses similar to or in addition to the adjustments made in these non-GAAP financial measures. Other companies may calculate similar non-GAAP financial measures differently than we do, limiting their usefulness as comparative measures.

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.

Supplemental Information

•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. Separation expenses incurred through January 31, 2024 are recorded under this category in this document. Effective February 1, 2024, these expenses are included in Impairment charges and other adjustments, as defined below.

•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. Effective February 1, 2024, separation expenses excluded from our non-GAAP financial measures are included in this category within this document. We exclude from our non-GAAP financial measures separation expenses incurred in connection with the spin-off of our former Cyber Intelligence Solutions business, 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. 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 a tax-related indemnification asset as a result of the spin-off. These costs were incremental to our normal operating expenses and were incurred solely as a result of the separation transaction. Separation expenses (benefit) incurred through January 31, 2024 are included in the Separation expenses (benefit) category of this document, as defined above.

Supplemental Information

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 ending January 31, 2026 is currently approximately 11% and was 12% for the year ended January 31, 2025. 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.

Supplemental Information

Definition of Certain Non-GAAP Financial Metrics

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

Operating Metrics

Subscription Annual Recurring Revenue (ARR) represents the annualized quarterly run-rate value of our active or signed subscription agreements at the end of the period and is comprised of the ARR calculated for our SaaS, Support, and Optional Managed Services contracts. Under ASC Topic 606, Revenue from Contracts with Customers, we are required to recognize a significant portion of our Unbundled SaaS contracts at a point in time when the software is first made available to the customer, or at the beginning of the subscription term, despite the fact that our contracts typically call for billing these amounts annually or more frequently over the life of the subscription. This point-in-time recognition of a portion of our recurring revenue creates significant variability in the revenue recognized period to period based on the timing of the subscription start date and the subscription term and can create a significant difference between the timing of our revenue recognition and the actual customer billing under the contract. We use ARR to measure the underlying performance of our subscription-based contracts and mitigate the impact of this variability as ARR reduces fluctuations due to seasonality, contract term, and the sales mix of subscriptions. ARR should be viewed independently of revenue, and does not represent our revenue under ASC 606 on an annualized basis, as it is an operating metric that is impacted by contract start and end dates and renewal rates. ARR is not intended to be a replacement for forecasts of revenue and does not include revenue reported as nonrecurring revenue in our consolidated statement of operations. ARR does not have any standardized meaning and is therefore unlikely to be comparable to similarly titled measures presented by other companies. Investors should consider our ARR operating measure only in conjunction with our GAAP financial results.

AI Annual Recurring Revenue (AI ARR) is the portion of ARR that is derived from solutions that include AI-functionality, and represents the annualized quarterly run-rate value of the associated active or signed SaaS agreements as of the end of a period. At present, these AI solutions are hosted by Verint.

Non-AI Annual Recurring Revenue (Non-AI ARR) is the portion of ARR that is derived from our SaaS, Support, and Optional Managed Services contracts that do not include AI-functionality, and represents the annualized quarterly run rate of such active or signed agreements as of the end of a period.

Cash Generation represents the sum of ARR and nonrecurring perpetual and nonrecurring professional services and other revenue and provides an estimate of the cash-producing potential of our entire business.

Cash Contribution is defined as Cash Generation less non-GAAP cost of revenue and operating expenses and helps assess how effectively we convert our revenue streams into cash.