



# FY21 Third Quarter Conference Call

Actionable Intelligence®

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December 9, 2020

**VERINT®**

# Disclaimers

## **Forward Looking Statements**

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## **Non-GAAP Financial Measures**

This presentation includes financial measures which are not prepared in accordance with generally accepted accounting principles ("GAAP"), 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](https://www.verint.com).

# Q3 Overview



## Strong Results

- Strong sequential revenue growth
- Q3 adjusted EBITDA up 17% year-over-year; GAAP operating income of \$38 million
- YTD GAAP cash from operations up 16% year-over-year



## Strong Execution

- Customer Engagement cloud momentum
- Cyber Intelligence margin expansion

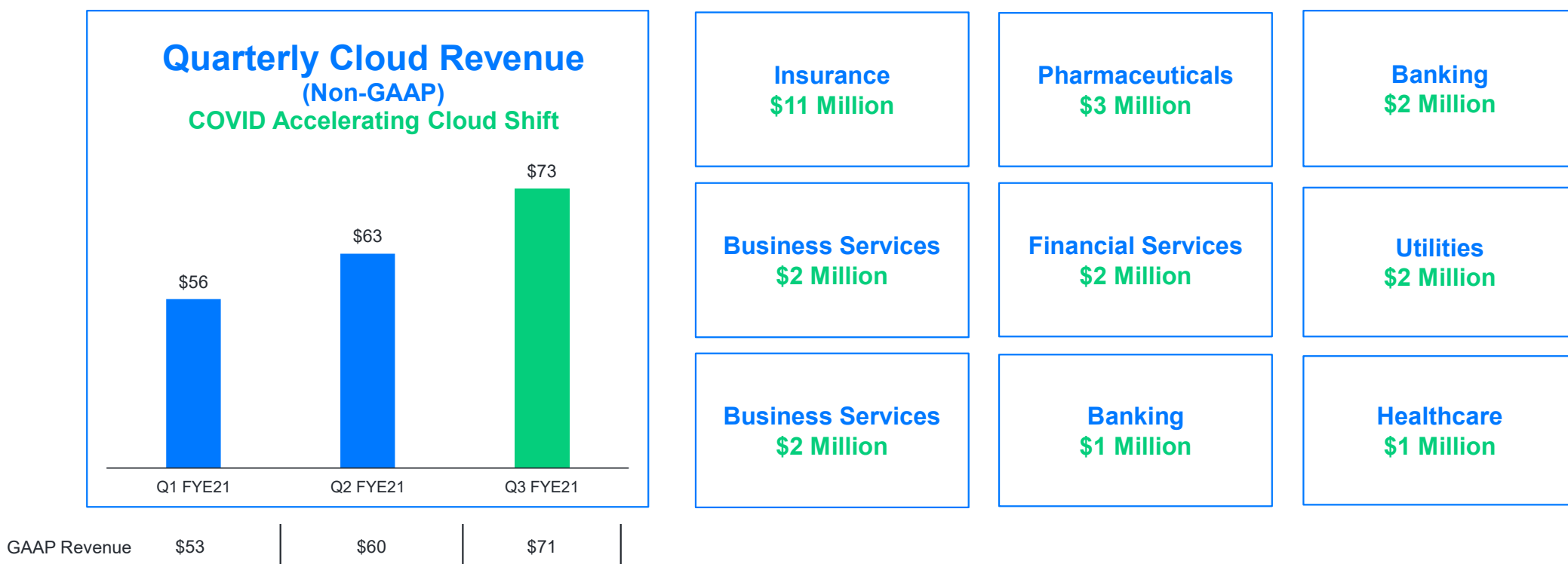


## Positive Outlook

- Expect strong Q4 and resuming guidance
- Separation plan on track for shortly after year-end
- Investor days and roadshows to be held in January ahead of separation

# Customer Engagement Leadership

## Strong Cloud Momentum with Many Seven Figure Deals in Q3



Note: Figures in the chart are in millions of USD and on a non-GAAP basis. Deal values are on a TCV basis.

# Customer Engagement Market Leadership

## Well Positioned to Address Recent Industry Trends

COVID  
impact on  
workforce

New workforce environment creates significant opportunities for Verint

The  
Strategic  
Problem

Striking the right balance: cost efficiencies and exceptional customer experience

Partner  
Ecosystem

Verint's open platform makes Verint the partner of choice

Cloud  
Conversions

Cloud conversions increase as industry cloud adoption accelerates

# Customer Engagement - FYE21 Guidance

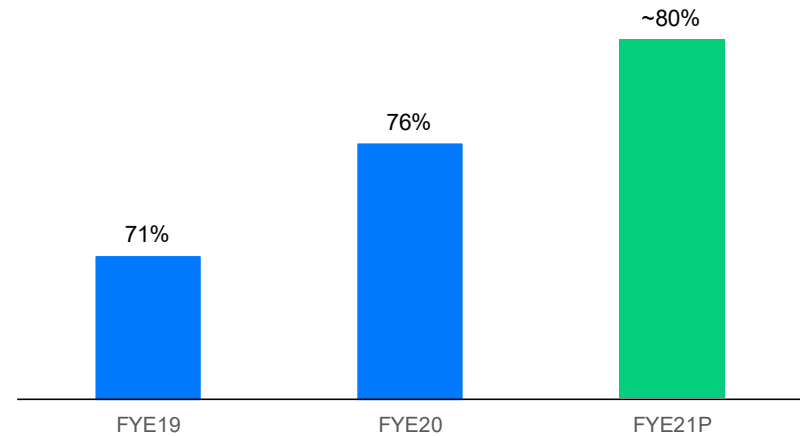
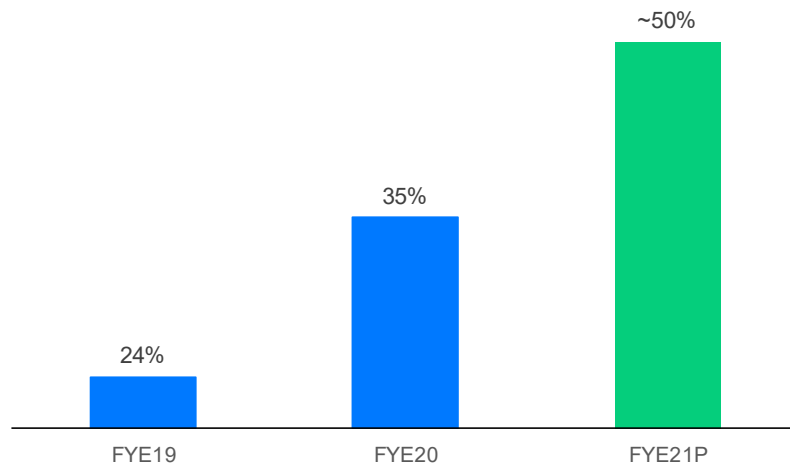
Reflects Achieving Two Cloud Milestones – Mix and Recurring Revenue

FYE21 Non-GAAP Revenue Guidance: \$835 million (at mid-point)

## Cloud KPIs – FYE19 to FYE21P

% of New Perpetual License Equivalent from SaaS

% of Software Revenue that is Recurring



GAAP % of  
Software Revenue  
that is Recurring

FYE19

FYE20

FYE21P

70%

75%



Note: Non-GAAP metrics unless otherwise noted.

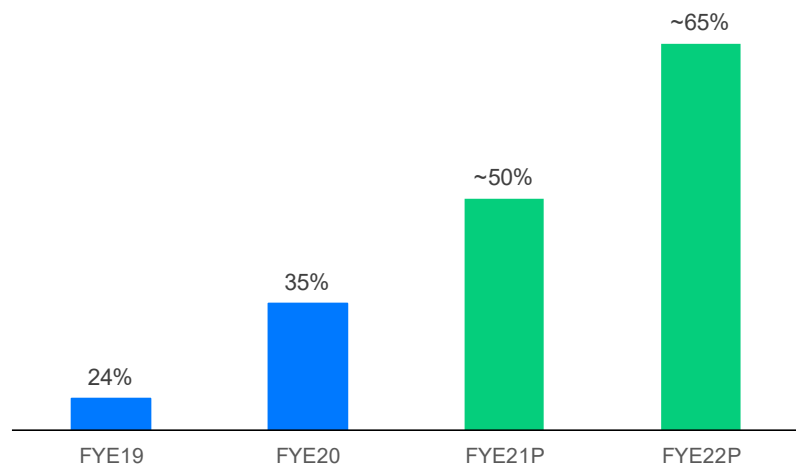
# Cloud Revenue Growth to Accelerate in FYE22

## Targeting to Substantially Complete Cloud Transition Next Year

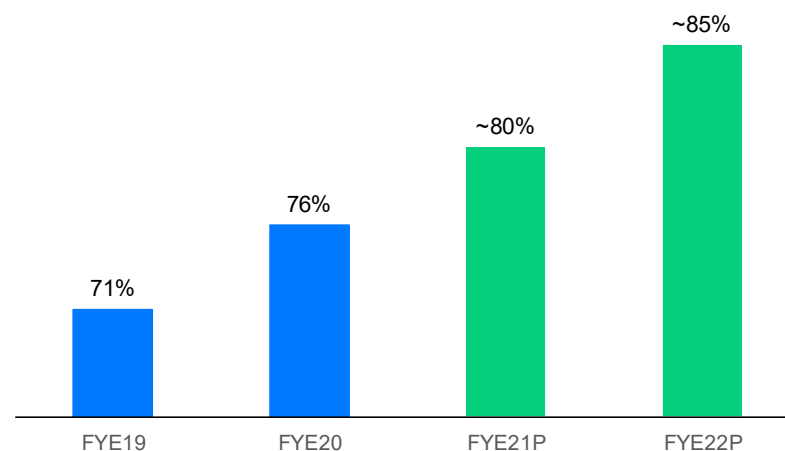
Targeting ~30% Cloud Revenue Growth in FYE22

### Cloud KPIs - Momentum Expected to Continue in FYE22

% of New Perpetual License Equivalent from SaaS



% of Software Revenue that is Recurring



GAAP % of  
Software Revenue  
that is Recurring

FYE19

70%

FYE20

75%

FYE21P

FYE22P



Note: Non-GAAP metrics unless otherwise noted.

# Customer Engagement Long Term Targets

FYE22 - FYE24: ~30% Cloud Revenue CAGR

FYE23 - FYE24: Revenue Growth and Margins Gradually Improve Post Cloud Transition Completion

FYE24: Targeting Revenue of \$1 Billion with 90% of Software Revenue Recurring

Customer Engagement Virtual Investor Day on January 21<sup>st</sup>



Note: Non-GAAP metrics unless otherwise noted.

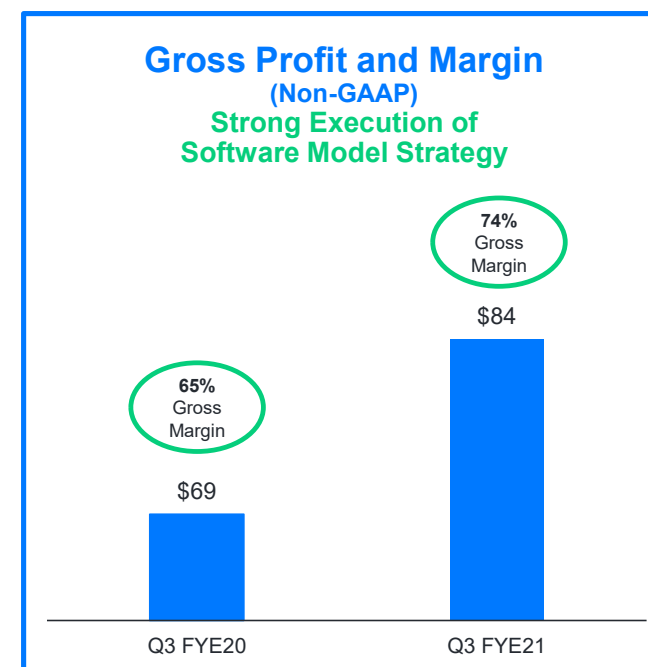
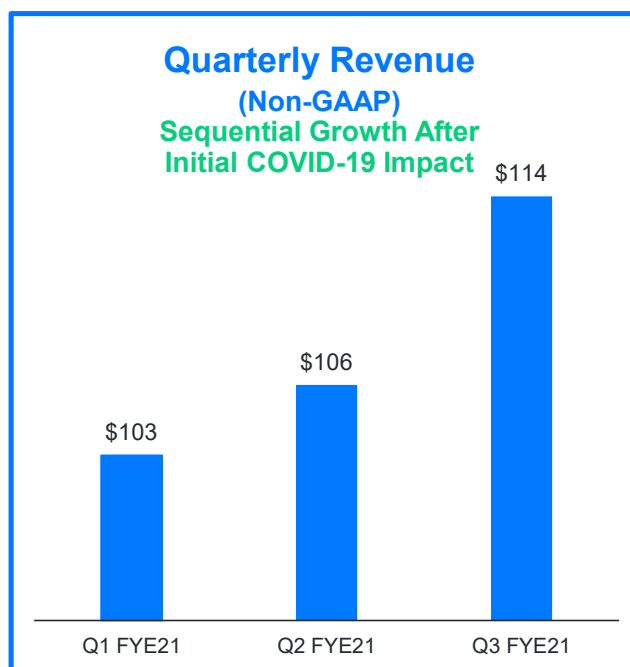


# Cognyte

NASDAQ Symbol: CGNT

# Cyber Intelligence Leadership

## Strong Sequential Growth and Improved Q4 Visibility



GAAP  
Revenue

\$101

\$105

\$113

GAAP  
Gross Profit  
and Margin

\$68; 64%

\$82; 73%



Note: Non-GAAP metrics unless otherwise noted. Millions of USD. Gross profit and gross margin metrics are estimated fully allocated.

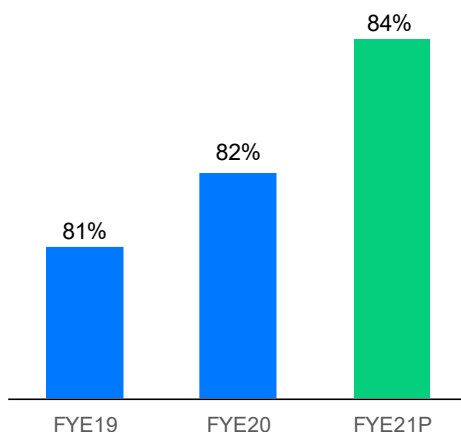
# Cyber Intelligence FYE21 Guidance

## Reflects Strong Execution of Software Model

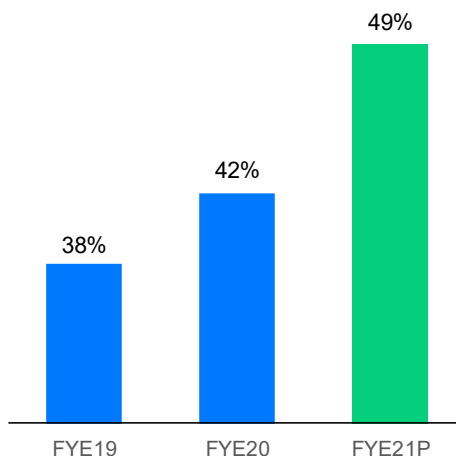
FYE21 Non-GAAP Revenue Guidance: \$445 million (at mid-point)

### Software Model KPIs – FYE19 to FYE21P

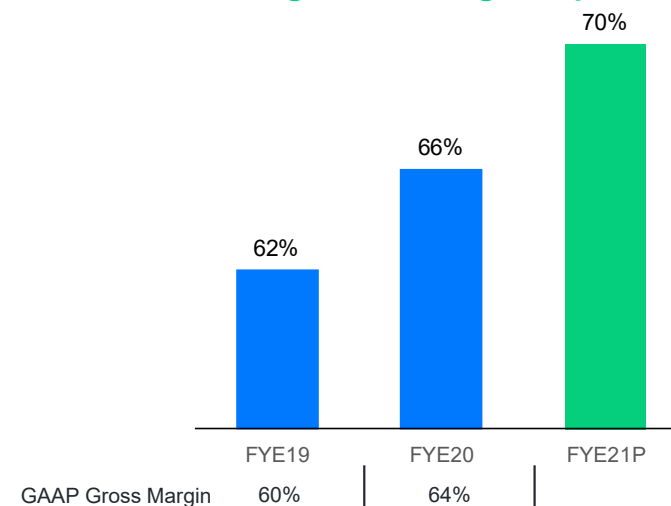
% of Revenue from Software



% of Revenue that is Recurring



Strong Gross Margin Expansion



Note: Non-GAAP metrics unless otherwise noted. GAAP and non-GAAP metrics are the same unless otherwise noted. Gross margin is estimated fully allocated.

# Cyber Intelligence Market Leadership

## Security Analytics Software Market Leader – Positioned for Growth

Large  
TAM

Large total addressable market of ~\$30 billion; Growing 10%

Growth  
Trends

Security challenges becoming more complex

Differentiated  
Platform

Differentiated platform with cutting edge security analytics and AI technology

Track  
Record

Strong track record in the security analytics market with profitable growth

# Cyber Intelligence FYE22 and Long-Term Targets

FYE22: 10% Revenue Growth

FYE23 and FYE24: Faster Adoption of Open Software Increases Revenue Growth Rate

Cyber Intelligence Virtual Investor Day on January 11th



Note: Non-GAAP metrics unless otherwise noted.

# Summary

Strong  
Execution

Executing well on our cloud and software model strategies

Separation  
on Track

Both businesses well positioned for post-separation success

# Financial Review



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# Discussion Topics

**Q3 Summary and FYE21 Guidance**

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**FYE22 Initial “As Is” Outlook**

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**Separation Update**

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**Customer Engagement – Post-Separation Targets**

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**Cyber Intelligence – Standalone Targets**



# Q3 Summary and FYE21 Guidance (Non-GAAP)

## Q3 Summary

- **Revenue:** 6% sequential revenue growth
- **Adjusted EBITDA:** 17% year-over-year growth; **GAAP Operating Income:** \$38 million
- **GAAP Cash from Operations:** 16% growth YTD

## FYE21 Guidance

- **Revenue:** \$1.28 billion +/- 1%
  - Customer Engagement \$835 million; Cyber Intelligence: \$445 million
- **Adjusted EBITDA:** \$330 million (at mid-point of revenue guidance)
- **Interest and Other Expense:** \$25 million
- **Fully Diluted Shares:** ~69 million (reflects Apax tranche one preferred investment closed in May 2020)
- **Diluted EPS:** \$3.40 (at mid-point of revenue guidance)

# FYE22 Initial Outlook (Non-GAAP)

## “As Is” Scenario – Assumes No Separation in FYE22

### FYE22 Initial Outlook (“As Is”)

- **Revenue:** ~5% growth year-over-year or ~\$1.35 billion
- **Adjusted EBITDA:** ~5% growth year-over-year on a consolidated basis
- **Other Model Assumptions**
  - **Interest and Other Expense:** \$20 million
  - **Fully Diluted Shares:** ~71.5 million (reflects full year of Apax tranche one preferred investment)
  - **Tax Rate:** 8.5%
  - Before dis-synergies and capital structure changes associated with the separation

# Separation Update

## Timeline

- **Within Next Two Weeks:** Public filing of 20-F
- **January 11, 2021:** Cognyte Virtual Investor Day
- **January 21, 2021:** Verint Virtual Investor Day
- **2<sup>nd</sup> Half of January:** Cognyte and Verint management roadshows
- **Shortly After January 31, 2021:** Separation effective

## Capital Structure

- Cognyte to be spun with working capital to support operations
- Verint post-separation net leverage: ~1.0x
  - Verint retains all existing debt
  - Apax tranche two investment terms previously disclosed
- Strong cash generation in both companies

## Separation Dis-Synergies

- Separation dis-synergies of \$15 million per company in FYE22
- Public company, IT and shared business service expenses



Note: Net leverage excludes tranche one of the Apax preferred investment.

# Verint Post-Separation



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# Customer Engagement – Post Separation

## FYE21 and FYE22 Bookings and Revenue Outlook (Non-GAAP)

### Cloud Revenue

**Strong  
Momentum**

- **Cloud Bookings:** >40% New SaaS ACV growth in FYE21 drives revenue growth in future periods
- **Cloud Revenue:** Increasing to ~30% growth in FYE22 from ~20% growth in FYE21 (excluding ForeSee)
- **Cloud Mix:** New software bookings from SaaS increasing to ~65% in FYE22 from ~50% in FYE21
- **Recurring Revenue:** Software revenue that is recurring increasing to 85% in FYE22 from 80% in FYE21

### Perpetual License Revenue

- **FYE21:** Declines to ~\$140 million due to cloud first strategy and COVID impact
- **FYE22:** Continues to decline as we substantially complete our cloud transition

### FYE22 Growth

- 10% New Perpetual License Equivalent bookings growth
- Low single digit revenue and EBITDA growth in FYE22 before separation dis-synergies

# Customer Engagement – Post Separation

## FYE22 - FYE24 Targets (Non-GAAP)

### Revenue and Margin Targets

- **Cloud Revenue:** ~30% CAGR driven by new orders and conversions
- **Revenue:** Targeting growth rate acceleration post substantial completion of cloud transition in FYE22
- **Margins:** One time step down in FYE22 from dis-synergies followed by on-going expansion
- **Economics:** Cloud model drives better economics than perpetual over the long run

FYE24 Target: \$1 billion of revenue with 90% of software revenue recurring



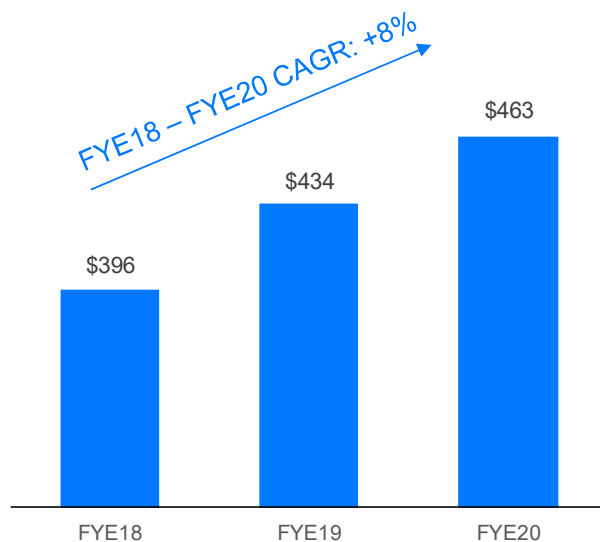
Note: Non-GAAP metrics unless otherwise noted.

# Cognyte

NASDAQ Symbol: CGNT

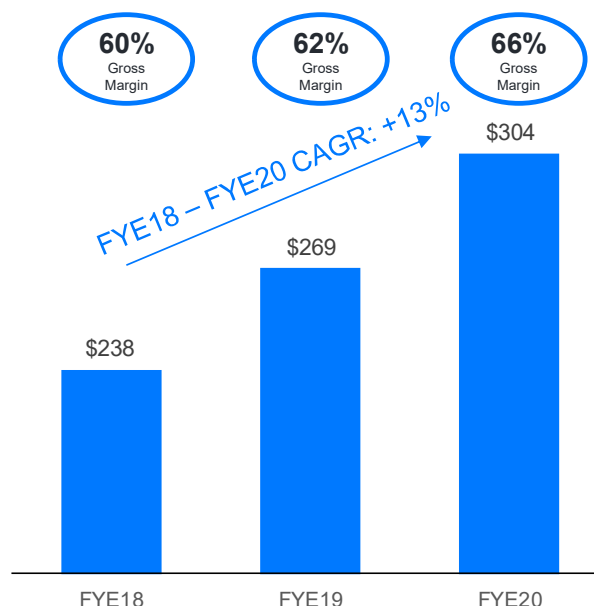
# Strong Historical EBITDA Growth – Last 3 Years

## Revenue



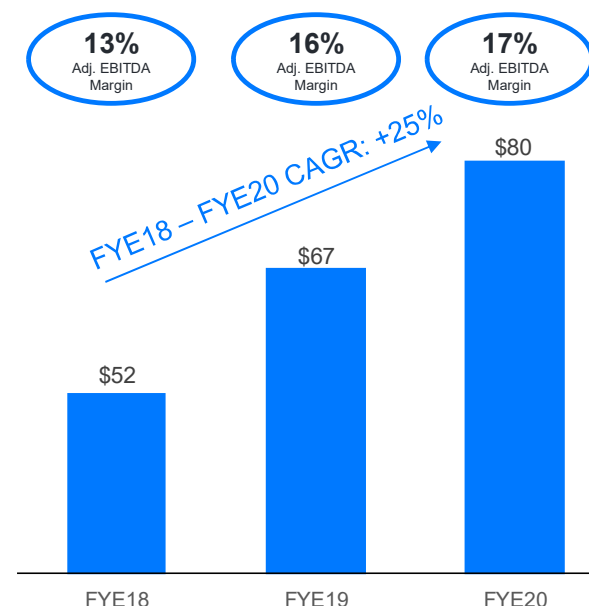
**Open Analytics Adoption**

## Gross Profit



**Software/Services Mix Shift**

## Adjusted EBITDA



**Operating Leverage with Scale**

GAAP Revenue

\$395	\$433	\$457
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GAAP GP and Gross Margin

\$219; 55%	\$259; 60%	\$293; 64%
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GAAP Operating Income

-\$5	\$21	\$21
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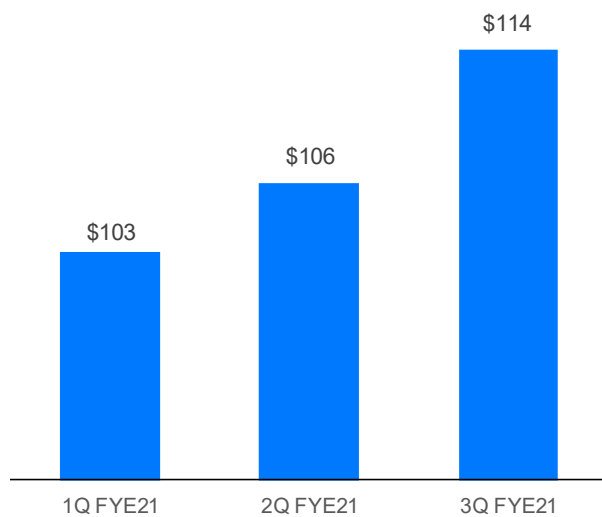
Note: Non-GAAP metrics unless otherwise noted. Millions of USD. Gross profit, gross margin, Adjusted EBITDA and Adjusted EBITDA margin are estimated fully allocated.



# FYE21 First Three Quarters and Full Year Outlook

## Revenue

Sequential growth throughout year after initial COVID impact

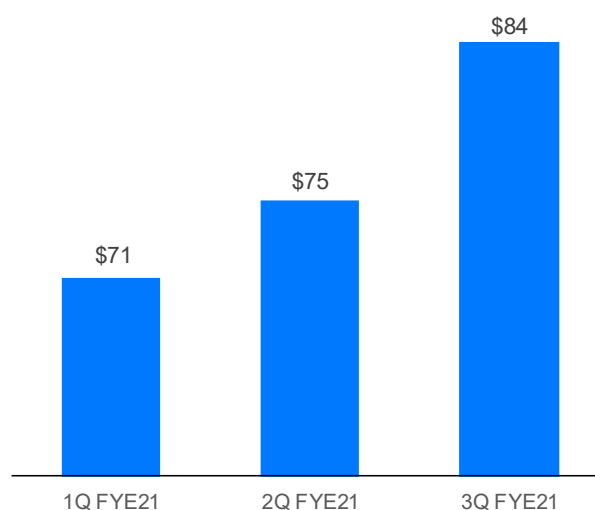


GAAP Revenue

1Q FYE21	2Q FYE21	3Q FYE21
\$101	\$105	\$113

## Gross Profit

YTD: 7% y-o-y gross profit growth

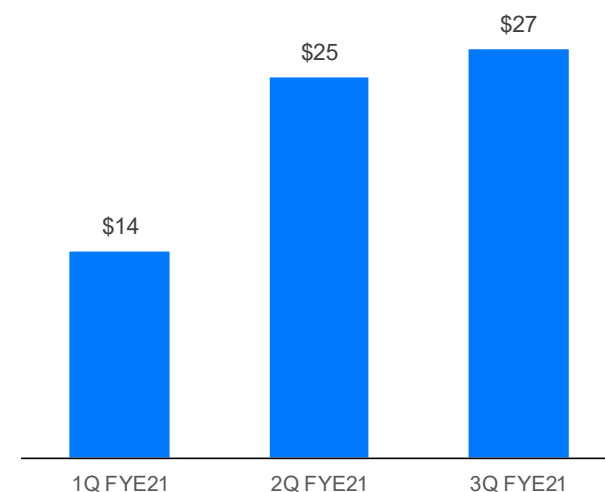


GAAP GP

1Q FYE21	2Q FYE21	3Q FYE21
\$69	\$73	\$82

## Adjusted EBITDA

YTD: 35% y-o-y Adjusted EBITDA growth



GAAP Operating Income

1Q FYE21	2Q FYE21	3Q FYE21
\$0	\$11	\$11

**FYE21 Full Year Non-GAAP Outlook: \$445 million of revenue, 70% gross margin and \$90 million Adjusted EBITDA**



Note: Non-GAAP metrics unless otherwise noted. Millions of USD. Gross profit and Adjusted EBITDA are estimated fully allocated.

# Cognyte Standalone Company

## FYE22 – FYE24 Targets (Non-GAAP)

**10% Revenue Growth in FYE22 and Faster Growth in FYE23 and FYE24**

*Improvement driven by faster adoption of open analytics software*

*Low-to-mid teens revenue growth rate in FYE24*

**Expanding Margins From Continued Execution of Software Strategy**

*One-time step down in FYE22 due to dis-synergies followed by on-going expansion*



Note: Non-GAAP metrics unless otherwise noted.

# Summary



## Strong Results

- Strong sequential revenue growth
- Q3 adjusted EBITDA up 17% year-over-year; GAAP operating income of \$38 million
- YTD GAAP cash from operations up 16% year-over-year



## Strong Execution

- Customer Engagement cloud momentum
- Cyber Intelligence margin expansion



## Positive Outlook

- Expect strong Q4 and resuming guidance
- Separation plan on track for shortly after year-end
- Investor days and roadshows to be held in January ahead of separation



# Appendix



# Financial Outlook

Our non-GAAP outlook for the year ending January 31, 2021 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

- Amortization of intangible assets approximately \$50 million, including \$48 million in Customer Engagement, and \$2 million in Cyber Intelligence.
- Amortization of discount on convertible notes of approximately \$13 million, all of which pertains to Customer Engagement.
- Costs to separate Verint into two independent public companies of approximately \$45 million, including \$28 million attributable to Customer Engagement, and \$17 million attributable to Cyber Intelligence.

Our non-GAAP outlook for the year ending January 31, 2021 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Revenue adjustments are expected to be between approximately \$12 million and \$15 million, including between \$9 million and \$11 million in Customer Engagement, and between \$3 million and \$4 million in Cyber Intelligence.
- Stock-based compensation is expected to be between approximately \$68 million and \$78 million, assuming market prices for our common stock approximately consistent with current levels, including between \$46 million and \$52 million in Customer Engagement, and between \$22 million and \$26 million in Cyber Intelligence.

Our initial “As Is” scenario non-GAAP outlook for the year ending January 31, 2022 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

- Amortization of intangible assets approximately \$46 million,
- Amortization of discount on convertible notes of approximately \$4 million.

Our initial “As Is” scenario non-GAAP outlook for the year ending January 31, 2022 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Revenue adjustments are expected to be between approximately \$4 million and \$7 million.
- Stock-based compensation is expected to be between approximately \$95 million and \$105 million, assuming market prices for our common stock approximately consistent with current levels.

Our initial “Customer Engagement” Post Separation non-GAAP outlook for the year ending January 31, 2022 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

- Amortization of intangible assets approximately \$44 million.
- Amortization of discount on convertible notes of approximately \$4 million.

Our initial “Customer Engagement” Post Separation non-GAAP outlook for the year ending January 31, 2022 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Revenue adjustments are expected to be between approximately \$3 million and \$5 million.
- Stock-based compensation is expected to be between approximately \$64 million and \$70 million, assuming market prices for our common stock approximately consistent with current levels.

Our initial “Cognyte” Post Separation non-GAAP outlook for the year ending January 31, 2022 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

- Amortization of intangible assets approximately \$2 million.

Our initial “Cognyte” Post Separation non-GAAP outlook for the year ending January 31, 2022 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Revenue adjustments are expected to be between approximately \$1 million and \$2 million.
- Stock-based compensation is expected to be between approximately \$31 million and \$35 million, assuming market prices for our common stock approximately consistent with current levels.

# Financial Outlook

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 ended October 31, July 31, and April 31, 2020 and years ended January 31, 2020, 2019, 2018 and 2017 for the GAAP measures excluded from our non-GAAP outlook appear in the GAAP to Non-GAAP Reconciliation Tables contained in this presentation.

Our non-GAAP Consolidated, Customer Engagement, and Cognyte three-year targets exclude various GAAP measures, including:

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

We are unable, without unreasonable efforts, to provide a reconciliation for these GAAP measures which are excluded from our non-GAAP Consolidated, Customer Engagement, and Cognyte 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 Consolidated, Customer Engagement, and Cognyte three-year targets reflect foreign currency exchange rates approximately consistent with current rates.

# Consolidated Summary Metrics

(\$ in millions)		Year Ended 1/31/2017		Year Ended 1/31/2018		Year Ended 1/31/2019		Three Months Ended								Year Ended 1/31/2020		Three Months Ended					
		GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	4/30/2019	Non-GAAP	7/31/2019	Non-GAAP	10/31/2019	Non-GAAP	1/31/2020	Non-GAAP	GAAP	Non-GAAP	4/30/2020	Non-GAAP	7/31/2020	Non-GAAP	10/31/2020	Non-GAAP
Revenue	Total Revenue	\$1,062.1	\$1,072.7	\$1,135.2	\$1,150.5	\$1,229.7	\$1,245.1	\$315.3	\$324.2	\$324.3	\$331.3	\$324.9	\$331.1	\$339.2	\$349.5	\$1,303.6	\$1,336.0	\$287.3	\$291.6	\$309.1	\$313.4	\$328.2	\$331.1
Shared Support Metrics	Segment Expenses*	\$849.7	\$717.9	\$891.0	\$769.6	\$914.4	\$814.3	\$244.8	\$218.0	\$249.0	\$221.0	\$238.2	\$211.3	\$249.5	\$217.1	\$981.5	\$867.4	\$226.3	\$200.9	\$211.1	\$187.4	\$225.6	\$199.7
	% of Total Expenses	81.3%	82.7%	82.0%	83.3%	82.0%	83.2%	81.4%	83.3%	80.6%	83.3%	80.7%	82.3%	80.2%	83.2%	80.7%	83.0%	80.5%	82.3%	79.1%	82.1%	77.7%	81.8%
	Shared Support Expenses**	\$195.0	\$150.2	\$195.6	\$154.7	\$201.1	\$163.9	\$56.0	\$43.9	\$60.0	\$44.4	\$56.8	\$45.4	\$61.4	\$43.7	\$234.3	\$177.3	\$54.9	\$43.3	\$55.7	\$40.8	\$64.8	\$44.6
	% of Total Expenses	18.7%	17.3%	18.0%	16.7%	18.0%	16.8%	18.6%	16.7%	19.4%	16.7%	19.3%	17.7%	19.8%	16.8%	19.3%	17.0%	19.5%	17.7%	20.9%	17.9%	22.3%	18.2%
Profitability Metrics	Estimated Fully Allocated Gross Profit	\$639.5	\$698.3	\$688.4	\$752.7	\$780.5	\$828.9	\$201.1	\$218.6	\$207.9	\$223.6	\$211.6	\$226.2	\$219.3	\$238.7	\$839.9	\$907.1	\$185.0	\$196.7	\$211.0	\$221.5	\$225.0	\$235.0
	Estimated Fully Allocated Gross Margin %	60.2%	65.1%	60.6%	65.4%	63.5%	66.6%	63.8%	67.4%	64.1%	67.5%	65.1%	68.3%	64.7%	68.3%	64.4%	67.9%	64.4%	67.4%	68.3%	70.7%	68.6%	71.0%
	Estimated Fully Allocated Operating Income	\$17.4	\$204.6	\$48.6	\$226.1	\$114.2	\$266.9	\$14.5	\$62.3	\$15.3	\$65.9	\$29.8	\$74.4	\$28.3	\$88.7	\$87.9	\$291.3	\$6.2	\$47.4	\$42.3	\$85.2	\$37.7	\$86.9
	Estimated Fully Allocated Operating Margin %	1.6%	19.1%	4.3%	19.7%	9.3%	21.4%	4.6%	19.2%	4.7%	19.9%	9.2%	22.5%	8.3%	25.4%	6.7%	21.8%	2.1%	16.3%	13.7%	27.2%	11.5%	26.2%
	Estimated Fully Allocated EBITDA	\$233.5	\$256.6		\$256.6		\$296.7		\$70.1		\$73.8		\$83.1		\$97.0		\$324.6		\$58.0		\$95.8		\$97.1
	Fully Allocated Estimated EBITDA Margin		21.8%		22.3%		23.8%		21.6%		22.3%		25.1%		27.9%		24.3%		19.9%		30.6%		29.3%

# Consolidated Revenue

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
Customer Engagement	\$ 705.9	\$ 740.1	\$ 796.3	\$ 207.1	\$ 211.4	\$ 217.9	\$ 210.1	\$ 846.5	\$ 185.9	\$ 204.1	\$ 215.2
Cyber Intelligence	356.2	395.1	433.4	108.2	112.9	106.9	129.1	457.1	101.4	105.0	113.0
<b>GAAP Total Revenue</b>	<b>\$ 1,062.1</b>	<b>\$ 1,135.2</b>	<b>\$ 1,229.7</b>	<b>\$ 315.3</b>	<b>\$ 324.3</b>	<b>\$ 324.9</b>	<b>\$ 339.2</b>	<b>\$ 1,303.6</b>	<b>\$ 287.3</b>	<b>\$ 309.1</b>	<b>\$ 328.2</b>
<b>Revenue Adjustments:</b>											
Customer Engagement	\$ 10.3	\$ 14.9	\$ 15.0	\$ 8.8	\$ 7.0	\$ 6.2	\$ 4.7	\$ 26.7	\$ 3.3	\$ 3.1	\$ 2.2
Cyber Intelligence	0.3	0.4	0.4	0.1	-	-	5.6	5.7	1.1	1.2	0.7
<b>Total Revenue Adjustments</b>	<b>\$ 10.6</b>	<b>\$ 15.3</b>	<b>\$ 15.4</b>	<b>\$ 8.9</b>	<b>\$ 7.0</b>	<b>\$ 6.2</b>	<b>\$ 10.3</b>	<b>\$ 32.4</b>	<b>\$ 4.4</b>	<b>\$ 4.3</b>	<b>\$ 2.9</b>
<b>Non-GAAP Revenue by Segment:</b>											
Customer Engagement	\$ 716.2	\$ 755.0	\$ 811.3	\$ 215.9	\$ 218.4	\$ 224.1	\$ 214.8	\$ 873.2	\$ 189.1	\$ 207.1	\$ 217.4
Cyber Intelligence	356.5	395.5	433.8	108.3	112.9	106.9	134.7	462.8	102.5	106.3	113.7
<b>Non-GAAP Total Revenue</b>	<b>\$ 1,072.7</b>	<b>\$ 1,150.5</b>	<b>\$ 1,245.1</b>	<b>\$ 324.2</b>	<b>\$ 331.3</b>	<b>\$ 331.1</b>	<b>\$ 349.5</b>	<b>\$ 1,336.0</b>	<b>\$ 291.6</b>	<b>\$ 313.4</b>	<b>\$ 331.1</b>



# Consolidated Gross Profit

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>Total GAAP revenue</b>	<b>\$ 1,062.1</b>	<b>\$ 1,135.2</b>	<b>\$ 1,229.7</b>	<b>\$ 315.3</b>	<b>\$ 324.3</b>	<b>\$ 324.9</b>	<b>\$ 339.2</b>	<b>\$ 1,303.6</b>	<b>\$ 287.3</b>	<b>\$ 309.1</b>	<b>\$ 328.2</b>
Segment product costs	116.9	127.0	125.6	26.3	27.5	28.5	36.4	118.7	20.6	23.4	20.5
Segment service expenses	244.6	261.5	279.5	76.5	76.8	73.0	71.0	297.3	73.5	65.8	71.7
Amortization of acquired technology	37.4	38.2	25.4	6.7	5.6	6.0	5.7	24.0	4.6	4.4	4.3
Stock-based compensation expenses (1)	8.6	8.4	5.7	1.4	2.0	1.8	3.0	8.2	1.0	1.7	2.3
Shared support expenses allocation (2)	15.2	11.7	13.0	3.3	4.5	4.0	3.7	15.5	2.6	2.7	4.4
<b>Total GAAP cost of revenue</b>	<b>\$ 422.6</b>	<b>\$ 446.8</b>	<b>\$ 449.2</b>	<b>\$ 114.2</b>	<b>\$ 116.4</b>	<b>\$ 113.3</b>	<b>\$ 119.9</b>	<b>\$ 463.8</b>	<b>\$ 102.3</b>	<b>\$ 98.1</b>	<b>\$ 103.2</b>
<b>GAAP gross profit</b>	<b>\$ 639.5</b>	<b>\$ 688.4</b>	<b>\$ 780.5</b>	<b>\$ 201.1</b>	<b>\$ 207.9</b>	<b>\$ 211.6</b>	<b>\$ 219.3</b>	<b>\$ 839.9</b>	<b>\$ 185.0</b>	<b>\$ 211.0</b>	<b>\$ 225.0</b>
<b>GAAP gross margin</b>	<b>60.2%</b>	<b>60.6%</b>	<b>63.5%</b>	<b>63.8%</b>	<b>64.1%</b>	<b>65.1%</b>	<b>64.7%</b>	<b>64.4%</b>	<b>64.4%</b>	<b>68.3%</b>	<b>68.6%</b>
Revenue adjustments	10.6	15.3	15.4	8.9	7.0	6.2	10.3	32.4	4.4	4.3	2.9
Amortization of acquired technology	37.4	38.2	25.4	6.7	5.6	6.0	5.7	24.0	4.6	4.4	4.3
Stock-based compensation expenses (1)	8.6	8.5	5.7	1.4	2.0	1.8	3.0	8.2	1.0	1.7	2.3
Acquisition expenses, net (3)	-	0.1	0.4	-	-	0.0	0.1	0.1	0.2	0.1	0.1
Restructuring expenses (3)	2.3	2.2	1.5	0.5	1.1	0.7	0.4	2.5	1.6	(0.1)	0.2
Separation expenses (3)	-	-	-	-	-	-	-	-	-	-	0.1
Impairment charges (3)	-	-	-	-	-	-	-	-	-	-	0.1
<b>Estimated fully allocated non-GAAP gross profit</b>	<b>\$ 698.3</b>	<b>\$ 752.7</b>	<b>\$ 828.9</b>	<b>\$ 218.6</b>	<b>\$ 223.6</b>	<b>\$ 226.2</b>	<b>\$ 238.7</b>	<b>\$ 907.1</b>	<b>\$ 196.7</b>	<b>\$ 221.5</b>	<b>\$ 235.0</b>
<b>Estimated fully allocated non-GAAP gross margin</b>	<b>65.1%</b>	<b>65.4%</b>	<b>66.6%</b>	<b>67.4%</b>	<b>67.5%</b>	<b>68.3%</b>	<b>68.3%</b>	<b>67.9%</b>	<b>67.4%</b>	<b>70.7%</b>	<b>71.0%</b>

# Consolidated Constant Currency

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>GAAP</b>											
Revenue for the three months ended prior period	\$ 1,130.3	\$ 1,062.1	\$ 1,135.2	\$ 289.2	\$ 306.3	\$ 304.0	\$ 330.2	\$ 1,229.7	\$ 315.3	\$ 324.3	\$ 324.9
Revenue for the three months ended current period	\$ 1,062.1	\$ 1,135.2	\$ 1,229.7	\$ 315.3	\$ 324.3	\$ 324.9	\$ 339.2	\$ 1,303.6	\$ 287.3	\$ 309.1	\$ 328.2
Revenue for the three months ended current period at constant currency (8)	\$ 1,072.0	\$ 1,130.0	\$ 1,230.0	\$ 321.0	\$ 328.0	\$ 328.0	\$ 340.0	\$ 1,316.0	\$ 291.0	\$ 311.0	\$ 325.0
Reported period-over-period revenue growth	-6.0%	6.9%	8.3%	9.0%	5.9%	6.9%	2.7%	6.0%	-8.9%	-4.7%	1.0%
% impact from change in foreign currency exchange rates	0.8%	-0.5%	0.0%	2.0%	1.2%	1.0%	0.3%	1.0%	1.2%	0.6%	-1.0%
Constant currency period-over-period revenue growth	-5.2%	6.4%	8.3%	11.0%	7.1%	7.9%	3.0%	7.0%	-7.7%	-4.1%	0.0%
<b>Non-GAAP</b>											
Revenue for the three months ended prior period	\$ 1,134.6	\$ 1,072.7	\$ 1,150.4	\$ 292.0	\$ 308.5	\$ 308.0	\$ 336.7	\$ 1,245.1	\$ 324.2	\$ 331.3	\$ 331.1
Revenue for the three months ended current period	\$ 1,072.7	\$ 1,150.4	\$ 1,245.1	\$ 324.2	\$ 331.3	\$ 331.1	\$ 349.5	\$ 1,336.0	\$ 291.6	\$ 313.4	\$ 331.1
Revenue for the three months ended current period at constant currency (8)	\$ 1,083.0	\$ 1,145.0	\$ 1,245.0	\$ 329.0	\$ 335.0	\$ 334.0	\$ 350.0	\$ 1,349.0	\$ 295.0	\$ 316.0	\$ 328.0
Reported period-over-period revenue growth	-5.5%	7.2%	8.2%	11.0%	7.4%	7.5%	3.8%	7.3%	-10.0%	-5.4%	0.0%
% impact from change in foreign currency exchange rates	0.9%	-0.5%	0.0%	1.7%	1.2%	0.9%	0.2%	1.0%	1.0%	0.8%	-0.9%
Constant currency period-over-period revenue growth	-4.6%	6.7%	8.2%	12.7%	8.6%	8.4%	4.0%	8.3%	-9.0%	-4.6%	-0.9%

# Consolidated Operating and EBITDA Margins

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>GAAP operating income</b>	<b>\$ 17.4</b>	<b>\$ 48.6</b>	<b>\$ 114.2</b>	<b>\$ 14.5</b>	<b>\$ 15.3</b>	<b>\$ 29.8</b>	<b>\$ 28.3</b>	<b>\$ 87.9</b>	<b>\$ 6.2</b>	<b>\$ 42.3</b>	<b>\$ 37.7</b>
<b>GAAP operating margin</b>	<b>1.6%</b>	<b>4.3%</b>	<b>9.3%</b>	<b>4.6%</b>	<b>4.7%</b>	<b>9.2%</b>	<b>8.3%</b>	<b>6.7%</b>	<b>2.1%</b>	<b>13.7%</b>	<b>11.5%</b>
Revenue adjustments	10.6	15.3	15.4	8.9	7.0	6.2	10.3	32.4	4.4	4.3	2.9
Amortization of acquired technology	37.4	38.2	25.4	6.7	5.6	6.0	5.7	24.0	4.6	4.4	4.3
Amortization of other acquired intangible assets	44.1	34.2	31.0	7.7	7.6	7.8	8.3	31.5	8.1	8.1	8.1
Stock-based compensation expenses	65.6	69.4	66.7	17.1	20.6	18.6	26.5	82.7	14.2	17.4	20.0
Acquisitions expenses, net	12.9	1.6	9.9	4.0	2.5	2.2	2.4	10.9	(3.3)	2.6	(1.3)
Restructuring expenses	15.7	13.4	4.9	1.4	1.6	2.1	1.4	6.6	5.5	0.9	1.3
Separation expenses	0.6	1.3	0.3	0.0	0.2	1.5	3.6	5.3	7.8	6.3	13.8
Impairment charges	-	3.3	-	-	-	-	-	-	-	-	0.1
Other adjustments	0.4	0.8	(0.9)	2.0	5.5	0.4	2.2	10.1	0.1	(1.2)	(0.1)
<b>Estimated fully allocated non-GAAP operating income</b>	<b>\$ 204.6</b>	<b>\$ 226.1</b>	<b>\$ 266.9</b>	<b>\$ 62.3</b>	<b>\$ 65.9</b>	<b>\$ 74.4</b>	<b>\$ 88.7</b>	<b>\$ 291.3</b>	<b>\$ 47.4</b>	<b>\$ 85.2</b>	<b>\$ 86.9</b>
Depreciation and amortization (7)	28.8	30.5	29.8	7.8	7.9	8.7	8.9	33.3	10.6	10.6	10.3
<b>Estimated adjusted EBITDA</b>	<b>\$ 233.5</b>	<b>\$ 256.6</b>	<b>\$ 296.7</b>	<b>\$ 70.1</b>	<b>\$ 73.8</b>	<b>\$ 83.1</b>	<b>\$ 97.6</b>	<b>\$ 324.6</b>	<b>\$ 58.0</b>	<b>\$ 95.8</b>	<b>\$ 97.1</b>
<b>Estimated fully allocated non-GAAP operating margin</b>	<b>19.1%</b>	<b>19.7%</b>	<b>21.4%</b>	<b>19.2%</b>	<b>19.9%</b>	<b>22.5%</b>	<b>25.4%</b>	<b>21.8%</b>	<b>16.3%</b>	<b>27.2%</b>	<b>26.2%</b>
<b>Estimated fully allocated adjusted EBITDA margin</b>	<b>21.8%</b>	<b>22.3%</b>	<b>23.8%</b>	<b>21.6%</b>	<b>22.3%</b>	<b>25.1%</b>	<b>27.9%</b>	<b>24.3%</b>	<b>19.9%</b>	<b>30.6%</b>	<b>29.3%</b>

# Consolidated Operating Expenses

	Year Ended			Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>Research and Development, net</b>							
Segment expenses	\$ 143.6	\$ 158.9	\$ 175.9	\$ 191.7	\$ 49.6	\$ 45.5	\$ 50.3
Stock-based compensation expenses (4)	11.6	13.1	9.9	13.4	2.3	3.0	2.9
Shared support service allocation (5)	15.8	18.6	23.3	26.5	7.2	6.7	7.8
<b>GAAP research and development, net</b>	<b>\$ 171.1</b>	<b>\$ 190.6</b>	<b>\$ 209.1</b>	<b>\$ 231.7</b>	<b>\$ 59.1</b>	<b>\$ 55.2</b>	<b>\$ 61.1</b>
<b>as a % of GAAP revenue</b>	<b>16.1%</b>	<b>16.8%</b>	<b>17.0%</b>	<b>17.8%</b>	<b>20.6%</b>	<b>17.9%</b>	<b>18.6%</b>
Stock-based compensation expenses (4)	(11.6)	(13.1)	(9.9)	(13.4)	(2.3)	(3.0)	(2.9)
Acquisition expenses, net (6)	(0.2)	-	(0.2)	(0.8)	(0.3)	(0.1)	(0.0)
Restructuring expenses (6)	(1.7)	(1.0)	(0.5)	(1.3)	(0.9)	(0.3)	(0.3)
Separation expenses (6)	-	-	-	-	-	-	(0.1)
Other adjustments (6)	-	-	-	-	-	(0.1)	0.1
<b>Estimated fully allocated non-GAAP research and development, net</b>	<b>\$ 157.5</b>	<b>\$ 176.5</b>	<b>\$ 198.5</b>	<b>\$ 216.1</b>	<b>\$ 55.5</b>	<b>\$ 51.8</b>	<b>\$ 57.8</b>
<b>as a % of non-GAAP revenue</b>	<b>14.7%</b>	<b>15.3%</b>	<b>15.9%</b>	<b>16.2%</b>	<b>19.0%</b>	<b>16.5%</b>	<b>17.5%</b>
<b>Selling, General and Administrative expenses</b>							
Segment expenses	\$ 221.1	\$ 229.1	\$ 239.3	\$ 270.9	\$ 62.5	\$ 53.8	\$ 58.9
Stock-based compensation expenses (4)	45.4	47.8	51.1	61.1	10.9	12.7	14.8
Shared support service allocation (5)	140.4	138.2	135.8	156.9	38.2	38.9	44.4
<b>GAAP selling, general and administrative expenses</b>	<b>\$ 407.0</b>	<b>\$ 415.0</b>	<b>\$ 426.2</b>	<b>\$ 488.9</b>	<b>\$ 111.7</b>	<b>\$ 105.4</b>	<b>\$ 118.1</b>
<b>as a % of GAAP revenue</b>	<b>38.3%</b>	<b>36.6%</b>	<b>34.7%</b>	<b>37.5%</b>	<b>38.9%</b>	<b>34.1%</b>	<b>36.0%</b>
Stock-based compensation expenses (4)	(45.4)	(47.8)	(51.1)	(61.1)	(10.9)	(12.7)	(14.8)
Acquisition expenses, net (6)	(12.7)	(1.5)	(9.4)	(10.0)	3.8	(2.4)	1.4
Restructuring expenses (6)	(11.7)	(10.4)	(3.0)	(2.7)	(2.9)	(0.6)	(0.8)
Separation expenses (6)	(0.6)	(1.3)	(0.3)	(5.3)	(7.8)	(6.3)	(13.6)
Impairment charges (6)	-	(3.3)	-	-	-	-	-
Other adjustments (6)	(0.4)	(0.7)	0.9	(10.1)	(0.1)	1.3	0.0
<b>Estimated fully allocated non-GAAP selling, general and administrative expenses</b>	<b>\$ 336.2</b>	<b>\$ 350.0</b>	<b>\$ 363.4</b>	<b>\$ 399.6</b>	<b>\$ 93.8</b>	<b>\$ 84.6</b>	<b>\$ 90.3</b>
<b>as a % of non-GAAP revenue</b>	<b>31.3%</b>	<b>30.4%</b>	<b>29.2%</b>	<b>29.9%</b>	<b>32.1%</b>	<b>27.0%</b>	<b>27.3%</b>

# Consolidated Other Expense, Tax and Net Income

	Year Ended	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>Other Expense Reconciliation</b>											
<b>GAAP other expense, net</b>	<b>\$ (40.8)</b>	<b>\$ (29.7)</b>	<b>\$ (36.5)</b>	<b>\$ (9.3)</b>	<b>\$ (7.5)</b>	<b>\$ (7.6)</b>	<b>\$ (10.1)</b>	<b>\$ (34.6)</b>	<b>\$ (11.9)</b>	<b>\$ (21.6)</b>	<b>\$ (17.8)</b>
Unrealized losses (gains) on derivatives, net	0.5	(3.2)	1.1	0.7	0.6	0.2	-	1.5	-	(0.2)	0.9
Amortization of convertible note discount	10.7	11.2	11.9	3.1	3.1	3.1	3.2	12.5	3.2	3.2	3.2
Expenses and losses on debt modification or retirement	-	2.7	-	-	-	-	-	-	-	1.5	-
Change in fair value of future tranche right	-	-	-	-	-	-	-	-	-	13.6	9.2
Acquisition expenses, net	(0.1)	0.9	0.4	(0.1)	-	(0.0)	(0.0)	(0.1)	0.0	0.1	(3.7)
Restructuring expenses	0.2	0.1	-	-	-	-	-	-	-	-	-
Impairment charges	2.4	-	-	-	-	-	-	-	-	-	-
<b>Non-GAAP other expense, net</b>	<b>\$ (27.1)</b>	<b>\$ (18.0)</b>	<b>\$ (23.1)</b>	<b>\$ (5.6)</b>	<b>\$ (3.8)</b>	<b>\$ (4.3)</b>	<b>\$ (7.0)</b>	<b>\$ (20.7)</b>	<b>\$ (8.7)</b>	<b>\$ (3.5)</b>	<b>\$ (8.1)</b>
<b>Tax Provision (Benefit) Reconciliation</b>											
<b>GAAP provision (benefit) for income taxes</b>	<b>\$ 2.8</b>	<b>\$ 22.4</b>	<b>\$ 7.5</b>	<b>\$ 1.4</b>	<b>\$ (4.5)</b>	<b>\$ 9.2</b>	<b>\$ 11.5</b>	<b>\$ 17.6</b>	<b>\$ (1.8)</b>	<b>\$ 10.1</b>	<b>\$ 8.2</b>
<b>GAAP effective income tax rate</b>	<b>-11.8%</b>	<b>118.3%</b>	<b>9.7%</b>	<b>27.3%</b>	<b>-58.0%</b>	<b>41.5%</b>	<b>63.3%</b>	<b>33.1%</b>	<b>30.7%</b>	<b>48.8%</b>	<b>40.8%</b>
Non-GAAP tax adjustments	12.9	1.6	19.4	4.0	9.5	(3.5)	(5.9)	4.1	4.6	(4.0)	(2.1)
<b>Non-GAAP provision for income taxes</b>	<b>\$ 15.7</b>	<b>\$ 24.0</b>	<b>\$ 26.9</b>	<b>\$ 5.4</b>	<b>\$ 5.0</b>	<b>\$ 5.8</b>	<b>\$ 5.6</b>	<b>\$ 21.7</b>	<b>\$ 2.8</b>	<b>\$ 6.1</b>	<b>\$ 6.1</b>
<b>Non-GAAP effective income tax rate</b>	<b>8.8%</b>	<b>11.5%</b>	<b>11.0%</b>	<b>9.5%</b>	<b>8.0%</b>	<b>8.2%</b>	<b>6.8%</b>	<b>8.0%</b>	<b>7.2%</b>	<b>7.5%</b>	<b>7.7%</b>
<b>Net (Loss) Income Attributable to Verint Systems Inc. Common Shares Reconciliation</b>											
<b>GAAP net (loss) income attributable to Verint Systems Inc. common shares</b>	<b>\$ (29.4)</b>	<b>\$ (6.6)</b>	<b>\$ 66.0</b>	<b>\$ 1.6</b>	<b>\$ 10.6</b>	<b>\$ 11.7</b>	<b>\$ 4.9</b>	<b>\$ 28.7</b>	<b>\$ (6.0)</b>	<b>\$ 6.0</b>	<b>\$ 7.5</b>
Total GAAP net (loss) income adjustments	188.1	187.5	146.7	47.5	44.9	51.4	69.5	213.3	39.9	67.4	63.6
<b>Non-GAAP net income attributable to Verint Systems Inc. common shares</b>	<b>\$ 158.7</b>	<b>\$ 180.9</b>	<b>\$ 212.7</b>	<b>\$ 49.1</b>	<b>\$ 55.5</b>	<b>\$ 63.1</b>	<b>\$ 74.3</b>	<b>\$ 241.9</b>	<b>\$ 33.9</b>	<b>\$ 73.5</b>	<b>\$ 71.1</b>



# Consolidated EPS and Diluted Shares Outstanding

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions, except share and per share data; shares in thousands)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
GAAP diluted net (loss) income per common share attributable to Verint Systems Inc.	\$ (0.47)	\$ (0.10)	\$ 1.00	\$ 0.02	\$ 0.16	\$ 0.17	\$ 0.07	\$ 0.43	\$ (0.09)	\$ 0.09	\$ 0.11
Non-GAAP diluted net income per common share attributable to Verint Systems Inc.	\$ 2.51	\$ 2.81	\$ 3.21	\$ 0.73	\$ 0.82	\$ 0.94	\$ 1.11	\$ 3.59	\$ 0.52	\$ 1.06	\$ 1.02
<b>GAAP weighted-average shares used in computing diluted net (loss) income per common share</b>	<b>62,593</b>	<b>63,312</b>	<b>66,245</b>	<b>67,088</b>	<b>67,519</b>	<b>67,442</b>	<b>66,999</b>	<b>67,355</b>	<b>64,376</b>	<b>65,849</b>	<b>66,234</b>
Additional weighted-average shares applicable to non-GAAP net income per common share attributable to Verint Systems Inc	538	1,046	-	-	-	-	-	-	1,233	3,495	3,739
<b>Non-GAAP diluted weighted-average shares used in computing net income per common share</b>	<b>63,131</b>	<b>64,358</b>	<b>66,245</b>	<b>67,088</b>	<b>67,519</b>	<b>67,442</b>	<b>66,999</b>	<b>67,355</b>	<b>65,609</b>	<b>69,344</b>	<b>69,973</b>

# Consolidated Debt

	As of	As of	As of	As of	As of	As of	As of
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	1/31/2020	4/30/2020	7/31/2020	10/31/2020
Current maturities of long-term debt	\$ 4.6	\$ 4.5	\$ 4.3	\$ 4.3	\$ 4.3	\$ 380.2	\$ 383.4
Long-term debt	744.3	768.5	777.8	832.8	990.4	603.9	403.3
Unamortized debt discounts and issuance costs	60.6	50.1	36.6	22.3	18.7	15.0	11.3
<b>Gross debt</b>	<b>809.5</b>	<b>823.1</b>	<b>818.7</b>	<b>859.4</b>	<b>1,013.3</b>	<b>999.1</b>	<b>798.1</b>
Less:							
Cash and cash equivalents	307.4	337.9	370.0	379.1	556.7	731.1	526.8
Restricted cash and cash equivalents, and restricted bank time deposits	9.2	33.3	42.3	43.9	46.5	31.7	24.2
Short-term investments	3.2	6.6	32.3	20.2	19.7	82.4	104.5
Long-term restricted cash, cash equivalents, bank time deposits and investments	54.6	28.4	23.1	26.4	22.6	22.5	22.0
<b>Net debt, including long-term restricted cash, cash equivalents, bank time deposits, and investments</b>	<b>\$ 435.1</b>	<b>\$ 416.9</b>	<b>\$ 351.0</b>	<b>\$ 389.8</b>	<b>\$ 367.9</b>	<b>\$ 131.5</b>	<b>\$ 120.6</b>

# Consolidated Footnotes

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

- Represents the stock-based compensation expenses applicable to cost of revenue, allocated proportionally based upon our prior full year ended, annual segment operations and service expense wages, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (1)
- Represents the portion of our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks) applicable to cost of revenue, allocated proportionally based upon our prior full year ended annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (2)
- Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses and impairment charges applicable to cost of revenue, allocated proportionally based upon prior full year ended, annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (3)
- Represents the stock-based compensation expenses applicable to research and development, net and selling, general and administrative, allocated proportionally based upon our non-GAAP segment revenue for prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (4)
- Represents our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks), including general and administrative shared services acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated proportionally based upon our non-GAAP segment revenue for the prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (5)
- Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated proportionally based upon our prior full year ended, annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (6)
- Represents certain depreciation and amortization expenses, which are otherwise included in our non-GAAP operating income, allocated proportionally based upon our non-GAAP segment revenue for the prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative adjusted EBITDA of our two businesses.
- (7)
- 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.
- (8)



# Consolidated Supplemental Info Non-GAAP Measures

The tables include reconciliations of certain financial measures not prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), consisting of non-GAAP revenue, non-GAAP software revenue (includes cloud and support), non-GAAP perpetual revenue, non-GAAP support revenue, non-GAAP professional services revenue, non-GAAP recurring revenue, non-GAAP nonrecurring revenue, non-GAAP cloud revenue, non-GAAP SaaS revenue, non-GAAP bundled SaaS revenue, non-GAAP unbundled SaaS revenue, non-GAAP optional managed services revenue, estimated GAAP fully allocated cost of revenue, estimated GAAP and non-GAAP fully allocated gross profit and gross margins, estimated GAAP and non-GAAP fully allocated research and development, net, estimated GAAP and non-GAAP fully allocated selling, general and administrative expenses, estimated GAAP and non-GAAP fully allocated operating income and operating margins, non-GAAP other income (expense), net, non-GAAP provision (benefit) for income taxes and non-GAAP effective income tax rate, non-GAAP net income attributable to Verint Systems Inc. common shares, non-GAAP diluted net income per common share attributable to Verint Systems Inc., estimated fully allocated adjusted EBITDA and adjusted EBITDA margins, net debt, non-GAAP segment expenses, non-GAAP shared support expenses 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.

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.** We exclude from our non-GAAP revenue the impact of fair value adjustments required under GAAP relating to cloud services and customer support contracts acquired in a business acquisition, which would have otherwise been recognized on a stand-alone 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. 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 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 foreign currency 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.

• **Amortization of convertible note discount.** Our non-GAAP financial measures 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 are required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we are 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.



# Consolidated Supplemental Info Non-GAAP Measures

• **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, up to 200,000 shares of Series B Preferred Stock upon the completion of the spin-off of our Cyber Intelligence Solutions business and other customary closing conditions (the "Future Tranche Right") meets the definition of a freestanding financial instrument. This Future Tranche Right is reported at fair value as an asset or liability on our consolidated balance sheet, and is remeasured at fair value each reporting period until settlement, with changes in its fair value recognized within other income (expense), net on the consolidated statement of operations. We are excluding this change in fair value of the Future Tranche Right from our non-GAAP financial measures because it is unusual in nature, can vary significantly in amount, and is unrelated to our ongoing operations.

• **Acquisition expenses, net.** In connection with acquisition activity (including with respect to acquisitions that are not consummated), we incur expenses, 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. 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.** We exclude restructuring expenses from our non-GAAP financial measures, which include employee termination costs, facility exit costs, certain professional fees, asset impairment charges, 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.** On December 4, 2019, we announced our intention to separate into two independent publicly traded companies: one which will consist of our Customer Engagement Solutions business, and one which will consist of our Cyber Intelligence Solutions business. We are incurring significant expenses to prepare for this separation, including third-party advisory, accounting, legal, 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 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. 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.

• **Impairment charges and other adjustments.** We exclude from our non-GAAP financial measures asset impairment charges (other than those associated with restructuring or acquisition 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, including fees and expenses (or recoveries) related to a shareholder proxy contest that was settled in June 2019 of (\$1.3) million during the nine months ended October 31, 2020 and \$7.8 million for the year ended January 31, 2019, all of which are unusual in nature and can vary significantly in amount and frequency.

• **Non-GAAP income tax adjustments.** We exclude our GAAP provision (benefit) for income taxes from our non-GAAP measures of net income attributable to Verint Systems Inc., 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 rates for the year ending January 31, 2021 is currently approximately 8%, and was 8% for the year ended January 31, 2020, and was 11% for the year ended January 31, 2019. 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.

## Customer Engagement Revenue Metrics and Operating Metrics

Software (includes cloud and support) includes software licenses, appliances, SaaS and optional managed services. Recurring Software Revenue includes SaaS, optional managed services and support revenue.

Cloud revenue, on both a GAAP and non-GAAP basis, primarily consists of SaaS and optional managed services. A portion of our revenue associated with unbundled SaaS is included within support revenue. We expect this amount to become larger and more meaningful over time and intend to include it in our cloud revenue and exclude it from our support revenue.





# Consolidated Supplemental Info Non-GAAP Measures

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

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

New SaaS Annual Contract Value (ACV) includes the annualized contract value of all new SaaS contracts received within the period; 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.

New Perpetual License Equivalent Bookings are used to normalize between perpetual and SaaS bookings and measure overall software growth. We calculate new perpetual license equivalent bookings by multiplying New SaaS ACV bookings (excluding bookings from maintenance conversions, except for the uplift) by a conversion factor of 2.0 and adding that amount to perpetual license bookings. The conversion factor of 2.0 is an estimate that is derived from an analysis of our historical bookings and may change over time. Management uses perpetual license equivalent bookings to understand our performance, including our software growth and SaaS/perpetual license mix. This metric should not be viewed in isolation from other operating metrics that we make available to investors. The New Perpetual License Equivalent Bookings calculation was adjusted in Q4 FY2020 for the full year to exclude bookings from maintenance conversion, except for uplift.

## **Cyber Intelligence Recurring and Nonrecurring Revenue Metrics**

Recurring revenue, on both a GAAP and non-GAAP basis, primarily consists of initial and renewal support, subscription software licenses, and SaaS in certain limited transactions.

Nonrecurring revenue, on both a GAAP and non-GAAP basis, primarily consists of our perpetual licenses, long-term projects including software customizations that are recognized over time using a percentage of completion ("POC") method, consulting, implementation and installation services, training, and hardware.

We believe that recurring and nonrecurring revenue provide investors with useful insight into the nature and sustainability of our revenue streams. The recurrence of these revenue streams in future periods depends on a number of factors including contractual periods and customers' renewal decisions. Please see "Revenue adjustments" above for an explanation for why we present these revenue numbers on both a GAAP and non-GAAP basis.

## **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, revenue adjustments, restructuring expenses, acquisition expenses, 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 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.

## **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, cost of revenue, and operating expenses 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 foreign currency 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 for revenue, operating margin, and diluted earnings per share, 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. We periodically report our historical non-GAAP diluted net income per share both inclusive and exclusive of these net foreign exchange gains or losses. 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.

# CES Summary Metrics

(\$ in millions)		Year Ended 1/31/2017		Year Ended 1/31/2018		Year Ended 1/31/2019		Three Months Ended						Year Ended 1/31/2020		Year Ended 1/31/2020		Three Months Ended 7/31/2020		Three Months Ended 10/31/2020			
		GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric	4/30/2019		7/31/2019		10/31/2019		1/31/2020		GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric		
Revenue Metrics	Software	\$570.4	\$580.3	\$607.4	\$622.3	\$661.8	\$676.8	\$171.0	\$179.8	\$177.3	\$184.3	\$185.1	\$191.3	\$180.8	\$185.5	\$714.3	\$740.9	\$157.6	\$160.9	\$175.1	\$178.2	\$185.7	\$187.9
	Perpetual	\$172.3	\$172.5	\$181.7	\$181.7	\$196.1	\$196.1	\$47.6	\$47.6	\$48.0	\$48.0	\$43.7	\$43.7	\$40.5	\$40.5	\$179.9	\$179.9	\$28.5	\$28.5	\$35.8	\$35.8	\$35.5	\$35.5
	Cloud	\$95.4	\$104.2	\$122.1	\$135.0	\$150.7	\$165.4	\$47.1	\$55.7	\$47.8	\$54.7	\$61.4	\$67.6	\$59.5	\$64.1	\$215.8	\$242.2	\$53.0	\$56.2	\$60.2	\$63.2	\$71.0	\$73.2
	Support	\$302.7	\$303.6	\$303.6	\$305.6	\$315.0	\$315.3	\$76.3	\$76.5	\$81.5	\$81.6	\$79.9	\$80.0	\$80.8	\$80.9	\$318.6	\$318.9	\$76.1	\$76.1	\$79.1	\$79.1	\$79.2	\$79.3
	Professional Services	\$135.5	\$135.8	\$132.7	\$132.7	\$134.5	\$134.5	\$36.1	\$36.1	\$34.1	\$34.1	\$32.8	\$32.8	\$29.2	\$29.2	\$132.3	\$132.3	\$28.3	\$28.3	\$29.0	\$29.0	\$29.5	\$29.5
	Total Revenue	\$705.9	\$716.2	\$740.1	\$755.0	\$796.3	\$811.3	\$207.1	\$215.9	\$211.4	\$218.4	\$217.9	\$224.1	\$210.1	\$214.8	\$846.5	\$873.2	\$185.9	\$189.1	\$204.1	\$207.1	\$215.2	\$217.4
	Reported Revenue Growth	1.6%	2.6%	4.8%	5.4%	7.6%	7.5%	11.1%	14.1%	5.3%	7.6%	10.4%	11.3%	-0.7%	-1.4%	6.3%	7.6%	-10.3%	-12.4%	-3.5%	-5.2%	-1.2%	-3.0%
	Constant Currency Revenue Growth	2.9%	4.0%	4.7%	5.1%	7.6%	7.4%	13.2%	15.8%	6.6%	8.9%	11.4%	12.2%	-0.7%	-1.3%	7.4%	8.7%	-9.2%	-11.5%	-3.0%	-4.8%	-2.3%	-4.1%
	Recurring Revenue Mix	% of Revenue that is Software Revenue	80.8%	81.0%	82.1%	82.4%	83.1%	83.4%	82.6%	83.3%	83.9%	84.4%	84.9%	85.4%	86.1%	86.4%	84.4%	84.9%	84.8%	85.1%	85.8%	86.0%	86.3%
% of Software Revenue that is Recurring Revenue		69.8%	70.3%	70.1%	70.8%	70.4%	71.0%	72.2%	73.5%	72.9%	74.0%	76.4%	77.1%	77.6%	78.2%	74.8%	75.7%	81.9%	82.3%	79.5%	79.9%	80.9%	81.1%
Bookings Metrics	New SaaS ACV		\$10.9		\$18.4		\$29.1		\$8.2		\$10.1		\$15.6		\$15.8		\$49.7		\$11.9		\$16.7		\$15.7
	New SaaS ACV Growth YoY				69.3%		57.6%		37.6%		115.2%		131.0%		35.4%		71.0%		45.3%		64.7%		0.3%
	New Perpetual License Equivalent Bookings (11)																						
	Year-over-Year Growth						\$256.8		\$65.4		\$64.0		\$69.9		\$76.4		\$275.6		\$51.7		\$65.6		\$65.1
Cloud Detail	Cloud Revenue	\$95.4	\$104.2	\$122.1	\$135.0	\$150.7	\$165.4	\$47.1	\$55.7	\$47.8	\$54.7	\$61.4	\$67.6	\$59.5	\$64.1	\$215.8	\$242.2	\$53.0	\$56.2	\$60.2	\$63.2	\$71.0	\$73.2
	SaaS Bundled Revenue	\$47.7	\$52.1	\$77.6	\$85.7	\$84.7	\$94.4	\$27.2	\$34.4	\$27.2	\$33.6	\$30.1	\$35.8	\$31.4	\$35.6	\$115.9	\$139.4	\$33.4	\$36.3	\$35.8	\$38.5	\$37.4	\$39.3
	SaaS Unbundled Revenue	\$8.8	\$8.8	\$2.8	\$3.2	\$24.9	\$27.7	\$6.3	\$7.1	\$6.4	\$6.5	\$17.1	\$17.1	\$13.6	\$13.6	\$43.4	\$44.3	\$5.5	\$5.5	\$10.1	\$10.1	\$18.7	\$18.8
	Optional Managed Services Revenue	\$38.9	\$43.4	\$41.7	\$46.1	\$41.1	\$43.3	\$13.6	\$14.2	\$14.2	\$14.6	\$14.2	\$14.7	\$14.5	\$14.9	\$56.5	\$58.4	\$14.1	\$14.4	\$14.3	\$14.6	\$14.9	\$15.1
	Cloud Revenue Growth YoY			28.1%	29.6%	23.4%	22.5%	43.6%	57.9%	30.6%	41.3%	63.4%	62.4%	36.5%	28.8%	43.2%	46.4%	12.5%	0.8%	26.0%	15.6%	15.6%	8.3%
	SaaS Revenue Growth YoY			42.4%	46.2%	36.3%	37.3%	39.0%	58.5%	25.8%	42.7%	71.7%	70.7%	43.7%	33.5%	45.3%	50.5%	16.0%	0.6%	36.5%	21.3%	18.9%	9.8%
Operating Expense Metrics	Estimated Fully Allocated Research and Development, net	\$98.2	\$89.1	\$105.2	\$96.0	\$116.6	\$109.7	\$32.2	\$30.1	\$33.0	\$30.6	\$31.5	\$29.3	\$30.4	\$27.0	\$127.1	\$116.9	\$30.1	\$27.8	\$28.5	\$26.3	\$31.3	\$29.2
	% of Revenue	13.9%	12.4%	14.2%	12.7%	14.6%	13.5%	15.5%	13.9%	15.6%	14.0%	14.4%	13.1%	14.5%	12.6%	15.0%	13.4%	16.2%	14.7%	14.0%	12.7%	14.6%	13.4%
	Estimated Fully Allocated Selling, General and Administrative	\$272.1	\$224.9	\$277.0	\$234.3	\$281.0	\$240.1	\$80.1	\$67.5	\$84.4	\$69.0	\$77.8	\$65.6	\$79.2	\$61.3	\$321.6	\$263.4	\$72.3	\$60.6	\$70.0	\$56.4	\$76.7	\$58.5
	% of Revenue	38.5%	31.4%	37.4%	31.0%	35.3%	29.6%	38.7%	31.2%	39.9%	31.6%	35.7%	29.3%	37.7%	28.5%	38.0%	30.2%	38.9%	32.0%	34.3%	27.2%	35.6%	26.9%
Profitability Metrics	Estimated Fully Allocated Gross Profit	\$442.7	\$482.7	\$469.5	\$515.1	\$521.1	\$559.8	\$132.2	\$147.8	\$135.0	\$149.5	\$143.4	\$157.1	\$135.9	\$148.5	\$546.5	\$602.8	\$116.3	\$125.8	\$137.7	\$146.3	\$142.7	\$151.1
	Estimated Fully Allocated Gross Margin %	62.7%	67.4%	63.4%	68.2%	65.4%	69.0%	63.8%	68.4%	63.8%	68.4%	65.8%	70.1%	64.7%	69.2%	64.6%	69.0%	62.6%	66.5%	67.5%	70.6%	66.3%	69.5%
	Estimated Fully Allocated Operating Income	\$29.8	\$168.7	\$54.0	\$184.7	\$93.1	\$209.9	\$12.4	\$50.2	\$10.0	\$49.8	\$26.5	\$62.2	\$18.2	\$60.2	\$67.0	\$222.5	\$6.1	\$37.5	\$31.4	\$63.6	\$26.9	\$63.4
	Estimated Fully Allocated Operating Margin %	4.2%	23.6%	7.3%	24.5%	11.7%	25.9%	6.0%	23.3%	4.7%	22.8%	12.1%	27.8%	8.6%	28.0%	7.9%	25.5%	3.3%	19.8%	15.4%	30.7%	12.5%	29.2%
	Estimated Fully Allocated Adjusted EBITDA		\$188.0		\$204.7		\$229.3		\$55.3		\$54.9		\$67.9		\$66.0		\$244.2		\$44.4		\$70.6		\$70.1
	Estimated Fully Allocated Adjusted EBITDA Margin		26.2%		27.1%		28.3%		25.6%		25.2%		30.3%		30.7%		28.0%		23.5%		34.1%		32.2%

# CES Revenue Metrics

	Year Ended	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017 (2)	1/31/2018 (2)	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>Software (includes cloud and support) - GAAP</b>	<b>\$ 570.4</b>	<b>\$ 607.4</b>	<b>\$ 661.8</b>	<b>\$ 171.0</b>	<b>\$ 177.3</b>	<b>\$ 185.1</b>	<b>\$ 180.8</b>	<b>\$ 714.3</b>	<b>\$ 157.6</b>	<b>\$ 175.1</b>	<b>\$ 185.7</b>
Perpetual revenue - GAAP	172.3	181.7	196.1	47.6	48.0	43.7	40.5	179.9	28.5	35.8	35.5
Cloud revenue - GAAP	95.4	122.1	150.7	47.1	47.8	61.4	59.5	215.8	53.0	60.2	71.0
Support revenue - GAAP	302.7	303.6	315.0	76.3	81.5	79.9	80.8	318.6	76.1	79.1	79.2
<b>Professional services revenue - GAAP</b>	<b>135.5</b>	<b>132.7</b>	<b>134.5</b>	<b>36.1</b>	<b>34.1</b>	<b>32.8</b>	<b>29.2</b>	<b>132.3</b>	<b>28.3</b>	<b>29.0</b>	<b>29.5</b>
<b>Total revenue - GAAP</b>	<b>\$ 705.9</b>	<b>\$ 740.1</b>	<b>\$ 796.3</b>	<b>\$ 207.1</b>	<b>\$ 211.4</b>	<b>\$ 217.9</b>	<b>\$ 210.1</b>	<b>\$ 846.5</b>	<b>\$ 185.9</b>	<b>\$ 204.1</b>	<b>\$ 215.2</b>
% of Revenue from Software (includes cloud and support)	80.8%	82.1%	83.1%	82.6%	83.9%	84.9%	86.1%	84.4%	84.8%	85.8%	86.3%
% of Revenue from Software (includes cloud and support) that is Recurring	69.8%	70.1%	70.4%	72.2%	72.9%	76.4%	77.6%	74.8%	81.9%	79.5%	80.9%
<b>Estimated software (includes cloud and support) revenue adjustments</b>	<b>9.9</b>	<b>14.9</b>	<b>15.0</b>	<b>8.8</b>	<b>7.0</b>	<b>6.2</b>	<b>4.7</b>	<b>26.7</b>	<b>3.3</b>	<b>3.1</b>	<b>2.2</b>
Estimated perpetual revenue adjustments	0.2	-	-	-	-	-	-	-	-	-	-
Estimated cloud revenue adjustments	8.8	12.9	14.7	8.6	6.9	6.1	4.6	26.3	3.2	3.0	2.2
Estimated support revenue adjustments	0.9	2.0	0.3	0.2	0.1	0.1	0.1	0.3	0.1	0.0	0.1
<b>Estimated services revenue adjustments</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total estimated revenue adjustments</b>	<b>10.3</b>	<b>14.9</b>	<b>15.0</b>	<b>8.8</b>	<b>7.0</b>	<b>6.2</b>	<b>4.7</b>	<b>26.7</b>	<b>3.3</b>	<b>3.1</b>	<b>2.2</b>
<b>Software (includes cloud and support) revenue - non-GAAP</b>	<b>\$ 580.3</b>	<b>\$ 622.3</b>	<b>\$ 676.8</b>	<b>\$ 179.8</b>	<b>\$ 184.3</b>	<b>\$ 191.3</b>	<b>\$ 185.5</b>	<b>\$ 740.9</b>	<b>\$ 160.9</b>	<b>\$ 178.2</b>	<b>\$ 187.9</b>
Perpetual revenue - non-GAAP	172.5	181.7	196.1	47.6	48.0	43.7	40.5	179.9	28.5	35.8	35.5
Cloud revenue - non-GAAP	104.2	135.0	165.4	55.7	54.7	67.6	64.1	242.2	56.2	63.2	73.2
Support revenue - non-GAAP	303.6	305.6	315.3	76.5	81.6	80.0	80.9	318.9	76.1	79.1	79.3
<b>Professional services revenue - non-GAAP</b>	<b>135.8</b>	<b>132.7</b>	<b>134.5</b>	<b>36.1</b>	<b>34.1</b>	<b>32.8</b>	<b>29.2</b>	<b>132.3</b>	<b>28.3</b>	<b>29.0</b>	<b>29.5</b>
<b>Total revenue - non-GAAP</b>	<b>\$ 716.2</b>	<b>\$ 755.0</b>	<b>\$ 811.3</b>	<b>\$ 215.9</b>	<b>\$ 218.4</b>	<b>\$ 224.1</b>	<b>\$ 214.8</b>	<b>\$ 873.2</b>	<b>\$ 189.1</b>	<b>\$ 207.1</b>	<b>\$ 217.4</b>
% of Revenue from Software (includes cloud and support)	81.0%	82.4%	83.4%	83.3%	84.4%	85.4%	86.4%	84.9%	85.1%	86.0%	86.4%
% of Revenue from Software (includes cloud and support) that is Recurring	70.3%	70.8%	71.0%	73.5%	74.0%	77.1%	78.2%	75.7%	82.3%	79.9%	81.1%

# CES Constant Currency

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>GAAP</b>											
Revenue for the three months ended prior period	\$ 694.9	\$ 705.9	\$ 740.1	\$ 186.5	\$ 200.8	\$ 197.5	\$ 211.5	\$ 796.3	\$ 207.1	\$ 211.4	\$ 217.9
Revenue for the three months ended current period	\$ 705.9	\$ 740.1	\$ 796.3	\$ 207.1	\$ 211.4	\$ 217.9	\$ 210.1	\$ 846.5	\$ 185.9	\$ 204.1	\$ 215.2
Revenue for the three months ended current period at constant currency (10)	\$ 715.0	\$ 739.0	\$ 796.0	\$ 211.0	\$ 214.0	\$ 220.0	\$ 210.0	\$ 855.0	\$ 188.0	\$ 205.0	\$ 213.0
Reported period-over-period revenue growth	1.6%	4.8%	7.6%	11.1%	5.3%	10.4%	-0.7%	6.3%	-10.3%	-3.5%	-1.2%
% impact from change in foreign currency exchange rates	1.3%	-0.1%	0.0%	2.1%	1.3%	1.0%	0.0%	1.1%	1.1%	0.5%	-1.1%
Constant currency period-over-period revenue growth	<b>2.9%</b>	<b>4.7%</b>	<b>7.6%</b>	<b>13.2%</b>	<b>6.6%</b>	<b>11.4%</b>	<b>-0.7%</b>	<b>7.4%</b>	<b>-9.2%</b>	<b>-3.0%</b>	<b>-2.3%</b>
<b>Non-GAAP</b>											
Revenue for the three months ended prior period	\$ 698.3	\$ 716.2	\$ 755.0	\$ 189.2	\$ 203.0	\$ 201.5	\$ 217.8	\$ 811.3	\$ 215.9	\$ 218.4	\$ 224.1
Revenue for the three months ended current period	\$ 716.2	\$ 755.0	\$ 811.3	\$ 215.9	\$ 218.4	\$ 224.1	\$ 214.8	\$ 873.2	\$ 189.1	\$ 207.1	\$ 217.4
Revenue for the three months ended current period at constant currency (10)	\$ 726.0	\$ 753.0	\$ 811.0	\$ 219.0	\$ 221.0	\$ 226.0	\$ 215.0	\$ 882.0	\$ 191.0	\$ 208.0	\$ 215.0
Reported period-over-period revenue growth	2.6%	5.4%	7.5%	14.1%	7.6%	11.3%	-1.4%	7.6%	-12.4%	-5.2%	-3.0%
% impact from change in foreign currency exchange rates	1.4%	-0.3%	-0.1%	1.7%	1.3%	0.9%	0.1%	1.1%	0.9%	0.4%	-1.1%
Constant currency period-over-period revenue growth	<b>4.0%</b>	<b>5.1%</b>	<b>7.4%</b>	<b>15.8%</b>	<b>8.9%</b>	<b>12.2%</b>	<b>-1.3%</b>	<b>8.7%</b>	<b>-11.5%</b>	<b>-4.8%</b>	<b>-4.1%</b>

# CES Cloud Metrics

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017 (1)	1/31/2018 (1)	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
SaaS revenue - GAAP	\$ 56.5	\$ 80.4	\$ 109.6	\$ 33.5	\$ 33.6	\$ 47.2	\$ 45.0	\$ 159.3	\$ 38.9	\$ 45.9	\$ 56.1
Bundled SaaS revenue - GAAP	47.7	77.6	84.7	27.2	27.2	30.1	31.4	115.9	33.4	35.8	37.4
Unbundled SaaS revenue - GAAP	8.8	2.8	24.9	6.3	6.4	17.1	13.6	43.4	5.5	10.1	18.7
Optional managed services revenue - GAAP	38.9	41.7	41.1	13.6	14.2	14.2	14.5	56.5	14.1	14.3	14.9
<b>Cloud revenue - GAAP</b>	<b>\$ 95.4</b>	<b>\$ 122.1</b>	<b>\$ 150.7</b>	<b>\$ 47.1</b>	<b>\$ 47.8</b>	<b>\$ 61.4</b>	<b>\$ 59.5</b>	<b>\$ 215.8</b>	<b>\$ 53.0</b>	<b>\$ 60.2</b>	<b>\$ 71.0</b>
Estimated SaaS revenue adjustments	4.3	8.5	12.5	8.0	6.4	5.7	4.3	24.5	2.9	2.8	1.9
Estimated bundled SaaS revenue adjustments	4.3	8.1	9.7	7.2	6.4	5.7	4.2	23.5	2.9	2.7	1.9
Estimated unbundled SaaS revenue adjustments	-	0.4	2.8	0.8	0.1	0.0	0.0	1.0	0.0	0.0	0.0
Estimated optional managed services revenue adjustments	4.5	4.4	2.2	0.6	0.5	0.4	0.4	1.9	0.3	0.3	0.2
<b>Estimated cloud revenue adjustments</b>	<b>8.8</b>	<b>12.9</b>	<b>14.7</b>	<b>8.6</b>	<b>6.9</b>	<b>6.1</b>	<b>4.6</b>	<b>26.3</b>	<b>3.2</b>	<b>3.0</b>	<b>2.2</b>
SaaS revenue - non-GAAP	60.8	88.9	122.1	41.5	40.1	52.9	49.2	183.8	41.8	48.6	58.1
Bundled SaaS revenue - non-GAAP	52.1	85.7	94.4	34.4	33.6	35.8	35.6	139.4	36.3	38.5	39.3
Unbundled SaaS revenue - non-GAAP	8.8	3.2	27.7	7.1	6.5	17.1	13.6	44.3	5.5	10.1	18.8
Optional managed services revenue - non-GAAP	43.4	46.1	43.3	14.2	14.6	14.7	14.9	58.4	14.4	14.6	15.1
<b>Cloud revenue - non-GAAP</b>	<b>\$ 104.2</b>	<b>\$ 135.0</b>	<b>\$ 165.4</b>	<b>\$ 55.7</b>	<b>\$ 54.7</b>	<b>\$ 67.6</b>	<b>\$ 64.1</b>	<b>\$ 242.2</b>	<b>\$ 56.2</b>	<b>\$ 63.2</b>	<b>\$ 73.2</b>

# CES Gross Profit

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>Total GAAP revenue</b>	<b>\$ 705.9</b>	<b>\$ 740.1</b>	<b>\$ 796.3</b>	<b>\$ 207.1</b>	<b>\$ 211.4</b>	<b>\$ 217.9</b>	<b>\$ 210.1</b>	<b>\$ 846.5</b>	<b>\$ 185.9</b>	<b>\$ 204.1</b>	<b>\$ 215.2</b>
Segment product costs	32.7	34.7	35.0	8.5	8.9	8.4	9.7	35.5	7.1	8.1	9.2
Segment service expenses	192.1	199.2	209.3	57.8	57.8	56.5	54.4	226.6	55.7	51.0	54.6
Amortization of acquired technology	21.2	22.2	18.0	5.4	5.2	5.6	5.4	21.6	4.4	4.2	4.0
Stock-based compensation expenses (3)	7.1	6.8	4.4	1.1	1.6	1.4	2.3	6.3	0.7	1.3	1.8
Shared support expenses allocation (4)	10.2	7.6	8.5	2.1	3.0	2.6	2.4	10.1	1.7	1.8	2.8
<b>Total GAAP cost of revenue</b>	<b>\$ 263.2</b>	<b>\$ 270.6</b>	<b>\$ 275.2</b>	<b>\$ 74.9</b>	<b>\$ 76.5</b>	<b>\$ 74.5</b>	<b>\$ 74.2</b>	<b>\$ 300.0</b>	<b>\$ 69.6</b>	<b>\$ 66.4</b>	<b>\$ 72.5</b>
<b>GAAP gross profit</b>	<b>\$ 442.7</b>	<b>\$ 469.5</b>	<b>\$ 521.1</b>	<b>\$ 132.2</b>	<b>\$ 135.0</b>	<b>\$ 143.4</b>	<b>\$ 135.9</b>	<b>\$ 546.5</b>	<b>\$ 116.3</b>	<b>\$ 137.7</b>	<b>\$ 142.7</b>
<b>GAAP gross margin</b>	<b>62.7%</b>	<b>63.4%</b>	<b>65.4%</b>	<b>63.8%</b>	<b>63.8%</b>	<b>65.8%</b>	<b>64.7%</b>	<b>64.6%</b>	<b>62.6%</b>	<b>67.5%</b>	<b>66.3%</b>
Revenue adjustments	10.3	14.9	15.0	8.8	7.0	6.2	4.7	26.7	3.3	3.1	2.2
Amortization of acquired technology	21.2	22.2	18.0	5.4	5.2	5.6	5.4	21.6	4.4	4.2	4.0
Stock-based compensation expenses (3)	7.1	6.9	4.4	1.1	1.6	1.4	2.3	6.3	0.7	1.3	1.8
Acquisition expenses, net (5)	-	0.1	0.3	-	-	0.0	0.0	0.1	0.1	0.0	0.1
Restructuring expenses (5)	1.5	1.5	1.0	0.3	0.7	0.4	0.2	1.6	1.1	(0.0)	0.1
Separation expenses (5)	-	-	-	-	-	-	-	-	-	-	0.1
Impairment charges (5)	-	-	-	-	-	-	-	-	-	-	0.1
<b>Estimated fully allocated non-GAAP gross profit</b>	<b>\$ 482.7</b>	<b>\$ 515.1</b>	<b>\$ 559.8</b>	<b>\$ 147.8</b>	<b>\$ 149.5</b>	<b>\$ 157.1</b>	<b>\$ 148.5</b>	<b>\$ 602.8</b>	<b>\$ 125.8</b>	<b>\$ 146.3</b>	<b>\$ 151.1</b>
<b>Estimated fully allocated non-GAAP gross margin</b>	<b>67.4%</b>	<b>68.2%</b>	<b>69.0%</b>	<b>68.4%</b>	<b>68.4%</b>	<b>70.1%</b>	<b>69.2%</b>	<b>69.0%</b>	<b>66.5%</b>	<b>70.6%</b>	<b>69.5%</b>



# CES Operating Expenses

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>Research and Development, net</b>											
Segment expenses	\$ 79.9	\$ 84.4	\$ 94.9	\$ 26.5	\$ 26.9	\$ 25.1	\$ 22.5	\$ 101.0	\$ 23.9	\$ 22.2	\$ 24.3
Stock-based compensation expenses (6)	7.8	8.6	6.5	1.7	2.2	1.9	2.9	8.8	1.5	1.9	1.9
Shared support service allocation (7)	10.6	12.2	15.2	4.0	3.9	4.4	4.9	17.3	4.7	4.4	5.1
<b>GAAP research and development, net</b>	<b>\$ 98.2</b>	<b>\$ 105.2</b>	<b>\$ 116.6</b>	<b>\$ 32.2</b>	<b>\$ 33.0</b>	<b>\$ 31.5</b>	<b>\$ 30.4</b>	<b>\$ 127.1</b>	<b>\$ 30.1</b>	<b>\$ 28.5</b>	<b>\$ 31.3</b>
<b>as a % of GAAP revenue</b>	<b>13.9%</b>	<b>14.2%</b>	<b>14.6%</b>	<b>15.5%</b>	<b>15.6%</b>	<b>14.4%</b>	<b>14.5%</b>	<b>15.0%</b>	<b>16.2%</b>	<b>14.0%</b>	<b>14.6%</b>
Stock-based compensation expenses (6)	(7.8)	(8.6)	(6.5)	(1.7)	(2.2)	(1.9)	(2.9)	(8.8)	(1.5)	(1.9)	(1.9)
Acquisition expenses, net (8)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.2)	(0.5)	(0.2)	(0.1)	(0.0)
Restructuring expenses (8)	(1.2)	(0.6)	(0.3)	(0.3)	(0.1)	(0.2)	(0.3)	(0.9)	(0.6)	(0.2)	(0.2)
Separation expenses (8)	-	-	-	-	-	-	-	-	-	-	(0.1)
Other Adjustments (8)	-	-	-	-	-	-	-	-	-	(0.0)	0.0
<b>Estimated fully allocated non-GAAP research and development, net</b>	<b>\$ 89.1</b>	<b>\$ 96.0</b>	<b>\$ 109.7</b>	<b>\$ 30.1</b>	<b>\$ 30.6</b>	<b>\$ 29.3</b>	<b>\$ 27.0</b>	<b>\$ 116.9</b>	<b>\$ 27.8</b>	<b>\$ 26.3</b>	<b>\$ 29.2</b>
<b>as a % of non-GAAP revenue</b>	<b>12.4%</b>	<b>12.7%</b>	<b>13.5%</b>	<b>13.9%</b>	<b>14.0%</b>	<b>13.1%</b>	<b>12.6%</b>	<b>13.4%</b>	<b>14.7%</b>	<b>12.7%</b>	<b>13.4%</b>
<b>Selling, General and Administrative expenses</b>											
Segment expenses	\$ 148.0	\$ 155.0	\$ 159.2	\$ 46.2	\$ 48.1	\$ 44.2	\$ 41.0	\$ 179.4	\$ 40.1	\$ 36.3	\$ 37.9
Stock-based compensation expenses (6)	30.3	31.3	33.3	8.5	9.9	9.0	12.4	39.8	7.1	8.3	9.7
Shared support service allocation (7)	93.8	90.6	88.6	25.3	26.5	24.7	25.8	102.3	25.0	25.4	29.1
<b>GAAP selling, general and administrative expenses</b>	<b>\$ 272.1</b>	<b>\$ 277.0</b>	<b>\$ 281.0</b>	<b>\$ 80.1</b>	<b>\$ 84.4</b>	<b>\$ 77.8</b>	<b>\$ 79.2</b>	<b>\$ 321.6</b>	<b>\$ 72.3</b>	<b>\$ 70.0</b>	<b>\$ 76.7</b>
<b>as a % of GAAP revenue</b>	<b>38.5%</b>	<b>37.4%</b>	<b>35.3%</b>	<b>38.7%</b>	<b>39.9%</b>	<b>35.7%</b>	<b>37.7%</b>	<b>38.0%</b>	<b>38.9%</b>	<b>34.3%</b>	<b>35.6%</b>
Stock-based compensation expenses (6)	(30.3)	(31.3)	(33.3)	(8.5)	(9.9)	(9.0)	(12.4)	(39.8)	(7.1)	(8.3)	(9.7)
Acquisition expenses, net (8)	(8.5)	(1.0)	(6.1)	(2.4)	(1.5)	(1.3)	(1.3)	(6.5)	2.5	(1.6)	0.9
Restructuring expenses (8)	(7.8)	(6.8)	(1.9)	(0.3)	(0.3)	(0.7)	(0.4)	(1.8)	(1.9)	(0.4)	(0.5)
Separation expenses (8)	(0.4)	(0.8)	(0.2)	(0.0)	(0.1)	(1.0)	(2.3)	(3.4)	(5.1)	(4.2)	(8.9)
Impairment charges (8)	-	(2.2)	-	-	-	-	-	-	-	-	-
Other adjustments (8)	(0.3)	(0.5)	0.6	(1.3)	(3.6)	(0.2)	(1.4)	(6.6)	(0.1)	0.8	0.0
<b>Estimated fully allocated non-GAAP selling, general and administrative expenses</b>	<b>\$ 224.9</b>	<b>\$ 234.3</b>	<b>\$ 240.1</b>	<b>\$ 67.5</b>	<b>\$ 69.0</b>	<b>\$ 65.6</b>	<b>\$ 61.3</b>	<b>\$ 263.4</b>	<b>\$ 60.6</b>	<b>\$ 56.4</b>	<b>\$ 58.5</b>
<b>as a % of non-GAAP revenue</b>	<b>31.4%</b>	<b>31.0%</b>	<b>29.6%</b>	<b>31.2%</b>	<b>31.6%</b>	<b>29.3%</b>	<b>28.5%</b>	<b>30.2%</b>	<b>32.0%</b>	<b>27.2%</b>	<b>26.9%</b>

# CES Operating and EBITDA Margins

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>GAAP operating income</b>	<b>\$ 29.8</b>	<b>\$ 54.0</b>	<b>\$ 93.1</b>	<b>\$ 12.4</b>	<b>\$ 10.0</b>	<b>\$ 26.5</b>	<b>\$ 18.2</b>	<b>\$ 67.0</b>	<b>\$ 6.1</b>	<b>\$ 31.4</b>	<b>\$ 26.9</b>
<b>GAAP operating margin</b>	<b>4.2%</b>	<b>7.3%</b>	<b>11.7%</b>	<b>6.0%</b>	<b>4.7%</b>	<b>12.1%</b>	<b>8.6%</b>	<b>7.9%</b>	<b>3.3%</b>	<b>15.4%</b>	<b>12.5%</b>
Revenue adjustments	10.3	14.9	15.0	8.8	7.0	6.2	4.7	26.7	3.3	3.1	2.2
Amortization of acquired technology	21.2	22.2	18.0	5.4	5.2	5.6	5.4	21.6	4.4	4.2	4.0
Amortization of other acquired intangible assets	42.5	33.3	30.3	7.6	7.5	7.7	8.1	30.9	7.8	7.7	7.8
Stock-based compensation expenses	45.2	46.8	44.2	11.3	13.7	12.3	17.6	54.9	9.4	11.6	13.4
Acquisitions expenses, net	8.6	1.1	6.5	2.5	1.6	1.4	1.5	7.1	(2.2)	1.7	(0.8)
Restructuring expenses	10.5	8.9	3.2	0.9	1.0	1.4	0.9	4.3	3.6	0.6	0.8
Separation expenses	0.4	0.8	0.2	0.0	0.1	1.0	2.3	3.4	5.1	4.2	9.0
Impairment charges	-	2.2	-	-	-	-	-	-	-	-	0.1
Other adjustments	0.3	0.5	(0.6)	1.3	3.6	0.2	1.4	6.6	0.1	(0.8)	(0.0)
<b>Estimated fully allocated non-GAAP operating income</b>	<b>\$ 168.7</b>	<b>\$ 184.7</b>	<b>\$ 209.9</b>	<b>\$ 50.2</b>	<b>\$ 49.8</b>	<b>\$ 62.2</b>	<b>\$ 60.2</b>	<b>\$ 222.5</b>	<b>\$ 37.5</b>	<b>\$ 63.6</b>	<b>\$ 63.4</b>
Depreciation and amortization (9)	19.3	20.0	19.4	5.1	5.1	5.7	5.8	21.7	6.9	7.0	6.7
<b>Estimated adjusted EBITDA</b>	<b>\$ 188.0</b>	<b>\$ 204.7</b>	<b>\$ 229.3</b>	<b>\$ 55.3</b>	<b>\$ 54.9</b>	<b>\$ 67.9</b>	<b>\$ 66.0</b>	<b>\$ 244.2</b>	<b>\$ 44.4</b>	<b>\$ 70.6</b>	<b>\$ 70.1</b>
<b>Estimated fully allocated non-GAAP operating margin</b>	<b>23.6%</b>	<b>24.5%</b>	<b>25.9%</b>	<b>23.3%</b>	<b>22.8%</b>	<b>27.8%</b>	<b>28.0%</b>	<b>25.5%</b>	<b>19.8%</b>	<b>30.7%</b>	<b>29.2%</b>
<b>Estimated fully allocated adjusted EBITDA margin</b>	<b>26.2%</b>	<b>27.1%</b>	<b>28.3%</b>	<b>25.6%</b>	<b>25.2%</b>	<b>30.3%</b>	<b>30.7%</b>	<b>28.0%</b>	<b>23.5%</b>	<b>34.1%</b>	<b>32.2%</b>

# CES Footnotes

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

- (1) To conform with the presentation described in footnote 2 of our April 30, 2019 and July 31, 2019 Form 10-Q, the classification of Customer Engagement unbundled SaaS revenue for the three months ended April 30, 2018, July 31, 2018, October 31, 2018 and January 31, 2019 and the year ended January 31, 2018 has been updated to reflect unbundled SaaS revenue which had previously been presented within perpetual and professional services revenue.
- (2) To conform with the presentation described in footnote 2 of our April 30, 2019 and July 31, 2019 Form 10-Q, the classification of Customer Engagement unbundled SaaS revenue for the three months ended April 30, 2018, July 31, 2018, October 31, 2018 and January 31, 2019 and the year ended January 31, 2018 has been updated to reflect cloud revenue which had previously been presented within perpetual and professional services revenue.
- (3) Represents the stock-based compensation expenses applicable to cost of revenue, allocated proportionally based upon our prior full year ended, annual segment operations and service expense wages, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (4) Represents the portion of our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks) applicable to cost of revenue, allocated proportionally based upon our prior full year ended annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (5) Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses and impairment charges applicable to cost of revenue, allocated proportionally based upon prior full year ended, annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (6) Represents the stock-based compensation expenses applicable to research and development, net and selling, general and administrative, allocated proportionally based upon our non-GAAP segment revenue for prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (7) Represents our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks), including general and administrative shared services acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated proportionally based upon our non-GAAP segment revenue for the prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (8) Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated proportionally based upon our prior full year ended, annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (9) Represents certain depreciation and amortization expenses, which are otherwise included in our non-GAAP operating income, allocated proportionally based upon our non-GAAP segment revenue for the prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative adjusted EBITDA of our two businesses.
- (10) 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.
- (11) New Perpetual License Equivalent Bookings contains a catch-up in Q4 FYE20 to include New Bundled SaaS Conversion ACV less Support Conversion ACV Bookings.

# CES Supplemental Info Non-GAAP Measures

The tables include reconciliations of certain financial measures not prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), consisting of non-GAAP revenue, non-GAAP software revenue (includes cloud and support), non-GAAP perpetual revenue, non-GAAP support revenue, non-GAAP professional services revenue, non-GAAP recurring revenue, non-GAAP nonrecurring revenue, non-GAAP cloud revenue, non-GAAP SaaS revenue, non-GAAP bundled SaaS revenue, non-GAAP unbundled SaaS revenue, non-GAAP optional managed services revenue, estimated GAAP fully allocated cost of revenue, estimated GAAP and non-GAAP fully allocated gross profit and gross margins, estimated GAAP and non-GAAP fully allocated research and development, net, estimated GAAP and non-GAAP fully allocated selling, general and administrative expenses, estimated GAAP and non-GAAP fully allocated operating income and operating margins, non-GAAP other income (expense), net, non-GAAP provision (benefit) for income taxes and non-GAAP effective income tax rate, non-GAAP net income attributable to Verint Systems Inc. common shares, non-GAAP diluted net income per common share attributable to Verint Systems Inc., estimated fully allocated adjusted EBITDA and adjusted EBITDA margins, net debt, non-GAAP segment expenses, non-GAAP shared support expenses 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.

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.** We exclude from our non-GAAP revenue the impact of fair value adjustments required under GAAP relating to cloud services and customer support contracts acquired in a business acquisition, which would have otherwise been recognized on a stand-alone 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. 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 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 foreign currency 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.

• **Amortization of convertible note discount.** Our non-GAAP financial measures 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 are required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we are 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.

• **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.



# CES Supplemental Info Non-GAAP Measures

• **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, up to 200,000 shares of Series B Preferred Stock upon the completion of the spin-off of our Cyber Intelligence Solutions business and other customary closing conditions (the "Future Tranche Right") meets the definition of a freestanding financial instrument. This Future Tranche Right is reported at fair value as an asset or liability on our consolidated balance sheet, and is remeasured at fair value each reporting period until settlement, with changes in its fair value recognized within other income (expense), net on the consolidated statement of operations. We are excluding this change in fair value of the Future Tranche Right from our non-GAAP financial measures because it is unusual in nature, can vary significantly in amount, and is unrelated to our ongoing operations.

• **Acquisition expenses, net.** In connection with acquisition activity (including with respect to acquisitions that are not consummated), we incur expenses, 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. 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.** We exclude restructuring expenses from our non-GAAP financial measures, which include employee termination costs, facility exit costs, certain professional fees, asset impairment charges, 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.** On December 4, 2019, we announced our intention to separate into two independent publicly traded companies: one which will consist of our Customer Engagement Solutions business, and one which will consist of our Cyber Intelligence Solutions business. We are incurring significant expenses to prepare for this separation, including third-party advisory, accounting, legal, 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 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. 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.

• **Impairment charges and other adjustments.** We exclude from our non-GAAP financial measures asset impairment charges (other than those associated with restructuring or acquisition 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, including fees and expenses (or recoveries) related to a shareholder proxy contest that was settled in June 2019 of (\$1.3) million during the nine months ended October 31, 2020 and \$7.8 million for the year ended January 31, 2019, all of which are unusual in nature and can vary significantly in amount and frequency.

• **Non-GAAP income tax adjustments.** We exclude our GAAP provision (benefit) for income taxes from our non-GAAP measures of net income attributable to Verint Systems Inc., 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 rates for the year ending January 31, 2021 is currently approximately 8%, and was 8% for the year ended January 31, 2020, and was 11% for the year ended January 31, 2019. 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.

## Customer Engagement Revenue Metrics and Operating Metrics

Software (includes cloud and support) includes software licenses, appliances, SaaS and optional managed services. Recurring Software Revenue includes SaaS, optional managed services and support revenue.

Cloud revenue, on both a GAAP and non-GAAP basis, primarily consists of SaaS and optional managed services. A portion of our revenue associated with unbundled SaaS is included within support revenue. We expect this amount to become larger and more meaningful over time and intend to include it in our cloud revenue and exclude it from our support revenue.

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

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

# CES Supplemental Info Non-GAAP Measures

New SaaS Annual Contract Value (ACV) includes the annualized contract value of all new SaaS contracts received within the period; 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.

New Perpetual License Equivalent Bookings are used to normalize between perpetual and SaaS bookings and measure overall software growth. We calculate new perpetual license equivalent bookings by multiplying New SaaS ACV bookings (excluding bookings from maintenance conversions, except for the uplift) by a conversion factor of 2.0 and adding that amount to perpetual license bookings. The conversion factor of 2.0 is an estimate that is derived from an analysis of our historical bookings and may change over time. Management uses perpetual license equivalent bookings to understand our performance, including our software growth and SaaS/perpetual license mix. This metric should not be viewed in isolation from other operating metrics that we make available to investors. The New Perpetual License Equivalent Bookings calculation was adjusted in Q4 FY2020 for the full year to exclude bookings from maintenance conversion, except for uplift.

## **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, revenue adjustments, restructuring expenses, acquisition expenses, 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 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.

## **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, cost of revenue, and operating expenses 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 foreign currency 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 for revenue, operating margin, and diluted earnings per share, 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. We periodically report our historical non-GAAP diluted net income per share both inclusive and exclusive of these net foreign exchange gains or losses. 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.



# CIS Summary Metrics

(\$ in millions)		Year Ended 1/31/2017		Year Ended 1/31/2018		Year Ended 1/31/2019		Three Months Ended								Year Ended 1/31/2020		Three Months Ended					
		GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	4/30/2019	Non-GAAP	7/31/2019	Non-GAAP	10/31/2019	Non-GAAP	1/31/2020	Non-GAAP	GAAP	Non-GAAP	4/30/2020	Non-GAAP	7/31/2020	Non-GAAP	10/31/2020	Non-GAAP
Revenue Metrics	Recurring Revenue	\$122.1	\$122.2	\$130.6	\$130.8	\$165.2	\$165.6	\$46.8	\$46.9	\$46.2	\$46.2	\$47.5	\$47.5	\$52.1	\$52.6	\$192.6	\$193.2	\$56.0	\$57.1	\$51.7	\$52.9	\$57.1	\$57.8
	Nonrecurring Revenue	\$234.1	\$234.3	\$264.5	\$264.7	\$268.2	\$268.2	\$61.4	\$61.4	\$66.7	\$66.7	\$59.4	\$59.4	\$77.1	\$82.1	\$264.5	\$269.6	\$45.4	\$45.4	\$53.4	\$53.4	\$55.9	\$55.9
	Total Revenue	\$356.2	\$356.5	\$395.1	\$395.5	\$433.4	\$433.8	\$108.2	\$108.3	\$112.9	\$112.9	\$106.9	\$106.9	\$129.1	\$134.7	\$457.1	\$462.8	\$101.4	\$102.5	\$105.0	\$106.3	\$113.0	\$113.7
Growth Metrics	Reported Revenue Growth YoY	-18.2%	-18.3%	10.9%	10.9%	9.7%	9.7%	5.3%	5.3%	7.0%	7.0%	0.4%	0.4%	8.8%	13.3%	5.5%	6.7%	-6.2%	-5.3%	-6.9%	-5.9%	5.7%	6.3%
	Constant Currency Revenue Growth YoY	-18.0%	-18.2%	9.8%	9.9%	9.8%	9.8%	7.1%	7.0%	8.0%	8.0%	1.4%	1.4%	9.5%	13.6%	6.4%	7.7%	-4.8%	-4.0%	-6.1%	-4.3%	4.7%	5.7%
	Estimated Fully Allocated Gross Profit Growth YoY			11.2%	10.2%	18.5%	13.3%	22.2%	18.2%	18.3%	16.5%	7.5%	6.2%	7.0%	12.2%	13.1%	13.1%	-0.2%	0.2%	0.6%	1.5%	20.7%	21.3%
Operating Expense Metrics	Estimated Fully Allocated Research and Development, net	\$72.8	\$68.3	\$85.4	\$80.5	\$92.5	\$88.8	\$25.0	\$23.9	\$25.7	\$24.4	\$26.2	\$25.0	\$27.7	\$25.9	\$104.6	\$99.2	\$29.0	\$27.7	\$26.7	\$25.5	\$29.7	\$28.6
	% of Revenue	20.5%	19.2%	21.6%	20.4%	21.3%	20.5%	23.1%	22.0%	22.8%	21.6%	24.5%	23.4%	21.6%	19.2%	22.9%	21.4%	28.6%	27.0%	25.4%	24.0%	26.3%	25.2%
	Estimated Fully Allocated Selling, General and Administrative	\$134.8	\$111.3	\$138.0	\$115.7	\$145.1	\$123.3	\$41.6	\$34.9	\$41.8	\$33.6	\$38.5	\$31.9	\$45.4	\$35.8	\$167.3	\$136.3	\$39.4	\$33.2	\$35.4	\$28.1	\$41.4	\$31.8
	% of Revenue	37.9%	31.2%	34.9%	29.2%	33.5%	28.4%	38.5%	32.2%	37.1%	29.8%	36.0%	29.9%	35.1%	26.6%	36.6%	29.4%	38.8%	32.4%	33.7%	26.5%	36.7%	28.0%
Profitability Metrics	Estimated Fully Allocated Gross Profit	\$196.8	\$215.6	\$218.9	\$237.6	\$259.4	\$269.1	\$68.9	\$70.8	\$72.9	\$74.1	\$68.2	\$69.2	\$83.5	\$90.2	\$293.4	\$304.3	\$68.7	\$70.9	\$73.3	\$75.2	\$82.3	\$83.9
	Estimated Fully Allocated Gross Margin %	55.2%	60.5%	55.4%	60.1%	59.9%	62.0%	63.7%	65.4%	64.6%	65.6%	63.7%	64.7%	64.6%	67.0%	64.2%	65.7%	67.7%	69.2%	69.8%	70.8%	72.8%	73.8%
	Estimated Fully Allocated Operating Income	(\$12.4)	\$35.9	(\$5.4)	\$41.3	\$21.1	\$57.0	\$2.1	\$12.1	\$5.3	\$16.1	\$3.4	\$12.2	\$10.1	\$28.5	\$20.9	\$68.8	\$0.1	\$10.0	\$10.9	\$21.6	\$10.9	\$23.5
	Estimated Fully Allocated Operating Margin %	-3.5%	10.1%	-1.4%	10.5%	4.9%	13.1%	2.0%	11.1%	4.7%	14.3%	3.1%	11.4%	7.8%	21.1%	4.6%	14.9%	0.1%	9.7%	10.4%	20.3%	9.6%	20.7%
	Estimated Fully Allocated EBITDA	\$45.5	\$51.8	\$51.8	\$67.4	\$67.4	\$87.4	\$18.9	\$14.8	\$18.9	\$15.2	\$15.2	\$15.2	\$31.6	\$31.6	\$80.4	\$90.4	\$13.6	\$13.6	\$25.2	\$25.2	\$27.0	\$27.0
	Estimated Fully Allocated EBITDA Margin		12.8%		13.1%		15.5%		13.6%		16.7%		14.2%		23.4%		17.4%		13.3%		23.7%		23.8%

# CIS Revenue Metrics

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
Recurring revenue - GAAP	\$ 122.1	\$ 130.6	\$ 165.2	\$ 46.8	\$ 46.2	\$ 47.5	\$ 52.1	\$ 192.6	\$ 56.0	\$ 51.7	\$ 57.1
Nonrecurring revenue - GAAP	234.1	264.5	268.2	61.4	66.7	59.4	77.1	264.5	45.4	53.4	55.9
<b>Total revenue - GAAP</b>	<b>356.2</b>	<b>395.1</b>	<b>433.4</b>	<b>108.2</b>	<b>112.9</b>	<b>106.9</b>	<b>129.1</b>	<b>457.1</b>	<b>101.4</b>	<b>105.0</b>	<b>113.0</b>
Estimated recurring revenue adjustments	0.1	0.2	0.4	0.1	-	-	0.5	0.6	1.1	1.2	0.7
Estimated nonrecurring revenue adjustments	0.2	0.2	-	-	-	-	5.1	5.1	-	-	-
<b>Total estimated revenue adjustments</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>5.6</b>	<b>5.7</b>	<b>1.1</b>	<b>1.2</b>	<b>0.7</b>
Recurring revenue - non-GAAP	122.2	130.8	165.6	46.9	46.2	47.5	52.6	193.2	57.1	52.9	57.8
Nonrecurring revenue - non-GAAP	234.3	264.7	268.2	61.4	66.7	59.4	82.1	269.6	45.4	53.4	55.9
<b>Total revenue - non-GAAP</b>	<b>\$ 356.5</b>	<b>\$ 395.5</b>	<b>\$ 433.8</b>	<b>\$ 108.3</b>	<b>\$ 112.9</b>	<b>\$ 106.9</b>	<b>\$ 134.7</b>	<b>\$ 462.8</b>	<b>\$ 102.5</b>	<b>\$ 106.3</b>	<b>\$ 113.7</b>



# CLS Constant Currency

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>GAAP</b>											
Revenue for the three months ended prior period	\$ 435.4	\$ 356.2	\$ 395.1	\$ 102.7	\$ 105.5	\$ 106.5	\$ 118.7	\$ 433.4	\$ 108.2	\$ 112.9	\$ 106.9
Revenue for the three months ended current period	\$ 356.2	\$ 395.1	\$ 433.4	\$ 108.2	\$ 112.9	\$ 106.9	\$ 129.1	\$ 457.1	\$ 101.4	\$ 105.0	\$ 113.0
Revenue for the three months ended current period at constant currency (8)	\$ 357.0	\$ 391.0	\$ 434.0	\$ 110.0	\$ 114.0	\$ 108.0	\$ 130.0	\$ 461.0	\$ 103.0	\$ 106.0	\$ 112.0
Reported period-over-period revenue growth	-18.2%	10.9%	9.7%	5.3%	7.0%	0.4%	8.8%	5.5%	-6.2%	-6.9%	5.7%
% impact from change in foreign currency exchange rates	0.2%	-1.1%	0.1%	1.8%	1.0%	1.0%	0.7%	0.9%	1.4%	0.8%	-1.0%
Constant currency period-over-period revenue growth	<b>-18.0%</b>	<b>9.8%</b>	<b>9.8%</b>	<b>7.1%</b>	<b>8.0%</b>	<b>1.4%</b>	<b>9.5%</b>	<b>6.4%</b>	<b>-4.8%</b>	<b>-6.1%</b>	<b>4.7%</b>
<b>Non-GAAP</b>											
Revenue for the three months ended prior period	\$ 436.3	\$ 356.5	\$ 395.4	\$ 102.8	\$ 105.5	\$ 106.5	\$ 118.9	\$ 433.8	\$ 108.3	\$ 112.9	\$ 106.9
Revenue for the three months ended current period	\$ 356.5	\$ 395.4	\$ 433.8	\$ 108.3	\$ 112.9	\$ 106.9	\$ 134.7	\$ 462.8	\$ 102.5	\$ 106.3	\$ 113.7
Revenue for the three months ended current period at constant currency (8)	\$ 357.0	\$ 392.0	\$ 434.0	\$ 110.0	\$ 114.0	\$ 108.0	\$ 135.0	\$ 467.0	\$ 104.0	\$ 108.0	\$ 113.0
Reported period-over-period revenue growth	-18.3%	10.9%	9.7%	5.3%	7.0%	0.4%	13.3%	6.7%	-5.3%	-5.9%	6.3%
% impact from change in foreign currency exchange rates	0.1%	-1.0%	0.1%	1.7%	1.0%	1.0%	0.3%	1.0%	1.3%	1.6%	-0.6%
Constant currency period-over-period revenue growth	<b>-18.2%</b>	<b>9.9%</b>	<b>9.8%</b>	<b>7.0%</b>	<b>8.0%</b>	<b>1.4%</b>	<b>13.6%</b>	<b>7.7%</b>	<b>-4.0%</b>	<b>-4.3%</b>	<b>5.7%</b>

# CIS Gross Profit

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>Total GAAP revenue</b>	<b>\$ 356.2</b>	<b>\$ 395.1</b>	<b>\$ 433.4</b>	<b>\$ 108.2</b>	<b>\$ 112.9</b>	<b>\$ 106.9</b>	<b>\$ 129.1</b>	<b>\$ 457.1</b>	<b>\$ 101.4</b>	<b>\$ 105.0</b>	<b>\$ 113.0</b>
Segment product costs	84.1	92.3	90.6	17.9	18.7	20.1	26.7	83.3	13.5	15.3	11.3
Segment service expenses	52.5	62.3	70.2	18.7	18.9	16.5	16.6	70.8	17.8	14.8	17.1
Amortization of acquired technology	16.2	16.0	7.4	1.3	0.4	0.4	0.4	2.4	0.3	0.2	0.2
Stock-based compensation expenses (1)	1.5	1.6	1.3	0.3	0.5	0.4	0.7	1.9	0.2	0.4	0.5
Shared support expenses allocation (2)	5.1	4.0	4.5	1.1	1.6	1.4	1.3	5.4	0.9	1.0	1.5
<b>Total GAAP cost of revenue</b>	<b>\$ 159.4</b>	<b>\$ 176.2</b>	<b>\$ 174.0</b>	<b>\$ 39.3</b>	<b>\$ 40.0</b>	<b>\$ 38.8</b>	<b>\$ 45.7</b>	<b>\$ 163.7</b>	<b>\$ 32.7</b>	<b>\$ 31.7</b>	<b>\$ 30.7</b>
<b>GAAP gross profit</b>	<b>\$ 196.8</b>	<b>\$ 218.9</b>	<b>\$ 259.4</b>	<b>\$ 68.9</b>	<b>\$ 72.9</b>	<b>\$ 68.2</b>	<b>\$ 83.5</b>	<b>\$ 293.4</b>	<b>\$ 68.7</b>	<b>\$ 73.3</b>	<b>\$ 82.3</b>
<b>GAAP gross margin</b>	<b>55.2%</b>	<b>55.4%</b>	<b>59.9%</b>	<b>63.7%</b>	<b>64.6%</b>	<b>63.7%</b>	<b>64.6%</b>	<b>64.2%</b>	<b>67.7%</b>	<b>69.8%</b>	<b>72.8%</b>
Revenue adjustments	0.3	0.4	0.4	0.1	-	-	5.6	5.7	1.1	1.2	0.7
Amortization of acquired technology	16.2	16.0	7.4	1.3	0.4	0.4	0.4	2.4	0.3	0.2	0.2
Stock-based compensation expenses (1)	1.5	1.6	1.3	0.3	0.4	0.4	0.7	1.9	0.2	0.4	0.5
Acquisition expenses, net (3)	-	-	0.1	-	-	0.0	0.0	0.0	0.1	0.0	0.0
Restructuring expenses (3)	0.8	0.7	0.5	0.2	0.4	0.2	0.1	0.9	0.6	(0.0)	0.1
Separation expenses (3)	-	-	-	-	-	-	-	-	-	-	0.0
Impairment charges (3)	-	-	-	-	-	-	-	-	-	-	0.1
<b>Estimated fully allocated non-GAAP gross profit</b>	<b>\$ 215.6</b>	<b>\$ 237.6</b>	<b>\$ 269.1</b>	<b>\$ 70.8</b>	<b>\$ 74.1</b>	<b>\$ 69.2</b>	<b>\$ 90.2</b>	<b>\$ 304.3</b>	<b>\$ 70.9</b>	<b>\$ 75.2</b>	<b>\$ 83.9</b>
<b>Estimated fully allocated non-GAAP gross margin</b>	<b>60.5%</b>	<b>60.1%</b>	<b>62.0%</b>	<b>65.4%</b>	<b>65.6%</b>	<b>64.7%</b>	<b>67.0%</b>	<b>65.7%</b>	<b>69.2%</b>	<b>70.8%</b>	<b>73.8%</b>

# CIS Operating Expenses

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>Research and Development, net</b>											
Segment expenses	\$ 63.7	\$ 74.5	\$ 81.0	\$ 21.9	\$ 22.4	\$ 22.8	\$ 23.6	\$ 90.7	\$ 25.7	\$ 23.3	\$ 26.0
Stock-based compensation expenses (4)	3.9	4.5	3.4	0.9	1.2	1.0	1.6	4.7	0.8	1.0	1.0
Shared support service allocation (5)	5.3	6.4	8.1	2.2	2.1	2.4	2.6	9.2	2.5	2.3	2.7
<b>GAAP research and development, net</b>	<b>\$ 72.8</b>	<b>\$ 85.4</b>	<b>\$ 92.5</b>	<b>\$ 25.0</b>	<b>\$ 25.7</b>	<b>\$ 26.2</b>	<b>\$ 27.7</b>	<b>\$ 104.6</b>	<b>\$ 29.0</b>	<b>\$ 26.7</b>	<b>\$ 29.7</b>
<b>as a % of GAAP revenue</b>	<b>20.5%</b>	<b>21.6%</b>	<b>21.3%</b>	<b>23.1%</b>	<b>22.8%</b>	<b>24.5%</b>	<b>21.5%</b>	<b>22.9%</b>	<b>28.6%</b>	<b>25.4%</b>	<b>26.3%</b>
Stock-based compensation expenses (4)	(3.9)	(4.5)	(3.4)	(0.9)	(1.2)	(1.0)	(1.6)	(4.7)	(0.8)	(1.0)	(1.0)
Acquisition expenses, net (6)	(0.1)	-	(0.1)	(0.1)	(0.1)	(0.0)	(0.1)	(0.3)	(0.1)	(0.0)	(0.0)
Restructuring expenses (6)	(0.6)	(0.4)	(0.2)	(0.1)	-	(0.1)	(0.1)	(0.5)	(0.3)	(0.1)	(0.1)
Separation expenses (6)	-	-	-	-	-	-	-	-	-	-	(0.0)
Other Adjustments (6)	-	-	-	-	-	-	-	-	-	(0.0)	0.0
<b>Estimated fully allocated non-GAAP research and development, net</b>	<b>\$ 68.3</b>	<b>\$ 80.5</b>	<b>\$ 88.8</b>	<b>\$ 23.9</b>	<b>\$ 24.4</b>	<b>\$ 25.0</b>	<b>\$ 25.9</b>	<b>\$ 99.2</b>	<b>\$ 27.7</b>	<b>\$ 25.5</b>	<b>\$ 28.6</b>
<b>as a % of non-GAAP revenue</b>	<b>19.2%</b>	<b>20.4%</b>	<b>20.5%</b>	<b>22.0%</b>	<b>21.6%</b>	<b>23.4%</b>	<b>19.2%</b>	<b>21.4%</b>	<b>27.0%</b>	<b>24.0%</b>	<b>25.2%</b>
<b>Selling, General and Administrative expenses</b>											
Segment expenses	\$ 73.1	\$ 74.1	\$ 80.1	\$ 23.6	\$ 22.4	\$ 20.5	\$ 25.0	\$ 91.5	\$ 22.4	\$ 17.5	\$ 20.9
Stock-based compensation expenses (4)	15.1	16.4	17.8	4.6	5.3	4.8	6.6	21.3	3.8	4.4	5.1
Shared support service allocation (5)	46.6	47.5	47.3	13.5	14.1	13.2	13.8	54.6	13.2	13.5	15.4
<b>GAAP selling, general and administrative expenses</b>	<b>\$ 134.8</b>	<b>\$ 138.0</b>	<b>\$ 145.1</b>	<b>\$ 41.6</b>	<b>\$ 41.8</b>	<b>\$ 38.5</b>	<b>\$ 45.4</b>	<b>\$ 167.3</b>	<b>\$ 39.4</b>	<b>\$ 35.4</b>	<b>\$ 41.4</b>
<b>as a % of GAAP revenue</b>	<b>37.9%</b>	<b>34.9%</b>	<b>33.5%</b>	<b>38.5%</b>	<b>37.1%</b>	<b>36.0%</b>	<b>35.1%</b>	<b>36.6%</b>	<b>38.8%</b>	<b>33.7%</b>	<b>36.7%</b>
Stock-based compensation expenses (4)	(15.1)	(16.4)	(17.8)	(4.6)	(5.3)	(4.8)	(6.6)	(21.3)	(3.8)	(4.4)	(5.1)
Acquisition expenses, net (6)	(4.2)	(0.5)	(3.3)	(1.3)	(0.8)	(0.7)	(0.7)	(3.5)	1.3	(0.8)	0.5
Restructuring expenses (6)	(3.9)	(3.6)	(1.0)	(0.2)	(0.2)	(0.4)	(0.2)	(1.0)	(1.0)	(0.2)	(0.3)
Separation expenses (6)	(0.2)	(0.4)	(0.1)	(0.0)	(0.1)	(0.5)	(1.2)	(1.8)	(2.7)	(2.2)	(4.7)
Impairment charges (6)	-	(1.1)	-	-	-	-	-	-	-	-	-
Other adjustments (6)	(0.1)	(0.3)	0.3	(0.7)	(1.9)	(0.1)	(0.8)	(3.5)	(0.0)	0.4	0.0
<b>Estimated fully allocated non-GAAP selling, general and administrative expenses</b>	<b>\$ 111.3</b>	<b>\$ 115.7</b>	<b>\$ 123.3</b>	<b>\$ 34.9</b>	<b>\$ 33.6</b>	<b>\$ 31.9</b>	<b>\$ 35.8</b>	<b>\$ 136.3</b>	<b>\$ 33.2</b>	<b>\$ 28.1</b>	<b>\$ 31.8</b>
<b>as a % of non-GAAP revenue</b>	<b>31.2%</b>	<b>29.2%</b>	<b>28.4%</b>	<b>32.2%</b>	<b>29.8%</b>	<b>29.9%</b>	<b>26.6%</b>	<b>29.4%</b>	<b>32.4%</b>	<b>26.5%</b>	<b>28.0%</b>

# CIS Operating and EBITDA Margins

	Year Ended			Three Months Ended				Year Ended	Three Months Ended		
(\$ in millions)	1/31/2017	1/31/2018	1/31/2019	4/30/2019	7/31/2019	10/31/2019	1/31/2020	1/31/2020	4/30/2020	7/31/2020	10/31/2020
<b>GAAP operating income</b>	<b>\$ (12.4)</b>	<b>\$ (5.4)</b>	<b>\$ 21.1</b>	<b>\$ 2.1</b>	<b>\$ 5.3</b>	<b>\$ 3.4</b>	<b>\$ 10.1</b>	<b>\$ 20.9</b>	<b>\$ 0.1</b>	<b>\$ 10.9</b>	<b>\$ 10.9</b>
<b>GAAP operating margin</b>	<b>-3.5%</b>	<b>-1.4%</b>	<b>4.9%</b>	<b>2.0%</b>	<b>4.7%</b>	<b>3.1%</b>	<b>7.8%</b>	<b>4.6%</b>	<b>0.1%</b>	<b>10.4%</b>	<b>9.6%</b>
Revenue adjustments	0.3	0.4	0.4	0.1	-	-	5.6	5.7	1.1	1.2	0.7
Amortization of acquired technology	16.2	16.0	7.4	1.3	0.4	0.4	0.4	2.4	0.3	0.2	0.2
Amortization of other acquired intangible assets	1.6	0.9	0.7	0.1	0.1	0.1	0.2	0.6	0.3	0.3	0.3
Stock-based compensation expenses	20.4	22.5	22.5	5.8	6.9	6.2	8.9	27.8	4.8	5.8	6.6
Acquisitions expenses, net	4.3	0.5	3.4	1.5	0.9	0.8	0.8	3.8	(1.1)	0.9	(0.4)
Restructuring expenses	5.2	4.5	1.7	0.5	0.7	0.7	0.5	2.3	1.9	0.3	0.4
Separation expenses	0.2	0.4	0.1	0.0	0.1	0.5	1.2	1.8	2.7	2.2	4.8
Impairment charges	-	1.1	-	-	-	-	-	-	-	-	0.1
Other adjustments	0.1	0.4	(0.3)	0.7	1.9	0.1	0.8	3.5	0.0	(0.4)	(0.0)
<b>Estimated fully non-GAAP allocated operating income</b>	<b>\$ 35.9</b>	<b>\$ 41.3</b>	<b>\$ 57.0</b>	<b>\$ 12.1</b>	<b>\$ 16.1</b>	<b>\$ 12.2</b>	<b>\$ 28.5</b>	<b>\$ 68.8</b>	<b>\$ 10.0</b>	<b>\$ 21.6</b>	<b>\$ 23.5</b>
Depreciation and amortization (7)	9.6	10.5	10.4	2.7	2.8	3.0	3.1	11.6	3.7	3.7	3.6
<b>Estimated adjusted EBITDA</b>	<b>\$ 45.5</b>	<b>\$ 51.8</b>	<b>\$ 67.4</b>	<b>\$ 14.8</b>	<b>\$ 18.9</b>	<b>\$ 15.2</b>	<b>\$ 31.6</b>	<b>\$ 80.4</b>	<b>\$ 13.6</b>	<b>\$ 25.2</b>	<b>\$ 27.0</b>
<b>Estimated fully allocated non-GAAP operating margin</b>	<b>10.1%</b>	<b>10.5%</b>	<b>13.1%</b>	<b>11.1%</b>	<b>14.3%</b>	<b>11.4%</b>	<b>21.1%</b>	<b>14.9%</b>	<b>9.7%</b>	<b>20.3%</b>	<b>20.7%</b>
<b>Estimated fully allocated adjusted EBITDA margin</b>	<b>12.8%</b>	<b>13.1%</b>	<b>15.5%</b>	<b>13.6%</b>	<b>16.7%</b>	<b>14.2%</b>	<b>23.4%</b>	<b>17.4%</b>	<b>13.3%</b>	<b>23.7%</b>	<b>23.8%</b>

# CIS Footnotes

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

- (1) Represents the stock-based compensation expenses applicable to cost of revenue, allocated proportionally based upon our prior full year ended, annual segment operations and service expense wages, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (2) Represents the portion of our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks) applicable to cost of revenue, allocated proportionally based upon our prior full year ended annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (3) Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses and impairment charges applicable to cost of revenue, allocated proportionally based upon prior full year ended, annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (4) Represents the stock-based compensation expenses applicable to research and development, net and selling, general and administrative, allocated proportionally based upon our non-GAAP segment revenue for prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (5) Represents our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks), including general and administrative shared services acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated proportionally based upon our non-GAAP segment revenue for the prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (6) Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated proportionally based upon our prior full year ended, annual non-GAAP segment revenue, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (7) Represents certain depreciation and amortization expenses, which are otherwise included in our non-GAAP operating income, allocated proportionally based upon our non-GAAP segment revenue for the prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative adjusted EBITDA of our two businesses.
- (8) 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.

# CIS Supplemental Info Non-GAAP Measures

The tables include reconciliations of certain financial measures not prepared in accordance with Generally Accepted Accounting Principles ("GAAP"), consisting of non-GAAP revenue, non-GAAP software revenue (includes cloud and support), non-GAAP perpetual revenue, non-GAAP support revenue, non-GAAP professional services revenue, non-GAAP recurring revenue, non-GAAP nonrecurring revenue, non-GAAP cloud revenue, non-GAAP SaaS revenue, non-GAAP bundled SaaS revenue, non-GAAP unbundled SaaS revenue, non-GAAP optional managed services revenue, estimated GAAP fully allocated cost of revenue, estimated GAAP and non-GAAP fully allocated gross profit and gross margins, estimated GAAP and non-GAAP fully allocated research and development, net, estimated GAAP and non-GAAP fully allocated selling, general and administrative expenses, estimated GAAP and non-GAAP fully allocated operating income and operating margins, non-GAAP other income (expense), net, non-GAAP provision (benefit) for income taxes and non-GAAP effective income tax rate, non-GAAP net income attributable to Verint Systems Inc. common shares, non-GAAP diluted net income per common share attributable to Verint Systems Inc., estimated fully allocated adjusted EBITDA and adjusted EBITDA margins, net debt, non-GAAP segment expenses, non-GAAP shared support expenses 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.

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.** We exclude from our non-GAAP revenue the impact of fair value adjustments required under GAAP relating to cloud services and customer support contracts acquired in a business acquisition, which would have otherwise been recognized on a stand-alone 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. 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 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 foreign currency 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.

• **Amortization of convertible note discount.** Our non-GAAP financial measures 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 are required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we are required to recognize imputed interest expense on the difference between our assumed non-convertible debt borrowing rate and the coupon rate on our \$400.0 million of 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.



# CIS Supplemental Info Non-GAAP Measures

• **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, up to 200,000 shares of Series B Preferred Stock upon the completion of the spin-off of our Cyber Intelligence Solutions business and other customary closing conditions (the "Future Tranche Right") meets the definition of a freestanding financial instrument. This Future Tranche Right is reported at fair value as an asset or liability on our consolidated balance sheet, and is remeasured at fair value each reporting period until settlement, with changes in its fair value recognized within other income (expense), net on the consolidated statement of operations. We are excluding this change in fair value of the Future Tranche Right from our non-GAAP financial measures because it is unusual in nature, can vary significantly in amount, and is unrelated to our ongoing operations.

• **Acquisition expenses, net.** In connection with acquisition activity (including with respect to acquisitions that are not consummated), we incur expenses, 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. 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.** We exclude restructuring expenses from our non-GAAP financial measures, which include employee termination costs, facility exit costs, certain professional fees, asset impairment charges, 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.** On December 4, 2019, we announced our intention to separate into two independent publicly traded companies: one which will consist of our Customer Engagement Solutions business, and one which will consist of our Cyber Intelligence Solutions business. We are incurring significant expenses to prepare for this separation, including third-party advisory, accounting, legal, 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 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. 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.

• **Impairment charges and other adjustments.** We exclude from our non-GAAP financial measures asset impairment charges (other than those associated with restructuring or acquisition 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, including fees and expenses (or recoveries) related to a shareholder proxy contest that was settled in June 2019 of (\$1.3) million during the nine months ended October 31, 2020 and \$7.8 million for the year ended January 31, 2019, all of which are unusual in nature and can vary significantly in amount and frequency.

• **Non-GAAP income tax adjustments.** We exclude our GAAP provision (benefit) for income taxes from our non-GAAP measures of net income attributable to Verint Systems Inc., 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 rates for the year ending January 31, 2021 is currently approximately 8%, and was 8% for the year ended January 31, 2020, and was 11% for the year ended January 31, 2019. 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.

## Cyber Intelligence Recurring and Nonrecurring Revenue Metrics

Recurring revenue, on both a GAAP and non-GAAP basis, primarily consists of initial and renewal support, subscription software licenses, and SaaS in certain limited transactions.

Nonrecurring revenue, on both a GAAP and non-GAAP basis, primarily consists of our perpetual licenses, long-term projects including software customizations that are recognized over time using a percentage of completion ("POC") method, consulting, implementation and installation services, training, and hardware.



# CIS Supplemental Info Non-GAAP Measures

We believe that recurring and nonrecurring revenue provide investors with useful insight into the nature and sustainability of our revenue streams. The recurrence of these revenue streams in future periods depends on a number of factors including contractual periods and customers' renewal decisions. Please see "Revenue adjustments" above for an explanation for why we present these revenue numbers on both a GAAP and non-GAAP basis.

## **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, revenue adjustments, restructuring expenses, acquisition expenses, 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 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.

## **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, cost of revenue, and operating expenses 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 foreign currency 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 for revenue, operating margin, and diluted earnings per share, 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. We periodically report our historical non-GAAP diluted net income per share both inclusive and exclusive of these net foreign exchange gains or losses. 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.