

FYE23 Third Quarter Conference Call

Boundless Customer Engagement™

December 7, 2022

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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).

Strong Q3 Results



Brands Look to Close the Engagement Capacity Gap

Verint Cloud Platform is Differentiated

Strong SaaS Performance Coupled With Perpetual Revenue Decline

Strong Gross Margin and Earnings

Q3 Financial Results and Cloud Metrics

Q3 Financial Results

Revenue In Line with Guidance

Continued Gross Margin Expansion

Non-GAAP Diluted EPS Significantly Ahead of Guidance

Cloud Metrics - Constant Currency

Cloud Revenue Growth
35%

SaaS Revenue Growth
>40%

New SaaS ACV Growth
>50%

Note: Growth percentages are consistent on a constant currency GAAP and Non-GAAP basis. New SaaS ACV is a non-GAAP metric.

Significant Wins with Large Deals and New Logos

Q3 New and Expansion Customers

- **Large Enterprise Cloud Adoptions**



- 31 Cloud Orders Above \$1 Million TCV
- Up ~50% year-over-year

- **Added More than 100 New Logos**

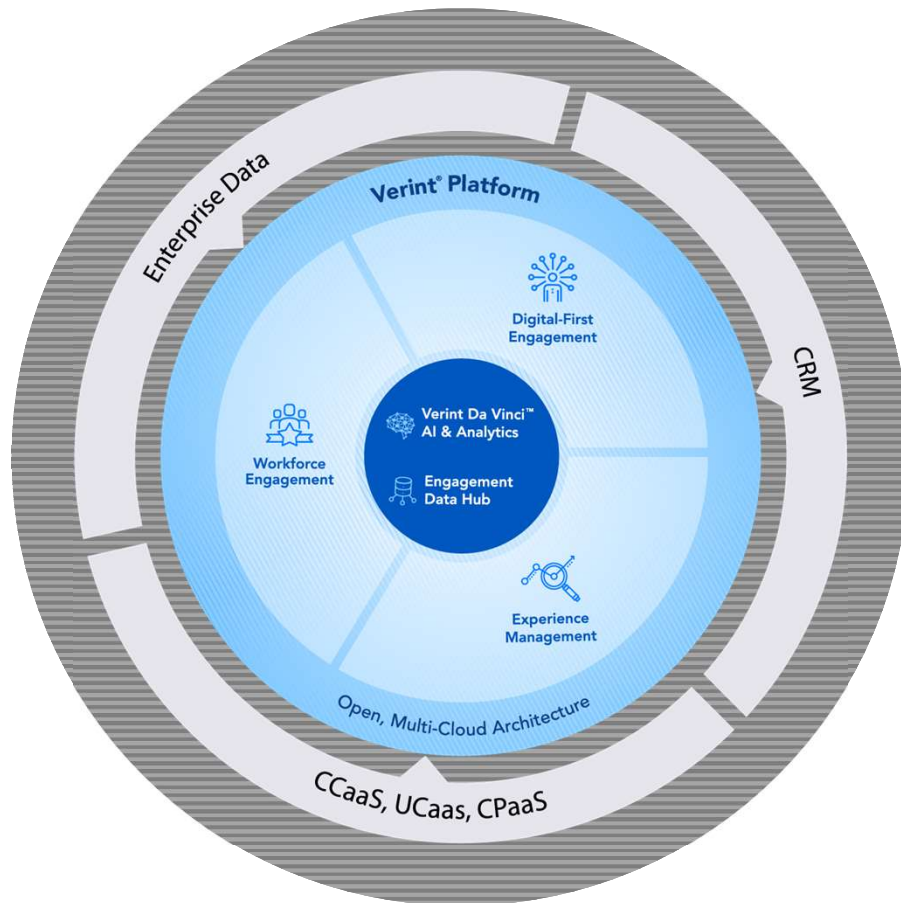


Large Enterprises are Moving to the Cloud with Verint

Q3 Customer Win Examples

		Order Size (TCV)	Reasons We Won the Order
	Financial Services	\$13 Million	<ul style="list-style-type: none">▪ Verint Platform Openness▪ Verint Da Vinci™ AI Differentiation▪ Enterprise Scalability
	Utility	\$7 Million	<ul style="list-style-type: none">▪ Verint Platform Openness and Breadth▪ Verint Da Vinci™ AI Differentiation▪ Strong ROI

Verint Cloud Platform Is Differentiated



Platform Differentiation

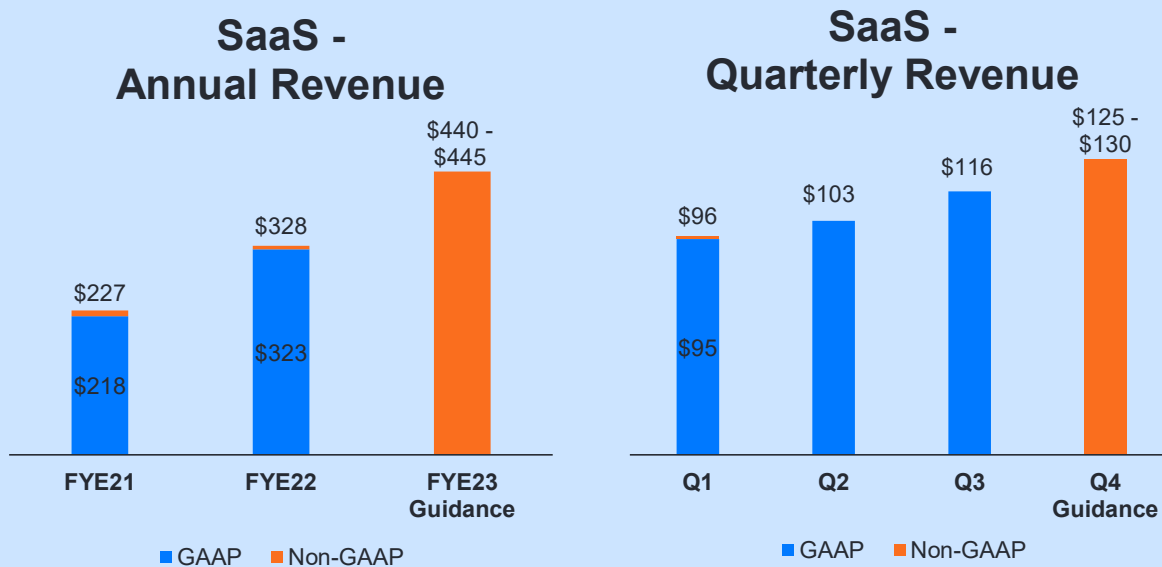
Engagement Data Hub and Verint Da Vinci™ AI

Best of Breed Applications

Open and Agnostic

FYE23: SaaS Trends

Expect to Finish the Year Strong



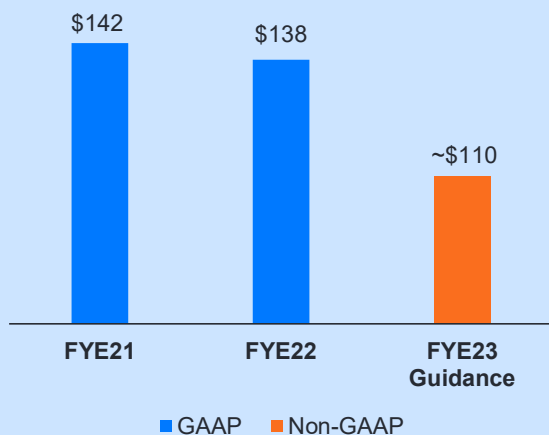
New SaaS ACV
Growth Accelerates
in Second Half of the Year

First Half: 15% CC
Second Half: ~40% CC

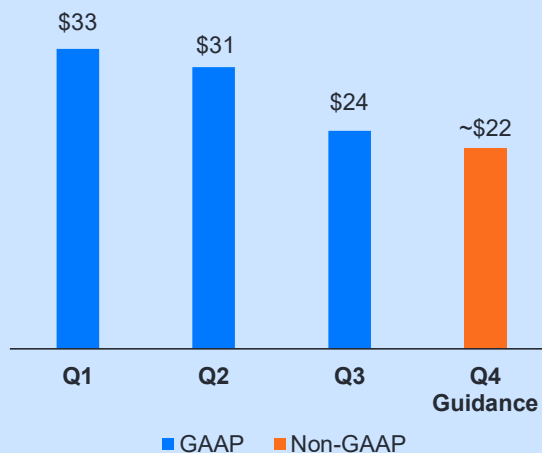
Note: Millions of USD. Guidance is provided on a non-GAAP basis. Q2 and Q3 SaaS revenue is the same on a GAAP and non-GAAP basis. CC represents constant currency. New SaaS ACV is a non-GAAP metric.

FYE23: Perpetual Trends

Perpetual License -
Annual Revenue



Perpetual License -
Quarterly Revenue



**Perpetual Revenue Lower
in Second Half of the Year**

First Half: \$64 million

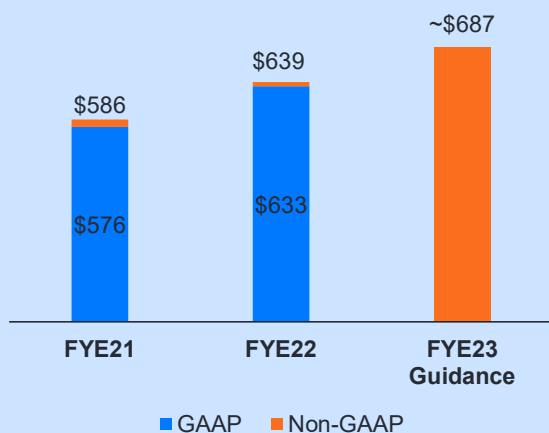
Second Half: \$46 million

Note: Millions of USD. GAAP and Non-GAAP Perpetual License revenue were the same for each period presented.. Guidance is provided on a non-GAAP basis.

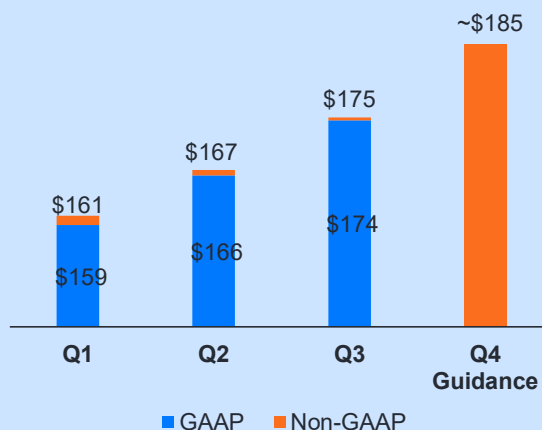
FYE23: Recurring Revenue Trends

Reflects Success of Cloud First Strategy

**Recurring -
Annual Revenue**



**Recurring -
Quarterly Revenue**



Metrics

Recurring Revenue Expected to Increase 10% CC in FYE23

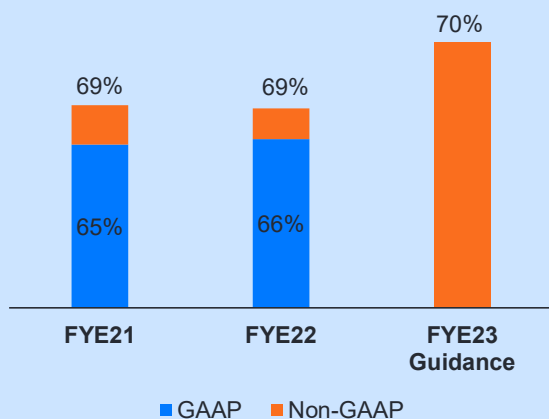
Recurring Revenue Approaching 90% of Software Revenue in Q4

Note: Millions of USD. Guidance is provided on a non-GAAP basis. CC represents Constant Currency.

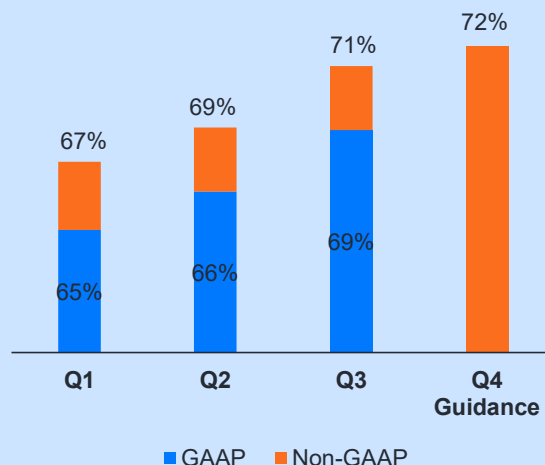
FYE23: Gross Margin Trends

Expansion Driven by Mix Shift to Recurring Revenue

Gross Margin -
Annual



Gross Margin -
Quarterly



Metrics

Recurring Revenue Growth Drives Higher Gross Margins

Expect 100bps of Gross Margin Expansion to 70% in FYE23

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

FYE23 Guidance

Strong SaaS and Earnings Growth

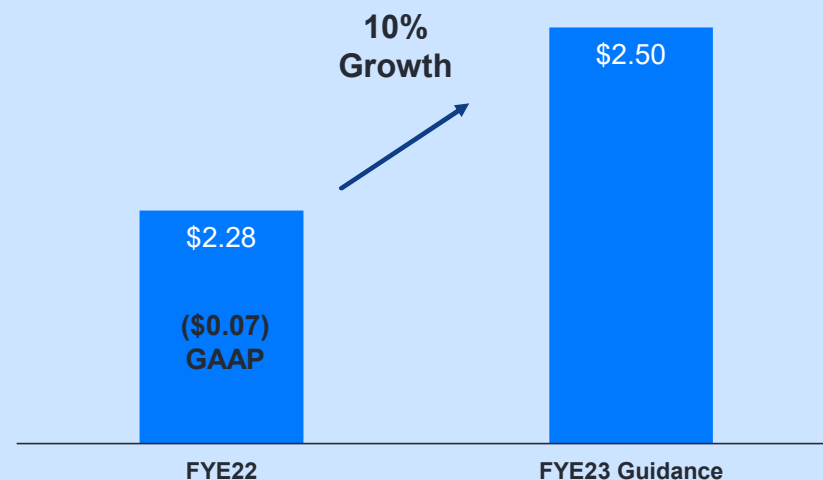
SaaS Growth and Perpetual Decline

Expect Strong New SaaS ACV Growth in Q4 Driving
>35% SaaS Revenue CC Growth for FYE23

Continued Perpetual Revenue Decline in Q4
Driving Total Revenue Guidance to 5% CC Growth

Maintain \$2.50 Diluted EPS: 10% Growth

Earnings Growth



Note: CC is Constant Currency. Guidance is provided on a non-GAAP basis. Growth is provided on a year-over-year basis. Earnings guidance represents non-GAAP diluted EPS.

FYE24 Outlook

Continued SaaS Momentum and High Single Digit Earnings Growth

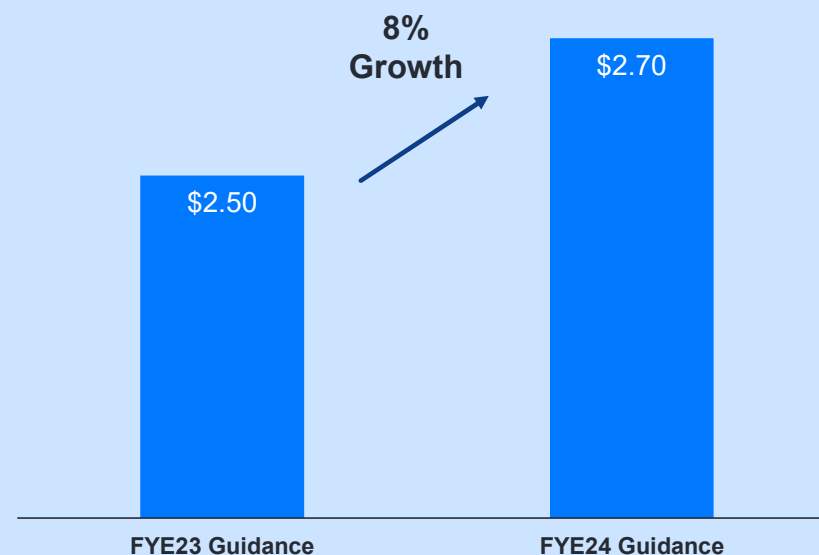
Continued SaaS Momentum

Another Year of ~30% CC SaaS Revenue Growth

6% CC Revenue Growth

8% Diluted EPS Growth: \$2.70

Earnings Growth



Note: CC is Constant Currency. Guidance is provided on a non-GAAP basis. Earnings guidance represents non-GAAP diluted EPS.

Long-Term Targets and New Buyback Program

Long-Term Targets

Market Supports Sustained SaaS Growth

Continued Gross Margin Expansion

Double Digit Earnings Growth

New Buyback Program

\$200 Million

Over Two Years

Reflects ~7% of Current Shares Outstanding

Note: ~7% of shares represents non-GAAP shares outstanding.

Financial Review



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Q3 and YTD Financial Results

Q3 Financial Results

Revenue - Constant Currency

GAAP: \$232 million, 3% growth

Non-GAAP: \$232 million, 2% growth

Recurring Revenue – Constant Currency

GAAP: \$180 million, 13% growth

Non-GAAP: \$180 million, 12% growth

Gross Margin

GAAP: 68.7%

Non-GAAP: 71.2%

Diluted EPS

GAAP: (\$0.02)

Non-GAAP: \$0.69

YTD Financial Results

Revenue - Constant Currency

GAAP: \$681 million, 6% growth

Non-GAAP: \$683 million, 6% growth

Recurring Revenue – Constant Currency

GAAP: \$512 million, 11% growth

Non-GAAP: \$514 million, 11% growth

Gross Margin

GAAP: 66.6%

Non-GAAP: 69.2%

Diluted EPS

GAAP: (\$0.21)

Non-GAAP: \$1.77

Note: Growth rates are on a year-over-year basis.

Q3 and YTD Cloud KPIs

Q3 Cloud KPIs

Cloud Revenue

GAAP: \$135 million, 37% growth CC
Non-GAAP: \$135 million, 35% growth CC

SaaS Revenue

GAAP: \$119 million, 44% growth CC
Non-GAAP: \$119 million, 41% growth CC

New SaaS ACV

51% growth CC

New Perpetual License Equivalent Growth

Total: -4% CC
SaaS Component: 42%
Perpetual Component: -43%

YTD Cloud KPIs

Cloud Revenue

GAAP: \$368 million, 35% growth CC
Non-GAAP: \$370 million, 34% growth CC

SaaS Revenue

GAAP: \$319 million, 43% growth CC
Non-GAAP: \$321 million, 42% growth CC

New SaaS ACV

25% growth CC

New Perpetual License Equivalent Growth

Total: 11% CC
SaaS Component: 41%
Perpetual Component: -20%

Note: Growth rates are on a year-over-year basis. New SaaS ACV and New PLE are non-GAAP metrics.

FYE23 Guidance

FYE23 Guidance

CC SaaS Revenue Growth: >35%

CC Recurring Revenue Growth: 10%

Revenue: \$900 million

Q4 Below the Line

Interest and other expense, net: \$1 million

Net income from non-controlling interest: \$200,000

Tax rate: ~12% cash tax rate

Fully diluted shares outstanding: ~76 million



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

FYE23 – SaaS Transition Metrics

Favorable SaaS Mix, Strong SaaS Growth and Strong Recurring Revenue Renewal Rates

Cloud Mix	64% of Software Revenue to be Generated from Cloud ⁽¹⁾ 67% of New PLE Bookings to be Generated From SaaS ⁽²⁾
SaaS Growth	>35% CC SaaS Revenue Growth ~60% from New Bookings and ~40% from Conversions \$180 million Support will Remain at Year End
Recurring Revenue	86% of Software Revenue is Recurring Strong Renewal Rates

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

(1) Percent of total revenue excluding professional services

(2) Percent of New Perpetual License Equivalent Bookings

FYE24 Guidance

Revenue: \$945 million +/- 2% reflecting 6% CC growth

Recurring Revenue: ~\$750 million, reflecting ~10% CC growth

Continued Gross Margin Expansion: ~50bps

Interest and other expense, net: \$750,000 per quarter

Net income from non-controlling interest: \$200,000 per quarter

Tax rate: ~11% cash tax rate

Fully diluted shares outstanding: 75 million



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

Summary

Strong Q3 Results

Revenue In Line with Guidance

Strong Gross Margins

Non-GAAP Diluted EPS Significantly
Ahead of Guidance

Outlook

FYE23:
Adjusting Guidance for Strong
SaaS Growth and Faster Decline in
Perpetual Revenue

FYE24:
Strong SaaS Growth and
Earnings Growth

New Buyback Program

Targeting Long-Term Double-Digit
Revenue and Earnings Growth

New \$200 Million Buyback
Program Over Two Years
*Reflects ~7% of Current
Shares Outstanding*

Note: Guidance is provided on a non-GAAP basis unless otherwise noted. Growth rates are on a year-over-year basis. ~7% of shares represents non-GAAP shares outstanding.

Thank You

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Financial Outlook

FYE 2023 Outlook

We are adjusting our non-GAAP annual outlook for the year ending January 31, 2023 reflecting current trends as follows:

- **Revenue:** \$900 million +/- 2%, reflecting 5% year-over-year growth on a constant currency basis
- **SaaS Revenue Growth:** More than 35% year-over-year growth with cloud revenue growing more than 30% year-over-year both on a constant currency basis
- **Diluted EPS:** \$2.50 at the midpoint of our revenue guidance, reflecting 10% year-over-year growth

FYE 2024 Outlook

We are providing our non-GAAP annual outlook for the year ending January 31, 2024 reflecting the current macroeconomic environment as follows:

- **Revenue:** \$945 million +/- 2%, reflecting 6% year-over-year growth on a constant currency basis
- **SaaS Revenue Growth:** Approximately 30% year-over-year growth on a constant currency basis
- **Diluted EPS:** \$2.70 at the midpoint of our revenue guidance, reflecting 8% year-over-year growth

Our non-GAAP outlook for the year ending January 31, 2023 excludes the following GAAP measure which we are able to quantify with reasonable certainty:

- Amortization of intangible assets of approximately \$39 million.

Financial Outlook

Our non-GAAP outlook for the year ending January 31, 2023 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 \$2 million and \$3 million.
- Stock-based compensation expenses are expected to be between approximately \$79 million and \$82 million, assuming market prices for our common stock approximately consistent with current levels.
- Costs associated with modifying our workplace in response to our decision to move to a hybrid work environment, including assumed lease terminations and abandonments, IT facilities and infrastructure costs, and other charges are expected to be between approximately \$26 million and \$29 million.

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

- Amortization of intangible assets of approximately \$30 million.

Our non-GAAP outlook for the year ending January 31, 2024 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 \$0 million and \$1 million.
- Stock-based compensation expenses are expected to be between approximately \$69 million and \$75 million, assuming market prices for our common stock approximately consistent with current levels.
- Costs associated with modifying our workplace in response to our decision to move to a hybrid work environment, including assumed lease terminations and abandonments, IT facilities and infrastructure costs, and other charges are expected to be between approximately \$20 million and \$26 million.

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

We are unable, without unreasonable efforts, to provide a reconciliation for other GAAP measures which are excluded from our non-GAAP outlook, including the impact of future business acquisitions or acquisition expenses, future restructuring expenses, and non-GAAP income tax adjustments due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items. While historical results may not be indicative of future results, actual amounts for the three and nine months ended October 31, 2022 and 2021 for the GAAP measures excluded from our non-GAAP outlook appear in this presentation.

Summary Metrics

(\$ in millions)		Year Ended 1/31/2021		Year Ended 1/31/2022		Three Months Ended						Nine Months Ended 10/31/2022	
		4/30/2022		7/31/2022		10/31/2022							
		GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric	GAAP	Non-GAAP/ Operating Metric
Revenue Metrics	Recurring Revenue	\$575.6	\$586.0	\$633.1	\$639.3	\$159.4	\$160.7	\$166.4	\$167.2	\$174.2	\$174.6	\$500.0	\$502.5
	Cloud	\$277.4	\$287.6	\$388.4	\$394.5	\$110.6	\$112.0	\$118.3	\$119.1	\$131.2	\$131.6	\$360.2	\$362.7
	Support	\$298.2	\$298.4	\$244.7	\$244.8	\$48.7	\$48.7	\$48.1	\$48.1	\$43.0	\$43.0	\$139.8	\$139.8
	Nonrecurring Revenue	\$254.6	\$254.6	\$241.4	\$241.4	\$58.5	\$58.5	\$56.5	\$56.5	\$51.0	\$51.0	\$166.0	\$166.0
	Perpetual	\$141.8	\$141.8	\$138.1	\$138.1	\$33.3	\$33.3	\$30.8	\$30.8	\$24.4	\$24.4	\$88.5	\$88.5
	Professional Services	\$112.8	\$112.8	\$103.3	\$103.3	\$25.3	\$25.3	\$25.7	\$25.7	\$26.5	\$26.5	\$77.5	\$77.5
	Total Revenue	\$830.2	\$840.6	\$874.5	\$880.7	\$217.9	\$219.2	\$222.9	\$223.6	\$225.2	\$225.6	\$666.0	\$668.5
	Reported Revenue Growth	-1.9%	-3.7%	5.3%	4.8%	8.5%	8.6%	3.9%	3.7%	0.2%	-0.6%	4.0%	3.7%
	Constant Currency Revenue Growth	-2.1%	-3.9%	4.2%	3.6%	9.5%	9.9%	6.7%	6.2%	3.2%	2.2%	6.3%	6.0%
Recurring Revenue Mix	% of Revenue that is Software Revenue	86.4%	86.6%	88.2%	88.3%	88.4%	88.5%	88.5%	88.5%	88.2%	88.2%	88.4%	88.4%
	% of Software Revenue that is Recurring Revenue*	80.2%	80.5%	82.1%	82.2%	82.7%	82.9%	84.4%	84.4%	87.7%	87.7%	85.0%	85.0%
Bookings Metrics	New SaaS ACV		\$66.2		\$94.0		\$24.1		\$27.3		\$26.8		\$78.2
	New SaaS ACV Growth YoY		33.1%		42.0%		28.0%		2.7%		46.5%		22.8%
	New Perpetual License Equivalent Bookings		\$258.3		\$302.1		\$77.7		\$80.5		\$71.1		\$229.3
	Year-over-Year Growth		-4.6%		17.0%		27.4%		10.2%		-5.7%		9.5%
	New PLE Bookings - SaaS Component		\$115.7		\$158.9		\$45.0		\$52.3		\$46.9		\$144.2
	Year-over-Year Growth				37.3%		44.1%		36.2%		42.2%		40.6%
	% of New Perpetual License Equivalent Bookings from SaaS		44.8%		52.6%		57.9%		65.0%		65.9%		62.9%
	New PLE Bookings - Perpetual Component		\$142.6		\$143.2		\$32.7		\$28.2		\$24.3		\$85.1
	Year-over-Year Growth				0.4%		9.9%		-18.7%		-42.9%		-20.4%
	% of New Perpetual License Equivalent Bookings from Perpetual		55.2%		47.4%		42.1%		35.0%		34.1%		37.1%
Cloud Detail	Cloud Revenue	\$277.4	\$287.6	\$388.4	\$394.5	\$110.6	\$112.0	\$118.3	\$119.1	\$131.2	\$131.6	\$360.2	\$362.7
	SaaS Bundled Revenue	\$146.0	\$155.0	\$183.0	\$188.6	\$49.3	\$50.6	\$54.7	\$55.4	\$57.0	\$57.4	\$161.0	\$163.3
	SaaS Unbundled Revenue	\$72.0	\$72.2	\$139.7	\$139.8	\$45.4	\$45.4	\$47.9	\$47.9	\$58.7	\$58.7	\$152.1	\$152.1
	Optional Managed Services Revenue	\$59.5	\$60.5	\$65.6	\$66.2	\$15.9	\$16.0	\$15.8	\$15.8	\$15.4	\$15.5	\$47.1	\$47.3
	Cloud Revenue Growth YoY	25.8%	16.5%	40.0%	37.2%	38.2%	38.1%	26.9%	26.3%	33.3%	30.9%	32.5%	31.5%
	SaaS Revenue Growth YoY	32.9%	20.5%	48.1%	44.6%	49.0%	49.0%	34.3%	33.6%	41.0%	38.1%	41.0%	39.7%
Gross Profit Metrics	Gross Profit	\$542.7	\$580.8	\$575.9	\$606.2	\$141.2	\$147.9	\$147.8	\$153.8	\$154.8	\$160.7	\$443.8	\$462.4
	Gross Margin %	65.4%	69.1%	65.9%	68.8%	64.8%	67.5%	66.3%	68.8%	68.7%	71.2%	66.6%	69.2%
	Recurring Gross Profit	\$436.6	\$450.7	\$476.6	\$485.4	\$118.3	\$120.3	\$125.6	\$127.3	\$135.4	\$137.0	\$379.3	\$384.6
	Recurring Gross Margin %	75.8%	76.9%	75.3%	75.9%	74.3%	74.9%	75.5%	76.1%	77.7%	78.4%	75.9%	76.5%
	Nonrecurring Gross Profit	\$124.1	\$130.1	\$117.2	\$120.8	\$26.5	\$27.6	\$25.8	\$26.5	\$23.0	\$23.7	\$75.2	\$77.8
	Nonrecurring Gross Margin %	48.7%	51.1%	48.5%	50.0%	45.2%	47.1%	45.6%	47.0%	45.0%	46.5%	45.3%	46.9%
Operating Expense Metrics	Research and Development, net	\$128.2	\$113.0	\$123.3	\$114.3	\$30.9	\$28.2	\$34.0	\$29.5	\$32.9	\$28.9	\$97.8	\$86.6
	% of Revenue	15.4%	13.4%	14.1%	13.0%	14.2%	12.8%	15.2%	13.2%	14.6%	12.8%	14.7%	12.9%
	Selling, General and Administrative	\$327.3	\$246.3	\$376.8	\$284.6	\$102.9	\$75.9	\$105.7	\$76.6	\$93.8	\$73.2	\$302.3	\$225.7
	% of Revenue	39.4%	29.3%	43.1%	32.3%	47.2%	34.6%	47.4%	34.3%	41.6%	32.5%	45.4%	33.8%
Profitability Metrics	Operating (Loss) Income	\$57.4	\$221.5	\$46.8	\$207.2	\$0.5	\$43.8	\$1.5	\$47.7	\$21.7	\$58.6	\$23.7	\$150.1
	Operating Margin %	6.9%	26.4%	5.4%	23.5%	0.2%	20.0%	0.7%	21.3%	9.6%	26.0%	3.6%	22.5%
	Adjusted EBITDA		\$248.8		\$232.5		\$50.6		\$54.0		\$64.7		\$169.3
	Adjusted EBITDA Margin		29.6%		26.4%		23.1%		24.2%		28.7%		25.3%
	Diluted EPS	(\$0.88)	\$2.57	(\$0.07)	\$2.28	(\$0.08)	\$0.52	(\$0.12)	\$0.56	(\$0.02)	\$0.69	(\$0.21)	\$1.77

Cloud Metrics

(\$ in millions)	Year Ended	Year Ended	Three Months Ended			Nine Months Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	10/31/2022
SaaS revenue - GAAP	\$ 218.0	\$ 322.8	\$ 94.7	\$ 102.6	\$ 115.8	\$ 313.1
Bundled SaaS revenue - GAAP	146.0	183.0	49.3	54.7	57.0	161.0
Unbundled SaaS revenue - GAAP	72.0	139.7	45.4	47.9	58.7	152.1
Optional managed services revenue - GAAP	59.5	65.6	15.9	15.8	15.4	47.1
Cloud revenue - GAAP	\$ 277.4	\$ 388.4	\$ 110.6	\$ 118.3	\$ 131.2	\$ 360.2
Estimated SaaS revenue adjustments	9.2	5.6	1.3	0.7	0.4	2.3
Estimated bundled SaaS revenue adjustments	9.0	5.6	1.3	0.7	0.4	2.3
Estimated unbundled SaaS revenue adjustments	0.2	0.1	-	-	-	-
Estimated optional managed services revenue adjustments	1.0	0.5	0.1	0.1	0.0	0.2
Estimated cloud revenue adjustments	10.2	6.1	1.3	0.7	0.4	2.5
SaaS revenue - non-GAAP	227.1	328.4	96.0	103.2	116.2	315.4
Bundled SaaS revenue - non-GAAP	155.0	188.6	50.6	55.4	57.4	163.3
Unbundled SaaS revenue - non-GAAP	72.2	139.8	45.4	47.9	58.7	152.1
Optional managed services revenue - non-GAAP	60.5	66.2	16.0	15.8	15.5	47.3
Cloud revenue - non-GAAP	\$ 287.6	\$ 394.5	\$ 112.0	\$ 119.1	\$ 131.6	\$ 362.7

Revenue Metrics

(\$ in millions)	Year Ended	Year Ended	Three Months Ended			Nine Months Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	10/31/2022
Recurring revenue- GAAP	\$ 575.6	\$ 633.1	\$ 159.4	\$ 166.4	\$ 174.2	\$ 500.0
Cloud revenue - GAAP	277.4	388.4	110.6	118.3	131.2	360.2
Support revenue - GAAP	298.2	244.7	48.7	48.1	43.0	139.8
Nonrecurring revenue - GAAP	254.6	241.4	58.5	56.5	51.0	166.0
Perpetual revenue - GAAP	141.8	138.1	33.3	30.8	24.4	88.5
Professional services revenue - GAAP	112.8	103.3	25.3	25.7	26.5	77.5
Total revenue - GAAP	\$ 830.2	\$ 874.5	\$ 217.9	\$ 222.9	\$ 225.2	\$ 666.0
Estimated recurring revenue adjustments	10.3	6.2	1.3	0.7	0.4	2.5
Estimated cloud revenue adjustments	10.2	6.1	1.3	0.7	0.4	2.5
Estimated support revenue adjustments	0.2	0.0	0.0	-	-	0.0
Estimated nonrecurring revenue adjustments	-	-	-	-	-	-
Estimated perpetual revenue adjustments	-	-	-	-	-	-
Estimated professional services revenue adjustments	-	-	-	-	-	-
Total estimated revenue adjustments	10.3	6.2	1.3	0.7	0.4	2.5
Recurring revenue- non-GAAP	\$ 586.0	\$ 639.3	\$ 160.7	\$ 167.2	\$ 174.6	\$ 502.5
Cloud revenue - non-GAAP	287.6	394.5	112.0	119.1	131.6	362.7
Support revenue - non-GAAP	298.4	244.8	48.7	48.1	43.0	139.8
Nonrecurring revenue - non-GAAP	254.6	241.4	58.5	56.5	51.0	166.0
Perpetual revenue - non-GAAP	141.8	138.1	33.3	30.8	24.4	88.5
Professional services revenue - non-GAAP	112.8	103.3	25.3	25.7	26.5	77.5
Total revenue - non-GAAP	\$ 840.6	\$ 880.7	\$ 219.2	\$ 223.6	\$ 225.6	\$ 668.5

Constant Currency

	Year Ended	Year Ended	Three Months Ended			Nine Months Ended
(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	10/31/2022
GAAP						
Revenue for the three months ended prior period	\$ 846.5	\$ 830.2	\$ 200.9	\$ 214.6	\$ 224.8	\$ 640.3
Revenue for the three months ended current period	\$ 830.2	\$ 874.5	\$ 217.9	\$ 222.9	\$ 225.2	\$ 666.0
Revenue for the three months ended current period at constant currency (1)	\$ 829.0	\$ 865.0	\$ 220.0	\$ 229.0	\$ 232.0	\$ 681.0
Reported period-over-period revenue growth	-1.9%	5.3%	8.5%	3.9%	0.2%	4.0%
% impact from change in foreign currency exchange rates	-0.2%	-1.0%	1.0%	2.8%	3.0%	2.3%
Constant currency period-over-period revenue growth	-2.1%	4.2%	9.5%	6.7%	3.2%	6.3%
Non-GAAP						
Revenue for the three months ended prior period	\$ 873.2	\$ 840.6	\$ 201.9	\$ 215.6	\$ 226.9	\$ 644.5
Revenue for the three months ended current period	\$ 840.6	\$ 880.7	\$ 219.2	\$ 223.6	\$ 225.6	\$ 668.5
Revenue for the three months ended current period at constant currency (1)	\$ 839.0	\$ 871.0	\$ 222.0	\$ 229.0	\$ 232.0	\$ 683.0
Reported period-over-period revenue growth	-3.7%	4.8%	8.6%	3.7%	-0.6%	3.7%
% impact from change in foreign currency exchange rates	-0.2%	-1.2%	1.3%	2.5%	2.8%	2.3%
Constant currency period-over-period revenue growth	-3.9%	3.6%	9.9%	6.2%	2.2%	6.0%

Gross Profit

	Year Ended	Year Ended	Three Months Ended			Nine Months Ended
(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	10/31/2022
Gross Profit and Gross Margin						
Total GAAP revenue	\$ 830.2	\$ 874.5	\$ 217.9	\$ 222.9	\$ 225.2	\$ 666.0
Recurring costs	139.0	156.6	41.0	40.9	38.8	120.7
Nonrecurring costs	130.5	124.2	32.1	30.7	28.0	90.8
Amortization of acquired technology	18.0	17.8	3.6	3.6	3.6	10.7
Total GAAP cost of revenue	287.6	298.6	76.7	75.1	70.4	222.2
GAAP gross profit	\$ 542.7	\$ 575.9	\$ 141.2	\$ 147.8	\$ 154.8	\$ 443.8
GAAP gross margin	65.4%	65.9%	64.8%	66.3%	68.7%	66.6%
Revenue adjustments	10.3	6.2	1.3	0.7	0.4	2.5
Amortization of acquired technology	18.0	17.8	3.6	3.6	3.6	10.7
Stock-based compensation expenses	3.3	5.0	1.2	1.8	1.3	4.2
Acquisition expenses (benefit), net	0.4	0.3	0.3	(0.1)	-	0.2
Restructuring expenses	2.2	0.8	0.3	0.0	0.6	1.0
Separation expenses (2)	-	0.1	-	-	-	-
Impairment charges	0.1	-	-	-	-	-
Discontinued operations corporate overhead adjustment	4.7	-	-	-	-	-
Allocation methodology difference	(0.8)	-	-	-	-	-
Non-GAAP gross profit	\$ 580.8	\$ 606.2	\$ 147.9	\$ 153.8	\$ 160.7	\$ 462.4
Non-GAAP gross margin	69.1%	68.8%	67.5%	68.8%	71.2%	69.2%
Recurring Gross Profit and Gross Margin						
GAAP recurring revenue	\$ 575.6	\$ 633.1	\$ 159.4	\$ 166.4	\$ 174.2	\$ 500.0
GAAP recurring costs	139.0	156.6	41.0	40.9	38.8	120.7
GAAP recurring gross profit	436.6	476.6	118.3	125.6	135.4	379.3
GAAP recurring gross margin	75.8%	75.3%	74.3%	75.5%	77.7%	75.9%
Recurring revenue adjustments	10.3	6.2	1.3	0.7	0.4	2.5
Recurring stock-based compensation expenses	1.1	2.0	0.5	0.9	0.7	2.2
Recurring acquisition expenses, net	0.1	0.1	0.0	-	-	0.0
Recurring restructuring expenses	1.0	0.5	0.1	0.0	0.5	0.6
Recurring separation expenses (2)	-	0.0	-	-	-	-
Recurring impairment charges	-	-	-	-	-	-
Recurring discontinued operations corporate overhead adjustment	1.0	-	-	-	-	-
Recurring allocation methodology difference	0.6	-	-	-	-	-
Non-GAAP recurring gross profit	\$ 450.7	\$ 485.4	\$ 120.3	\$ 127.3	\$ 137.0	\$ 384.6
Non-GAAP recurring gross margin	76.9%	75.9%	74.9%	76.1%	78.4%	76.5%
Nonrecurring Gross Profit and Gross Margin						
GAAP nonrecurring revenue	\$ 254.6	\$ 241.4	\$ 58.5	\$ 56.5	\$ 51.0	\$ 166.0
GAAP nonrecurring costs	130.5	124.2	32.1	30.7	28.0	90.8
GAAP nonrecurring gross profit	124.1	117.2	26.5	25.8	23.0	75.2
GAAP nonrecurring gross margin	48.7%	48.5%	45.2%	45.6%	45.0%	45.3%
Nonrecurring revenue adjustments	-	-	-	-	-	-
Nonrecurring stock-based compensation expenses	2.2	3.0	0.6	0.8	0.6	2.1
Nonrecurring acquisition expenses (benefit), net	0.2	0.2	0.2	(0.1)	-	0.2
Nonrecurring restructuring expenses (benefit)	1.2	0.3	0.2	0.0	0.1	0.4
Nonrecurring separation expenses (2)	-	0.0	-	-	-	-
Nonrecurring impairment charges	0.1	-	-	-	-	-
Nonrecurring discontinued operations corporate overhead adjustment	3.7	-	-	-	-	-
Nonrecurring allocation methodology difference	(1.4)	-	-	-	-	-
Non-GAAP nonrecurring gross profit	\$ 130.1	\$ 120.8	\$ 27.6	\$ 26.5	\$ 23.7	\$ 77.8
Non-GAAP nonrecurring gross margin	51.1%	50.0%	47.1%	47.0%	46.5%	46.9%

Operating Expenses

	Year Ended		Year Ended		Three Months Ended			Nine Months Ended		
(\$ in millions)	1/31/2021		1/31/2022		4/30/2022		7/31/2022		10/31/2022	
Research and Development, net										
GAAP research and development, net	\$	128.2	\$	123.3	\$	30.9	\$	34.0	\$	32.9
as a % of GAAP revenue		15.4%		14.1%		14.2%		15.2%		14.6%
Stock-based compensation expenses		(3.9)		(7.6)		(2.4)		(4.4)		(3.5)
Acquisition expenses, net		(0.3)		(0.5)		(0.2)		-		-
Restructuring expenses		(1.4)		(0.4)		(0.1)		-		(0.5)
Separation expenses (2)		-		(0.5)		-		-		-
Other Adjustments		(0.0)		-		(0.0)		(0.0)		(0.0)
Discontinued operations corporate overhead adjustment		(16.9)		-		-		-		-
Allocation methodology difference		7.4		-		-		-		-
Non-GAAP research and development, net	\$	113.0	\$	114.3	\$	28.2	\$	29.5	\$	28.9
as a % of non-GAAP revenue		13.4%		13.0%		12.8%		13.2%		12.8%
Selling, General and Administrative expenses										
GAAP selling, general and administrative expenses	\$	327.3	\$	376.8	\$	102.9	\$	105.7	\$	93.8
as a % of GAAP revenue		39.4%		43.1%		47.2%		47.4%		41.6%
Stock-based compensation expenses		(38.0)		(52.7)		(14.8)		(19.5)		(15.0)
Acquisition benefit (expenses), net		(2.8)		(9.6)		(1.4)		(0.1)		(1.2)
Restructuring expenses		(3.6)		(4.8)		(2.7)		(3.8)		(1.3)
Separation expenses (2)		-		(12.4)		(0.6)		(0.3)		(0.3)
Accelerated lease costs (5)		(2.4)		(9.8)		(5.5)		(1.6)		(0.7)
IT facilities and infrastructure realignment (6)		-		(1.2)		(1.5)		(0.9)		(1.1)
Impairment charges		-		(1.6)		-		(1.8)		-
Other Adjustments		0.5		(0.1)		(0.5)		(1.1)		(0.9)
Discontinued operations corporate overhead adjustment		(29.3)		-		-		-		-
Allocation methodology difference		(5.5)		-		-		-		-
Non-GAAP selling, general and administrative expenses	\$	246.3	\$	284.6	\$	75.9	\$	76.6	\$	73.2
as a % of non-GAAP revenue		29.3%		32.3%		34.6%		34.3%		32.5%

Operating Margin

(\$ in millions)	Year Ended	Year Ended	Three Months Ended			Nine Months Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	10/31/2022
GAAP operating (loss) income	\$ 57.4	\$ 46.8	\$ 0.5	\$ 1.5	\$ 21.7	\$ 23.7
GAAP operating margin	6.9%	5.4%	0.2%	0.7%	9.6%	3.6%
Revenue adjustments	10.3	6.2	1.3	0.7	0.4	2.5
Amortization of acquired technology	18.0	17.8	3.6	3.6	3.6	10.7
Amortization of other acquired intangible assets	29.8	29.0	6.8	6.6	6.4	19.9
Stock-based compensation expenses	45.2	65.3	18.4	25.7	19.9	64.0
Acquisitions (benefit) expenses, net	3.4	10.4	1.8	0.0	1.2	3.0
Restructuring expenses	7.1	6.0	3.1	3.8	2.4	9.4
Separation expenses (2)	-	12.9	0.6	0.3	0.3	1.1
Accelerated lease costs (5)	2.4	9.8	5.5	1.6	0.7	7.8
IT facilities and infrastructure realignment (6)	-	1.2	1.5	0.9	1.1	3.5
Impairment charges	0.1	1.6	-	1.8	-	1.8
Other adjustments	(0.4)	0.1	0.6	1.1	0.9	2.6
Discontinued operations corporate overhead adjustment	50.9	-	-	-	-	-
Allocation methodology difference	(2.7)	-	-	-	-	-
Non-GAAP operating income	\$ 221.5	\$ 207.2	\$ 43.8	\$ 47.7	\$ 58.6	\$ 150.1
Non-GAAP operating margin	26.4%	23.5%	20.0%	21.3%	26.0%	22.5%

Adjusted EBITDA Margin

	Year Ended		Year Ended	Three Months Ended			Nine Months Ended
(\$ in millions)	1/31/2021		1/31/2022	4/30/2022	7/31/2022	10/31/2022	10/31/2022
GAAP net (loss) income from continuing operations	\$ (48.6)	\$	15.7	\$ 0.6	\$ (2.2)	\$ 4.2	\$ 2.6
As a percentage of GAAP revenue	-5.9%		1.8%	0.3%	-1.0%	1.9%	0.4%
Provision for (benefit from) income taxes	6.9		23.9	0.3	2.8	17.4	20.5
Other expense, net	99.1		7.3	(0.4)	0.9	0.1	0.6
Depreciation and amortization (3)	75.0		72.6	17.4	16.6	16.2	50.2
Revenue adjustments	10.3		6.2	1.3	0.7	0.4	2.5
Stock-based compensation expenses	45.2		65.3	18.4	25.7	19.9	64.0
Acquisitions (benefit) expenses, net	3.4		10.4	1.8	0.0	1.2	3.0
Restructuring expenses	7.1		5.9	3.0	3.7	2.3	9.1
Separation expenses (2)	-		12.6	0.6	0.3	0.3	1.1
Accelerated lease costs (5)	2.4		9.8	5.5	1.6	0.7	7.8
IT facilities and infrastructure realignment (6)	-		1.2	1.5	0.9	1.1	3.5
Impairment charges	0.1		1.6	-	1.8	-	1.8
Other adjustments	(0.4)		0.1	0.6	1.1	0.9	2.6
Discontinued operations corporate overhead adjustment	50.9		-	-	-	-	-
Allocation methodology difference	(2.7)		-	-	-	-	-
Adjusted EBITDA	\$ 248.8		232.5	50.6	54.0	64.7	169.3
As a percentage of non-GAAP revenue	29.6%		26.4%	23.1%	24.2%	28.7%	25.3%

Other Expense, Tax and Net Income

	Year Ended	Year Ended	Three Months Ended			Nine Months Ended
(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	10/31/2022
Other Expense Reconciliation						
GAAP other (expense) income, net	\$ (99.1)	\$ (7.3)	\$ 0.4	\$ (0.9)	\$ (0.1)	\$ (0.6)
Unrealized losses on derivatives, net	1.1	14.3	-	-	-	-
Amortization of convertible note discount	12.9	-	-	-	-	-
Expenses and losses on debt modification or retirement	1.5	2.5	-	-	-	-
Change in fair value of future tranche right	56.1	(15.8)	-	-	-	-
Acquisition expenses (benefit), net	0.1	(3.5)	-	-	-	-
Other adjustments	-	(1.2)	-	-	-	-
Non-GAAP other (expense) income, net	\$ (27.3)	\$ (11.0)	\$ 0.4	\$ (0.9)	\$ (0.1)	\$ (0.6)
Tax Provision (Benefit) Reconciliation						
GAAP provision for (benefit from) income taxes	\$ 6.9	\$ 23.9	\$ 0.3	\$ 2.8	\$ 17.4	\$ 20.5
GAAP effective income tax rate	-16.6%	60.4%	3.1%	465.4%	80.5%	88.9%
Non-GAAP tax adjustments	9.2	(2.3)	4.2	1.9	(11.3)	(5.2)
Non-GAAP provision for income taxes	\$ 16.2	\$ 21.6	\$ 4.5	\$ 4.7	\$ 6.1	\$ 15.3
Non-GAAP effective income tax rate	8.3%	11.0%	10.2%	10.1%	10.4%	10.3%
Net (Loss) Income from Continuing Operations Attributable to Verint Systems Inc.						
Common Shares Reconciliation						
GAAP net (loss) income from continuing operations attributable to Verint Systems Inc. common shares	\$ (57.3)	\$ (4.5)	\$ (4.9)	\$ (7.6)	\$ (1.1)	\$ (13.7)
Total GAAP net (loss) income adjustments (4)	234.3	177.9	39.1	49.5	53.4	147.2
Non-GAAP net income from continuing operations attributable to Verint Systems Inc. common shares	\$ 177.0	\$ 173.4	\$ 34.2	\$ 41.9	\$ 52.3	\$ 133.6

EPS and Diluted Shares Outstanding

	Year Ended	Year Ended	Three Months Ended			Nine Months Ended
(\$ in millions, except share and per share data; shares in thousands)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	10/31/2022
GAAP diluted net loss from continuing operations per common share attributable to Verint Systems Inc.	\$ (0.88)	\$ (0.07)	\$ (0.08)	\$ (0.12)	\$ (0.02)	\$ (0.21)
Non-GAAP diluted net income from continuing operations per common share attributable to Verint Systems Inc. (4)	\$ 2.57	\$ 2.28	\$ 0.52	\$ 0.56	\$ 0.69	\$ 1.77
GAAP weighted-average shares used in computing diluted net loss from continuing operations per common share	65,173	65,591	64,947	64,958	65,583	65,161
Additional weighted-average shares applicable to non-GAAP net income from continuing operations per common share attributable to Verint Systems Inc	3,654	10,419	1,255	10,356	10,004	10,364
Non-GAAP diluted weighted-average shares used in computing net income from continuing operations per common share (4)	68,827	76,010	66,202	75,314	75,587	75,525

Debt

	As of		As of		As of		As of		As of		As of	
(\$ in millions)	1/31/2021		4/30/2021		7/31/2021		10/31/2021		1/31/2022		4/30/2022	
Current maturities of long-term debt	\$	386.7	\$	386.9	\$	-	\$	-	\$	-	\$	-
Long-term debt		402.8		405.6		405.9		406.4		407.0		407.4
Unamortized debt discounts and issuance costs		7.5		9.4		9.1		8.6		8.0		7.6
Gross debt		797.0		801.9		415.0		415.0		415.0		415.0
Less:												
Cash and cash equivalents		585.3		359.4		320.4		307.8		358.8		285.0
Restricted cash and cash equivalents, and restricted bank time deposits		0.0		389.8		0.0		0.0		0.0		0.0
Short-term investments		46.3		0.7		0.7		0.7		0.8		0.7
Long-term restricted cash, cash equivalents, bank time deposits and investments		0.7		0.5		0.4		0.5		0.4		0.4
Net debt, including long-term restricted cash, cash equivalents, bank time deposits, and investments	\$	164.8	\$	51.5	\$	93.4	\$	106.0	\$	55.0	\$	128.8
												157.4
												151.7

Footnotes

Footnotes

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

- (1) Revenue for the current period at constant currency is calculated by translating current-period GAAP or non-GAAP foreign currency revenue (as applicable) into U.S. dollars using average foreign currency exchange rates for the same prior period rather than actual current-period foreign currency exchange rates.
- (2) For the quarters ended April 30, 2020, July 31, 2020, October 31, 2020 and January 31, 2021, separation expenses are considered part of discontinued operations and are, therefore, not included in the reported results from continuing operations.
- (3) Represents depreciation and amortization expenses that are adjusted for financing fee amortization.
- (4) EPS calculation includes the more dilutive of either preferred stock dividends or conversion of preferred stock shares.
- (5) Accelerated lease costs were previously included within Restructuring expenses for the three months ended April 30, 2020, July 31, 2020, October 31, 2020, April 30, 2021, July 31, 2021 and October 31, 2021.
- (6) IT facilities and infrastructure realignment costs were previously included within Other Adjustments for the three months ended April 30, 2021, July 31, 2021, October 31, 2021, January 31, 2022, April 30, 2022 and July 31, 2022.

Supplemental Info Non-GAAP Measures

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

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

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

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

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

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

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

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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 the Series B Preferred Stock in connection with the completion of the spin-off of our former Cyber Intelligence Solutions business and the satisfaction of other customary closing conditions (the "Future Tranche Right") met the definition of a freestanding financial instrument. This Future Tranche Right was reported at fair value as an asset or liability on our consolidated balance sheet and was remeasured at fair value each reporting period until the settlement of the right at the time of issuance of the Series B Preferred Stock, which occurred on April 6, 2021. Changes in its fair value were recognized as a non-cash charge or benefit within other income (expense), net on the condensed consolidated statement of operations. We excluded this change in fair value of the Future Tranche Right from our non-GAAP financial measures because it was unusual in nature, could vary significantly in amount, and was unrelated to our ongoing operations.

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

• **Restructuring expenses (benefit).** We exclude restructuring expenses (benefit) from our non-GAAP financial measures, which include employee termination costs, facility exit costs (except as included in Accelerated lease costs described below), 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 February 1, 2021, we completed the spin-off of our former Cyber Intelligence Solutions business. We exclude from our non-GAAP financial measures expenses incurred in connection with the spin-off, 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 (which are included in Separation expenses to the extent not capitalized). Separation expenses also include incremental cash income taxes related to the reorganization of legal entities and operations in order to effect the separation. These costs are incremental to our normal operating expenses and are being incurred solely as a result of the separation transaction. Accordingly, we are excluding these separation expenses from our non-GAAP financial measures in order to evaluate our performance on a comparable basis.

• **Accelerated lease costs.** We exclude from our non-GAAP financial measures accelerated facility costs due to the early termination or abandonment of certain office leases as a result of our move to a hybrid work model. In connection with these facility lease exits, we incur accelerated lease expense. We exclude these charges because they are not reflective of our ongoing business and operating results.

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

• **Impairment charges and other adjustments.** We exclude from our non-GAAP financial measures asset impairment charges (other than those already included within 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, all of which are unusual in nature and can vary significantly in amount and frequency.

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

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

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Supplemental Info Non-GAAP Measures

•Non-GAAP income tax adjustments. We exclude from our non-GAAP measures of net income attributable to Verint Systems Inc., our GAAP provision for (benefit from) income taxes and instead include a non-GAAP provision for income taxes, determined by applying a non-GAAP effective income tax rate to our income before provision for income taxes, as adjusted for the non-GAAP items described above. The non-GAAP effective income tax rate is generally based upon the income taxes we expect to pay in the reporting year. Our GAAP effective income tax rate can vary significantly from year to year as a result of tax law changes, settlements with tax authorities, changes in the geographic mix of earnings including acquisition activity, changes in the projected realizability of deferred tax assets, and other unusual or period-specific events, all of which can vary in size and frequency. We believe that our non-GAAP effective income tax rate removes much of this variability and facilitates meaningful comparisons of operating results across periods. Our non-GAAP effective income tax rate for the year ending is currently approximately 10%, and was 11% for the year ended January 31, 2022, and was 8% for the year ended January 31, 2021. We evaluate our non-GAAP effective income tax rate on an ongoing basis, and it can change from time to time. Our non-GAAP income tax rate can differ materially from our GAAP effective income tax rate.

Revenue Metrics and Operating Metrics

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

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

Cloud revenue primarily consists of SaaS and optional managed services.

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

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

Percentage of Software Revenue that is Recurring Revenue is calculated as the sum of cloud and support revenue as a percentage of total cloud, support, and perpetual revenue.

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 bookings growth. We calculate New Perpetual License Equivalent Bookings by adding to perpetual licenses an amount equal to New SaaS ACV bookings multiplied by a conversion factor that normalizes the mix of bundled and unbundled SaaS and perpetual bookings in a given period. The conversion factor used is based on our order mix and may change from period to period. Management uses perpetual license equivalent bookings to understand our performance, including our software bookings growth and SaaS/perpetual license mix. This metric should not be viewed in isolation from other operating metrics that we make available to investors.

Adjusted EBITDA

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

Net Debt

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

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, GAAP and non-GAAP cloud revenue, new SaaS ACV, new perpetual license equivalent bookings, 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 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.

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