FYE23 First Quarter Conference Call

Boundless Customer Engagement™

June 7, 2022

VERINT®

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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.

Q1 Overview

Strong Start to the Year
Raising FYE23 Outlook for Cloud Revenue Growth

Q1 Results Ahead Of Guidance

- Strong Cloud Revenue Growth: 38% year-over-year
- Non-GAAP Revenue and Diluted EPS Ahead of Guidance
- Results Reflect Highly Differentiated Customer Engagement Cloud Platform

Cloud Momentum

- Raising FYE23 Cloud Revenue Growth Outlook: Range of 32% to 34% y-o-y
- SaaS Transition Continues: Expect ~65% of New PLE Bookings from SaaS in FYE23
- Added More than 100 New Logos and Expanded with Existing Customers

Investor Day On Thursday

Deep Dive into Verint's Cloud Platform Differentiation

Note: Guidance is provided on a non-GAAP basis. PLE is New Perpetual License Equivalent Bookings.

Cloud Journey Continues to Progress Ahead of Plan

Q1 Cloud KPIs

Cloud Revenue up 38%

58% of New PLE Bookings From SaaS

New PLE Bookings up 27%

26 Cloud Orders Above $1 Million TCV

Added More than 100 New Logos in Q1

Q1 New and Expansion Customers

Woolworths

TD Bank America's Most Convenient Bank®

KinderCare LEARNING CENTERS

NVIDIA

EASTMAN

WELLS FARGO

Bupa

Lincoln Financial Group

PATTERSON DENTAL

COMCAST

MARRIOTT

Zillow

ST. JOHN'S UNIVERSITY

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

AI Powered Cloud Platform Resonating Well In the Market

Q1 Customer Win Examples

Insurance

Competitive Displacement, Expansion and Cloud Conversion

$15 Million Order

Reasons we won the order:
Strong Relationship
Differentiated AI Capabilities
High ROI

Healthcare

Competitive Displacement and Expansion

$3 Million Order

Reasons we won the order:
Open Partnership Strategy
Differentiated AI Capabilities
Platform Scalability

Banking

New Customer

$2 Million Order

Reasons we won the order:
Differentiated AI Capabilities
Openness of Platform
Platform Scalability

Note: Order values reflect total contract values

Verint Investor Day – Verint's Cloud Platform Differentiation

Topics We'll Cover

- **Recent market trends and the Verint opportunity to help brands close the Engagement Capacity Gap**
- **Verint strategy to further increase differentiation and deliver strong ROI to customers**
- **Verint cloud platform and deep dive into Verint Da Vinci™ AI**
- **Verint financial model**

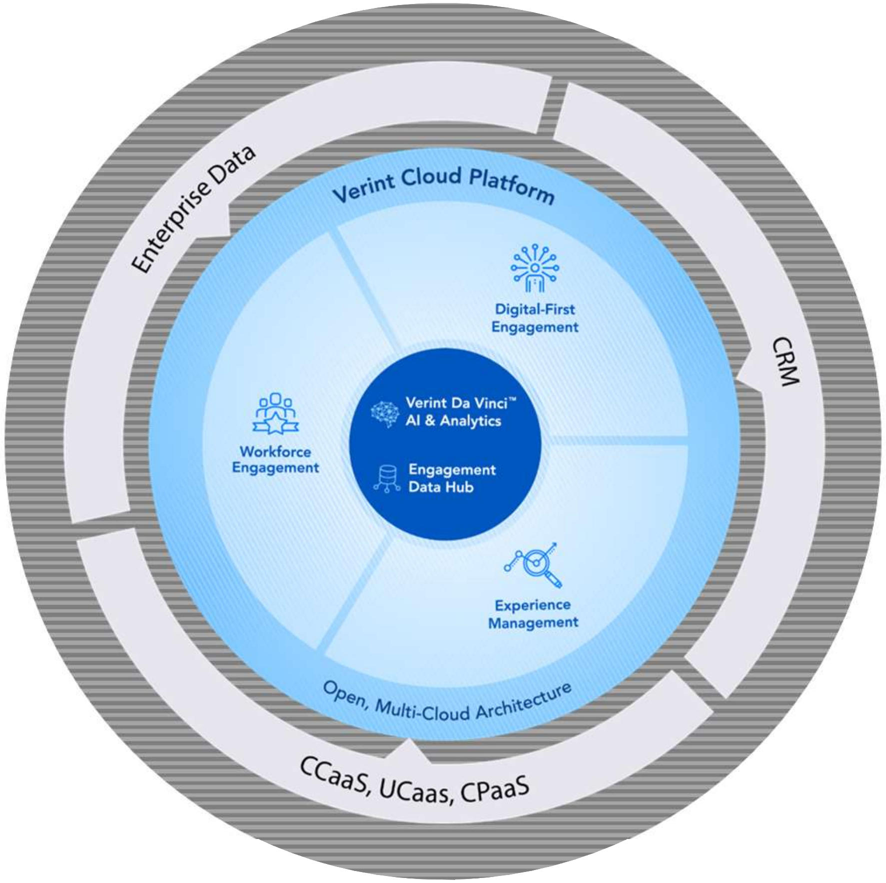
Verint Annual Engage Customer Conference

Will Unveil Numerous Innovations Across our Platform

Examples

One Workforce

Verint Da Vinci^{TM}



Q1 Summary

Strong Start to the Year

Raising Outlook for Cloud Revenue Growth

Uniquely Positioned to Help Brands Close the Engagement Capacity Gap

Significant Long-Term Growth Opportunity

Financial Review

Q1 Recap

Strong Results and Cash Flow

Q1 Financial Results	4/30/22 Balance Sheet
Revenue GAAP: $218 million, 8.5% growth Non-GAAP: $219 million, 8.6% growth	**Cash Flow From Operations** $54 million
	Cash $286 million
Diluted EPS GAAP: ($0.08) Non-GAAP: $0.52	**Debt** $415 million
	Share Repurchase Completed ~$100 million

Note: Growth rates are on a year over year basis. Cash includes cash and cash equivalents, restricted cash, restricted time deposits, and short-term investments.

Cloud Metrics Strong Across the Board

Q1 Cloud Metrics

⬆38%	⬆27%	58%	83%
Cloud Revenue Growth	New PLE Bookings Growth	% of PLE from SaaS	% of Software Revenue Recurring

Note: Growth rates are on a year-over-year basis. Cloud revenue growth and % of software revenue that is recurring were the same on a GAAP and non-GAAP basis.

FYE23 Guidance

Raising Outlook For Cloud Revenue Growth

Revenue	Cloud Revenue	Diluted EPS
$940 Million +/- 2% 7% Growth	**32% to 34%** Growth	**$2.50** 10% Growth

Below the Line Assumptions

Interest and other expense: $1.5 million per quarter

Net income from non-controlling interest: $300,000 per quarter

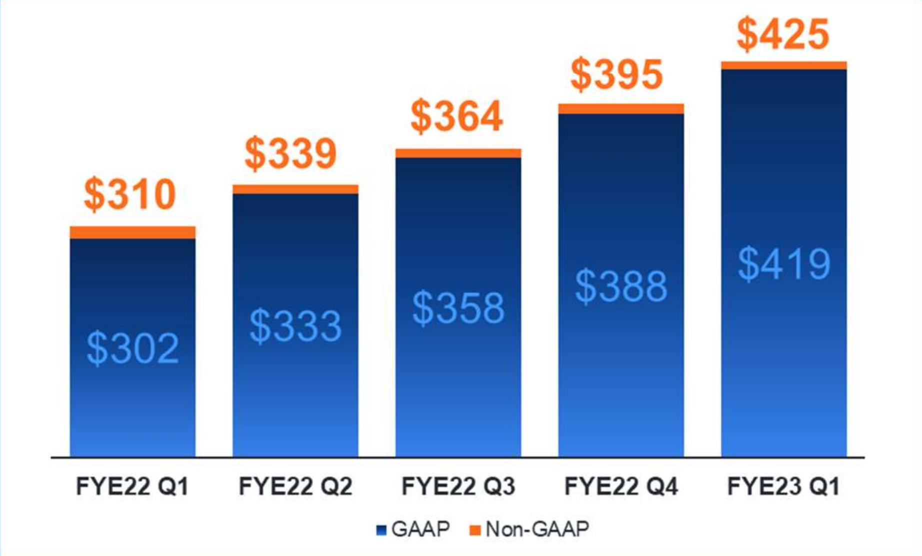
Tax rate: 11.5% cash tax rate for the year

Fully diluted shares: 76 million for the year

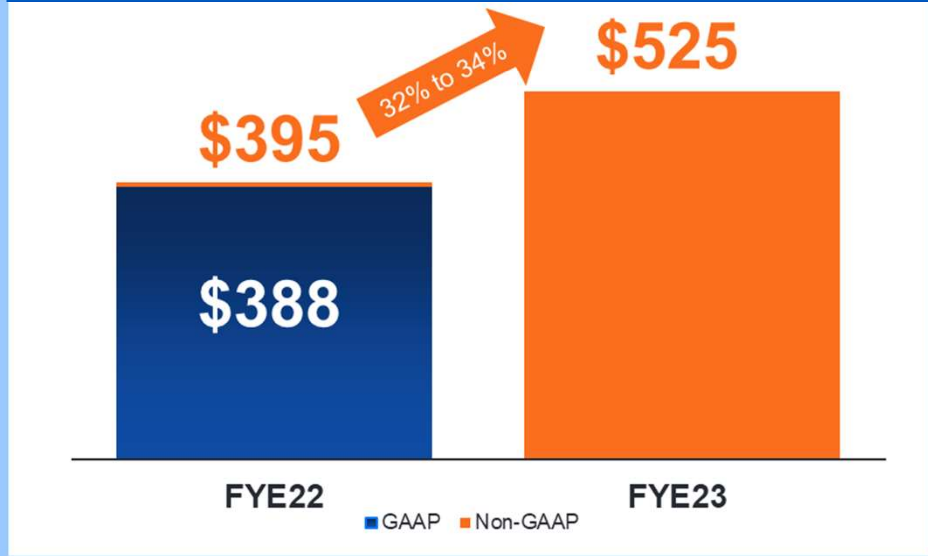
Note: Guidance is provided on a non-GAAP basis.

Summary

Strong Cloud Revenue Growth
(LTM Cloud Revenue)



Raising Cloud Revenue Outlook
(Annual Cloud Revenue)



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

Appendix

Financial Outlook

FYE 2023 Outlook

Our non-GAAP annual outlook for the year ending January 31, 2023 is as follows:

- **Revenue**: $940 million +/- 2%, reflecting 7% year-over-year growth
- **Cloud Revenue Growth:** 32% to 34% year-over-year
- **Diluted EPS:** $2.50 at the midpoint of our revenue guidance, reflecting 10% year-over-year growth

Our non-GAAP outlook for the three months ending July 31, 2022 and 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 $10 million and $40 million, for the three months ending July 31, 2022 and year ending January 31, 2023, respectively.

Our non-GAAP outlook for the three months ending July 31, 2022 and 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 $0 million and $1 million, and $2 million and $3 million, for the three months ending July 31, 2022 and year ending January 31, 2023, respectively.
- Stock-based compensation expenses are expected to be between approximately $25 million and $29 million, and $81 million and $87 million, for the three months ending July 31, 2022 and year ending January 31, 2023, respectively, assuming market prices for our common stock approximately consistent with current levels.
- Costs associated with modifying our workplace following the spin-off of our former cyber intelligence business and in response to our decision to move to a hybrid work environment, including assumed lease terminations and abandonments, IT infrastructure costs, and other charges are expected to be between approximately $7 million and $9 million, and $21 million and $25 million, for the three months ending July 31, 2022 and year ending January 31, 2023, respectively.

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

We are unable, without unreasonable efforts, to provide a reconciliation for other GAAP measures which are excluded from our non-GAAP outlook, including the impact of future business acquisitions or acquisition expenses, future restructuring expenses, and non-GAAP income tax adjustments due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items. While historical results may not be indicative of future results, actual amounts for the three months ended April 30, 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 GAAP	Year Ended 1/31/2021 Non-GAAP/ Operating Metric	Three Months Ended 4/30/2021 GAAP	Three Months Ended 4/30/2021 Non-GAAP/ Operating Metric	Three Months Ended 7/31/2021 GAAP	Three Months Ended 7/31/2021 Non-GAAP/ Operating Metric	Three Months Ended 10/31/2021 GAAP	Three Months Ended 10/31/2021 Non-GAAP/ Operating Metric	Three Months Ended 1/31/2022 GAAP	Three Months Ended 1/31/2022 Non-GAAP/ Operating Metric	Year Ended 1/31/2022 GAAP	Year Ended 1/31/2022 Non-GAAP/ Operating Metric	Three Months Ended 4/30/2021 GAAP	Three Months Ended 4/30/2021 Non-GAAP/ Operating Metric
Revenue Metrics	**Recurring Revenue**	$575.6	$586.0	$144.5	$145.5	$156.2	$157.2	$158.8	$160.9	$173.7	$175.7	$633.1	$639.3	$159.4	$160.7
	Cloud	$277.4	$287.6	$80.1	$81.1	$93.3	$94.3	$98.5	$100.6	$116.6	$118.6	$388.4	$394.5	$110.6	$112.0
	Support	$298.2	$298.4	$64.4	$64.4	$62.9	$62.9	$60.4	$60.4	$57.0	$57.1	$244.7	$244.8	$48.7	$48.7
	Nonrecurring Revenue	$254.6	$254.6	$56.5	$56.5	$58.4	$58.4	$66.0	$66.0	$60.5	$60.5	$241.4	$241.4	$58.5	$58.5
	Perpetual	$141.8	$141.8	$29.3	$29.3	$32.3	$32.3	$40.4	$40.4	$36.0	$36.0	$138.1	$138.1	$33.3	$33.3
	Professional Services	$112.8	$112.8	$27.1	$27.1	$26.1	$26.1	$25.6	$25.6	$24.5	$24.5	$103.3	$103.3	$25.3	$25.3
	Total Revenue	$830.2	$840.6	$200.9	$201.9	$214.6	$215.6	$224.8	$226.9	$234.2	$236.2	$874.5	$880.7	$217.9	$219.2
	Reported Revenue Growth	-1.9%	-3.7%	8.1%	6.8%	5.2%	4.1%	4.5%	4.4%	4.0%	4.1%	5.3%	4.8%	8.5%	8.6%
	Constant Currency Revenue Growth	-2.1%	-3.9%	5.5%	4.2%	2.9%	1.9%	3.6%	3.5%	4.4%	4.5%	4.2%	3.6%	9.5%	9.9%
Recurring Revenue Mix	***% of Revenue that is Software Revenue***	86.4%	86.6%	86.5%	86.6%	87.8%	87.9%	88.6%	88.7%	89.5%	89.6%	88.2%	88.3%	88.4%	88.5%
	% of Software Revenue that is Recurring Revenue*	80.2%	80.5%	83.1%	83.2%	82.8%	82.9%	79.7%	79.9%	82.8%	83.0%	82.1%	82.2%	82.7%	82.9%
Bookings Metrics	**New SaaS ACV**		$66.2		$18.8		$26.6		$18.3		$30.3		$94.0		$24.1
	New SaaS ACV Growth YoY		33.1%		58.1%		59.1%		16.9%		38.3%		42.0%		28.0%
	New Perpetual License Equivalent Bookings		$258.3		$61.0		$73.1		$75.4		$92.6		$302.1		$77.7
	Year-over-Year Growth		-4.6%		27.9%		17.4%		14.2%		12.5%		17.0%		27.4%
	% of New Perpetual License Equivalent Bookings from SaaS		44.8%		51.2%		52.6%		43.7%		60.8%		52.6%		57.9%
Cloud Detail	**Cloud Revenue**	$277.4	$287.6	$80.1	$81.1	$93.3	$94.3	$98.5	$100.6	$116.6	$118.6	$388.4	$394.5	$110.6	$112.0
	SaaS Bundled Revenue	$146.0	$155.0	$39.3	$40.1	$42.9	$43.8	$48.4	$50.4	$52.4	$54.3	$183.0	$188.6	$49.3	$50.6
	SaaS Unbundled Revenue	$72.0	$72.2	$24.3	$24.3	$33.4	$33.4	$33.7	$33.7	$48.3	$48.3	$139.7	$139.8	$45.4	$45.4
	Optional Managed Services Revenue	$59.5	$60.5	$16.5	$16.6	$16.9	$17.0	$16.4	$16.5	$16.0	$16.0	$65.6	$66.2	$15.9	$16.0
															51%
	Cloud Revenue Growth YoY	25.8%	16.5%	45.5%	39.2%	49.1%	43.7%	33.3%	32.3%	35.7%	35.2%	40.0%	37.2%	38.2%	38.1%
	SaaS Revenue Growth YoY	32.9%	20.5%	55.5%	47.1%	58.4%	51.5%	39.2%	38.0%	44.1%	43.7%	48.1%	44.6%	49.0%	49.0%
Gross Profit Metrics	**Gross Profit**	$542.7	$580.8	$128.6	$135.8	$142.1	$149.0	$152.7	$161.2	$152.6	$160.1	$575.9	$606.2	$141.2	$147.9
	Gross Margin %	65.4%	69.1%	64.0%	67.3%	66.2%	69.1%	67.9%	71.0%	65.2%	67.8%	65.9%	68.8%	64.8%	67.5%
	Recurring Gross Profit	$436.6	$450.7	$106.4	$108.3	$118.5	$120.2	$122.0	$124.7	$129.6	$132.2	$476.6	$485.4	$118.3	$120.3
	Recurring Gross Margin %	75.8%	76.9%	73.6%	74.4%	75.9%	76.5%	76.8%	77.5%	74.6%	75.2%	75.3%	75.9%	74.3%	74.9%
	Nonrecurring Gross Profit	$124.1	$130.1	$26.6	$27.6	$27.9	$28.8	$35.5	$36.5	$27.2	$27.9	$117.2	$120.8	$26.5	$27.6
	Nonrecurring Gross Margin %	48.7%	51.1%	47.1%	48.8%	47.8%	49.3%	53.8%	55.3%	44.9%	46.2%	48.5%	50.0%	45.2%	47.1%
Operating Expense Metrics	**Research and Development, net**	$128.2	$113.0	$29.1	$26.7	$31.8	$29.6	$31.0	$28.8	$31.3	$29.3	$123.3	$114.3	$30.9	$28.2
	% of Revenue	15.4%	13.4%	14.5%	13.2%	14.8%	13.7%	13.8%	12.7%	13.4%	12.4%	14.1%	13.0%	14.2%	12.8%
	Selling, General and Administrative	$327.3	$246.3	$87.6	$66.5	$91.4	$67.7	$89.8	$70.9	$108.0	$79.6	$376.8	$284.6	$102.9	$75.9
	% of Revenue	39.4%	29.3%	43.6%	32.9%	42.6%	31.4%	39.9%	31.3%	46.1%	33.7%	43.1%	32.3%	47.2%	34.6%
Profitability Metrics	**Operating (Loss) Income**	$57.4	$221.5	$4.4	$42.6	$11.5	$51.8	$24.7	$61.5	$6.2	$51.3	$46.8	$207.2	$0.5	$43.8
	Operating Margin %	6.9%	26.4%	2.2%	21.1%	5.4%	24.0%	11.0%	27.1%	2.6%	21.7%	5.4%	23.5%	0.2%	20.0%
	Adjusted EBITDA		$248.8		$48.9		$57.8		$68.0		$57.8		$232.5		$50.6
	Adjusted EBITDA Margin		29.6%		24.2%		26.8%		30.0%		24.5%		26.4%		23.1%
	Diluted EPS	($0.88)	$2.57	($0.04)	$0.44	$0.00	$0.58	$0.12	$0.69	($0.15)	$0.57	($0.07)	$2.28	($0.08)	$0.52

Cloud Metrics

($ in millions)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	7/31/2021	10/31/2021	1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
SaaS revenue - GAAP	$ 218.0	$ 63.6	$ 76.4	$ 82.1	$ 100.7	$ 322.8	$ 94.7
Bundled SaaS revenue - GAAP	146.0	39.3	42.9	48.4	52.4	183.0	49.3
Unbundled SaaS revenue - GAAP	72.0	24.3	33.4	33.7	48.3	139.7	45.4
Optional managed services revenue - GAAP	59.5	16.5	16.9	16.4	16.0	65.6	15.9
Cloud revenue - GAAP	**$ 277.4**	**$ 80.1**	**$ 93.3**	**$ 98.5**	**$ 116.6**	**$ 388.4**	**$ 110.6**
Estimated SaaS revenue adjustments	9.2	0.8	0.9	2.0	1.9	5.6	1.3
Estimated bundled SaaS revenue adjustments	9.0	0.8	0.9	2.0	1.9	5.6	1.3
Estimated unbundled SaaS revenue adjustments	0.2	0.1	-	0.0	-	0.1	-
Estimated optional managed services revenue adjustments	1.0	0.2	0.1	0.1	0.1	0.5	0.1
Estimated cloud revenue adjustments	**10.2**	**1.0**	**1.0**	**2.1**	**2.0**	**6.1**	**1.3**
SaaS revenue - non-GAAP	227.1	64.4	77.3	84.1	102.6	328.4	96.0
Bundled SaaS revenue - non-GAAP	155.0	40.1	43.8	50.4	54.3	188.6	50.6
Unbundled SaaS revenue - non-GAAP	72.2	24.3	33.4	33.7	48.3	139.8	45.4
Optional managed services revenue - non-GAAP	60.5	16.6	17.0	16.5	16.0	66.2	16.0
Cloud revenue - non-GAAP	**$ 287.6**	**$ 81.1**	**$ 94.3**	**$ 100.6**	**$ 118.6**	**$ 394.5**	**$ 112.0**

Revenue Metrics

($ in millions)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	Three Months Ended 7/31/2021	Three Months Ended 10/31/2021	Three Months Ended 1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
Recurring revenue- GAAP	**$ 575.6**	**$ 144.5**	**$ 156.2**	**$ 158.8**	**$ 173.7**	**$ 633.1**	**$ 159.4**
Cloud revenue - GAAP	277.4	80.1	93.3	98.5	116.6	388.4	110.6
Support revenue - GAAP	298.2	64.4	62.9	60.4	57.0	244.7	48.7
Nonrecurring revenue - GAAP	**254.6**	**56.5**	**58.4**	**66.0**	**60.5**	**241.4**	**58.5**
Perpetual revenue - GAAP	141.8	29.3	32.3	40.4	36.0	138.1	33.3
Professional services revenue - GAAP	112.8	27.1	26.1	25.6	24.5	103.3	25.3
Total revenue - GAAP	**$ 830.2**	**$ 200.9**	**$ 214.6**	**$ 224.8**	**$ 234.2**	**$ 874.5**	**$ 217.9**
Estimated recurring revenue adjustments	**10.3**	**1.0**	**1.0**	**2.1**	**2.0**	**6.2**	**1.3**
Estimated cloud revenue adjustments	10.2	1.0	1.0	2.1	2.0	6.1	1.3
Estimated support revenue adjustments	0.2	0.0	0.0	0.0	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**	**1.0**	**1.0**	**2.1**	**2.0**	**6.2**	**1.3**
Recurring revenue- non-GAAP	**$ 586.0**	**$ 145.5**	**$ 157.2**	**$ 160.9**	**$ 175.7**	**$ 639.3**	**$ 160.7**
Cloud revenue - non-GAAP	287.6	81.1	94.3	100.6	118.6	394.5	112.0
Support revenue - non-GAAP	298.4	64.4	62.9	60.4	57.1	244.8	48.7
Nonrecurring revenue - non-GAAP	**254.6**	**56.5**	**58.4**	**66.0**	**60.5**	**241.4**	**58.5**
Perpetual revenue - non-GAAP	141.8	29.3	32.3	40.4	36.0	138.1	33.3
Professional services revenue - non-GAAP	112.8	27.1	26.1	25.6	24.5	103.3	25.3
Total revenue - non-GAAP	**$ 840.6**	**$ 201.9**	**$ 215.6**	**$ 226.9**	**$ 236.2**	**$ 880.7**	**$ 219.2**

Constant Currency

($ in millions)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	7/31/2021	10/31/2021	1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
GAAP							
Revenue for the three months ended prior period	$ 846.5	$ 185.9	$ 204.1	$ 215.2	$ 225.1	$ 830.2	$ 200.9
Revenue for the three months ended current period	$ 830.2	$ 200.9	$ 214.6	$ 224.8	$ 234.2	$ 874.5	$ 217.9
Revenue for the three months ended current period at constant currency (1)	$ 829.0	$ 196.0	$ 210.0	$ 223.0	$ 235.0	$ 865.0	$ 220.0
Reported period-over-period revenue growth	-1.9%	8.1%	5.2%	4.5%	4.0%	5.3%	8.5%
% impact from change in foreign currency exchange rates	-0.2%	-2.6%	-2.3%	-0.9%	0.4%	-1.0%	1.0%
Constant currency period-over-period revenue growth	**-2.1%**	**5.5%**	**2.9%**	**3.6%**	**4.4%**	**4.2%**	**9.5%**
Non-GAAP							
Revenue for the three months ended prior period	$ 873.2	$ 189.1	$ 207.1	$ 217.4	$ 226.9	$ 840.6	$ 201.9
Revenue for the three months ended current period	$ 840.6	$ 201.9	$ 215.6	$ 226.9	$ 236.2	$ 880.7	$ 219.2
Revenue for the three months ended current period at constant currency (1)	$ 839.0	$ 197.0	$ 211.0	$ 225.0	$ 237.0	$ 871.0	$ 222.0
Reported period-over-period revenue growth	-3.7%	6.8%	4.1%	4.4%	4.1%	4.8%	8.6%
% impact from change in foreign currency exchange rates	-0.2%	-2.6%	-2.2%	-0.9%	0.4%	-1.2%	1.3%
Constant currency period-over-period revenue growth	**-3.9%**	**4.2%**	**1.9%**	**3.5%**	**4.5%**	**3.6%**	**9.9%**

Gross Profit

($ in millions)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	Three Months Ended 7/31/2021	Three Months Ended 10/31/2021	Three Months Ended 1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
Gross Profit and Gross Margin							
Total GAAP revenue	**$ 830.2**	**$ 200.9**	**$ 214.6**	**$ 224.8**	**$ 234.2**	**$ 874.5**	**$ 217.9**
Recurring costs	139.0	38.1	37.6	36.8	44.0	156.6	41.0
Nonrecurring costs	130.5	29.9	30.5	30.5	33.3	124.2	32.1
Amortization of acquired technology	18.0	4.4	4.4	4.7	4.2	17.8	3.6
Total GAAP cost of revenue	**287.6**	**72.3**	**72.6**	**72.1**	**81.6**	**298.6**	**76.7**
GAAP gross profit	**$ 542.7**	**$ 128.6**	**$ 142.1**	**$ 152.7**	**$ 152.6**	**$ 575.9**	**$ 141.2**
GAAP gross margin	**65.4%**	**64.0%**	**66.2%**	**67.9%**	**65.2%**	**65.9%**	**64.8%**
Revenue adjustments	10.3	1.0	1.0	2.1	2.0	6.2	1.3
Amortization of acquired technology	18.0	4.4	4.4	4.7	4.2	17.8	3.6
Stock-based compensation expenses	3.3	1.3	1.4	1.2	1.1	5.0	1.2
Acquisition expenses, net	0.4	0.0	0.0	0.1	0.2	0.3	0.3
Restructuring expenses	2.2	0.5	0.1	0.2	0.1	0.8	0.3
Separation expenses (2)	-	0.1	-	-	-	0.1	-
Impairment charges	0.1	-	-	-	-	-	-
Discontinued operations corporate overhead adjustment	4.7	-	-	-	-	-	-
Allocation methodology difference	(0.8)	-	-	-	-	-	-
Non-GAAP gross profit	**$ 580.8**	**$ 135.8**	**$ 149.0**	**$ 161.2**	**$ 160.1**	**$ 606.2**	**$ 147.9**
Non-GAAP gross margin	**69.1%**	**67.3%**	**69.1%**	**71.0%**	**67.8%**	**68.8%**	**67.5%**
Recurring Gross Profit and Gross Margin							
GAAP recurring revenue	$ 575.6	$ 144.5	$ 156.2	$ 158.8	$ 173.7	$ 633.1	$ 159.4
GAAP recurring costs	139.0	38.1	37.6	36.8	44.0	156.6	41.0
GAAP recurring gross profit	**436.6**	**106.4**	**118.5**	**122.0**	**129.6**	**476.6**	**118.3**
GAAP recurring gross margin	**75.8%**	**73.6%**	**75.9%**	**76.8%**	**74.6%**	**75.3%**	**74.3%**
Recurring revenue adjustments	10.3	1.0	1.0	2.1	2.0	6.2	1.3
Recurring stock-based compensation expenses	1.1	0.4	0.6	0.5	0.5	2.0	0.5
Recurring acquisition expenses, net	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Recurring restructuring expenses	1.0	0.4	0.1	0.0	0.1	0.5	0.1
Recurring separation expenses (2)	-	0.0	-	-	-	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**	**$ 108.3**	**$ 120.2**	**$ 124.7**	**$ 132.2**	**$ 485.4**	**$ 120.3**
Non-GAAP recurring gross margin	**76.9%**	**74.4%**	**76.5%**	**77.5%**	**75.2%**	**75.9%**	**74.9%**
Nonrecurring Gross Profit and Gross Margin							
GAAP nonrecurring revenue	$ 254.6	$ 56.5	$ 58.4	$ 66.0	$ 60.5	$ 241.4	$ 58.5
GAAP nonrecurring costs	130.5	29.9	30.5	30.5	33.3	124.2	32.1
GAAP nonrecurring gross profit	**124.1**	**26.6**	**27.9**	**35.5**	**27.2**	**117.2**	**26.5**
GAAP nonrecurring gross margin	**48.7%**	**47.1%**	**47.8%**	**53.8%**	**44.9%**	**48.5%**	**45.2%**
Nonrecurring revenue adjustments	-	-	-	-	-	-	-
Nonrecurring stock-based compensation expenses	2.2	0.8	0.9	0.7	0.6	3.0	0.6
Nonrecurring acquisition expenses, net	0.2	-	-	0.1	0.1	0.2	0.2
Nonrecurring restructuring expenses	1.2	0.1	(0.0)	0.2	-	0.3	0.2
Nonrecurring separation expenses (2)	-	0.0	-	-	-	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**	**$ 27.6**	**$ 28.8**	**$ 36.5**	**$ 27.9**	**$ 120.8**	**$ 27.6**
Non-GAAP nonrecurring gross margin	**51.1%**	**48.8%**	**49.3%**	**55.3%**	**46.2%**	**50.0%**	**47.1%**

Operating Margin

($ in millions)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	7/31/2021	10/31/2021	1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
GAAP operating (loss) income	**$ 57.4**	**$ 4.4**	**$ 11.5**	**$ 24.7**	**$ 6.2**	**$ 46.8**	**$ 0.5**
GAAP operating margin	**6.9%**	**2.2%**	**5.4%**	**11.0%**	**2.6%**	**5.4%**	**0.2%**
Revenue adjustments	10.3	1.0	1.0	2.1	2.0	6.2	1.3
Amortization of acquired technology	18.0	4.4	4.4	4.7	4.2	17.8	3.6
Amortization of other acquired intangible assets	29.8	7.3	7.3	7.3	7.1	29.0	6.8
Stock-based compensation expenses	45.2	16.4	18.1	16.6	14.2	65.3	18.4
Acquisitions (benefit) expenses, net	3.4	1.7	3.4	2.8	2.5	10.4	1.8
Restructuring expenses	7.1	1.2	0.7	0.5	3.6	6.0	3.1
Separation expenses (2)	-	6.1	3.2	1.9	1.7	12.9	0.6
Accelerated lease costs (5)	2.4	0.0	1.5	0.5	7.8	9.8	5.5
Impairment charges	0.1	-	-	0.4	1.3	1.6	-
Other adjustments	(0.4)	0.0	0.6	(0.0)	0.8	1.4	2.0
Discontinued operations corporate overhead adjustment	50.9	-	-	-	-	-	-
Allocation methodology difference	(2.7)	-	-	-	-	-	-
Non-GAAP operating income	**$ 221.5**	**$ 42.6**	**$ 51.8**	**$ 61.5**	**$ 51.3**	**$ 207.2**	**$ 43.8**
Non-GAAP operating margin	**26.4%**	**21.1%**	**24.0%**	**27.1%**	**21.7%**	**23.5%**	**20.0%**

Adjusted EBITDA Margin

($ in millions)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	7/31/2021	10/31/2021	1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
GAAP net (loss) income from continuing operations	**$ (48.6)**	**$ 1.1**	**$ 5.3**	**$ 13.5**	**$ (4.3)**	**$ 15.7**	**$ 0.6**
As a percentage of GAAP revenue	**-5.9%**	**0.5%**	**2.5%**	**6.0%**	**-1.8%**	**1.8%**	**0.3%**
Provision for (benefit from) income taxes	6.9	(0.1)	4.2	9.3	10.4	23.9	0.3
Other expense, net	99.1	3.4	2.0	1.8	0.1	7.3	(0.4)
Depreciation and amortization (3)	75.0	18.3	17.8	18.6	17.9	72.6	17.4
Revenue adjustments	10.3	1.0	1.0	2.1	2.0	6.2	1.3
Stock-based compensation expenses	45.2	16.4	18.1	16.6	14.2	65.3	18.4
Acquisitions (benefit) expenses, net	3.4	1.7	3.4	2.8	2.5	10.4	1.8
Restructuring expenses	7.1	1.2	0.7	0.4	3.6	5.9	3.0
Separation expenses (2)	-	5.7	3.2	1.9	1.7	12.6	0.6
Accelerated lease costs (5)	2.4	0.0	1.5	0.5	7.8	9.8	5.5
Impairment charges	0.1	-	-	0.4	1.3	1.6	-
Other adjustments	(0.4)	0.0	0.6	(0.0)	0.8	1.4	2.0
Discontinued operations corporate overhead adjustment	50.9	-	-	-	-	-	-
Allocation methodology difference	(2.7)	-	-	-	-	-	-
Adjusted EBITDA	**$ 248.8**	**$ 48.9**	**57.8**	**68.0**	**57.8**	**232.5**	**50.6**
As a percentage of non-GAAP revenue	**29.6%**	**24.2%**	**26.8%**	**30.0%**	**24.5%**	**26.4%**	**23.1%**

Operating Expenses

($ in millions)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	Three Months Ended 7/31/2021	Three Months Ended 10/31/2021	Three Months Ended 1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
Research and Development, net							
GAAP research and development, net	**$ 128.2**	**$ 29.1**	**$ 31.8**	**$ 31.0**	**$ 31.3**	**$ 123.3**	**$ 30.9**
as a % of GAAP revenue	**15.4%**	**14.5%**	**14.8%**	**13.8%**	**13.4%**	**14.1%**	**14.2%**
Stock-based compensation expenses	(3.9)	(1.8)	(2.0)	(1.9)	(1.8)	(7.6)	(2.4)
Acquisition expenses, net	(0.3)	(0.0)	(0.1)	(0.2)	(0.2)	(0.5)	(0.2)
Restructuring expenses	(1.4)	(0.2)	(0.1)	(0.1)	-	(0.4)	(0.1)
Separation expenses (2)	-	(0.5)	(0.0)	-	-	(0.5)	-
Other Adjustments	(0.0)	-	-	-	-	-	(0.0)
Discontinued operations corporate overhead adjustment	(16.9)	-	-	-	-	-	-
Allocation methodology difference	7.4	-	-	-	-	-	-
Non-GAAP research and development, net	**$ 113.0**	**$ 26.7**	**$ 29.6**	**$ 28.8**	**$ 29.3**	**$ 114.3**	**$ 28.2**
as a % of non-GAAP revenue	**13.4%**	**13.2%**	**13.7%**	**12.7%**	**12.4%**	**13.0%**	**12.8%**
Selling, General and Administrative expenses							
GAAP selling, general and administrative expenses	**$ 327.3**	**$ 87.6**	**$ 91.4**	**$ 89.8**	**$ 108.0**	**$ 376.8**	**$ 102.9**
as a % of GAAP revenue	**39.4%**	**43.6%**	**42.6%**	**39.9%**	**46.1%**	**43.1%**	**47.2%**
Stock-based compensation expenses	(38.0)	(13.4)	(14.6)	(13.4)	(11.3)	(52.7)	(14.8)
Acquisition benefit (expenses), net	(2.8)	(1.6)	(3.3)	(2.5)	(2.1)	(9.6)	(1.4)
Restructuring expenses	(3.6)	(0.6)	(0.4)	(0.1)	(3.6)	(4.8)	(2.7)
Separation expenses (2)	-	(5.5)	(3.2)	(1.9)	(1.7)	(12.4)	(0.6)
Accelerated lease costs (5)	(2.4)	(0.0)	(1.5)	(0.5)	(7.8)	(9.8)	(5.5)
Impairment charges	-	-	-	(0.4)	(1.3)	(1.6)	-
Other Adjustments	0.5	(0.0)	(0.6)	0.0	(0.8)	(1.4)	(2.0)
Discontinued operations corporate overhead adjustment	(29.3)	-	-	-	-	-	-
Allocation methodology difference	(5.5)	-	-	-	-	-	-
Non-GAAP selling, general and administrative expenses	**$ 246.3**	**$ 66.5**	**$ 67.7**	**$ 70.9**	**$ 79.6**	**$ 284.6**	**$ 75.9**
as a % of non-GAAP revenue	**29.3%**	**32.9%**	**31.4%**	**31.3%**	**33.7%**	**32.3%**	**34.6%**

Other Expense, Tax and Net Income

($ in millions)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	7/31/2021	10/31/2021	1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
Other Expense Reconciliation							
GAAP other (expense) income, net	**$ (99.1)**	**$ (3.4)**	**$ (2.0)**	**$ (1.8)**	**$ (0.1)**	**$ (7.3)**	**$ 0.4**
Unrealized losses on derivatives, net	1.1	14.3	-	-	-	14.3	-
Amortization of convertible note discount	12.9	-	-	-	-	-	-
Expenses and losses on debt modification or retirement	1.5	2.5	-	-	-	2.5	-
Change in fair value of future tranche right	56.1	(15.8)	-	-	-	(15.8)	-
Acquisition expenses (benefit), net	0.1	(3.2)	(0.1)	(0.1)	0.0	(3.5)	-
Other adjustments	-	-	-	-	(1.2)	(1.2)	-
Non-GAAP other (expense) income, net	**$ (27.3)**	**$ (5.7)**	**$ (2.2)**	**$ (1.9)**	**$ (1.2)**	**$ (11.0)**	**$ 0.4**
Tax Provision (Benefit) Reconciliation							
GAAP provision for (benefit from) income taxes	**$ 6.9**	**$ (0.1)**	**$ 4.2**	**$ 9.3**	**$ 10.4**	**$ 23.9**	**$ 0.3**
GAAP effective income tax rate	**-16.6%**	**-7.1%**	**44.1%**	**40.9%**	**169.7%**	**60.4%**	**3.1%**
Non-GAAP tax adjustments	9.2	3.7	0.9	(2.6)	(4.4)	(2.3)	4.2
Non-GAAP provision for income taxes	**$ 16.2**	**$ 3.7**	**$ 5.1**	**$ 6.8**	**$ 6.0**	**$ 21.6**	**$ 4.5**
Non-GAAP effective income tax rate	**8.3%**	**9.9%**	**10.3%**	**11.4%**	**12.0%**	**11.0%**	**10.2%**
Net (Loss) Income from Continuing Operations Attributable to Verint Systems Inc. Common Shares Reconciliation							
GAAP net (loss) income from continuing operations attributable to Verint Systems Inc. common shares	**$ (57.3)**	**$ (2.5)**	**$ (0.2)**	**$ 8.0**	**$ (9.8)**	**$ (4.5)**	**$ (4.9)**
Total GAAP net (loss) income adjustments (4)	234.3	35.6	44.4	44.4	53.5	177.9	39.1
Non-GAAP net income from continuing operations attributable to Verint Systems Inc.common shares	**$ 177.0**	**$ 33.0**	**$ 44.2**	**$ 52.5**	**$ 43.7**	**$ 173.4**	**$ 34.2**

EPS and Diluted Shares Outstanding

($ in millions, except share and per share data; shares in thousands)	Year Ended 1/31/2021	Three Months Ended 4/30/2021	Three Months Ended 7/31/2021	Three Months Ended 10/31/2021	Three Months Ended 1/31/2022	Year Ended 1/31/2022	Three Months Ended 4/30/2022
GAAP diluted net loss from continuing operations per common share attributable to Verint Systems Inc.	$ (0.88)	$ (0.04)	$ -	$ 0.12	$ (0.15)	$ (0.07)	$ (0.08)
Non-GAAP diluted net income from continuing operations per common share attributable to Verint Systems Inc. (4)	$ 2.57	$ 0.44	$ 0.58	$ 0.69	$ 0.57	$ 2.28	$ 0.52
GAAP weighted-average shares used in computing diluted net loss from continuing operations per common share	**65,173**	**65,661**	**65,194**	**66,328**	**65,916**	**65,591**	**64,947**
Additional weighted-average shares applicable to non-GAAP net income from continuing operations per common share attributable to Verint Systems Inc	3,654	10,031	10,684	9,478	10,657	10,419	1,255
Non-GAAP diluted weighted-average shares used in computing net income from continuing operations per common share (4)	**68,827**	**75,692**	**75,878**	**75,806**	**76,573**	**76,010**	**66,202**

Debt

($ in millions)		As of 1/31/2022		As of 4/30/2022
Current maturities of long-term debt	$	-	$	-
Long-term debt		407.0		407.4
Unamortized debt discounts and issuance costs		8.0		7.6
Gross debt		**415.0**		**415.0**
Less:				
Cash and cash equivalents		358.8		285.0
Restricted cash and cash equivalents, and restricted bank time deposits		0.0		0.0
Short-term investments		0.8		0.7
Long-term restricted cash, cash equivalents, bank time deposits and investments		0.4		0.4
Net debt, including long-term restricted cash, cash equivalents, bank time deposits, and investments	**$**	**55.0**	**$**	**128.8**

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.

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 margins, 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.

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.*** We exclude restructuring expenses 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 previously announced 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.

•***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), IT infrastructure costs and other charges associated with modifying the workplace, 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.

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, and training.

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, 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, 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.

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

We also incur foreign exchange gains and losses resulting from the revaluation and settlement of monetary assets and liabilities that are denominated in currencies other than the entity's functional currency. 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.