

Investor Presentation

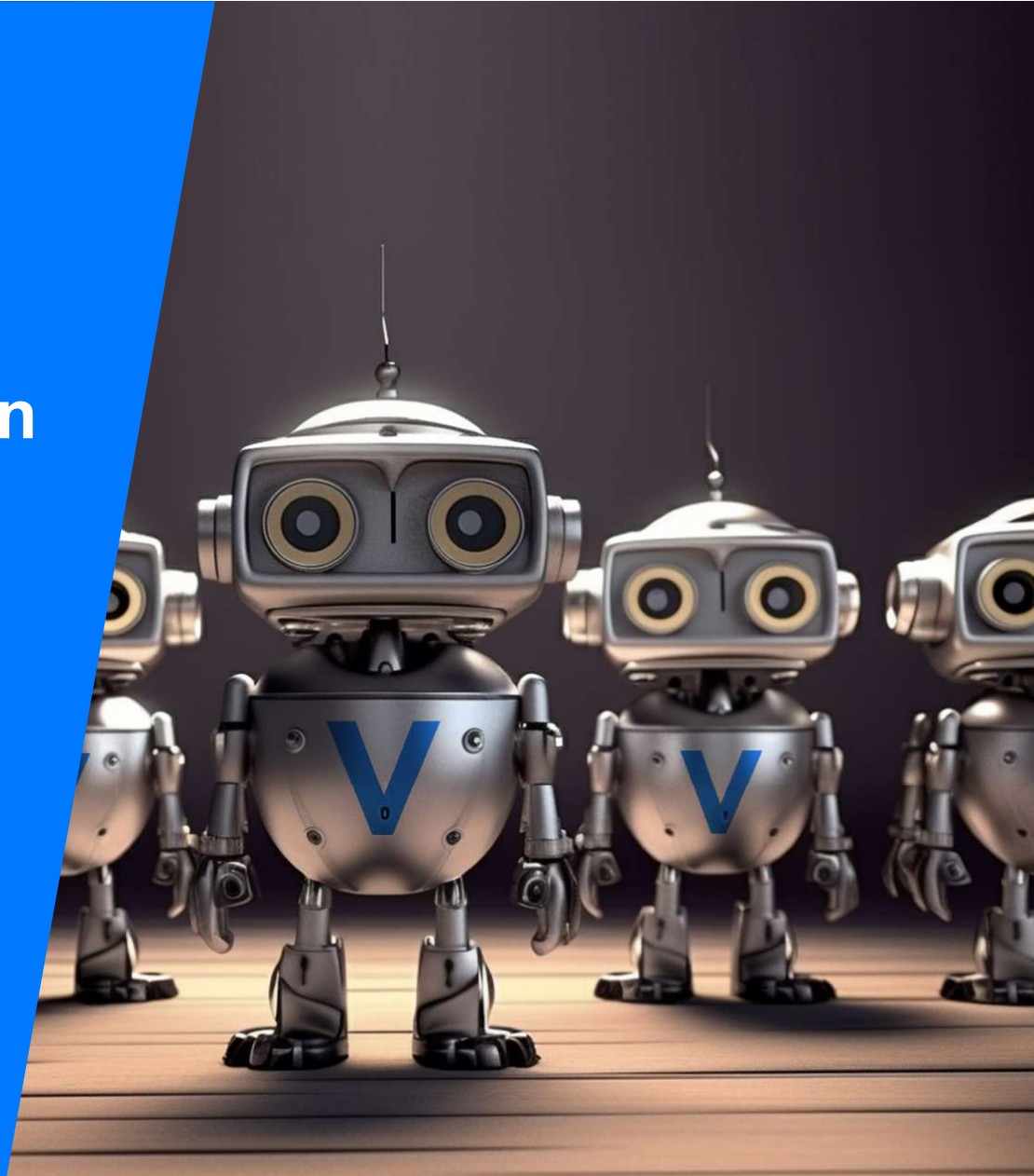
# The Leader in CX Automation

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SEPTEMBER 2023

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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).



A row of five Verint service robots standing in a line. The robots are silver and black with large, yellow-rimmed eyes. They are standing on a dark, reflective floor against a dark background.

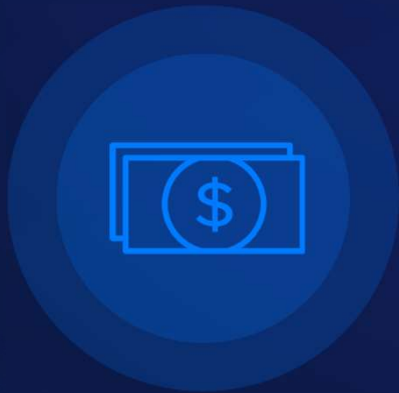
# Verint

## The Leader in CX Automation

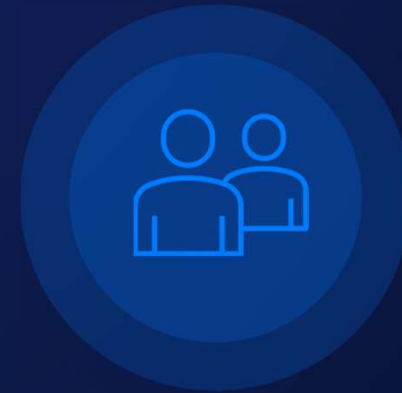
**Verint's mission is to help brands increase CX Automation  
to elevate CX and reduce operating costs**

# **Verint is at the Center of CX Automation**

## **AI-Centered CX Platform Elevates CX and Reduces Labor Cost**



**CX Labor – \$2 Trillion Spent  
Annually and Increasing**

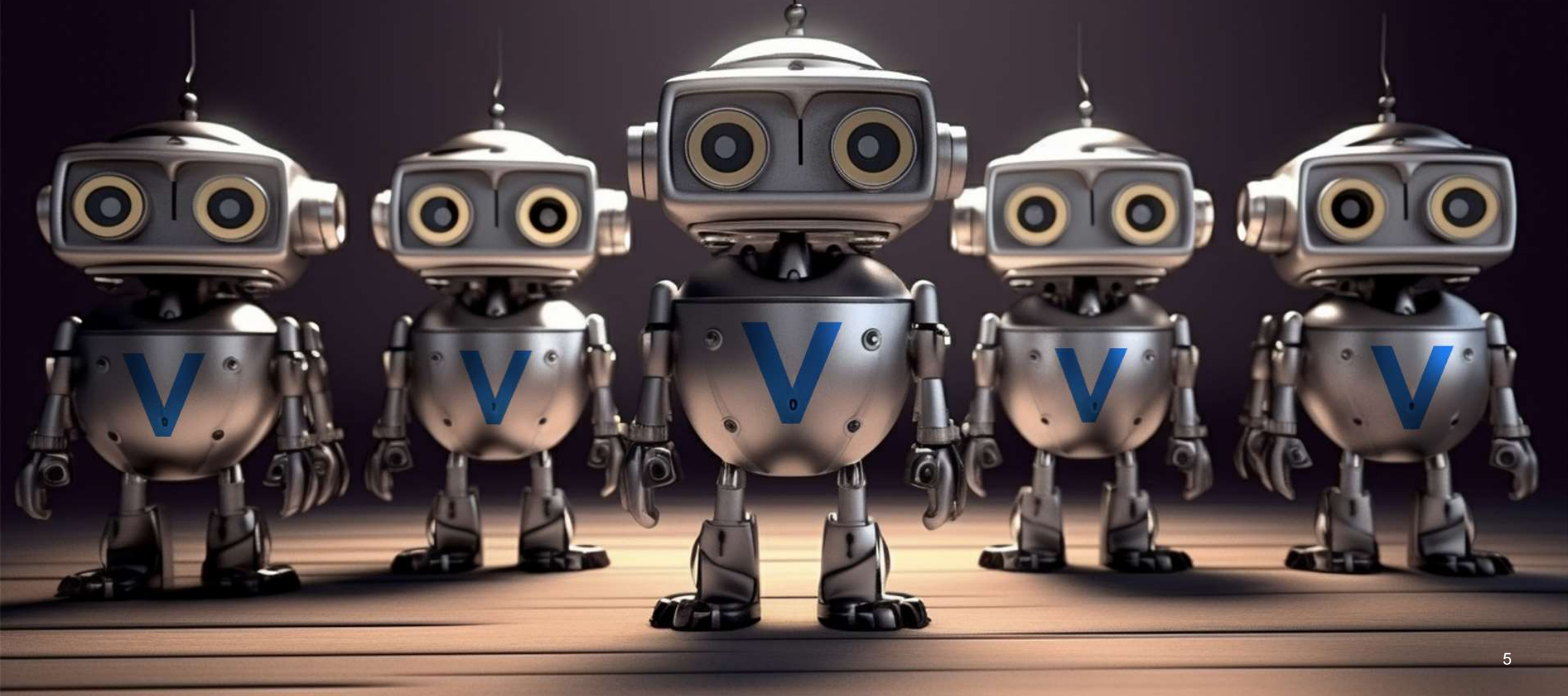


**CX is a Strategic Priority  
But Hiring is not Sustainable**



# Brands are Craving AI to Increase CX Automation

## A Large Team of Specialized Bots Augmenting the Human Workforce



# Bot Examples

## Bots Assist Roles Across the Entire Enterprise Customer Engagement Process



**Wrap-Up Bot  
(Agent)**

Reduce after-call  
work by 60 seconds



**Containment Bot  
(Agent)**

Reduce agent  
interactions by 30%



**Knowledge Bot  
(Agent)**

Reduce call time by  
20 seconds



**CX Prediction Bot  
(Analyst)**

Improved CSAT  
and NPS



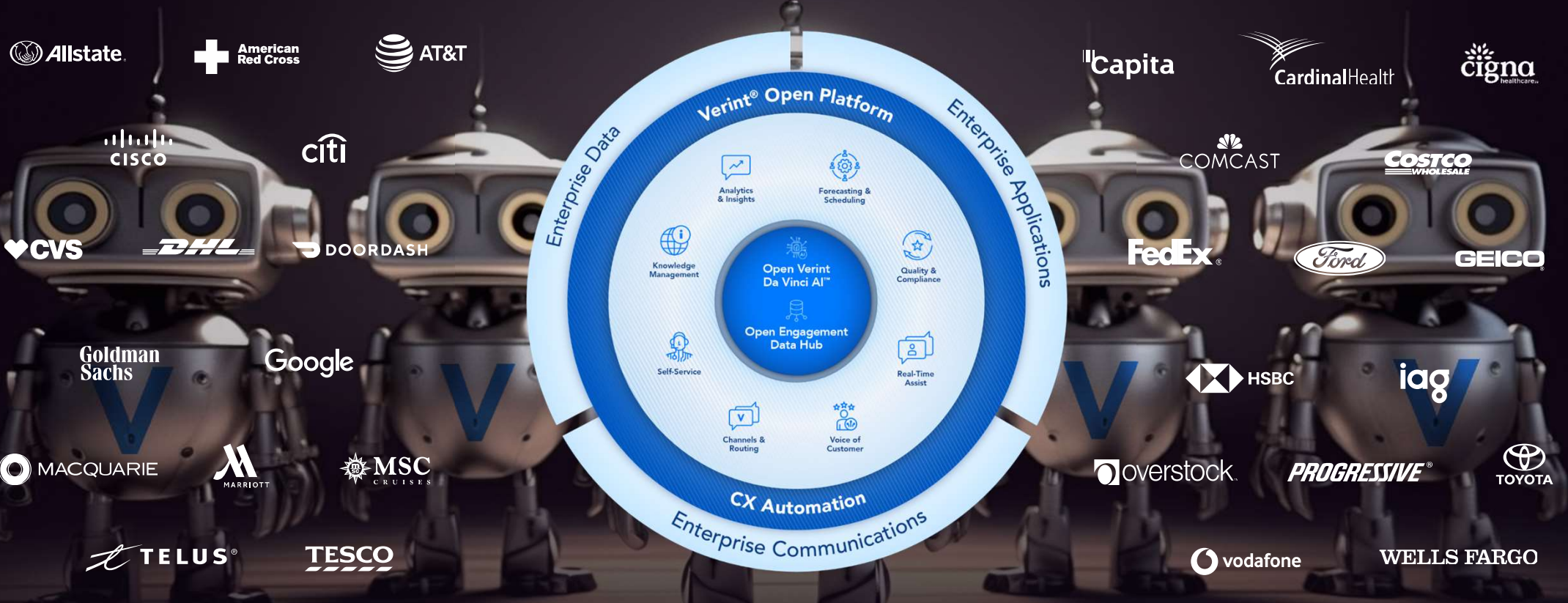
**Compliance Bot  
(Managers)**

Reduction in  
compliance fines



# Highly Differentiated Open Platform

## Adopted by the World's Leading Brands



10 of 10  
Largest US  
Insurance Companies

10 of 10  
Largest  
US Banks

8 of 10  
Largest US  
Healthcare Companies

# Highly Differentiated Open Platform

Horizontal AI Vendors are not Equipped to Deliver CX Automation

Latest AI innovation at the  
core of the Open Platform

Verint  
Da Vinci™ AI

*"The Bot  
Factory"*

Verint  
Workflows

*"AI to Agents  
Fingertips"*

Workflows deliver  
AI to the workforce  
without disruption

Verint  
Data Hub

*"The Bot  
Gym"*

Engagement Data  
Hub trains bots on  
unique data



# Go-To-Market and Our Growth Opportunity

## Targeting Base Expansion, New Logos and Bot Consumption



**Base Expansion  
Up to 10x <sup>(1)</sup>**

**New Logos  
>100 Per Quarter**

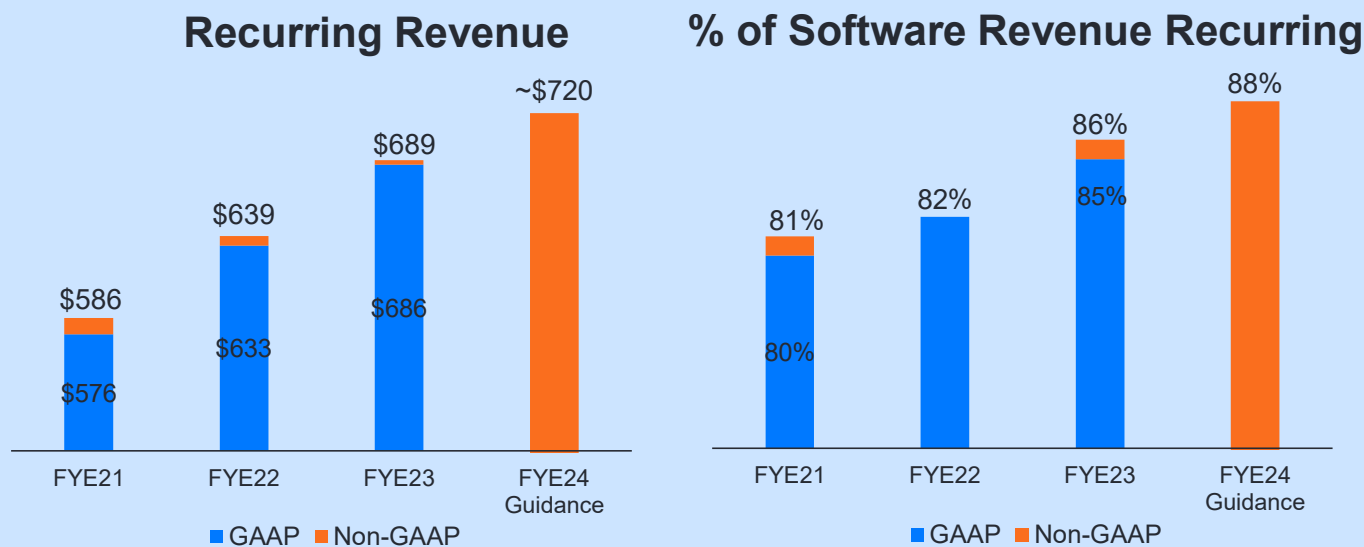
**Bot Consumption  
Early Stage**

(1) Total customer base expansion opportunity estimate derived from an analysis of top customers representing approximately 50% of recurring revenue

# Financials

# Successful Execution of Perpetual to SaaS Transition

Verint is now a Recurring Revenue Company with Strong Profitability



## FYE24 Guidance Strong Profitability

### Non-GAAP Gross Margins

~71%

### Adjusted EBITDA

\$250 million, 5% y-o-y growth  
~27.5% margin

### Non-GAAP Diluted EPS

\$2.65, 5% y-o-y growth

Note: Amounts in USD Millions. Guidance provided on a Non-GAAP basis. % of Software Revenue Recurring in FYE22 is the same on a GAAP and non-GAAP basis.



# H1 Dynamics

## SaaS Bookings and Revenue Impacted by Macroeconomic Environment

### New SaaS Bookings

#### **New SaaS ACV bookings shifting right due to macroeconomic environment**

- H1: In Q1 ~\$11 million ACV shifted right and booked in Q2; In Q2 the shift right continued
- FYE24: Expect a shifting right in H2, resulting in ~\$100 million of New SaaS ACV bookings, flat with FYE23

### SaaS Revenue

#### **Strong SaaS Revenue Growth**

- H1: Up 17% year-over-year (GAAP), up 16% year-over-year (Non-GAAP)
- FYE24: Expect 18% to 20% growth driven by new bookings and large amount of unbundled renewals in Q4

### SaaS ARR

#### **Strong SaaS ARR Growth**

- At end of H1: \$503 million, up 17% year-over-year
- SaaS ARR represents the annual run rate value of SaaS contracts

### Cash Flow

#### **Strong Cash From Operations**

- H1: Up >20% year-over-year
- FYE24: Expect \$190 million before non-recurring items (primarily office realignment which ends this year)

# FYE24 Outlook

**Total Revenue:** \$910 million +/- 2%

**Gross Margin:** ~71%, Up ~100bps

**Operating Margin Expansion:** ~25%, Up >100bps

**Diluted EPS:** \$2.65, up 5%

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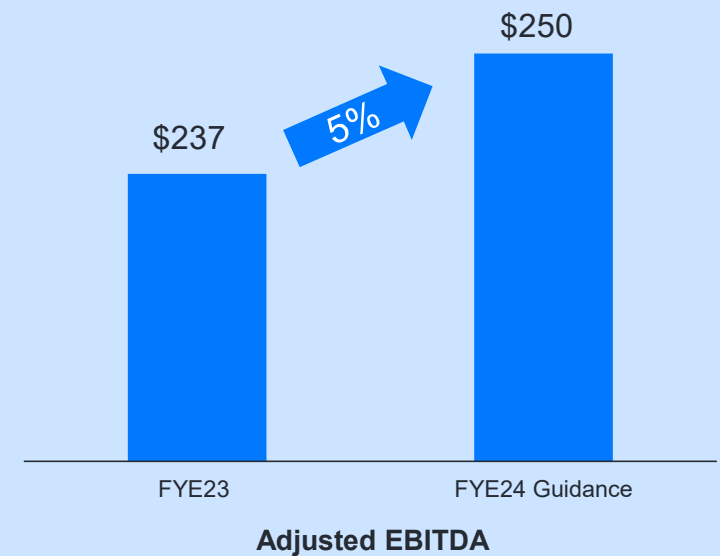
## Below the Line Items

**Interest and Other Expense, Net:** \$750,000 per quarter on average

**Net Income from Non-Controlling Interest:** \$200,000 per quarter

**Tax Rate:** ~10% 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. Adjusted EBITDA amounts are in millions of USD.

# Summary – Stable and Profitable

Track Record of Growth and Strong Margins

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Large Customer Base with Strong Renewal Rates

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History of Performing Well through Economic Cycles

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Strong Cash Flow Generation and Balance Sheet

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Using Cash Flow for Share Repurchase Program



# Summary – Significant Growth Opportunity

\$2 Trillion Spent Annually on CX Labor

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Customers Craving AI to Increase CX Automation

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Differentiated Open Platform with a Team of Bots

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Opportunity to Increase Bot Consumption

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Growing Pipeline with Pent-Up Demand

# Thank You

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# Appendix



# Financial Outlook

## FYE 2024 Outlook

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

- **Revenue:** \$910 million +/- 2%
- **SaaS Revenue:** 18% - 20% year-over-year growth
- **Adjusted EBITDA:** \$250 million, at the midpoint of revenue guidance, reflecting 5% year-over-year growth
- **Diluted EPS:** \$2.65 at the midpoint of revenue guidance, reflecting 5% year-over-year growth

Our non-GAAP outlook for the three months ending October 31, 2023 and 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 \$8 million and \$33 million, for the three months ending October 31, 2023 and year ending January 31, 2024, respectively.

Our non-GAAP outlook for the three months ending October 31, 2023 and 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, and \$1 million and \$2 million, for the three months ending October 31, 2023 and year ending January 31, 2024, respectively.
- Stock-based compensation expenses are expected to be between approximately \$17 million and \$21 million, and \$69 million and \$74 million, for the three months ending October 31, 2023 and year ending January 31, 2024, respectively, 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 nonrecurring charges are expected to be between approximately \$5 million and \$7 million, and \$28 million and \$31 million, for the three months ending October 31, 2023 and year ending January 31, 2024, 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 and six months ended July 31, 2023 and 2022 for the GAAP measures excluded from our non-GAAP outlook appear in this presentation.

# SaaS KPIs

(\$ in millions)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Month Ended		Six Month Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023
	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric	Operating Metric
<b>SaaS ARR</b>		\$397.4	\$401.8	\$428.4	\$460.8	\$498.0	\$498.0	\$493.7	\$502.9	\$502.9
<b>SaaS ARR Growth YoY</b>			48.6%	41.7%	36.5%	25.3%	25.3%	22.9%	17.4%	17.4%
<b>New SaaS ACV</b>			\$24.1	\$27.3	\$26.8	\$23.9		\$16.0	\$26.5	\$42.4
<b>New SaaS ACV - Last Twelve Months</b>	\$66.2	\$94.0	\$99.2	\$99.9	\$108.5	\$102.1	\$102.1	\$94.0	\$93.1	
<b>New SaaS ACV - Last Twelve Months - Growth YoY</b>		42.0%	35.8%	20.5%	26.7%	8.6%	8.6%	-5.3%	-6.8%	

# Summary

(\$ in millions)		Year Ended		Year Ended		Three Months Ended								Year Ended		Three Month Ended				Six Month Ended	
		1/31/2021		1/31/2022		4/30/2022		7/31/2022		10/31/2022		1/31/2023		1/31/2023		4/30/2023		7/31/2023		7/31/2023	
		GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenue Metrics	Recurring Revenue	\$575.6	\$586.0	\$633.1	\$639.3	\$159.4	\$160.7	\$166.4	\$167.2	\$174.2	\$174.6	\$185.5	\$186.0	\$685.5	\$688.5	\$166.4	\$167.1	\$161.0	\$161.2	\$327.4	\$328.3
	Nonrecurring Revenue	\$254.6	\$254.6	\$241.4	\$241.4	\$58.5	\$58.5	\$56.5	\$56.5	\$51.0	\$51.0	\$50.7	\$50.7	\$216.7	\$216.7	\$50.1	\$50.1	\$49.2	\$49.2	\$99.3	\$99.3
	Total Revenue	\$830.2	\$840.6	\$874.5	\$880.7	\$217.9	\$219.2	\$222.9	\$223.6	\$225.2	\$225.6	\$236.2	\$236.8	\$902.2	\$905.2	\$216.6	\$217.2	\$210.2	\$210.4	\$426.7	\$427.6
	Reported Revenue Growth	-1.9%	-3.7%	5.3%	4.8%	8.5%	8.6%	3.9%	3.7%	0.2%	-0.6%	0.9%	0.2%	3.2%	2.8%	-0.6%	-0.9%	-5.7%	-5.9%	-3.2%	-3.5%
	Constant Currency Revenue Growth	-2.1%	-3.9%	4.2%	3.6%	9.5%	9.9%	6.7%	6.2%	3.2%	2.2%	2.9%	2.0%	5.3%	5.0%	1.0%	0.3%	-5.8%	-6.1%	-2.7%	-2.9%
Recurring Revenue Mix	% of Software Revenue that is Recurring Revenue	80.2%	80.5%	82.1%	82.2%	82.7%	82.9%	84.4%	84.4%	87.7%	87.7%	86.8%	86.9%	85.5%	85.5%	87.2%	87.3%	86.46%	86.46%	86.9%	86.9%
Gross Profit Metrics	Gross Profit	\$542.7	\$580.8	\$575.9	\$606.2	\$141.2	\$147.9	\$147.8	\$153.8	\$154.8	\$160.7	\$163.4	\$169.3	\$607.2	\$631.7	\$148.2	\$151.5	\$141.3	\$146.3	\$289.5	\$297.8
	Gross Margin %	65.4%	69.1%	65.9%	68.8%	64.8%	67.5%	66.3%	68.8%	68.7%	71.2%	69.2%	71.5%	67.3%	69.8%	68.4%	69.8%	67.2%	69.5%	67.8%	69.6%
	Gross Profit Growth YoY			6.1%	4.4%	9.8%	8.9%	4.0%	3.2%	1.3%	-0.3%	7.1%	5.7%	5.4%	4.2%	5.0%	2.4%	-4.4%	-4.9%	0.2%	-1.3%
Operating Expense Metrics	Research and Development, net	\$128.2	\$113.0	\$123.3	\$114.3	\$30.9	\$28.2	\$34.0	\$29.5	\$32.9	\$28.9	\$32.8	\$29.1	\$130.6	\$115.6	\$31.8	\$29.3	\$34.1	\$28.8	\$65.8	\$58.0
	% of Revenue	15.4%	13.4%	14.1%	13.0%	14.2%	12.8%	15.2%	13.2%	14.6%	12.8%	13.9%	12.3%	14.5%	12.8%	14.7%	13.5%	16.2%	13.7%	15.4%	13.6%
	Selling, General and Administrative	\$327.3	\$246.3	\$376.8	\$284.6	\$102.9	\$75.9	\$105.7	\$76.6	\$93.8	\$73.2	\$90.6	\$78.5	\$392.9	\$304.2	\$101.3	\$77.1	\$108.4	\$76.7	\$209.7	\$153.8
	% of Revenue	39.4%	29.3%	43.1%	32.3%	47.2%	34.6%	47.4%	34.3%	41.6%	32.5%	38.3%	33.1%	43.6%	33.6%	46.8%	35.5%	51.6%	36.4%	49.1%	36.0%
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	\$33.7	\$61.7	\$57.4	\$211.8	\$8.8	\$45.1	(\$7.5)	\$40.9	\$1.3	\$86.0
	Operating Margin %	6.9%	26.4%	5.4%	23.5%	0.2%	20.0%	0.7%	21.3%	9.6%	26.0%	14.3%	26.1%	6.4%	23.4%	4.1%	20.8%	-3.6%	19.4%	0.3%	20.1%
	Adjusted EBITDA		\$248.8		\$232.5		\$50.6		\$54.0		\$64.7		\$68.0		\$237.3		\$51.9		\$47.4		\$99.3
	Adjusted EBITDA Margin		29.6%		26.4%		23.1%		24.2%		28.7%		28.7%		26.2%		23.9%		22.5%		23.2%
	Diluted EPS	(\$0.88)	\$2.57	(\$0.07)	\$2.28	(\$0.08)	\$0.52	(\$0.12)	\$0.56	(\$0.02)	\$0.69	\$0.12	\$0.75	(\$0.09)	\$2.52	(\$0.03)	\$0.53	(\$0.17)	\$0.48	(\$0.20)	\$1.01

# Recurring Summary

(\$ in millions)		Year Ended 1/31/2021		Year Ended 1/31/2022		4/30/2022		7/31/2022		10/31/2022		1/31/2023		Year Ended 1/31/2023		Three Month Ended 4/30/2023		7/31/2023		Six Month Ended 7/31/2023	
		GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenue Metrics	Recurring Revenue	\$575.6	\$586.0	\$633.1	\$639.3	\$159.4	\$160.7	\$166.4	\$167.2	\$174.2	\$174.6	\$185.5	\$186.0	\$685.5	\$688.5	\$166.4	\$167.1	\$161.0	\$161.2	\$327.4	\$328.3
	SaaS	\$218.0	\$227.1	\$322.8	\$328.4	\$94.7	\$96.0	\$102.6	\$103.2	\$115.8	\$116.2	\$131.1	\$131.6	\$444.2	\$447.0	\$117.1	\$117.8	\$113.4	\$113.7	\$230.6	\$231.4
	SaaS Bundled	\$146.0	\$155.0	\$183.0	\$188.6	\$49.3	\$50.6	\$54.7	\$55.4	\$57.0	\$57.4	\$61.6	\$62.0	\$222.6	\$225.4	\$59.5	\$60.1	\$62.1	\$62.3	\$121.5	\$122.4
	SaaS Unbundled	\$72.0	\$72.2	\$139.7	\$139.8	\$45.4	\$45.4	\$47.9	\$47.9	\$58.7	\$58.7	\$69.6	\$69.6	\$221.6	\$221.6	\$57.7	\$57.7	\$51.4	\$51.4	\$109.1	\$109.1
	Support	\$298.2	\$298.4	\$244.7	\$244.8	\$48.7	\$48.7	\$48.1	\$48.1	\$43.0	\$43.0	\$40.1	\$40.1	\$179.9	\$180.0	\$36.4	\$36.4	\$35.4	\$35.4	\$71.8	\$71.8
	Optional Managed Services	\$59.5	\$60.5	\$65.6	\$66.2	\$15.9	\$16.0	\$15.8	\$15.8	\$15.4	\$15.5	\$14.3	\$14.3	\$61.4	\$61.6	\$12.9	\$12.9	\$12.2	\$12.2	\$25.0	\$25.1
	Recurring Revenue Growth YoY	7.7%	4.4%	10.0%	9.1%	10.3%	10.5%	6.6%	6.3%	9.7%	8.5%	6.8%	5.9%	8.3%	7.7%	4.4%	4.0%	-3.3%	-3.5%	0.5%	0.1%
	Constant Currency Recurring Revenue Growth YoY			8.8%	7.9%	11.6%	11.7%	9.3%	9.1%	13.1%	11.9%	8.8%	7.8%	10.6%	10.1%	5.9%	5.4%	-3.6%	-3.9%	1.0%	0.7%
	SaaS Revenue Growth YoY	32.9%	20.5%	48.1%	44.6%	49.0%	49.0%	34.3%	33.6%	41.0%	38.1%	30.2%	28.3%	37.6%	36.1%	23.7%	22.7%	10.6%	10.1%	16.9%	16.2%
	Constant Currency SaaS Revenue Growth YoY			46.8%	43.3%	50.3%	50.3%	36.8%	36.2%	44.3%	41.4%	32.2%	30.2%	39.9%	38.4%	25.1%	24.1%	10.3%	9.8%	17.4%	16.7%
Gross Profit	Recurring Gross Profit	\$436.6	\$450.7	\$476.6	\$485.4	\$118.3	\$120.3	\$125.6	\$127.3	\$135.4	\$137.0	\$143.9	\$145.7	\$523.2	\$530.3	\$126.8	\$127.9	\$121.4	\$123.5	\$248.2	\$251.3
	Recurring Gross Margin %	75.8%	76.9%	75.3%	75.9%	74.3%	74.9%	75.5%	76.1%	77.7%	78.4%	77.6%	78.3%	76.3%	77.0%	76.2%	76.5%	75.4%	76.6%	75.8%	76.6%
	Recurring Gross Profit Growth YoY			9.2%	7.7%	11.2%	11.2%	5.9%	5.9%	11.0%	9.9%	11.0%	10.2%	9.8%	9.3%	7.1%	6.3%	-3.3%	-3.0%	1.8%	1.5%



# Nonrecurring Summary

(\$ in millions)		Year Ended		Year Ended		Three Months Ended						Year Ended		Three Month Ended				Six Month Ended	
		1/31/2021		1/31/2022		4/30/2022		7/31/2022		10/31/2022		1/31/2023		1/31/2023		4/30/2023		7/31/2023	
		GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP	GAAP	Non-GAAP
Revenue Metrics	Nonrecurring Revenue	\$254.6	\$254.6	\$241.4	\$241.4	\$58.5	\$58.5	\$56.5	\$56.5	\$51.0	\$51.0	\$50.7	\$50.7	\$216.7	\$216.7	\$50.1	\$50.1	\$49.2	\$49.2
	Perpetual	\$141.8	\$141.8	\$138.1	\$138.1	\$33.3	\$33.3	\$30.8	\$30.8	\$24.4	\$24.4	\$28.1	\$28.1	\$116.6	\$116.6	\$24.3	\$24.3	\$25.2	\$25.2
	Professional Services	\$112.8	\$112.8	\$103.3	\$103.3	\$25.3	\$25.3	\$25.7	\$25.7	\$26.5	\$26.5	\$22.6	\$22.6	\$100.1	\$100.1	\$25.8	\$25.8	\$24.0	\$24.0
	Nonrecurring Revenue Growth YoY			-5.2%	-5.2%	3.7%	3.7%	-3.4%	-3.4%	-22.8%	-22.8%	-16.1%	-16.1%	-10.2%	-10.2%	-14.4%	-14.4%	-12.9%	-12.9%
Gross Profit	Nonrecurring Gross Profit	\$124.1	\$130.1	\$117.2	\$120.8	\$26.5	\$27.6	\$25.8	\$26.5	\$23.0	\$23.7	\$22.0	\$23.5	\$97.2	\$101.3	\$23.3	\$23.6	\$21.8	\$22.8
	Nonrecurring Gross Margin %	48.7%	51.1%	48.5%	50.0%	45.2%	47.1%	45.6%	47.0%	45.0%	46.5%	43.3%	46.4%	44.8%	46.8%	46.5%	47.1%	44.3%	46.4%
	Nonrecurring Gross Profit Growth YoY			-5.6%	-7.2%	-0.4%	0.0%	-7.8%	-7.9%	-35.3%	-35.0%	-19.0%	-15.7%	-17.1%	-16.1%	-11.9%	-14.3%	-15.4%	-13.9%



# Constant Currency

	Year Ended		Year Ended		Three Months Ended				Year Ended		Three Months Ended		Six Months Ended	
(\$ in millions)	1/31/2021		1/31/2022		4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023		
<b>GAAP</b>														
Revenue for the three months ended prior period	\$	846.5	\$	830.2	\$	200.9	\$	214.6	\$	224.8	\$	234.2	\$	440.8
Revenue for the three months ended current period	\$	830.2	\$	874.5	\$	217.9	\$	222.9	\$	225.2	\$	236.2	\$	426.7
Revenue for the three months ended current period at constant currency (1)	\$	829.0	\$	865.0	\$	220.0	\$	229.0	\$	232.0	\$	241.0	\$	429.0
Reported period-over-period revenue growth		-1.9%		5.3%		8.5%		3.9%		0.2%		0.9%		-3.2%
% impact from change in foreign currency exchange rates		-0.2%		-1.0%		1.0%		2.8%		3.0%		2.0%		0.5%
Constant currency period-over-period revenue growth		-2.1%		4.2%		9.5%		6.7%		3.2%		2.9%		-2.7%
<b>Non-GAAP</b>														
Revenue for the three months ended prior period	\$	873.2	\$	840.6	\$	201.9	\$	215.6	\$	226.9	\$	236.2	\$	442.9
Revenue for the three months ended current period	\$	840.6	\$	880.7	\$	219.2	\$	223.6	\$	225.6	\$	236.8	\$	427.6
Revenue for the three months ended current period at constant currency (1)	\$	839.0	\$	871.0	\$	222.0	\$	229.0	\$	232.0	\$	241.0	\$	430.0
Reported period-over-period revenue growth		-3.7%		4.8%		8.6%		3.7%		-0.6%		0.2%		-3.5%
% impact from change in foreign currency exchange rates		-0.2%		-1.2%		1.3%		2.5%		2.8%		1.8%		0.6%
Constant currency period-over-period revenue growth		-3.9%		3.6%		9.9%		6.2%		2.2%		2.0%		-2.9%

# Gross Profit

	Year Ended		Year Ended		Three Months Ended				Year Ended		Three Months Ended		Six Months Ended	
(\$ in millions)	1/31/2021	1/31/2022	1/31/2022	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023	7/31/2023
<b>Gross Profit and Gross Margin</b>														
Total GAAP revenue	\$ 830.2	\$ 874.5	\$ 874.5	\$ 874.5	\$ 217.9	\$ 222.9	\$ 225.2	\$ 236.2	\$ 902.2	\$ 902.2	\$ 216.6	\$ 210.2	\$ 426.7	\$ 426.7
Recurring costs	139.0	156.6	156.6	156.6	41.0	40.9	38.8	41.6	162.3	162.3	39.6	39.6	79.2	79.2
Nonrecurring costs	130.5	124.2	124.2	124.2	32.1	30.7	28.0	28.7	119.5	119.5	26.8	27.4	54.2	54.2
Amortization of acquired technology	18.0	17.8	17.8	17.8	3.6	3.6	3.6	2.4	13.2	13.2	2.0	1.9	3.9	3.9
Total GAAP cost of revenue	287.6	298.6	298.6	298.6	76.7	75.1	70.4	72.8	295.1	295.1	68.4	68.9	137.3	137.3
GAAP gross profit	\$ 542.7	\$ 575.9	\$ 575.9	\$ 575.9	\$ 141.2	\$ 147.8	\$ 154.8	\$ 163.4	\$ 607.2	\$ 607.2	\$ 148.2	\$ 141.3	\$ 289.5	\$ 289.5
GAAP gross margin	65.4%	65.9%	65.9%	65.9%	64.8%	66.3%	68.7%	69.2%	67.3%	67.3%	68.4%	67.2%	67.8%	67.8%
Revenue adjustments	10.3	6.2	6.2	6.2	1.3	0.7	0.4	0.5	3.0	3.0	0.6	0.2	0.9	0.9
Amortization of acquired technology	18.0	17.8	17.8	17.8	3.6	3.6	3.6	2.4	13.2	13.2	2.0	1.9	3.9	3.9
Stock-based compensation expenses	3.3	5.0	5.0	5.0	1.2	1.8	1.3	1.4	5.7	5.7	0.4	1.4	1.8	1.8
Acquisition expenses (benefit), net	0.4	0.3	0.3	0.3	0.3	(0.1)	-	-	0.2	0.2	0.1	0.3	0.3	0.3
Restructuring expenses	2.2	0.8	0.8	0.8	0.3	0.0	0.6	1.5	2.4	2.4	0.3	1.2	1.4	1.4
Separation expenses (2)	-	0.1	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	\$ 606.2	\$ 606.2	\$ 606.2	\$ 147.9	\$ 153.8	\$ 160.7	\$ 169.3	\$ 631.7	\$ 631.7	\$ 151.5	\$ 146.3	\$ 297.8	\$ 297.8
Non-GAAP gross margin	69.1%	68.8%	68.8%	68.8%	67.5%	68.8%	71.2%	71.5%	69.8%	69.8%	69.8%	69.5%	69.6%	69.6%
<b>Recurring Gross Profit and Gross Margin</b>														
GAAP recurring revenue	\$ 575.6	\$ 633.1	\$ 633.1	\$ 633.1	\$ 159.4	\$ 166.4	\$ 174.2	\$ 185.5	\$ 685.5	\$ 685.5	\$ 166.4	\$ 161.0	\$ 327.4	\$ 327.4
GAAP recurring costs	139.0	156.6	156.6	156.6	41.0	40.9	38.8	41.6	162.3	162.3	39.6	39.6	79.2	79.2
GAAP recurring gross profit	436.6	476.6	476.6	476.6	118.3	125.6	135.4	143.9	523.2	523.2	126.8	121.4	248.2	248.2
GAAP recurring gross margin	75.8%	75.3%	75.3%	75.3%	74.3%	75.5%	77.7%	77.6%	76.3%	76.3%	76.2%	75.4%	75.8%	75.8%
Recurring revenue adjustments	10.3	6.2	6.2	6.2	1.3	0.7	0.4	0.5	3.0	3.0	0.6	0.2	0.9	0.9
Recurring stock-based compensation expenses	1.1	2.0	2.0	2.0	0.5	0.9	0.7	0.7	2.9	2.9	0.3	0.7	1.0	1.0
Recurring acquisition expenses, net	0.1	0.1	0.1	0.1	0.0	-	-	-	0.0	0.0	0.1	0.3	0.3	0.3
Recurring restructuring expenses	1.0	0.5	0.5	0.5	0.1	0.0	0.5	0.7	1.3	1.3	0.1	0.8	0.9	0.9
Recurring separation expenses (2)	-	0.0	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	\$ 485.4	\$ 485.4	\$ 485.4	\$ 120.3	\$ 127.3	\$ 137.0	\$ 145.7	\$ 530.3	\$ 530.3	\$ 127.9	\$ 123.5	\$ 251.3	\$ 251.3
Non-GAAP recurring gross margin	76.9%	75.9%	75.9%	75.9%	74.9%	76.1%	78.4%	78.3%	77.0%	77.0%	76.5%	76.6%	76.6%	76.6%
<b>Nonrecurring Gross Profit and Gross Margin</b>														
GAAP nonrecurring revenue	\$ 254.6	\$ 241.4	\$ 241.4	\$ 241.4	\$ 58.5	\$ 56.5	\$ 51.0	\$ 50.7	\$ 216.7	\$ 216.7	\$ 50.1	\$ 49.2	\$ 99.3	\$ 99.3
GAAP nonrecurring costs	130.5	124.2	124.2	124.2	32.1	30.7	28.0	28.7	119.5	119.5	26.8	27.4	54.2	54.2
GAAP nonrecurring gross profit	124.1	117.2	117.2	117.2	26.5	25.8	23.0	22.0	97.2	97.2	23.3	21.8	45.1	45.1
GAAP nonrecurring gross margin	48.7%	48.5%	48.5%	48.5%	45.2%	45.6%	45.0%	43.3%	44.8%	44.8%	46.5%	44.3%	45.4%	45.4%
Nonrecurring revenue adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonrecurring stock-based compensation expenses	2.2	3.0	3.0	3.0	0.6	0.8	0.6	0.7	2.8	2.8	0.1	0.7	0.8	0.8
Nonrecurring acquisition expenses (benefit), net	0.2	0.2	0.2	0.2	0.2	(0.1)	-	-	0.2	0.2	-	-	-	-
Nonrecurring restructuring expenses (benefit)	1.2	0.3	0.3	0.3	0.2	0.0	0.1	0.8	1.2	1.2	0.2	0.3	0.5	0.5
Nonrecurring separation expenses (2)	-	0.0	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	\$ 120.8	\$ 120.8	\$ 120.8	\$ 27.6	\$ 26.5	\$ 23.7	\$ 23.5	\$ 101.3	\$ 101.3	\$ 23.6	\$ 22.8	\$ 46.5	\$ 46.5
Non-GAAP nonrecurring gross margin	51.1%	50.0%	50.0%	50.0%	47.1%	47.0%	46.5%	46.4%	46.8%	46.8%	47.1%	46.4%	46.8%	46.8%

# Operating Expenses

	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended		Six Months Ended
(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023
<b>Research and Development, net</b>										
<b>GAAP research and development, net</b>	<b>\$ 128.2</b>	<b>\$ 123.3</b>	<b>\$ 30.9</b>	<b>\$ 34.0</b>	<b>\$ 32.9</b>	<b>\$ 32.8</b>	<b>\$ 130.6</b>	<b>\$ 31.8</b>	<b>\$ 34.1</b>	<b>\$ 65.8</b>
<b>as a % of GAAP revenue</b>	<b>15.4%</b>	<b>14.1%</b>	<b>14.2%</b>	<b>15.2%</b>	<b>14.6%</b>	<b>13.9%</b>	<b>14.5%</b>	<b>14.7%</b>	<b>16.2%</b>	<b>15.4%</b>
Stock-based compensation expenses	(3.9)	(7.6)	(2.4)	(4.4)	(3.5)	(2.2)	(12.6)	(2.3)	(3.5)	(5.8)
Acquisition expenses, net	(0.3)	(0.5)	(0.2)	-	-	-	(0.2)	(0.1)	(0.0)	(0.1)
Restructuring expenses	(1.4)	(0.4)	(0.1)	-	(0.5)	(1.5)	(2.1)	(0.1)	(0.2)	(0.3)
Separation expenses (2)	-	(0.5)	-	-	-	-	-	-	-	-
IT facilities and infrastructure realignment (6)	-	-	-	-	-	-	-	-	(1.6)	(1.6)
Other Adjustments	(0.0)	-	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	0.0	-
Discontinued operations corporate overhead adjustment	(16.9)	-	-	-	-	-	-	-	-	-
Allocation methodology difference	7.4	-	-	-	-	-	-	-	-	-
<b>Non-GAAP research and development, net</b>	<b>\$ 113.0</b>	<b>\$ 114.3</b>	<b>\$ 28.2</b>	<b>\$ 29.5</b>	<b>\$ 28.9</b>	<b>\$ 29.1</b>	<b>\$ 115.6</b>	<b>\$ 29.3</b>	<b>\$ 28.8</b>	<b>\$ 58.0</b>
<b>as a % of non-GAAP revenue</b>	<b>13.4%</b>	<b>13.0%</b>	<b>12.8%</b>	<b>13.2%</b>	<b>12.8%</b>	<b>12.3%</b>	<b>12.8%</b>	<b>13.5%</b>	<b>13.7%</b>	<b>13.6%</b>
<b>Selling, General and Administrative expenses</b>										
<b>GAAP selling, general and administrative expenses</b>	<b>\$ 327.3</b>	<b>\$ 376.8</b>	<b>\$ 102.9</b>	<b>\$ 105.7</b>	<b>\$ 93.8</b>	<b>\$ 90.6</b>	<b>\$ 392.9</b>	<b>\$ 101.3</b>	<b>\$ 108.4</b>	<b>\$ 209.7</b>
<b>as a % of GAAP revenue</b>	<b>39.4%</b>	<b>43.1%</b>	<b>47.2%</b>	<b>47.4%</b>	<b>41.6%</b>	<b>38.3%</b>	<b>43.6%</b>	<b>46.8%</b>	<b>51.6%</b>	<b>49.1%</b>
Stock-based compensation expenses	(38.0)	(52.7)	(14.8)	(19.5)	(15.0)	(8.5)	(57.9)	(12.2)	(14.3)	(26.5)
Acquisition benefit (expenses), net	(2.8)	(9.6)	(1.4)	(0.1)	(1.2)	1.3	(1.3)	(7.7)	1.8	(5.9)
Restructuring expenses	(3.6)	(4.8)	(2.7)	(3.8)	(1.3)	(3.0)	(10.8)	(1.0)	(1.9)	(2.9)
Separation expenses (2)	-	(12.4)	(0.6)	(0.3)	(0.3)	(0.2)	(1.3)	(0.1)	(0.2)	(0.4)
Accelerated lease costs (5)	(2.4)	(9.8)	(5.5)	(1.6)	(0.7)	(0.4)	(8.3)	(0.3)	(4.9)	(5.2)
IT facilities and infrastructure realignment (6)	-	(1.2)	(1.5)	(0.9)	(1.1)	(0.9)	(4.5)	(2.8)	(12.1)	(14.9)
Impairment charges	-	(1.6)	-	(1.8)	-	-	(1.8)	-	-	-
Other Adjustments	0.5	(0.1)	(0.5)	(1.1)	(0.9)	(0.4)	(2.9)	(0.0)	(0.2)	(0.2)
Discontinued operations corporate overhead adjustment	(29.3)	-	-	-	-	-	-	-	-	-
Allocation methodology difference	(5.5)	-	-	-	-	-	-	-	-	-
<b>Non-GAAP selling, general and administrative expenses</b>	<b>\$ 246.3</b>	<b>\$ 284.6</b>	<b>\$ 75.9</b>	<b>\$ 76.6</b>	<b>\$ 73.2</b>	<b>\$ 78.5</b>	<b>\$ 304.2</b>	<b>\$ 77.1</b>	<b>\$ 76.7</b>	<b>\$ 153.8</b>
<b>as a % of non-GAAP revenue</b>	<b>29.3%</b>	<b>32.3%</b>	<b>34.6%</b>	<b>34.3%</b>	<b>32.5%</b>	<b>33.1%</b>	<b>33.6%</b>	<b>35.5%</b>	<b>36.4%</b>	<b>36.0%</b>

# Operating Margin

	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended		Six Months Ended
(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023
<b>GAAP operating (loss) income</b>	<b>\$ 57.4</b>	<b>\$ 46.8</b>	<b>\$ 0.5</b>	<b>\$ 1.5</b>	<b>\$ 21.7</b>	<b>\$ 33.7</b>	<b>\$ 57.4</b>	<b>\$ 8.8</b>	<b>\$ (7.5)</b>	<b>\$ 1.3</b>
<b>GAAP operating margin</b>	<b>6.9%</b>	<b>5.4%</b>	<b>0.2%</b>	<b>0.7%</b>	<b>9.6%</b>	<b>14.3%</b>	<b>6.4%</b>	<b>4.1%</b>	<b>-3.6%</b>	<b>0.3%</b>
Revenue adjustments	10.3	6.2	1.3	0.7	0.4	0.5	3.0	0.6	0.2	0.9
Amortization of acquired technology	18.0	17.8	3.6	3.6	3.6	2.4	13.2	2.0	1.9	3.9
Amortization of other acquired intangible assets	29.8	29.0	6.8	6.6	6.4	6.4	26.2	6.3	6.4	12.7
Stock-based compensation expenses	45.2	65.3	18.4	25.7	19.9	12.2	76.1	15.0	19.1	34.1
Acquisitions (benefit) expenses, net	3.4	10.4	1.8	0.0	1.2	(1.3)	1.7	7.8	(1.5)	6.3
Restructuring expenses	7.1	6.0	3.1	3.8	2.4	5.9	15.3	1.4	3.2	4.6
Separation expenses (2)	-	12.9	0.6	0.3	0.3	0.2	1.3	0.1	0.2	0.4
Accelerated lease costs (5)	2.4	9.8	5.5	1.6	0.7	0.4	8.3	0.3	4.9	5.2
IT facilities and infrastructure realignment (6)	-	1.2	1.5	0.9	1.1	0.9	4.5	2.8	13.7	16.5
Impairment charges	0.1	1.6	-	1.8	-	-	1.8	-	-	-
Other adjustments	(0.4)	0.1	0.6	1.1	0.9	0.5	3.0	0.0	0.2	0.2
Discontinued operations corporate overhead adjustment	50.9	-	-	-	-	-	-	-	-	-
Allocation methodology difference	(2.7)	-	-	-	-	-	-	-	-	-
<b>Non-GAAP operating income</b>	<b>\$ 221.5</b>	<b>\$ 207.2</b>	<b>\$ 43.8</b>	<b>\$ 47.7</b>	<b>\$ 58.6</b>	<b>\$ 61.7</b>	<b>\$ 211.8</b>	<b>\$ 45.1</b>	<b>\$ 40.9</b>	<b>\$ 86.0</b>
<b>Non-GAAP operating margin</b>	<b>26.4%</b>	<b>23.5%</b>	<b>20.0%</b>	<b>21.3%</b>	<b>26.0%</b>	<b>26.1%</b>	<b>23.4%</b>	<b>20.8%</b>	<b>19.4%</b>	<b>20.1%</b>

# Adjusted EBITDA Margin

	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended		Six Months Ended
(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023
<b>GAAP net (loss) income from continuing operations</b>	<b>\$ (48.6)</b>	<b>\$ 15.7</b>	<b>\$ 0.6</b>	<b>\$ (2.2)</b>	<b>\$ 4.2</b>	<b>\$ 13.1</b>	<b>\$ 15.7</b>	<b>\$ 3.6</b>	<b>\$ (5.8)</b>	<b>\$ (2.2)</b>
<b>As a percentage of GAAP revenue</b>	<b>-5.9%</b>	<b>1.8%</b>	<b>0.3%</b>	<b>-1.0%</b>	<b>1.9%</b>	<b>5.5%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>-2.8%</b>	<b>-0.5%</b>
Provision for (benefit from) income taxes	6.9	23.9	0.3	2.8	17.4	18.6	39.1	4.4	(2.5)	1.8
Other expense, net	99.1	7.3	(0.4)	0.9	0.1	2.0	2.6	0.8	0.8	1.6
Depreciation and amortization (3)	75.0	72.6	17.4	16.6	16.2	15.1	65.3	16.9	24.7	41.5
Revenue adjustments	10.3	6.2	1.3	0.7	0.4	0.5	3.0	0.6	0.2	0.9
Stock-based compensation expenses	45.2	65.3	18.4	25.7	19.9	12.2	76.1	15.0	19.1	34.1
Acquisitions (benefit) expenses, net	3.4	10.4	1.8	0.0	1.2	(1.3)	1.7	7.8	(1.5)	6.3
Restructuring expenses	7.1	5.9	3.0	3.7	2.3	5.8	14.9	1.3	3.2	4.5
Separation expenses (2)	-	12.6	0.6	0.3	0.3	0.2	1.3	0.1	0.2	0.4
Accelerated lease costs (5)	2.4	9.8	5.5	1.6	0.7	0.4	8.3	0.3	4.9	5.2
IT facilities and infrastructure realignment (6)	-	1.2	1.5	0.9	1.1	0.9	4.5	1.0	3.9	5.0
Impairment charges	0.1	1.6	-	1.8	-	-	1.8	-	-	-
Other adjustments	(0.4)	0.1	0.6	1.1	0.9	0.5	3.0	0.0	0.2	0.2
Discontinued operations corporate overhead adjustment	50.9	-	-	-	-	-	-	-	-	-
Allocation methodology difference	(2.7)	-	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 248.8</b>	<b>232.5</b>	<b>50.6</b>	<b>54.0</b>	<b>64.7</b>	<b>68.0</b>	<b>237.3</b>	<b>51.9</b>	<b>47.4</b>	<b>99.3</b>
<b>As a percentage of non-GAAP revenue</b>	<b>29.6%</b>	<b>26.4%</b>	<b>23.1%</b>	<b>24.2%</b>	<b>28.7%</b>	<b>28.7%</b>	<b>26.2%</b>	<b>23.9%</b>	<b>22.5%</b>	<b>23.2%</b>



# Other Expense, Tax and Net Income

	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended		Six Months Ended
(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023
<b>Other Expense Reconciliation</b>										
<b>GAAP other (expense) income, net</b>	\$ (99.1)	\$ (7.3)	\$ 0.4	\$ (0.9)	\$ (0.1)	\$ (2.0)	\$ (2.6)	\$ (0.8)	\$ (0.8)	\$ (1.6)
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	-	-	-	-	-	0.2	-	0.2
Change in fair value of future tranche right	56.1	(15.8)	-	-	-	-	-	-	-	-
Acquisition expenses (benefit), net	0.1	(3.5)	-	-	-	-	-	(0.2)	-	(0.2)
Separation expenses (benefit)	-	-	-	-	-	1.3	1.3	(0.0)	(0.1)	(0.1)
Other adjustments	-	(1.2)	-	-	-	-	-	-	-	-
<b>Non-GAAP other (expense) income, net</b>	\$ (27.3)	\$ (11.0)	\$ 0.4	\$ (0.9)	\$ (0.1)	\$ (0.8)	\$ (1.3)	\$ (0.7)	\$ (0.9)	\$ (1.6)
<b>Tax Provision (Benefit) Reconciliation</b>										
<b>GAAP provision for (benefit from) income taxes</b>	\$ 6.9	\$ 23.9	\$ 0.3	\$ 2.8	\$ 17.4	\$ 18.6	\$ 39.1	\$ 4.4	\$ (2.5)	\$ 1.8
<b>GAAP effective income tax rate</b>	-16.6%	60.4%	34.0%	465.4%	80.5%	58.6%	71.4%	54.6%	30.5%	-543.0%
Non-GAAP tax adjustments	9.2	(2.3)	4.2	1.9	(11.3)	(14.7)	(19.9)	(0.3)	6.1	5.9
<b>Non-GAAP provision for income taxes</b>	\$ 16.2	\$ 21.6	\$ 4.5	\$ 4.7	\$ 6.1	\$ 3.8	\$ 19.2	\$ 4.1	\$ 3.6	\$ 7.7
<b>Non-GAAP effective income tax rate</b>	8.3%	11.0%	10.2%	10.1%	10.4%	6.3%	9.1%	9.2%	9.0%	9.1%
<b>Net (Loss) Income from Continuing Operations Attributable to Verint Systems Inc.</b>										
<b>Common Shares Reconciliation</b>										
<b>GAAP net (loss) income from continuing operations attributable to Verint Systems Inc. common shares</b>	\$ (57.3)	\$ (4.5)	\$ (4.9)	\$ (7.6)	\$ (1.1)	\$ 7.7	\$ (5.9)	\$ (1.9)	\$ (11.2)	\$ (13.1)
Total GAAP net (loss) income adjustments (4)	234.3	177.9	39.1	49.5	53.4	49.2	196.4	36.7	42.1	78.8
<b>Non-GAAP net income from continuing operations attributable to Verint Systems Inc. common shares</b>	\$ 177.0	\$ 173.4	\$ 34.2	\$ 41.9	\$ 52.3	\$ 57.0	\$ 190.5	\$ 34.8	\$ 30.9	\$ 65.7

# EPS and Diluted Shares Outstanding

	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended		Six 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	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023
GAAP diluted net loss from continuing operations per common share attributable to Verint Systems Inc.	\$ (0.88)	\$ (0.07)	\$ (0.08)	\$ (0.12)	\$ (0.02)	\$ 0.12	\$ (0.09)	\$ (0.03)	\$ (0.17)	\$ (0.20)
Non-GAAP diluted net income from continuing operations per common share attributable to Verint Systems Inc. (4)	\$ 2.57	\$ 2.28	\$ 0.52	\$ 0.56	\$ 0.69	\$ 0.75	\$ 2.52	\$ 0.53	\$ 0.48	\$ 1.01
<b>GAAP weighted-average shares used in computing diluted net loss from continuing operations per common share</b>	<b>65,173</b>	<b>65,591</b>	<b>64,947</b>	<b>64,958</b>	<b>65,583</b>	<b>66,131</b>	<b>65,332</b>	<b>64,940</b>	<b>64,294</b>	<b>64,603</b>
Additional weighted-average shares applicable to non-GAAP net income from continuing operations per common share attributable to Verint Systems Inc	3,654	10,419	1,255	10,356	10,004	9,478	10,235	447	269	358
<b>Non-GAAP diluted weighted-average shares used in computing net income from continuing operations per common share (4)</b>	<b>68,827</b>	<b>76,010</b>	<b>66,202</b>	<b>75,314</b>	<b>75,587</b>	<b>75,609</b>	<b>75,567</b>	<b>65,387</b>	<b>64,563</b>	<b>64,961</b>

# Debt

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

# Revenue Metrics Reconciliation

	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Month Ended		Six Months Ended
(\$ in millions)	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023
<b>Recurring revenue- GAAP</b>	<b>\$ 575.6</b>	<b>\$ 633.1</b>	<b>\$ 159.4</b>	<b>\$ 166.4</b>	<b>\$ 174.2</b>	<b>\$ 185.5</b>	<b>\$ 685.5</b>	<b>\$ 166.4</b>	<b>\$ 161.0</b>	<b>\$ 327.4</b>
SaaS revenue - GAAP	218.0	322.8	94.7	102.6	115.8	131.1	444.2	117.1	113.4	230.6
Optional managed services revenue - GAAP	59.5	65.6	15.9	15.8	15.4	14.3	61.4	12.9	12.2	25.0
Support revenue - GAAP	298.2	244.7	48.7	48.1	43.0	40.1	179.9	36.4	35.4	71.8
<b>Nonrecurring revenue - GAAP</b>	<b>254.6</b>	<b>241.4</b>	<b>58.5</b>	<b>56.5</b>	<b>51.0</b>	<b>50.7</b>	<b>216.7</b>	<b>50.1</b>	<b>49.2</b>	<b>99.3</b>
Perpetual revenue - GAAP	141.8	138.1	33.3	30.8	24.4	28.1	116.6	24.3	25.2	49.5
Professional services revenue - GAAP	112.8	103.3	25.3	25.7	26.5	22.6	100.1	25.8	24.0	49.7
<b>Total revenue - GAAP</b>	<b>\$ 830.2</b>	<b>\$ 874.5</b>	<b>\$ 217.9</b>	<b>\$ 222.9</b>	<b>\$ 225.2</b>	<b>\$ 236.2</b>	<b>\$ 902.2</b>	<b>\$ 216.6</b>	<b>\$ 210.2</b>	<b>\$ 426.7</b>
<b>Estimated recurring revenue adjustments</b>	<b>10.3</b>	<b>6.2</b>	<b>1.3</b>	<b>0.7</b>	<b>0.4</b>	<b>0.5</b>	<b>3.0</b>	<b>0.6</b>	<b>0.2</b>	<b>0.9</b>
Estimated SaaS revenue adjustments	9.2	5.6	1.3	0.7	0.4	0.5	2.8	0.6	0.2	0.8
Estimated optional managed services revenue adjustments	1.0	0.5	0.1	0.1	0.0	0.0	0.2	0.0	0.0	0.0
Estimated support revenue adjustments	0.2	0.0	0.0	-	-	-	0.0	-	-	-
<b>Estimated nonrecurring revenue adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Estimated perpetual revenue adjustments	-	-	-	-	-	-	-	-	-	-
Estimated professional services revenue adjustments	-	-	-	-	-	-	-	-	-	-
<b>Total estimated revenue adjustments</b>	<b>10.3</b>	<b>6.2</b>	<b>1.3</b>	<b>0.7</b>	<b>0.4</b>	<b>0.5</b>	<b>3.0</b>	<b>0.6</b>	<b>0.2</b>	<b>0.9</b>
<b>Recurring revenue- non-GAAP</b>	<b>\$ 586.0</b>	<b>\$ 639.3</b>	<b>\$ 160.7</b>	<b>\$ 167.2</b>	<b>\$ 174.6</b>	<b>\$ 186.0</b>	<b>\$ 688.5</b>	<b>\$ 167.1</b>	<b>\$ 161.2</b>	<b>\$ 328.3</b>
SaaS revenue - non-GAAP	227.1	328.4	96.0	103.2	116.2	131.6	447.0	117.8	113.7	231.4
Optional managed services revenue - non-GAAP	60.5	66.2	16.0	15.8	15.5	14.3	61.6	12.9	12.2	25.1
Support revenue - non-GAAP	298.4	244.8	48.7	48.1	43.0	40.1	180.0	36.4	35.4	71.8
<b>Nonrecurring revenue - non-GAAP</b>	<b>254.6</b>	<b>241.4</b>	<b>58.5</b>	<b>56.5</b>	<b>51.0</b>	<b>50.7</b>	<b>216.7</b>	<b>50.1</b>	<b>49.2</b>	<b>99.3</b>
Perpetual revenue - non-GAAP	141.8	138.1	33.3	30.8	24.4	28.1	116.6	24.3	25.2	49.5
Professional services revenue - non-GAAP	112.8	103.3	25.3	25.7	26.5	22.6	100.1	25.8	24.0	49.7
<b>Total revenue - non-GAAP</b>	<b>\$ 840.6</b>	<b>\$ 880.7</b>	<b>\$ 219.2</b>	<b>\$ 223.6</b>	<b>\$ 225.6</b>	<b>\$ 236.8</b>	<b>\$ 905.2</b>	<b>\$ 217.2</b>	<b>\$ 210.4</b>	<b>\$ 427.6</b>



# SaaS Revenue Reconciliation

(\$ in millions)	Year Ended	Year Ended	Three Months Ended				Year Ended	Three Months Ended		Six Months Ended
	1/31/2021	1/31/2022	4/30/2022	7/31/2022	10/31/2022	1/31/2023	1/31/2023	4/30/2023	7/31/2023	7/31/2023
Bundled SaaS revenue - GAAP	\$ 146.0	\$ 183.0	\$ 49.3	\$ 54.7	\$ 57.0	\$ 61.6	\$ 222.6	\$ 59.5	\$ 62.1	\$ 121.5
Unbundled SaaS revenue - GAAP	72.0	139.7	45.4	47.9	58.7	69.6	221.6	57.7	51.4	109.1
<b>SaaS revenue - GAAP</b>	<b>218.0</b>	<b>322.8</b>	<b>94.7</b>	<b>102.6</b>	<b>115.8</b>	<b>131.1</b>	<b>444.2</b>	<b>117.1</b>	<b>113.4</b>	<b>230.6</b>
Estimated bundled SaaS revenue adjustments	9.0	5.6	1.3	0.7	0.4	0.5	2.8	0.6	0.2	0.8
Estimated unbundled SaaS revenue adjustments	0.2	0.1	-	-	-	-	-	-	-	-
<b>Estimated SaaS revenue adjustments</b>	<b>9.2</b>	<b>5.6</b>	<b>1.3</b>	<b>0.7</b>	<b>0.4</b>	<b>0.5</b>	<b>2.8</b>	<b>0.6</b>	<b>0.2</b>	<b>0.8</b>
Bundled SaaS revenue - non-GAAP	155.0	188.6	50.6	55.4	57.4	62.0	225.4	60.1	62.3	122.4
Unbundled SaaS revenue - non-GAAP	72.2	139.8	45.4	47.9	58.7	69.6	221.6	57.7	51.4	109.1
<b>SaaS revenue - non-GAAP</b>	<b>\$ 227.1</b>	<b>\$ 328.4</b>	<b>\$ 96.0</b>	<b>\$ 103.2</b>	<b>\$ 116.2</b>	<b>\$ 131.6</b>	<b>\$ 447.0</b>	<b>\$ 117.8</b>	<b>\$ 113.7</b>	<b>\$ 231.4</b>

# 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 recurring revenue, non-GAAP nonrecurring revenue, non-GAAP perpetual revenue, non-GAAP support revenue, non-GAAP professional services revenue, non-GAAP SaaS revenue, non-GAAP bundled SaaS revenue, non-GAAP unbundled SaaS revenue, non-GAAP optional managed services revenue, non-GAAP recurring gross profit and gross margins, non-GAAP nonrecurring gross profit and gross margins, non-GAAP gross profit and gross margins, non-GAAP research and development, net, non-GAAP selling, general and administrative expenses, non-GAAP operating income and operating margins, non-GAAP other income (expense), net, non-GAAP provision for (benefit from) income taxes and non-GAAP effective income tax rate, non-GAAP net income (loss) attributable to Verint Systems Inc. common shares, non-GAAP diluted net income (loss) per common share attributable to Verint Systems Inc., adjusted EBITDA and adjusted EBITDA as a percentage of non-GAAP revenue, net debt and constant currency measures. The tables above include a reconciliation of each non-GAAP financial measure for completed periods presented in this press release to the most directly comparable GAAP financial measure.

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

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

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

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

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

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

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

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

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

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

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

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

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

• **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 January 31, 2024 is currently approximately 9%, and was 9% for the year ended January 31, 2023, 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 SaaS revenue, optional managed services revenue and initial and renewal post contract support.

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

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

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

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

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

SaaS Annual Recurring Revenue (SaaS ARR) represents the annualized quarterly run-rate value of active or signed SaaS contracts as of the end of a period. For unbundled SaaS contracts, the amount included in SaaS ARR is generally consistent with the amount that we invoice the customer annually for the term-based license transaction. We use SaaS ARR to identify the annual recurring value of customer contracts at the end of a reporting period and to monitor the growth of our recurring business as we shift to SaaS. SaaS ARR reduces fluctuations due to seasonality, contract term, and the sales mix of subscriptions for bundled SaaS and unbundled SaaS. SaaS ARR should be viewed independently of revenue, and does not represent our revenue under ASC 606 on an annualized basis, as it is an operating metric that is impacted by contract start and end dates and renewal rates. SaaS ARR is not intended to be a replacement for forecasts of SaaS revenue.

## **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.



# Supplemental Info Non-GAAP Measures

## **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.

