



FYE21 Fourth Quarter Conference Call

Boundless Customer Engagement™

March 31, 2021

VERINT®

Disclaimers

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Non-GAAP Financial Measures

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

Overview



Strong Results

- Strong Q4 For Both Customer Engagement And Cyber Intelligence (Now Cognyte)
- Revenue And Non-GAAP EPS Ahead Of Expectations
- FYE21 Cash From Operations Of \$254 million, Up 7% Year-Over-Year



Separation Completed

- The “New” Verint – Pure-Play Customer Engagement Software Company
- Cognyte – Pure-Play Security Analytics Software Company (NASDAQ: CGNT)



Positive Outlook

- Strong Cloud Momentum Going Into FYE22
- Raising Outlook For FYE22 Cloud Revenue Growth To A Range Of 30% To 35%
- Expect Strong First Quarter

Strong Q4 Cloud Momentum

Won Many Seven Figure Cloud Deals Across Industries

| | | | |
|---|----------------------------------|---|--|
| Financial Services \$13 Million | Insurance \$8 Million | Banking \$7 Million | Consumer Services \$7 Million |
| Logistics \$5 Million | Healthcare \$4 Million | Business Services \$4 Million | Healthcare \$4 Million |
| Home Services \$4 Million | Telecom \$3 Million | Business Services \$2 Million | Financial Services \$2 Million |

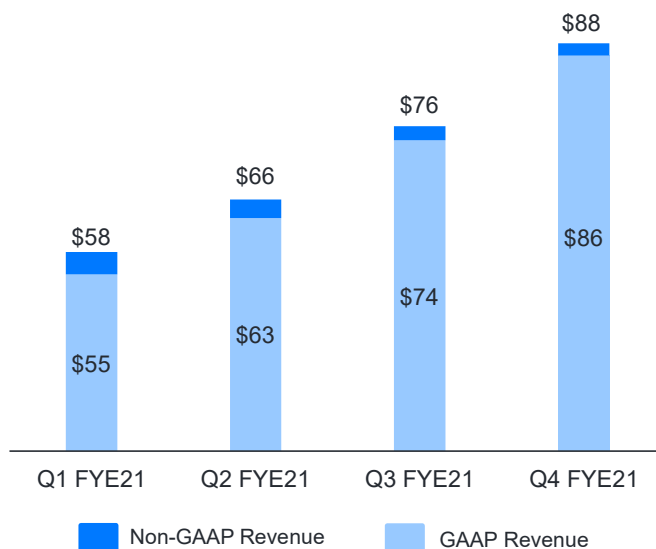


Note: Deal values are on a TCV basis.

Strong Cloud Metrics

Entering FYE22 with Strong Cloud Momentum

Quarterly Cloud Revenue



Q4 Cloud Metrics

New SaaS ACV: Up 39% y-o-y

PLE: Up 15% y-o-y

PLE Mix: 49% from SaaS

Cloud Revenue: Up 33% y-o-y

RPO: Up 29% to \$636 million



Note: Millions of USD. PLE is New Perpetual License Equivalents Bookings. Q4 GAAP cloud revenue was up 40% year-over-year.

Engagement Capacity Gap is Widening

Market Research: 2,000 Brands Across 12 Countries and 10 Industries

Research Key Findings

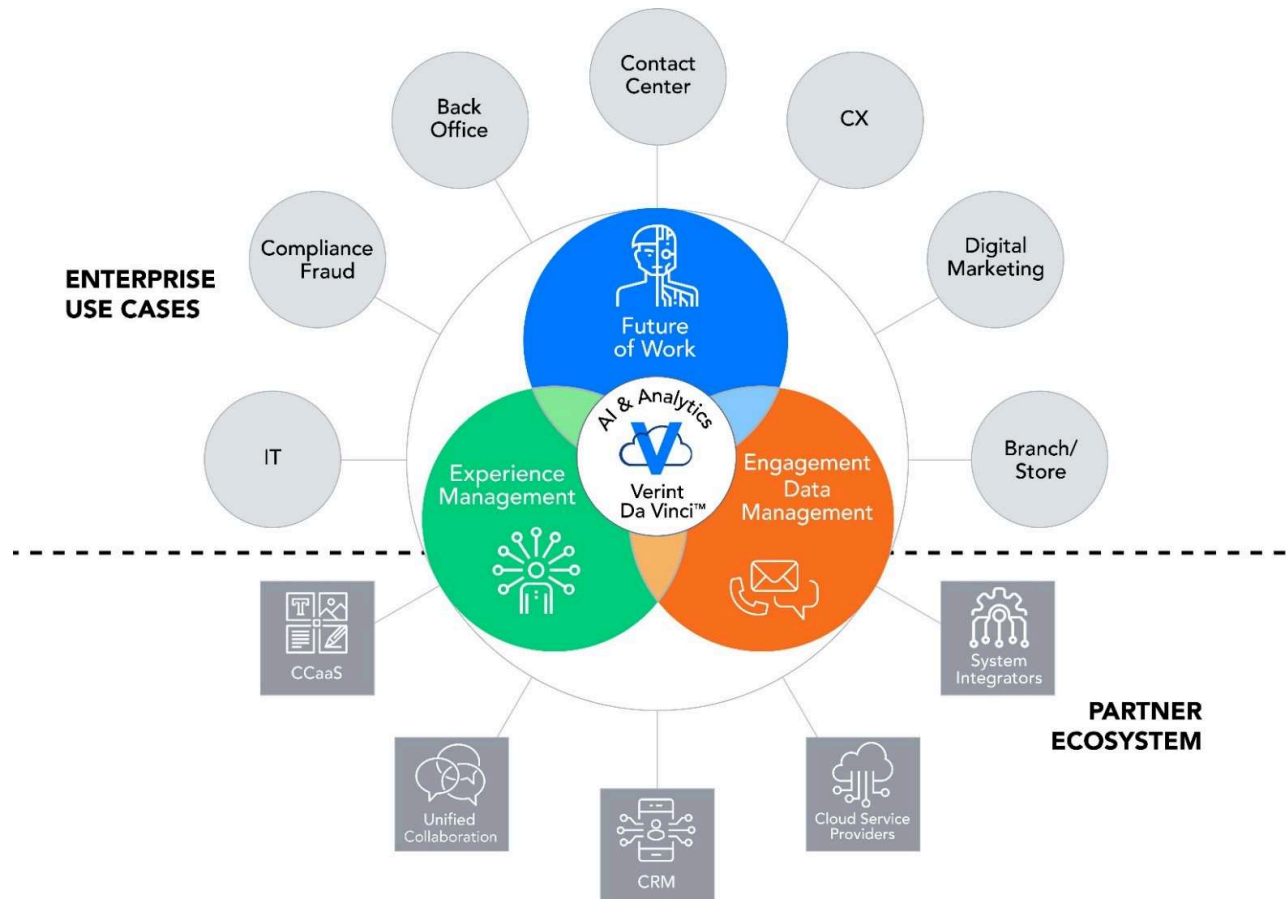
Rapid Changes to Consumer Behavior

High Hopes for AI

Data Silos Hamper Effectiveness

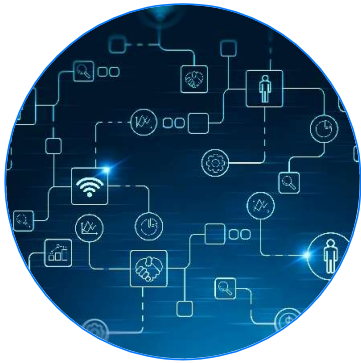
Open Cloud Platform for Enterprise Use Cases

Powered by Verint Da Vinci AI and Analytics



Q4 Innovation Examples

Market Leading Innovation Added to the Verint Cloud Platform



Engagement Data Management
Connecting Data Silos
Across the Enterprise



Workforce Scheduling
Unified Across Contact Center,
Back-Office and Branch



Real-Time Agent Assist
For In-the-Moment Guidance
to Work-at-Home Employees

Partner Friendly

Focusing on a World-Class Partner Experience

CCaaS and Collaboration



CRM



Cloud Service Providers



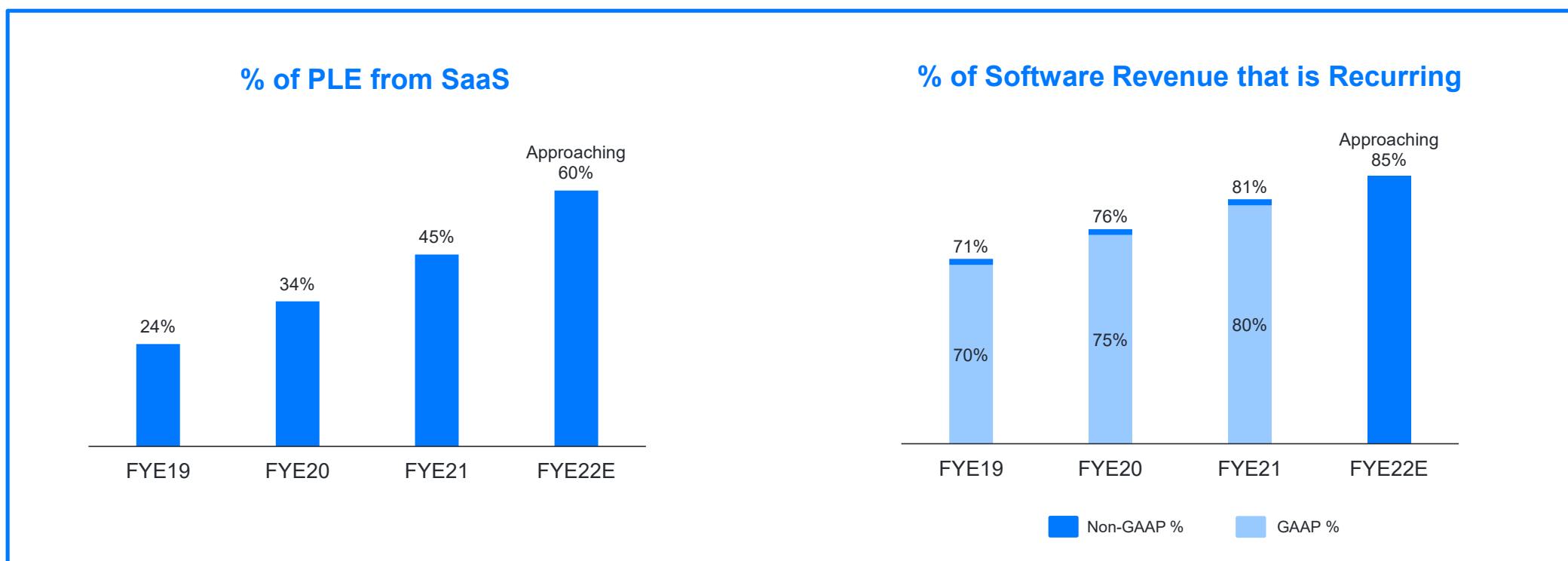
System Integrators



Strong Cloud Outlook for FYE22

Expect 10% PLE Growth

Raising Outlook for Cloud Revenue Growth to 30% - 35%



Cognyte

NASDAQ Symbol: CGNT

Cyber Intelligence Q4 and Full Year Results

Cognyte to Hold Conference Call in April

| Revenue | Estimated Fully Allocated Adjusted EBITDA |
|---|--|
| <p>Q4 Non-GAAP: \$124.6 million Q4 GAAP: \$124.0 million</p> <p>FYE21 Non-GAAP: \$447.0 Million FYE21 GAAP: \$443.5 Million</p> | <p>Q4 \$23.8 million</p> <p>FYE21 \$89.7 million</p> |

Financial Review



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FYE21 Recap

Results Ahead of Expectations

Verint

Non-GAAP Revenue

\$1.288 billion

Adjusted EBITDA

\$338 million

Non-GAAP Diluted EPS

\$3.60

Operating Cash Flow

\$254 million

GAAP Revenue: \$1.274 billion

GAAP Diluted EPS: (\$0.23)

Customer Engagement

Non-GAAP Revenue

\$841 million

Estimated Fully Allocated
Adjusted EBITDA

\$249 million

Strong Cloud Metrics

GAAP Revenue: \$830 million

Customer Engagement Dashboard

Available on our IR Website – Updated Quarterly

| (\$ in millions) | | Three Months Ended | | | | | | | | Year Ended | |
|---------------------------|---|--------------------|-------------------------------|-----------|-------------------------------|------------|-------------------------------|-----------|-------------------------------|------------|-------------------------------|
| | | 4/30/2020 | | 7/31/2020 | | 10/31/2020 | | 1/31/2021 | | 1/31/2021 | |
| | | GAAP | Non-GAAP/ Operating Metric | GAAP | Non-GAAP/ Operating Metric | GAAP | Non-GAAP/ Operating Metric | GAAP | Non-GAAP/ Operating Metric | GAAP | Non-GAAP/ Operating Metric |
| Revenue Metrics | Recurring Revenue | \$129.1 | \$132.3 | \$139.3 | \$142.3 | \$150.2 | \$152.5 | \$157.1 | \$158.8 | \$575.6 | \$586.0 |
| | Cloud | \$55.0 | \$58.2 | \$62.6 | \$65.6 | \$73.9 | \$76.0 | \$86.0 | \$87.7 | \$277.4 | \$287.6 |
| | Support | \$74.1 | \$74.1 | \$76.7 | \$76.8 | \$76.4 | \$76.4 | \$71.1 | \$71.1 | \$298.2 | \$298.4 |
| | Nonrecurring Revenue | \$56.8 | \$56.8 | \$64.8 | \$64.8 | \$65.0 | \$65.0 | \$68.0 | \$68.0 | \$254.6 | \$254.6 |
| | Perpetual | \$28.5 | \$28.5 | \$35.8 | \$35.8 | \$35.5 | \$35.5 | \$42.0 | \$42.0 | \$141.8 | \$141.8 |
| | Professional Services | \$28.3 | \$28.3 | \$29.0 | \$29.0 | \$29.5 | \$29.5 | \$26.0 | \$26.0 | \$112.8 | \$112.8 |
| | Total Revenue | \$185.9 | \$189.1 | \$204.1 | \$207.1 | \$215.2 | \$217.4 | \$225.1 | \$226.9 | \$830.2 | \$840.6 |
| | Reported Revenue Growth | -10.3% | -12.4% | -3.5% | -5.2% | -1.2% | -3.0% | 7.2% | 5.6% | -1.9% | -3.7% |
| | Constant Currency Revenue Growth | -9.2% | -11.5% | -3.0% | -4.8% | -2.3% | -4.1% | 6.2% | 4.3% | -2.1% | -3.9% |
| | | | | | | | | | | | |
| Recurring Revenue Mix | % of Revenue that is Software Revenue | 84.8% | 85.1% | 85.8% | 86.0% | 86.3% | 86.4% | 88.4% | 88.5% | 86.4% | 86.6% |
| | % of Software Revenue that is Recurring Revenue | 81.9% | 82.3% | 79.5% | 79.9% | 80.9% | 81.1% | 78.9% | 79.1% | 80.2% | 80.5% |
| Bookings Metrics | New SaaS ACV | | \$11.9 | | \$16.7 | | \$15.7 | | \$21.9 | | \$66.2 |
| | New SaaS ACV Growth YoY | | 45.3% | | 64.7% | | 0.3% | | 38.8% | | 33.1% |
| | New Perpetual License Equivalent Bookings (11) | | \$47.7 | | \$62.2 | | \$66.1 | | \$82.3 | | \$258.3 |
| | Year-over-Year Growth | | -23.7% | | 1.1% | | -12.3% | | 15.2% | | -4.6% |
| Cloud Detail | Cloud Revenue | \$55.0 | \$58.2 | \$62.6 | \$65.6 | \$73.9 | \$76.0 | \$86.0 | \$87.7 | \$277.4 | \$287.6 |
| | SaaS Bundled Revenue | \$33.4 | \$36.3 | \$35.8 | \$38.5 | \$37.4 | \$39.3 | \$39.3 | \$40.8 | \$146.0 | \$155.0 |
| | SaaS Unbundled Revenue | \$7.5 | \$7.5 | \$12.4 | \$12.5 | \$21.6 | \$21.6 | \$30.5 | \$30.5 | \$72.0 | \$72.2 |
| | Optional Managed Services Revenue | \$14.1 | \$14.4 | \$14.3 | \$14.6 | \$14.9 | \$15.1 | \$16.1 | \$16.3 | \$59.5 | \$60.5 |
| | | | | | | | | | | | |
| | Cloud Revenue Growth YoY | 15.1% | 3.2% | 27.9% | 17.5% | 18.1% | 10.7% | 40.4% | 33.2% | 25.8% | 16.5% |
| | SaaS Revenue Growth YoY | 19.7% | 3.8% | 38.8% | 23.8% | 22.1% | 12.8% | 49.5% | 40.0% | 32.9% | 20.5% |
| Operating Expense Metrics | Estimated Fully Allocated Research and Development, net | \$30.1 | \$27.8 | \$28.5 | \$26.3 | \$31.3 | \$29.2 | \$31.0 | \$29.8 | \$121.0 | \$113.0 |
| | % of Revenue | 16.2% | 14.7% | 14.0% | 12.7% | 14.6% | 13.4% | 13.8% | 13.1% | 14.6% | 13.4% |
| | Estimated Fully Allocated Selling, General and Administrative | \$72.3 | \$60.6 | \$70.0 | \$56.4 | \$76.7 | \$58.5 | \$94.6 | \$70.8 | \$313.6 | \$246.3 |
| | % of Revenue | 38.9% | 32.0% | 34.3% | 27.2% | 35.6% | 26.9% | 42.0% | 31.2% | 37.8% | 29.3% |
| Profitability Metrics | Estimated Fully Allocated Gross Profit | \$116.3 | \$125.8 | \$137.7 | \$146.3 | \$142.7 | \$151.1 | \$149.6 | \$157.6 | \$546.3 | \$580.8 |
| | Estimated Fully Allocated Gross Margin % | 62.6% | 66.5% | 67.5% | 70.6% | 66.3% | 69.5% | 66.5% | 69.5% | 65.8% | 69.1% |
| | Estimated Fully Allocated Operating Income | \$6.1 | \$37.5 | \$31.4 | \$63.6 | \$26.9 | \$63.4 | \$17.6 | \$57.1 | \$82.0 | \$221.5 |
| | Estimated Fully Allocated Operating Margin % | 3.3% | 19.8% | 15.4% | 30.7% | 12.5% | 29.2% | 7.8% | 25.1% | 9.9% | 26.4% |
| | Estimated Fully Allocated Adjusted EBITDA | | \$44.4 | | \$70.6 | | \$70.1 | | \$63.7 | | \$248.8 |
| | Estimated Fully Allocated Adjusted EBITDA Margin | | 23.5% | | 34.1% | | 32.2% | | 28.1% | | 29.6% |

FYE22 Outlook

Expect Strong Q1

| | FYE22 |
|---|---------------------------------------|
| New Perpetual License Equivalent Bookings Growth (PLE) | +10% y-o-y |
| <i>% of PLE from SaaS</i> | <i>45% in FYE21 → approaching 60%</i> |
| | |
| Total Revenue Growth | \$860 million +/- 2% |
| <i>% of Software Revenue from recurring</i> | <i>81% in FYE21 → approaching 85%</i> |
| | |
| Cloud Revenue Growth | 30% to 35% y-o-y |
| | |
| Adjusted EBITDA | \$225 million |
| Diluted EPS⁽¹⁾ | \$2.20 |



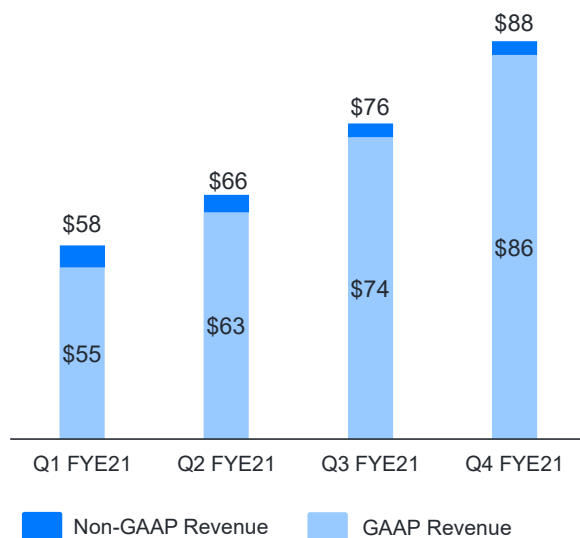
Note: Non-GAAP metrics unless otherwise noted.

(1) Excludes \$200 million second tranche of APAX investment and any buyback under stock repurchase program.

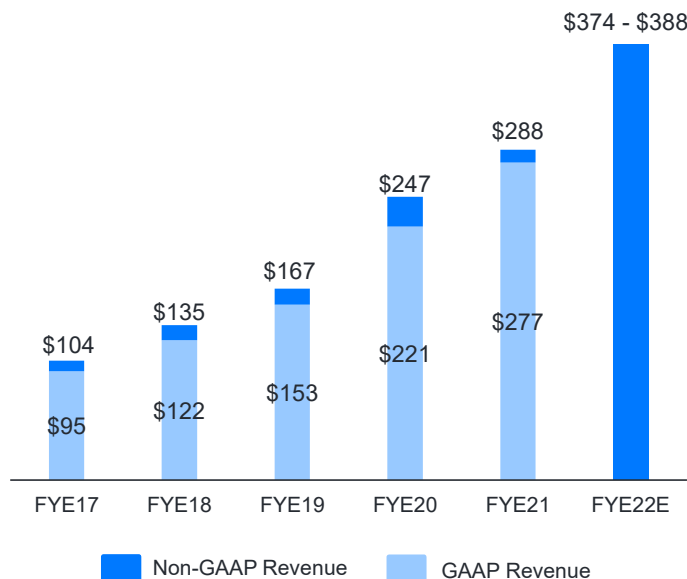
FYE22 Cloud Revenue Growth

New Deployments and Support Conversions

FYE21 Quarterly Cloud Revenue



Annual Cloud Revenue



FYE22 Cloud Growth Components

30% to 35% Cloud Revenue Growth

New Deployments Drive ~50% of Growth

Conversions Drive ~50% of Growth



Note: Millions of USD

Strong Balance Sheet

Capital Structure Following Cognyte Spin

Capital Structure

- \$2.5 billion of assets
- ~\$630 million of cash (before \$200 million Apax Series B; expected in April)
- Net debt of ~\$165 million (debt consists of term loan and convert)

Capital Allocation

- Announcing new buyback program
- Number of shares to be repurchased up to our annual incentive equity award

Modest Leverage

- Net Debt/LTM Adjusted EBITDA < 1.0x
- Strong BB/Ba2 ratings



Note: Capital structure as of February 1, 2021.

Summary



Strong Results

- Strong Q4 For Both Customer Engagement And Cyber Intelligence (Now Cognyte)
- Revenue And Non-GAAP EPS Ahead Of Expectations
- FYE21 Cash From Operations Of \$254 million, Up 7% Year-Over-Year



Separation Completed

- The “New” Verint – Pure-Play Customer Engagement Software Company
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Positive Outlook

- Strong Cloud Momentum Going Into FYE22
- Raising Outlook For FYE22 Cloud Revenue Growth To A Range Of 30% To 35%
- Expect Strong First Quarter

The background of the slide is a photograph of several people's hands holding white coffee cups, arranged in a circle. The entire image is covered with a semi-transparent blue filter. A thin, bright green circle is drawn over the center of the coffee cups. The word "Appendix" is written in white, sans-serif font, centered within the green circle.

Appendix



Financial Outlook

Our non-GAAP outlook for the year ending January 31, 2022 is as follows:

- Revenue: \$860 million with a range of +/- 2%
- Cloud Revenue Growth: 30% to 35%
- Diluted EPS: \$2.20 at the midpoint of our revenue guidance

Our non-GAAP outlook for the three months ended April 30, 2021 and year ending January 31, 2022 excludes the following GAAP measures which we are able to quantify with reasonable certainty:

- Amortization of intangible assets of approximately \$12 million and \$45 million, for the three months ending April 30, 2021 and year ending January 31, 2022, respectively.
- Amortization of discount on convertible notes of approximately \$3 million and \$4 million, for the three months ending April 30, 2021 and year ending January 31, 2022, respectively.

Our non-GAAP outlook for the three months ending April 30, 2021 and year ending January 31, 2022 excludes the following GAAP measures for which we are able to provide a range of probable significance:

- Revenue adjustments are expected to be between approximately \$1 million and \$2 million, and \$3 million and \$4 million, for the three months ending April 30, 2021 and year ending January 31, 2022, respectively.
- Stock-based compensation is expected to be between approximately \$15 million and \$18 million, and \$65 million and \$75 million, for the three months ending April 30, 2021 and year ending January 31, 2022, respectively, assuming market prices for our common stock approximately consistent with current levels.
- Further costs associated with Verint's February 1, 2021 separation into two independent public companies are expected to be between approximately \$3 million and \$5 million, and \$8 million and \$12 million, for the three months ending April 30, 2021 and year ending January 31, 2022, respectively.

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

We are unable, without unreasonable efforts, to provide a reconciliation for other GAAP measures which are excluded from our non-GAAP outlook, including the impact of future business acquisitions or acquisition expenses, future restructuring expenses, and non-GAAP income tax adjustments due to the level of unpredictability and uncertainty associated with these items. For these same reasons, we are unable to assess the probable significance of these excluded items. While historical results may not be indicative of future results, actual amounts for the three months and year ended January 31, 2021, October 31, July 31, and April 30, 2020 and years ended January 31, 2020, 2019, 2018 and 2017 for the GAAP measures excluded from our non-GAAP outlook appear in the GAAP to Non-GAAP Reconciliation Tables contained in this presentation.

Consolidated Summary Metrics

| (\$ in millions) | | Three Months Ended | | | | | | | | Year Ended | | Three Months Ended | | | | | | | | Year Ended | |
|------------------------|--|--------------------|----------|-----------|----------|------------|----------|-----------|----------|------------|-----------|--------------------|----------|-----------|----------|------------|----------|-----------|----------|------------|-----------|
| | | 4/30/2019 | | 7/31/2019 | | 10/31/2019 | | 1/31/2020 | | 1/31/2020 | | 4/30/2020 | | 7/31/2020 | | 10/31/2020 | | 1/31/2021 | | 1/31/2021 | |
| | | 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 | Total Revenue | \$315.3 | \$324.2 | \$324.3 | \$331.3 | \$324.9 | \$331.1 | \$339.2 | \$349.5 | \$1,303.6 | \$1,336.0 | \$287.3 | \$291.6 | \$309.1 | \$313.4 | \$328.2 | \$331.1 | \$349.1 | \$351.4 | \$1,273.7 | \$1,287.6 |
| | | | | | | | | | | | | | | | | | | | | | |
| Shared Support Metrics | Segment Expenses* | \$244.8 | \$218.0 | \$249.0 | \$221.0 | \$238.2 | \$211.3 | \$249.5 | \$217.1 | \$981.5 | \$867.4 | \$226.3 | \$200.9 | \$211.1 | \$187.4 | \$225.6 | \$199.7 | \$245.1 | \$222.8 | \$908.1 | \$810.8 |
| | % of Total Expenses | 81.4% | 83.3% | 80.6% | 83.3% | 80.7% | 82.3% | 80.2% | 83.2% | 80.7% | 83.0% | 80.5% | 82.3% | 79.1% | 82.1% | 77.7% | 81.8% | 75.0% | 81.3% | 77.9% | 81.8% |
| | Shared Support Expenses** | \$56.0 | \$43.9 | \$60.0 | \$44.4 | \$56.8 | \$45.4 | \$61.4 | \$43.7 | \$234.3 | \$177.3 | \$54.9 | \$43.3 | \$55.7 | \$40.8 | \$64.8 | \$44.6 | \$81.5 | \$51.3 | \$256.9 | \$180.0 |
| | % of Total Expenses | 18.6% | 16.7% | 19.4% | 16.7% | 19.3% | 17.7% | 19.8% | 16.8% | 19.3% | 17.0% | 19.5% | 17.7% | 20.9% | 17.9% | 22.3% | 18.2% | 25.0% | 18.7% | 22.1% | 18.2% |
| Profitability Metrics | Estimated Fully Allocated Gross Profit | \$201.1 | \$218.6 | \$207.9 | \$223.6 | \$211.6 | \$226.2 | \$219.3 | \$238.7 | \$839.9 | \$907.1 | \$185.0 | \$196.7 | \$211.0 | \$221.5 | \$225.0 | \$235.0 | \$237.1 | \$246.3 | \$858.1 | \$899.5 |
| | Estimated Fully Allocated Gross Margin % | 63.8% | 67.4% | 64.1% | 67.5% | 65.1% | 68.3% | 64.7% | 68.3% | 64.4% | 67.9% | 64.4% | 67.4% | 68.3% | 70.7% | 68.6% | 71.0% | 67.9% | 70.1% | 67.4% | 69.9% |
| | Estimated Fully Allocated Operating Income | \$14.5 | \$62.3 | \$15.3 | \$65.9 | \$29.8 | \$74.4 | \$28.3 | \$88.7 | \$87.9 | \$291.3 | \$6.2 | \$47.4 | \$42.3 | \$85.2 | \$37.7 | \$86.9 | \$22.5 | \$77.3 | \$108.7 | \$296.8 |
| | Estimated Fully Allocated Operating Margin % | 4.6% | 19.2% | 4.7% | 19.9% | 9.2% | 22.5% | 8.3% | 25.4% | 6.7% | 21.8% | 2.1% | 16.3% | 13.7% | 27.2% | 11.5% | 26.2% | 6.4% | 22.0% | 8.5% | 23.0% |
| | Estimated Fully Allocated EBITDA | | \$70.1 | | \$73.8 | | \$83.1 | | \$97.6 | | \$324.6 | | \$58.0 | | \$95.8 | | \$97.1 | | \$87.6 | | \$338.5 |
| | Fully Allocated Estimated EBITDA Margin | | 21.6% | | 22.3% | | 25.1% | | 27.9% | | 24.3% | | 19.9% | | 30.6% | | 29.3% | | 24.9% | | 26.3% |

Consolidated Revenue

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|-------------------------------------|--------------------|-----------------|-----------------|-----------------|-------------------|--------------------|-----------------|-----------------|-----------------|-------------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Customer Engagement | \$ 207.1 | \$ 211.4 | \$ 217.9 | \$ 210.1 | \$ 846.5 | \$ 185.9 | \$ 204.1 | \$ 215.2 | \$ 225.1 | \$ 830.2 |
| Cyber Intelligence | 108.2 | 112.9 | 106.9 | 129.1 | 457.1 | 101.4 | 105.0 | 113.0 | 124.0 | 443.5 |
| GAAP Total Revenue | \$ 315.3 | \$ 324.3 | \$ 324.9 | \$ 339.2 | \$ 1,303.6 | \$ 287.3 | \$ 309.1 | \$ 328.2 | \$ 349.1 | \$ 1,273.7 |
| Revenue Adjustments: | | | | | | | | | | |
| Customer Engagement | \$ 8.8 | \$ 7.0 | \$ 6.2 | \$ 4.7 | \$ 26.7 | \$ 3.3 | \$ 3.1 | \$ 2.2 | \$ 1.8 | \$ 10.3 |
| Cyber Intelligence | 0.1 | - | - | 5.6 | 5.7 | 1.1 | 1.2 | 0.7 | 0.5 | 3.6 |
| Total Revenue Adjustments | \$ 8.9 | \$ 7.0 | \$ 6.2 | \$ 10.3 | \$ 32.4 | \$ 4.4 | \$ 4.3 | \$ 2.9 | \$ 2.3 | \$ 13.9 |
| Non-GAAP Revenue by Segment: | | | | | | | | | | |
| Customer Engagement | \$ 215.9 | \$ 218.4 | \$ 224.1 | \$ 214.8 | \$ 873.2 | \$ 189.1 | \$ 207.1 | \$ 217.4 | \$ 226.9 | \$ 840.6 |
| Cyber Intelligence | 108.3 | 112.9 | 106.9 | 134.7 | 462.8 | 102.5 | 106.3 | 113.7 | 124.6 | 447.0 |
| Non-GAAP Total Revenue | \$ 324.2 | \$ 331.3 | \$ 331.1 | \$ 349.5 | \$ 1,336.0 | \$ 291.6 | \$ 313.4 | \$ 331.1 | \$ 351.4 | \$ 1,287.6 |

Consolidated Gross Profit

| | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|-----------------|-----------------|-----------------|-------------------|--------------------|-----------------|-----------------|-----------------|-------------------|
| (\$ in millions) | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Total GAAP revenue | \$ 315.3 | \$ 324.3 | \$ 324.9 | \$ 339.2 | \$ 1,303.6 | \$ 287.3 | \$ 309.1 | \$ 328.2 | \$ 349.1 | \$ 1,273.7 |
| Segment product costs | 26.3 | 27.5 | 28.5 | 36.4 | 118.7 | 20.6 | 23.4 | 20.5 | 26.5 | 91.0 |
| Segment service expenses | 76.5 | 76.8 | 73.0 | 71.0 | 297.3 | 73.5 | 65.8 | 71.7 | 76.4 | 287.4 |
| Amortization of acquired technology | 6.7 | 5.6 | 6.0 | 5.7 | 24.0 | 4.6 | 4.4 | 4.3 | 5.6 | 18.9 |
| Stock-based compensation expenses (1) | 1.4 | 2.0 | 1.8 | 3.0 | 8.2 | 1.0 | 1.7 | 2.3 | 0.3 | 5.4 |
| Shared support expenses allocation (2) | 3.3 | 4.5 | 4.0 | 3.7 | 15.5 | 2.6 | 2.7 | 4.4 | 3.1 | 12.9 |
| Total GAAP cost of revenue | \$ 114.2 | \$ 116.4 | \$ 113.3 | \$ 119.9 | \$ 463.8 | \$ 102.3 | \$ 98.1 | \$ 103.2 | \$ 112.0 | \$ 415.6 |
| GAAP gross profit | \$ 201.1 | \$ 207.9 | \$ 211.6 | \$ 219.3 | \$ 839.9 | \$ 185.0 | \$ 211.0 | \$ 225.0 | \$ 237.1 | \$ 858.1 |
| GAAP gross margin | 63.8% | 64.1% | 65.1% | 64.7% | 64.4% | 64.4% | 68.3% | 68.6% | 67.9% | 67.4% |
| Revenue adjustments | 8.9 | 7.0 | 6.2 | 10.3 | 32.4 | 4.4 | 4.3 | 2.9 | 2.3 | 13.9 |
| Amortization of acquired technology | 6.7 | 5.6 | 6.0 | 5.7 | 24.0 | 4.6 | 4.4 | 4.3 | 5.6 | 18.9 |
| Stock-based compensation expenses (1) | 1.4 | 2.0 | 1.8 | 3.0 | 8.2 | 1.0 | 1.7 | 2.3 | 0.3 | 5.4 |
| Acquisition expenses, net (3) | - | - | 0.0 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 | 0.0 | 0.4 |
| Restructuring expenses (3) | 0.5 | 1.1 | 0.7 | 0.4 | 2.5 | 1.6 | (0.1) | 0.2 | 0.4 | 2.2 |
| Separation expenses (3) | - | - | - | - | - | - | - | 0.1 | 0.1 | 0.1 |
| Impairment charges (3) | - | - | - | - | - | - | - | 0.1 | 0.4 | 0.5 |
| Estimated fully allocated non-GAAP gross profit | \$ 218.6 | \$ 223.6 | \$ 226.2 | \$ 238.7 | \$ 907.1 | \$ 196.7 | \$ 221.5 | \$ 235.0 | \$ 246.3 | \$ 899.5 |
| Estimated fully allocated non-GAAP gross margin | 67.4% | 67.5% | 68.3% | 68.3% | 67.9% | 67.4% | 70.7% | 71.0% | 70.1% | 69.9% |

Consolidated Constant Currency

| (\$ in millions) | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended |
|--|--------------------|-------------|-------------|-------------|----|-------------|--------------------|--------------|--------------|--------------|----|--------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | | 1/31/2021 |
| GAAP | | | | | | | | | | | | |
| Revenue for the three months ended prior period | \$ 289.2 | \$ 306.3 | \$ 304.0 | \$ 330.2 | \$ | 1,229.7 | \$ 315.3 | \$ 324.3 | \$ 324.9 | \$ 339.2 | \$ | 1,303.6 |
| Revenue for the three months ended current period | \$ 315.3 | \$ 324.3 | \$ 324.9 | \$ 339.2 | \$ | 1,303.6 | \$ 287.3 | \$ 309.1 | \$ 328.2 | \$ 349.1 | \$ | 1,273.7 |
| Revenue for the three months ended current period at constant currency (8) | \$ 321.0 | \$ 328.0 | \$ 328.0 | \$ 340.0 | \$ | 1,316.0 | \$ 291.0 | \$ 311.0 | \$ 325.0 | \$ 346.0 | \$ | 1,273.0 |
| Reported period-over-period revenue growth | 9.0% | 5.9% | 6.9% | 2.7% | | 6.0% | -8.9% | -4.7% | 1.0% | 2.9% | | -2.3% |
| % impact from change in foreign currency exchange rates | 2.0% | 1.2% | 1.0% | 0.3% | | 1.0% | 1.2% | 0.6% | -1.0% | -0.9% | | 0.0% |
| Constant currency period-over-period revenue growth | 11.0% | 7.1% | 7.9% | 3.0% | | 7.0% | -7.7% | -4.1% | 0.0% | 2.0% | | -2.4% |
| Non-GAAP | | | | | | | | | | | | |
| Revenue for the three months ended prior period | \$ 292.0 | \$ 308.5 | \$ 308.0 | \$ 336.7 | \$ | 1,245.1 | \$ 324.2 | \$ 331.3 | \$ 331.1 | \$ 349.5 | \$ | 1,336.0 |
| Revenue for the three months ended current period | \$ 324.2 | \$ 331.3 | \$ 331.1 | \$ 349.5 | \$ | 1,336.0 | \$ 291.6 | \$ 313.4 | \$ 331.1 | \$ 351.4 | \$ | 1,287.6 |
| Revenue for the three months ended current period at constant currency (8) | \$ 329.0 | \$ 335.0 | \$ 334.0 | \$ 350.0 | \$ | 1,349.0 | \$ 295.0 | \$ 316.0 | \$ 328.0 | \$ 348.0 | \$ | 1,287.0 |
| Reported period-over-period revenue growth | 11.0% | 7.4% | 7.5% | 3.8% | | 7.3% | -10.0% | -5.4% | 0.0% | 0.6% | | -3.6% |
| % impact from change in foreign currency exchange rates | 1.8% | 1.2% | 0.9% | 0.2% | | 1.0% | 1.0% | 0.8% | -0.9% | -1.0% | | -0.1% |
| Constant currency period-over-period revenue growth | 12.7% | 8.6% | 8.4% | 4.0% | | 8.3% | -9.0% | -4.6% | -0.9% | -0.4% | | -3.7% |

Consolidated Operating and EBITDA Margins

| | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|----------------|----------------|----------------|-----------------|--------------------|----------------|----------------|----------------|-----------------|
| (\$ in millions) | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| GAAP operating income | \$ 14.5 | \$ 15.3 | \$ 29.8 | \$ 28.3 | \$ 87.9 | \$ 6.2 | \$ 42.3 | \$ 37.7 | \$ 22.5 | \$ 108.7 |
| GAAP operating margin | 4.6% | 4.7% | 9.2% | 8.3% | 6.7% | 2.1% | 13.7% | 11.5% | 6.4% | 8.5% |
| Revenue adjustments | 8.9 | 7.0 | 6.2 | 10.3 | 32.4 | 4.4 | 4.3 | 2.9 | 2.3 | 13.9 |
| Amortization of acquired technology | 6.7 | 5.6 | 6.0 | 5.7 | 24.0 | 4.6 | 4.4 | 4.3 | 5.6 | 18.9 |
| Amortization of other acquired intangible assets | 7.7 | 7.6 | 7.8 | 8.3 | 31.5 | 8.1 | 8.1 | 8.1 | 6.8 | 31.0 |
| Stock-based compensation expenses | 17.1 | 20.6 | 18.6 | 26.5 | 82.7 | 14.2 | 17.4 | 20.0 | 10.8 | 62.4 |
| Acquisitions expenses, net | 4.0 | 2.5 | 2.2 | 2.4 | 10.9 | (3.3) | 2.6 | (1.3) | 4.1 | 2.1 |
| Restructuring expenses | 1.4 | 1.6 | 2.1 | 1.4 | 6.6 | 5.5 | 0.9 | 1.3 | 4.6 | 12.3 |
| Separation expenses | 0.0 | 0.2 | 1.5 | 3.6 | 5.3 | 7.8 | 6.3 | 13.8 | 19.8 | 47.7 |
| Impairment charges | - | - | - | - | - | - | - | 0.1 | 0.4 | 0.5 |
| Other adjustments | 2.0 | 5.5 | 0.4 | 2.2 | 10.1 | 0.1 | (1.2) | (0.1) | 0.4 | (0.7) |
| Estimated fully allocated non-GAAP operating income | \$ 62.3 | \$ 65.9 | \$ 74.4 | \$ 88.7 | \$ 291.3 | \$ 47.4 | \$ 85.2 | \$ 86.9 | \$ 77.3 | \$ 296.8 |
| Depreciation and amortization (7) | 7.8 | 7.9 | 8.7 | 8.9 | 33.3 | 10.6 | 10.6 | 10.3 | 10.2 | 41.7 |
| Estimated adjusted EBITDA | \$ 70.1 | \$ 73.8 | \$ 83.1 | \$ 97.6 | \$ 324.6 | \$ 58.0 | \$ 95.8 | \$ 97.1 | \$ 87.6 | \$ 338.5 |
| Estimated fully allocated non-GAAP operating margin | 19.2% | 19.9% | 22.5% | 25.4% | 21.8% | 16.3% | 27.2% | 26.2% | 22.0% | 23.0% |
| Estimated fully allocated adjusted EBITDA | 21.6% | 22.3% | 25.1% | 27.9% | 24.3% | 19.9% | 30.6% | 29.3% | 24.9% | 26.3% |

Consolidated Operating Expenses

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Research and Development, net | | | | | | | | | | |
| Segment expenses | \$ 48.4 | \$ 49.3 | \$ 48.0 | \$ 46.1 | \$ 191.7 | \$ 49.6 | \$ 45.5 | \$ 50.3 | \$ 56.2 | \$ 201.7 |
| Stock-based compensation expenses (4) | 2.6 | 3.4 | 3.0 | 4.5 | 13.4 | 2.3 | 3.0 | 2.9 | 1.3 | 9.5 |
| Shared support service allocation (5) | 6.2 | 6.0 | 6.8 | 7.5 | 26.5 | 7.2 | 6.7 | 7.8 | 7.2 | 29.0 |
| GAAP research and development, net as a % of GAAP revenue | \$ 57.2 | \$ 58.7 | \$ 57.7 | \$ 58.1 | \$ 231.7 | \$ 59.1 | \$ 55.2 | \$ 61.1 | \$ 64.8 | \$ 240.2 |
| | 18.1% | 18.0% | 17.8% | 17.1% | 17.8% | 20.6% | 17.9% | 18.6% | 18.6% | 18.9% |
| Stock-based compensation expenses (4) | (2.6) | (3.4) | (3.0) | (4.5) | (13.4) | (2.3) | (3.0) | (2.9) | (1.3) | (9.5) |
| Acquisition expenses, net (6) | (0.2) | (0.2) | (0.1) | (0.3) | (0.8) | (0.3) | (0.1) | (0.0) | (0.0) | (0.5) |
| Restructuring expenses (6) | (0.4) | (0.1) | (0.3) | (0.4) | (1.3) | (0.9) | (0.3) | (0.3) | (0.2) | (1.7) |
| Separation expenses (6) | - | - | - | - | - | - | - | (0.1) | (0.3) | (0.4) |
| Other adjustments (6) | - | - | - | - | - | - | (0.1) | 0.1 | (0.0) | (0.0) |
| Estimated fully allocated non-GAAP research and development, net as a % of non-GAAP revenue | \$ 54.0 | \$ 55.0 | \$ 54.3 | \$ 52.9 | \$ 216.1 | \$ 55.5 | \$ 51.8 | \$ 57.8 | \$ 62.9 | \$ 228.0 |
| | 16.6% | 16.6% | 16.4% | 15.1% | 16.2% | 19.0% | 16.5% | 17.5% | 17.9% | 17.7% |
| Selling, General and Administrative expenses | | | | | | | | | | |
| Segment expenses | \$ 69.8 | \$ 70.5 | \$ 64.6 | \$ 66.0 | \$ 270.9 | \$ 62.5 | \$ 53.8 | \$ 58.9 | \$ 67.3 | \$ 242.6 |
| Stock-based compensation expenses (4) | 13.1 | 15.2 | 13.8 | 19.0 | 61.1 | 10.9 | 12.7 | 14.8 | 9.2 | 47.5 |
| Shared support service allocation (5) | 38.9 | 40.6 | 37.9 | 39.6 | 156.9 | 38.2 | 38.9 | 44.4 | 66.6 | 188.2 |
| GAAP selling, general and administrative expenses as a % of GAAP revenue | \$ 121.7 | \$ 126.3 | \$ 116.3 | \$ 124.6 | \$ 488.9 | \$ 111.7 | \$ 105.4 | \$ 118.1 | \$ 143.1 | \$ 478.2 |
| | 38.6% | 38.9% | 35.8% | 36.7% | 37.5% | 38.9% | 34.1% | 36.0% | 41.0% | 37.5% |
| Stock-based compensation expenses (4) | (13.1) | (15.2) | (13.8) | (19.0) | (61.1) | (10.9) | (12.7) | (14.8) | (9.2) | (47.5) |
| Acquisition expenses, net (6) | (3.7) | (2.3) | (2.0) | (2.0) | (10.0) | 3.8 | (2.4) | 1.4 | (4.0) | (1.3) |
| Restructuring expenses (6) | (0.5) | (0.5) | (1.1) | (0.6) | (2.7) | (2.9) | (0.6) | (0.8) | (4.0) | (8.4) |
| Separation expenses (6) | (0.0) | (0.2) | (1.5) | (3.6) | (5.3) | (7.8) | (6.3) | (13.6) | (19.5) | (47.2) |
| Impairment charges (6) | - | - | - | - | - | - | - | - | - | - |
| Other adjustments (6) | (2.0) | (5.5) | (0.4) | (2.2) | (10.1) | (0.1) | 1.3 | 0.0 | (0.4) | 0.8 |
| Estimated fully allocated non-GAAP selling, general and administrative expenses as a % of non-GAAP revenue | \$ 102.4 | \$ 102.6 | \$ 97.5 | \$ 97.1 | \$ 399.6 | \$ 93.8 | \$ 84.6 | \$ 90.3 | \$ 106.0 | \$ 374.6 |
| | 31.6% | 31.0% | 29.5% | 27.8% | 29.9% | 32.1% | 27.0% | 27.3% | 30.2% | 29.1% |

Consolidated Other Expense, Tax and Net Income

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|---|--------------------|-----------|------------|-----------|------------|--------------------|-----------|------------|-----------|------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Other Expense Reconciliation | | | | | | | | | | |
| GAAP other expense, net | \$ (9.3) | \$ (7.5) | \$ (7.6) | \$ (10.1) | \$ (34.6) | \$ (11.9) | \$ (21.6) | \$ (17.8) | \$ (41.2) | \$ (92.5) |
| Unrealized losses (gains) on derivatives, net | 0.7 | 0.6 | 0.2 | - | 1.5 | - | (0.2) | 0.9 | 0.4 | 1.1 |
| Amortization of convertible note discount | 3.1 | 3.1 | 3.1 | 3.2 | 12.5 | 3.2 | 3.2 | 3.2 | 3.3 | 12.9 |
| Expenses and losses on debt modification or retirement | - | - | - | - | - | - | 1.5 | - | - | 1.5 |
| Change in fair value of future tranche right (9) | - | - | - | - | - | - | 13.6 | 9.2 | 33.3 | 56.1 |
| Acquisition expenses, net | (0.1) | - | (0.0) | (0.0) | (0.1) | 0.0 | 0.1 | (3.7) | 0.0 | (3.6) |
| Restructuring expenses | - | - | - | - | - | - | - | - | - | - |
| Impairment charges | - | - | - | - | - | - | - | - | - | - |
| Non-GAAP other expense, net | \$ (5.6) | \$ (3.8) | \$ (4.3) | \$ (7.0) | \$ (20.7) | \$ (8.7) | \$ (3.5) | \$ (8.1) | \$ (4.2) | \$ (24.5) |
| Tax Provision (Benefit) Reconciliation | | | | | | | | | | |
| GAAP provision (benefit) for income taxes | \$ 1.4 | \$ (4.5) | \$ 9.2 | \$ 11.5 | \$ 17.6 | \$ (1.8) | \$ 10.1 | \$ 8.2 | \$ (0.2) | \$ 16.3 |
| GAAP effective income tax rate | 27.3% | -58.0% | 41.5% | 63.3% | 33.1% | 30.7% | 48.8% | 40.8% | 0.9% | 100.7% |
| Non-GAAP tax adjustments | 4.0 | 9.5 | (3.5) | (5.9) | 4.1 | 4.6 | (4.0) | (2.1) | 2.7 | 1.2 |
| Non-GAAP provision for income taxes | \$ 5.4 | \$ 5.0 | \$ 5.8 | \$ 5.6 | \$ 21.7 | \$ 2.8 | \$ 6.1 | \$ 6.1 | \$ 2.6 | \$ 17.5 |
| Non-GAAP effective income tax rate | 9.5% | 8.0% | 8.2% | 6.8% | 8.0% | 7.2% | 7.5% | 7.7% | 3.5% | 6.4% |
| Net (Loss) Income Attributable to Verint Systems Inc. Common Shares | | | | | | | | | | |
| Reconciliation | | | | | | | | | | |
| GAAP net (loss) income attributable to Verint Systems Inc. common shares | \$ 1.6 | \$ 10.6 | \$ 11.7 | \$ 4.9 | \$ 28.7 | \$ (6.0) | \$ 6.0 | \$ 7.5 | \$ (22.4) | \$ (14.9) |
| Total GAAP net (loss) income adjustments | 47.5 | 44.9 | 51.4 | 69.5 | 213.3 | 39.9 | 67.4 | 63.6 | 91.6 | 262.5 |
| Non-GAAP net income attributable to Verint Systems Inc. common shares | \$ 49.1 | \$ 55.5 | \$ 63.1 | \$ 74.3 | \$ 241.9 | \$ 33.9 | \$ 73.5 | \$ 71.1 | \$ 69.2 | \$ 247.6 |



Consolidated EPS and Diluted Shares Outstanding

| (\$ in millions, except share and per share data; shares in thousands) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|---------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|---------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| GAAP diluted net (loss) income per common share attributable to Verint Systems Inc. | \$ 0.02 | \$ 0.16 | \$ 0.17 | \$ 0.07 | \$ 0.43 | \$ (0.09) | \$ 0.09 | \$ 0.11 | \$ (0.34) | \$ (0.23) |
| Non-GAAP diluted net income per common share attributable to Verint Systems Inc. | \$ 0.73 | \$ 0.82 | \$ 0.94 | \$ 1.11 | \$ 3.59 | \$ 0.52 | \$ 1.06 | \$ 1.02 | \$ 0.98 | \$ 3.60 |
| GAAP weighted-average shares used in computing diluted net (loss) income per common share | 67,088 | 67,519 | 67,442 | 66,999 | 67,355 | 64,376 | 65,849 | 66,234 | 65,753 | 65,173 |
| Additional weighted-average shares applicable to non-GAAP net income per common share attributable to Verint Systems Inc | - | - | - | - | - | 1,233 | 3,495 | 3,739 | 4,846 | 3,654 |
| Non-GAAP diluted weighted-average shares used in computing net income per common share | 67,088 | 67,519 | 67,442 | 66,999 | 67,355 | 65,609 | 69,344 | 69,973 | 70,599 | 68,827 |

Consolidated Debt

| | As of | As of | As of | As of | As of |
|---|-----------------|-----------------|-----------------|-----------------|--------------|
| (\$ in millions) | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 |
| Current maturities of long-term debt | \$ 4.3 | \$ 4.3 | \$ 380.2 | \$ 383.4 | \$ 386.7 |
| Long-term debt | 832.8 | 990.4 | 603.9 | 403.3 | 402.8 |
| Unamortized debt discounts and issuance costs | 22.3 | 18.7 | 15.0 | 11.3 | 7.5 |
| Gross debt | 859.4 | 1,013.3 | 999.1 | 798.1 | 797.0 |
| Less: | | | | | |
| Cash and cash equivalents | 379.1 | 556.7 | 731.1 | 526.8 | 663.8 |
| Restricted cash and cash equivalents, and restricted bank time deposits | 43.9 | 46.5 | 31.7 | 24.2 | 27.1 |
| Short-term investments | 20.2 | 19.7 | 82.4 | 104.5 | 51.0 |
| Long-term restricted cash, cash equivalents, bank time deposits and investments | 26.4 | 22.6 | 22.5 | 22.0 | 15.7 |
| Net debt, including long-term restricted cash, cash equivalents, bank time deposits, and investments | \$ 389.8 | \$ 367.9 | \$ 131.5 | \$ 120.6 | 39.4 |

Consolidated Additional Information

| (\$ in millions) | Three Months Ended | | | | Year Ended |
|---|--------------------|----------------|----------------|----------------|----------------|
| | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Additional Information Regarding Apax Series B Investment | | | | | |
| GAAP net (loss) income attributable to Verint Systems Inc. common shares | \$ (6.0) | \$ 6.0 | \$ 7.5 | \$ (22.4) | \$ (14.9) |
| Future tranche right revaluation (9) | - | 13.6 | 9.2 | 33.3 | 56.1 |
| Adjusted net income attributable to Verint Systems Inc. common shares excluding future tranche right revaluation | \$ (6.0) | \$ 19.6 | \$ 16.7 | \$ 10.9 | \$ 41.2 |

Consolidated Footnotes

Footnotes - Consolidated

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

- Represents the stock-based compensation expenses applicable to cost of revenue, allocated approximately proportional to our segment operations and service expense wage for each segment for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.

(1)
- Represents the portion of our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks) applicable to cost of revenue, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.

(2)
- Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses and impairment charges applicable to cost of revenue, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.

(3)
- Represents the stock-based compensation expenses applicable to research and development, net and selling, general and administrative, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.

(4)
- Represents our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks), including general and administrative shared services acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.

(5)
- Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated approximately proportional to our annual non-GAAP segment revenue prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.

(6)
- Represents certain depreciation and amortization expenses, which are otherwise included in our non-GAAP operating income, allocated approximately proportional to our non-GAAP segment revenue for the prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative adjusted EBITDA of our two businesses.

(7)
- Revenue for the current period at constant currency is calculated by translating current-period GAAP or non-GAAP foreign currency revenue (as applicable) into U.S. dollars using average foreign currency exchange rates for the same prior period rather than actual current-period foreign currency exchange rates.

(8)
- In the year ended January 31, 2021, we recorded a non-cash Future Tranche Right revaluation loss of \$56.1 million. The non-cash charge for the period relates to the mark-to-market adjustment of the Future Tranche Right (right to purchase Series B Preferred Stock by the Apex Investor at a future date), issued in connection with the closing of the Series A Preferred Stock on May 7, 2020. The change in fair value was primarily due to a significant increase in our stock price during the period. The Future Tranche Right will be remeasured at each reporting period until the redemption feature is exercised in connection with the sale and issuance of the Series B Preferred Stock, which is expected to occur during our first fiscal quarter ending April 30, 2021. Our diluted net income per share for the year ended January 31, 2021 would have been \$0.85 higher without this non-cash charge.

(9)

Consolidated 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, estimated GAAP fully allocated cost of revenue, estimated GAAP and non-GAAP fully allocated gross profit and gross margins, estimated GAAP and non-GAAP fully allocated research and development, net, estimated GAAP and non-GAAP fully allocated selling, general and administrative expenses, estimated GAAP and non-GAAP fully allocated operating income and operating margins, non-GAAP other income (expense), net, non-GAAP provision (benefit) for income taxes and non-GAAP effective income tax rate, non-GAAP net income attributable to Verint Systems Inc. common shares, non-GAAP diluted net income per common share attributable to Verint Systems Inc., estimated fully allocated adjusted EBITDA and adjusted EBITDA margins, net debt, additional information regarding Apax Series B investment, non-GAAP segment expenses, non-GAAP shared support expenses and constant currency measures. The tables above include a reconciliation of each non-GAAP financial measure for completed periods presented in this press release to the most directly comparable GAAP financial measure.

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

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

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

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

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

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

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

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

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

• **Amortization of convertible note discount.** Our non-GAAP financial measures exclude the amortization of the imputed discount on our convertible notes. Under GAAP, certain convertible debt instruments that may be settled in cash upon conversion are required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we are required to recognize imputed interest expense on the difference between our assumed non-convertible debt borrowing rate and the coupon rate on our 1.50% convertible notes. This difference is excluded from our non-GAAP financial measures because we believe that this expense is based upon subjective assumptions and does not reflect the cash cost of our convertible debt.

Consolidated Supplemental Info Non-GAAP Measures

• **Expenses and losses on debt modification or retirement.** We exclude from our non-GAAP financial measures losses on early retirements of debt attributable to refinancing or repaying our debt, and expenses incurred to modify debt terms, because we believe they are not reflective of our ongoing operations.

• **Change in fair value of future tranche right.** On December 4, 2019, we entered into an Investment Agreement with an affiliate of Apax Partners (the "Apax Investor"), whereby the Apax Investor agreed to make an investment in us of up to \$400.0 million of convertible preferred stock. In connection with the Apax Investor's first \$200.0 million investment on May 7, 2020 (for 200,000 shares of Series A Preferred Stock), we determined that our obligation to issue, and the Apax Investor's obligation to purchase the Series B Preferred Stock in connection with the completion of the spin-off of our Cyber Intelligence Solutions business and other customary closing conditions (the "Future Tranche Right") meets the definition of a freestanding financial instrument. This Future Tranche Right is reported at fair value as an asset or liability on our consolidated balance sheet and is remeasured at fair value each reporting period until the settlement of the right (at the time of issuance of the Series B Preferred Stock), with changes in its fair value recognized as a non-cash charge or benefit within other income (expense), net on the consolidated statement of operations. We are excluding this change in fair value of the Future Tranche Right from our non-GAAP financial measures because it is unusual in nature, can vary significantly in amount, and is unrelated to our ongoing operations.

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

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

• **Separation expenses.** On February 1, 2021, we completed the spin-off of our Cyber Intelligence business into a separate, independent publicly traded company, Cognyte Software Ltd. We have incurred and expect to incur, significant expenses 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 IT expenses 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.

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

• **Non-GAAP income tax adjustments.** We exclude our GAAP provision (benefit) for income taxes from our non-GAAP measures of net income attributable to Verint Systems Inc., and instead include a non-GAAP provision for income taxes, determined by applying a non-GAAP effective income tax rate to our income before provision for income taxes, as adjusted for the non-GAAP items described above. The non-GAAP effective income tax rate is generally based upon the income taxes we expect to pay in the reporting year. Our GAAP effective income tax rate can vary significantly from year to year as a result of tax law changes, settlements with tax authorities, changes in the geographic mix of earnings including acquisition activity, changes in the projected realizability of deferred tax assets, and other unusual or period-specific events, all of which can vary in size and frequency. We believe that our non-GAAP effective income tax rate removes much of this variability and facilitates meaningful comparisons of operating results across periods. Our non-GAAP effective income tax rates for the year ended January 31, 2021 is 6%, and was 8% for the year ended January 31, 2020, and was 11% for the year ended January 31, 2019. We evaluate our non-GAAP effective income tax rate on an ongoing basis, and it can change from time to time. Our non-GAAP income tax rate can differ materially from our GAAP effective income tax rate.

Customer Engagement Revenue Metrics and Operating Metrics

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

Cloud revenue primarily consists of SaaS and optional managed services.



Consolidated Supplemental Info Non-GAAP Measures

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

New SaaS Annual Contract Value (ACV) includes the annualized contract value of all new SaaS contracts received within the period; in cases where SaaS is offered to partners through usage-based contracts, we include the incremental value of usage contracts over a rolling four quarters.

New Perpetual License Equivalent Bookings are used to normalize between perpetual and SaaS bookings and measure overall software 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. The conversion factor was 2.0x, 1.9x and 1.9x for the years ended January 31, 2019, 2020 and 2021, respectively. 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.

Cyber Intelligence Recurring and Nonrecurring Revenue Metrics

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

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

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

Adjusted EBITDA

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

Net Debt

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

Supplemental Information About Constant Currency

Because we operate on a global basis and transact business in many currencies, fluctuations in foreign currency exchange rates can affect our consolidated U.S. dollar operating results. To facilitate the assessment of our performance excluding the effect of foreign currency exchange rate fluctuations, we calculate our GAAP and non-GAAP revenue, cost of revenue, and operating expenses on both an as-reported basis and a constant currency basis, allowing for comparison of results between periods as if foreign currency exchange rates had remained constant. We perform our constant currency calculations by translating current-period foreign currency results into U.S. dollars using prior-period average foreign currency exchange rates or hedge rates, as applicable, rather than current period exchange rates. We believe that constant currency measures, which exclude the impact of changes in foreign currency exchange rates, facilitate the assessment of underlying business trends.

Unless otherwise indicated, our financial outlook for revenue, operating margin, and diluted earnings per share, which is provided on a non-GAAP basis, reflects foreign currency exchange rates approximately consistent with rates in effect when the outlook is provided.

We also incur foreign exchange gains and losses resulting from the revaluation and settlement of monetary assets and liabilities that are denominated in currencies other than the entity's functional currency. We periodically report our historical non-GAAP diluted net income per share both inclusive and exclusive of these net foreign exchange gains or losses. Our financial outlook for diluted earnings per share includes net foreign exchange gains or losses incurred to date, if any, but does not include potential future gains or losses.

CES Summary Metrics

| (\$ in millions) | | Year Ended 1/31/2017 | | Year Ended 1/31/2018 | | Year Ended 1/31/2019 | | Year Ended 1/31/2020 | | Three Months Ended | | | | | | | | Year Ended 1/31/2021 | |
|---------------------------|---|-------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|-------------------------|-------------------------------|--------------------|-------------------------------|-----------|-------------------------------|------------|-------------------------------|-----------|-------------------------------|-------------------------|-------------------------------|
| | | GAAP | Non-GAAP/ Operating Metric | GAAP | Non-GAAP/ Operating Metric | GAAP | Non-GAAP/ Operating Metric | GAAP | Non-GAAP/ Operating Metric | 4/30/2020 | Non-GAAP/ Operating Metric | 7/31/2020 | Non-GAAP/ Operating Metric | 10/31/2020 | Non-GAAP/ Operating Metric | 1/31/2021 | Non-GAAP/ Operating Metric | GAAP | Non-GAAP/ Operating Metric |
| Revenue Metrics | Recurring Revenue | \$398.1 | \$407.8 | \$425.7 | \$440.6 | \$465.7 | \$480.7 | \$534.4 | \$561.1 | \$129.1 | \$132.3 | \$139.3 | \$142.3 | \$150.2 | \$152.5 | \$157.1 | \$158.8 | \$575.6 | \$586.0 |
| | Cloud | \$95.4 | \$104.2 | \$122.1 | \$135.0 | \$152.6 | \$167.2 | \$220.5 | \$246.8 | \$55.0 | \$58.2 | \$62.6 | \$65.6 | \$73.9 | \$76.0 | \$86.0 | \$87.7 | \$277.4 | \$287.6 |
| | Support | \$302.7 | \$303.6 | \$303.6 | \$305.6 | \$313.1 | \$313.5 | \$313.9 | \$314.2 | \$74.1 | \$74.1 | \$76.7 | \$76.8 | \$76.4 | \$76.4 | \$71.1 | \$71.1 | \$298.2 | \$298.4 |
| | Nonrecurring Revenue | \$307.8 | \$308.3 | \$314.4 | \$314.4 | \$330.6 | \$330.6 | \$312.1 | \$312.1 | \$56.8 | \$56.8 | \$64.8 | \$64.8 | \$65.0 | \$65.0 | \$68.0 | \$68.0 | \$254.6 | \$254.6 |
| | Perpetual | \$172.3 | \$172.5 | \$181.7 | \$181.7 | \$196.1 | \$196.1 | \$179.9 | \$179.9 | \$28.5 | \$28.5 | \$35.8 | \$35.8 | \$35.5 | \$35.5 | \$42.0 | \$42.0 | \$141.8 | \$141.8 |
| | Professional Services | \$135.5 | \$135.8 | \$132.7 | \$132.7 | \$134.5 | \$134.5 | \$132.3 | \$132.3 | \$28.3 | \$28.3 | \$29.0 | \$29.0 | \$29.5 | \$29.5 | \$26.0 | \$26.0 | \$112.8 | \$112.8 |
| | Total Revenue | \$705.9 | \$716.2 | \$740.1 | \$755.0 | \$796.3 | \$811.3 | \$846.5 | \$873.2 | \$185.9 | \$189.1 | \$204.1 | \$207.1 | \$215.2 | \$217.4 | \$225.1 | \$226.9 | \$830.2 | \$840.6 |
| | Reported Revenue Growth | 1.6% | 2.6% | 4.8% | 5.4% | 7.6% | 7.5% | 6.3% | 7.6% | -10.3% | -12.4% | -3.5% | -5.2% | -1.2% | -3.0% | 7.2% | 5.6% | -1.9% | -3.7% |
| | Constant Currency Revenue Growth | 2.9% | 4.0% | 4.7% | 5.1% | 7.6% | 7.4% | 7.4% | 8.7% | -9.2% | -11.5% | -3.0% | -4.8% | -2.3% | -4.1% | 6.2% | 4.3% | -2.1% | -3.9% |
| Recurring Revenue Mix | % of Revenue that is Software Revenue | 80.8% | 81.0% | 82.1% | 82.4% | 83.1% | 83.4% | 84.4% | 84.8% | 84.8% | 85.1% | 85.8% | 86.0% | 86.3% | 86.4% | 88.4% | 88.5% | 86.4% | 86.6% |
| | % of Software Revenue that is Recurring Revenue | 69.8% | 70.3% | 70.1% | 70.8% | 70.4% | 71.0% | 74.8% | 75.7% | 81.9% | 82.3% | 79.5% | 79.9% | 80.9% | 81.1% | 78.9% | 79.1% | 80.2% | 80.5% |
| Bookings Metrics | New SaaS ACV | | \$10.9 | | \$18.4 | | \$29.1 | | \$49.7 | | \$11.9 | | \$16.7 | | \$15.7 | | \$21.9 | | \$66.2 |
| | New SaaS ACV Growth YoY | | | | 69.3% | | 57.6% | | 71.0% | | 45.3% | | 64.7% | | 0.3% | | 38.8% | | 33.1% |
| | | | | | | | | | | | | | | | | | | | |
| | New Perpetual License Equivalent Bookings (11) | | | | | | \$257.2 | | \$270.8 | | \$47.7 | | \$62.2 | | \$66.1 | | \$82.3 | | \$258.3 |
| | Year-over-Year Growth | | | | | | | | 5.3% | | -23.7% | | 1.1% | | -12.3% | | 15.2% | | -4.6% |
| Cloud Detail | Cloud Revenue | \$95.4 | \$104.2 | \$122.1 | \$135.0 | \$152.6 | \$167.2 | \$220.5 | \$246.8 | \$55.0 | \$58.2 | \$62.6 | \$65.6 | \$73.9 | \$76.0 | \$86.0 | \$87.7 | \$277.4 | \$287.6 |
| | SaaS Bundled Revenue | \$47.7 | \$52.1 | \$77.6 | \$85.7 | \$84.7 | \$94.4 | \$115.9 | \$139.4 | \$33.4 | \$36.3 | \$35.8 | \$38.5 | \$37.4 | \$39.3 | \$39.3 | \$40.8 | \$146.0 | \$155.0 |
| | SaaS Unbundled Revenue | \$8.8 | \$8.8 | \$2.8 | \$3.2 | \$26.7 | \$29.5 | \$48.0 | \$49.0 | \$7.5 | \$7.5 | \$12.4 | \$12.5 | \$21.6 | \$21.6 | \$30.5 | \$30.5 | \$72.0 | \$72.2 |
| | Optional Managed Services Revenue | \$38.9 | \$43.4 | \$41.7 | \$46.1 | \$41.1 | \$43.3 | \$56.5 | \$58.4 | \$14.1 | \$14.4 | \$14.3 | \$14.6 | \$14.9 | \$15.1 | \$16.1 | \$16.3 | \$59.5 | \$60.5 |
| | | | | | | | | | | | | | | | | | | | |
| | Cloud Revenue Growth YoY | | | 28.1% | 29.6% | 24.9% | 23.9% | 44.5% | 47.6% | 15.1% | 3.2% | 27.9% | 17.5% | 18.1% | 10.7% | 40.4% | 33.2% | 25.8% | 16.5% |
| | SaaS Revenue Growth YoY | | | 42.4% | 46.2% | 38.5% | 39.3% | 47.1% | 52.0% | 19.7% | 3.8% | 38.8% | 23.8% | 22.1% | 12.8% | 49.5% | 40.0% | 32.9% | 20.5% |
| Operating Expense Metrics | Estimated Fully Allocated Research and Development, net | \$98.2 | \$89.1 | \$105.2 | \$96.0 | \$116.6 | \$109.7 | \$127.1 | \$116.9 | \$30.1 | \$27.8 | \$28.5 | \$26.3 | \$31.3 | \$29.2 | \$31.0 | \$29.8 | \$121.0 | \$113.0 |
| | % of Revenue | 13.9% | 12.4% | 14.2% | 12.7% | 14.6% | 13.5% | 15.0% | 13.4% | 16.2% | 14.7% | 14.0% | 12.7% | 14.6% | 13.4% | 13.8% | 13.1% | 14.6% | 13.4% |
| | Estimated Fully Allocated Selling, General and Administrative | \$272.1 | \$224.9 | \$277.0 | \$234.3 | \$281.0 | \$240.1 | \$321.6 | \$263.4 | \$72.3 | \$60.6 | \$70.0 | \$56.4 | \$76.7 | \$58.5 | \$94.6 | \$70.8 | \$313.6 | \$246.3 |
| | % of Revenue | 38.5% | 31.4% | 37.4% | 31.0% | 35.3% | 29.6% | 38.0% | 30.2% | 38.9% | 32.0% | 34.3% | 27.2% | 35.6% | 26.9% | 42.0% | 31.2% | 37.8% | 29.3% |
| Profitability Metrics | Estimated Fully Allocated Gross Profit | \$442.7 | \$482.7 | \$469.5 | \$515.1 | \$521.1 | \$559.8 | \$546.5 | \$602.8 | \$116.3 | \$125.8 | \$137.7 | \$146.3 | \$142.7 | \$151.1 | \$149.6 | \$157.6 | \$546.3 | \$580.8 |
| | Estimated Fully Allocated Gross Margin % | 62.7% | 67.4% | 63.4% | 68.2% | 65.4% | 69.0% | 64.6% | 69.0% | 62.6% | 66.5% | 67.5% | 70.6% | 66.3% | 69.5% | 66.5% | 69.5% | 65.8% | 69.1% |
| | Estimated Fully Allocated Operating Income | \$29.8 | \$168.7 | \$54.0 | \$184.7 | \$93.1 | \$209.9 | \$67.0 | \$222.5 | \$6.1 | \$37.5 | \$31.4 | \$63.6 | \$26.9 | \$63.4 | \$17.6 | \$57.1 | \$82.0 | \$221.5 |
| | Estimated Fully Allocated Operating Margin % | 4.2% | 23.6% | 7.3% | 24.5% | 11.7% | 25.9% | 7.9% | 25.5% | 3.3% | 19.8% | 15.4% | 30.7% | 12.5% | 29.2% | 7.8% | 25.1% | 9.9% | 26.4% |
| | Estimated Fully Allocated Adjusted EBITDA | | \$188.0 | | \$204.7 | | \$229.3 | | \$244.2 | | \$44.4 | | \$70.6 | | \$70.1 | | \$63.7 | | \$248.8 |
| | Estimated Fully Allocated Adjusted EBITDA Margin | | 26.2% | | 27.1% | | 28.3% | | 28.0% | | 23.5% | | 34.1% | | 32.2% | | 28.1% | | 29.6% |



CES Revenue Metrics

| | Year Ended | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| (\$ in millions) | 1/31/2017 (2) | 1/31/2018 (2) | 1/31/2019 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Software (includes cloud and support) - GAAP | \$ 570.4 | \$ 607.4 | \$ 661.8 | \$ 714.2 | \$ 157.6 | \$ 175.1 | \$ 185.7 | \$ 199.1 | \$ 717.5 |
| Perpetual revenue - GAAP | 172.3 | 181.7 | 196.1 | 179.9 | 28.5 | 35.8 | 35.5 | 42.0 | 141.8 |
| Cloud revenue - GAAP | 95.4 | 122.1 | 152.6 | 220.5 | 55.0 | 62.6 | 73.9 | 86.0 | 277.4 |
| Support revenue - GAAP | 302.7 | 303.6 | 313.1 | 313.9 | 74.1 | 76.7 | 76.4 | 71.1 | 298.2 |
| Professional services revenue - GAAP | 135.5 | 132.7 | 134.5 | 132.3 | 28.3 | 29.0 | 29.5 | 26.0 | 112.8 |
| Total revenue - GAAP | \$ 705.9 | \$ 740.1 | \$ 796.3 | \$ 846.5 | \$ 185.9 | \$ 204.1 | \$ 215.2 | \$ 225.1 | \$ 830.2 |
| % of Revenue from Software (includes cloud and support) | 80.8% | 82.1% | 83.1% | 84.4% | 84.8% | 85.8% | 86.3% | 88.4% | 86.4% |
| % of Revenue from Software (includes cloud and support) that is Recurring | 69.8% | 70.1% | 70.4% | 74.8% | 81.9% | 79.5% | 80.9% | 78.9% | 80.2% |
| Estimated software (includes cloud and support) revenue adjustments | 9.9 | 14.9 | 15.1 | 26.7 | 3.3 | 3.1 | 2.2 | 1.8 | 10.3 |
| Estimated perpetual revenue adjustments | 0.2 | - | - | - | - | - | - | - | - |
| Estimated cloud revenue adjustments | 8.8 | 12.9 | 14.7 | 26.3 | 3.2 | 3.0 | 2.2 | 1.8 | 10.2 |
| Estimated support revenue adjustments | 0.9 | 2.0 | 0.4 | 0.3 | 0.1 | 0.0 | 0.1 | 0.0 | 0.2 |
| Estimated professional services revenue adjustments | 0.3 | - | - | - | - | - | - | - | - |
| Total estimated revenue adjustments | 10.3 | 14.9 | 15.1 | 26.7 | 3.3 | 3.1 | 2.2 | 1.8 | 10.3 |
| Software (includes cloud and support) revenue - non-GAAP | \$ 580.3 | \$ 622.3 | \$ 676.8 | \$ 740.9 | \$ 160.9 | \$ 178.2 | \$ 187.9 | \$ 200.9 | \$ 727.8 |
| Perpetual revenue - non-GAAP | 172.5 | 181.7 | 196.1 | 179.9 | 28.5 | 35.8 | 35.5 | 42.0 | 141.8 |
| Cloud revenue - non-GAAP | 104.2 | 135.0 | 167.2 | 246.8 | 58.2 | 65.6 | 76.0 | 87.7 | 287.6 |
| Support revenue - non-GAAP | 303.6 | 305.6 | 313.5 | 314.2 | 74.1 | 76.8 | 76.4 | 71.1 | 298.4 |
| Professional services revenue - non-GAAP | 135.8 | 132.7 | 134.5 | 132.3 | 28.3 | 29.0 | 29.5 | 26.0 | 112.8 |
| Total revenue - non-GAAP | \$ 716.2 | \$ 755.0 | \$ 811.3 | \$ 873.2 | \$ 189.1 | \$ 207.1 | \$ 217.4 | \$ 226.9 | \$ 840.6 |
| % of Revenue from Software (includes cloud and support) | 81.0% | 82.4% | 83.4% | 84.8% | 85.1% | 86.0% | 86.4% | 88.5% | 86.6% |
| % of Revenue from Software (includes cloud and support) that is Recurring | 70.3% | 70.8% | 71.0% | 75.7% | 82.3% | 79.9% | 81.1% | 79.1% | 80.5% |

CES Constant Currency

| (\$ in millions) | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended |
|---|--------------------|-------------|--------------|--------------|----|-------------|--------------------|--------------|--------------|-------------|----|--------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | | 1/31/2021 |
| GAAP | | | | | | | | | | | | |
| Revenue for the three months ended prior period | \$ 186.5 | \$ 200.8 | \$ 197.5 | \$ 211.5 | \$ | 796.3 | \$ 207.1 | \$ 211.4 | \$ 217.9 | \$ 210.1 | \$ | 846.5 |
| Revenue for the three months ended current period | \$ 207.1 | \$ 211.4 | \$ 217.9 | \$ 210.1 | \$ | 846.5 | \$ 185.9 | \$ 204.1 | \$ 215.2 | \$ 225.1 | \$ | 830.2 |
| Revenue for the three months ended current period at constant currency (10) | \$ 211.0 | \$ 214.0 | \$ 220.0 | \$ 210.0 | \$ | 855.0 | \$ 188.0 | \$ 205.0 | \$ 213.0 | \$ 223.0 | \$ | 829.0 |
| Reported period-over-period revenue growth | 11.1% | 5.3% | 10.4% | -0.7% | | 6.3% | -10.3% | -3.5% | -1.2% | 7.2% | | -1.9% |
| % impact from change in foreign currency exchange rates | 2.1% | 1.3% | 1.0% | 0.0% | | 1.1% | 1.1% | 0.5% | -1.1% | -1.0% | | -0.2% |
| Constant currency period-over-period revenue growth | 13.2% | 6.6% | 11.4% | -0.7% | | 7.4% | -9.2% | -3.0% | -2.3% | 6.2% | | -2.1% |
| Non-GAAP | | | | | | | | | | | | |
| Revenue for the three months ended prior period | \$ 189.2 | \$ 203.0 | \$ 201.5 | \$ 217.8 | \$ | 811.3 | \$ 215.9 | \$ 218.4 | \$ 224.1 | \$ 214.8 | \$ | 873.2 |
| Revenue for the three months ended current period | \$ 215.9 | \$ 218.4 | \$ 224.1 | \$ 214.8 | \$ | 873.2 | \$ 189.1 | \$ 207.1 | \$ 217.4 | \$ 226.9 | \$ | 840.6 |
| Revenue for the three months ended current period at constant currency (10) | \$ 219.0 | \$ 221.0 | \$ 226.0 | \$ 215.0 | \$ | 882.0 | \$ 191.0 | \$ 208.0 | \$ 215.0 | \$ 224.0 | \$ | 839.0 |
| Reported period-over-period revenue growth | 14.1% | 7.6% | 11.4% | -1.4% | | 7.6% | -12.4% | -5.2% | -3.0% | 5.6% | | -3.7% |
| % impact from change in foreign currency exchange rates | 1.8% | 1.3% | 0.9% | 0.1% | | 1.1% | 0.9% | 0.4% | -1.1% | -1.3% | | -0.2% |
| Constant currency period-over-period revenue growth | 15.8% | 8.9% | 12.2% | -1.3% | | 8.7% | -11.5% | -4.8% | -4.1% | 4.3% | | -3.9% |

CES Cloud Metrics

| | Year Ended | | Year Ended | Year Ended | Three Months Ended | | | | Year Ended |
|---|-----------------|-----------------|-----------------|-----------------|--------------------|----------------|----------------|----------------|-----------------|
| (\$ in millions) | 1/31/2017 (1) | 1/31/2018 (1) | 1/31/2019 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| SaaS revenue - GAAP | \$ 56.5 | \$ 80.4 | \$ 111.4 | \$ 163.9 | \$ 40.9 | \$ 48.2 | \$ 59.0 | \$ 69.9 | \$ 218.0 |
| Bundled SaaS revenue - GAAP | 47.7 | 77.6 | 84.7 | 115.9 | 33.4 | 35.8 | 37.4 | 39.3 | 146.0 |
| Unbundled SaaS revenue - GAAP (12) | 8.8 | 2.8 | 26.7 | 48.0 | 7.5 | 12.4 | 21.6 | 30.5 | 72.0 |
| Optional managed services revenue - GAAP | 38.9 | 41.7 | 41.1 | 56.5 | 14.1 | 14.3 | 14.9 | 16.1 | 59.5 |
| Cloud revenue - GAAP | \$ 95.4 | \$ 122.1 | \$ 152.6 | \$ 220.5 | \$ 55.0 | \$ 62.6 | \$ 73.9 | \$ 86.0 | \$ 277.4 |
| Estimated SaaS revenue adjustments | 4.3 | 8.5 | 12.5 | 24.5 | 2.9 | 2.8 | 1.9 | 1.5 | 9.2 |
| Estimated bundled SaaS revenue adjustments | 4.3 | 8.1 | 9.7 | 23.5 | 2.9 | 2.7 | 1.9 | 1.5 | 9.0 |
| Estimated unbundled SaaS revenue adjustments | - | 0.4 | 2.9 | 1.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.2 |
| Estimated optional managed services revenue adjustments | 4.5 | 4.4 | 2.2 | 1.9 | 0.3 | 0.3 | 0.2 | 0.2 | 1.0 |
| Estimated cloud revenue adjustments | 8.8 | 12.9 | 14.7 | 26.3 | 3.2 | 3.0 | 2.2 | 1.8 | 10.2 |
| SaaS revenue - non-GAAP | 60.8 | 88.9 | 123.9 | 188.4 | 43.8 | 51.0 | 60.9 | 71.4 | 227.1 |
| Bundled SaaS revenue - non-GAAP | 52.1 | 85.7 | 94.4 | 139.4 | 36.3 | 38.5 | 39.3 | 40.8 | 155.0 |
| Unbundled SaaS revenue - non-GAAP (12) | 8.8 | 3.2 | 29.5 | 49.0 | 7.5 | 12.5 | 21.6 | 30.5 | 72.2 |
| Optional managed services revenue - non-GAAP | 43.4 | 46.1 | 43.3 | 58.4 | 14.4 | 14.6 | 15.1 | 16.3 | 60.5 |
| Cloud revenue - non-GAAP | \$ 104.2 | \$ 135.0 | \$ 167.2 | \$ 246.8 | \$ 58.2 | \$ 65.6 | \$ 76.0 | \$ 87.7 | \$ 287.6 |

CES Gross Profit

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Total GAAP revenue | \$ 207.1 | \$ 211.4 | \$ 217.9 | \$ 210.1 | \$ 846.5 | \$ 185.9 | \$ 204.1 | \$ 215.2 | \$ 225.1 | \$ 830.2 |
| Segment product costs | 8.5 | 8.9 | 8.4 | 9.7 | 35.5 | 7.1 | 8.1 | 9.2 | 10.1 | 34.5 |
| Segment service expenses | 57.8 | 57.8 | 56.5 | 54.4 | 226.6 | 55.7 | 51.0 | 54.6 | 57.7 | 218.9 |
| Amortization of acquired technology | 5.4 | 5.2 | 5.6 | 5.4 | 21.6 | 4.4 | 4.2 | 4.0 | 5.4 | 18.0 |
| Stock-based compensation expenses (3) | 1.1 | 1.6 | 1.4 | 2.3 | 6.3 | 0.7 | 1.3 | 1.8 | 0.3 | 4.2 |
| Shared support expenses allocation (4) | 2.1 | 3.0 | 2.6 | 2.4 | 10.1 | 1.7 | 1.8 | 2.8 | 2.1 | 8.4 |
| Total GAAP cost of revenue | \$ 74.9 | \$ 76.5 | \$ 74.5 | \$ 74.2 | \$ 300.0 | \$ 69.6 | \$ 66.4 | \$ 72.5 | \$ 75.5 | \$ 284.0 |
| GAAP gross profit | \$ 132.2 | \$ 135.0 | \$ 143.4 | \$ 135.9 | \$ 546.5 | \$ 116.3 | \$ 137.7 | \$ 142.7 | \$ 149.6 | \$ 546.3 |
| GAAP gross margin | 63.8% | 63.8% | 65.8% | 64.7% | 64.6% | 62.6% | 67.5% | 66.3% | 66.5% | 65.8% |
| Revenue adjustments | 8.8 | 7.0 | 6.2 | 4.7 | 26.7 | 3.3 | 3.1 | 2.2 | 1.8 | 10.3 |
| Amortization of acquired technology | 5.4 | 5.2 | 5.6 | 5.4 | 21.6 | 4.4 | 4.2 | 4.0 | 5.4 | 18.0 |
| Stock-based compensation expenses (3) | 1.1 | 1.6 | 1.4 | 2.3 | 6.3 | 0.7 | 1.3 | 1.8 | 0.3 | 4.2 |
| Acquisition expenses, net (5) | - | - | 0.0 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 | 0.0 | 0.2 |
| Restructuring expenses (5) | 0.3 | 0.7 | 0.4 | 0.2 | 1.6 | 1.1 | (0.0) | 0.1 | 0.3 | 1.4 |
| Separation expenses (5) | - | - | - | - | - | - | - | 0.1 | 0.0 | 0.1 |
| Impairment charges (5) | - | - | - | - | - | - | - | 0.1 | 0.2 | 0.3 |
| Estimated fully allocated non-GAAP gross profit | \$ 147.8 | \$ 149.5 | \$ 157.1 | \$ 148.5 | \$ 602.8 | \$ 125.8 | \$ 146.3 | \$ 151.1 | \$ 157.6 | \$ 580.8 |
| Estimated fully allocated non-GAAP gross margin | 68.4% | 68.4% | 70.1% | 69.2% | 69.0% | 66.5% | 70.6% | 69.5% | 69.5% | 69.1% |

CES Operating Expenses

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|----------------|----------------|----------------|-----------------|--------------------|----------------|----------------|----------------|-----------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Research and Development, net | | | | | | | | | | |
| Segment expenses | \$ 26.5 | \$ 26.9 | \$ 25.1 | \$ 22.5 | \$ 101.0 | \$ 23.9 | \$ 22.2 | \$ 24.3 | \$ 25.4 | \$ 95.8 |
| Stock-based compensation expenses (6) | 1.7 | 2.2 | 1.9 | 2.9 | 8.8 | 1.5 | 1.9 | 1.9 | 0.9 | 6.2 |
| Shared support service allocation (7) | 4.0 | 3.9 | 4.4 | 4.9 | 17.3 | 4.7 | 4.4 | 5.1 | 4.7 | 19.0 |
| GAAP research and development, net | \$ 32.2 | \$ 33.0 | \$ 31.5 | \$ 30.4 | \$ 127.1 | \$ 30.1 | \$ 28.5 | \$ 31.3 | \$ 31.0 | \$ 121.0 |
| as a % of GAAP revenue | 15.5% | 15.6% | 14.4% | 14.5% | 15.0% | 16.2% | 14.0% | 14.6% | 13.8% | 14.6% |
| Stock-based compensation expenses (6) | (1.7) | (2.2) | (1.9) | (2.9) | (8.8) | (1.5) | (1.9) | (1.9) | (0.9) | (6.2) |
| Acquisition expenses, net (8) | (0.1) | (0.1) | (0.1) | (0.2) | (0.5) | (0.2) | (0.1) | (0.0) | (0.0) | (0.3) |
| Restructuring expenses (8) | (0.3) | (0.1) | (0.2) | (0.3) | (0.9) | (0.6) | (0.2) | (0.2) | (0.1) | (1.1) |
| Separation expenses (8) | - | - | - | - | - | - | - | (0.1) | (0.2) | (0.2) |
| Other Adjustments (8) | - | - | - | - | - | - | (0.0) | 0.0 | (0.0) | (0.0) |
| Estimated fully allocated non-GAAP research and development, net | \$ 30.1 | \$ 30.6 | \$ 29.3 | \$ 27.0 | \$ 116.9 | \$ 27.8 | \$ 26.3 | \$ 29.2 | \$ 29.8 | \$ 113.0 |
| as a % of non-GAAP revenue | 13.9% | 14.0% | 13.1% | 12.6% | 13.4% | 14.7% | 12.7% | 13.4% | 13.1% | 13.4% |
| Selling, General and Administrative expenses | | | | | | | | | | |
| Segment expenses | \$ 46.2 | \$ 48.1 | \$ 44.2 | \$ 41.0 | \$ 179.4 | \$ 40.1 | \$ 36.3 | \$ 37.9 | \$ 45.0 | \$ 159.4 |
| Stock-based compensation expenses (6) | 8.5 | 9.9 | 9.0 | 12.4 | 39.8 | 7.1 | 8.3 | 9.7 | 5.5 | 30.6 |
| Shared support service allocation (7) | 25.3 | 26.5 | 24.7 | 25.8 | 102.3 | 25.0 | 25.4 | 29.1 | 44.0 | 123.5 |
| GAAP selling, general and administrative expenses | \$ 80.1 | \$ 84.4 | \$ 77.8 | \$ 79.2 | \$ 321.6 | \$ 72.3 | \$ 70.0 | \$ 76.7 | \$ 94.6 | \$ 313.6 |
| as a % of GAAP revenue | 38.7% | 39.9% | 35.7% | 37.7% | 38.0% | 38.9% | 34.3% | 35.6% | 42.0% | 37.8% |
| Stock-based compensation expenses (6) | (8.5) | (9.9) | (9.0) | (12.4) | (39.8) | (7.1) | (8.3) | (9.7) | (5.5) | (30.6) |
| Acquisition expenses, net (8) | (2.4) | (1.5) | (1.3) | (1.3) | (6.5) | 2.5 | (1.6) | 0.9 | (2.6) | (0.8) |
| Restructuring expenses (8) | (0.3) | (0.3) | (0.7) | (0.4) | (1.8) | (1.9) | (0.4) | (0.5) | (2.6) | (5.5) |
| Separation expenses (8) | (0.0) | (0.1) | (1.0) | (2.3) | (3.4) | (5.1) | (4.2) | (8.9) | (12.8) | (30.9) |
| Impairment charges (8) | - | - | - | - | - | - | - | - | - | - |
| Other adjustments (8) | (1.3) | (3.6) | (0.2) | (1.4) | (6.6) | (0.1) | 0.8 | 0.0 | (0.3) | 0.5 |
| Estimated fully allocated non-GAAP selling, general and administrative expenses | \$ 67.5 | \$ 69.0 | \$ 65.6 | \$ 61.3 | \$ 263.4 | \$ 60.6 | \$ 56.4 | \$ 58.5 | \$ 70.8 | \$ 246.3 |
| as a % of non-GAAP revenue | 31.2% | 31.6% | 29.3% | 28.5% | 30.2% | 32.0% | 27.2% | 26.9% | 31.2% | 29.3% |

CES Operating and EBITDA Margins

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|----------------|----------------|----------------|-----------------|--------------------|----------------|----------------|----------------|-----------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| GAAP operating income | \$ 12.4 | \$ 10.0 | \$ 26.5 | \$ 18.2 | \$ 67.0 | \$ 6.1 | \$ 31.4 | \$ 26.9 | \$ 17.6 | \$ 82.0 |
| GAAP operating margin | 6.0% | 4.7% | 12.1% | 8.6% | 7.9% | 3.3% | 15.4% | 12.5% | 7.8% | 9.9% |
| Revenue adjustments | 8.8 | 7.0 | 6.2 | 4.7 | 26.7 | 3.3 | 3.1 | 2.2 | 1.8 | 10.3 |
| Amortization of acquired technology | 5.4 | 5.2 | 5.6 | 5.4 | 21.6 | 4.4 | 4.2 | 4.0 | 5.4 | 18.0 |
| Amortization of other acquired intangible assets | 7.6 | 7.5 | 7.7 | 8.1 | 30.9 | 7.8 | 7.7 | 7.8 | 6.5 | 29.8 |
| Stock-based compensation expenses | 11.3 | 13.7 | 12.3 | 17.6 | 54.9 | 9.4 | 11.6 | 13.4 | 6.7 | 41.0 |
| Acquisitions expenses, net | 2.5 | 1.6 | 1.4 | 1.5 | 7.1 | (2.2) | 1.7 | (0.8) | 2.7 | 1.4 |
| Restructuring expenses | 0.9 | 1.0 | 1.4 | 0.9 | 4.3 | 3.6 | 0.6 | 0.8 | 3.0 | 8.0 |
| Separation expenses | 0.0 | 0.1 | 1.0 | 2.3 | 3.4 | 5.1 | 4.2 | 9.0 | 13.0 | 31.2 |
| Impairment charges | - | - | - | - | - | - | - | 0.1 | 0.2 | 0.3 |
| Other adjustments | 1.3 | 3.6 | 0.2 | 1.4 | 6.6 | 0.1 | (0.8) | (0.0) | 0.3 | (0.5) |
| Estimated fully allocated non-GAAP operating income | \$ 50.2 | \$ 49.8 | \$ 62.2 | \$ 60.2 | \$ 222.5 | \$ 37.5 | \$ 63.6 | \$ 63.4 | \$ 57.1 | \$ 221.5 |
| Depreciation and amortization (9) | 5.1 | 5.1 | 5.7 | 5.8 | 21.7 | 6.9 | 7.0 | 6.7 | 6.7 | 27.3 |
| Estimated adjusted EBITDA | \$ 55.3 | \$ 54.9 | \$ 67.9 | \$ 66.0 | \$ 244.2 | \$ 44.4 | \$ 70.6 | \$ 70.1 | \$ 63.7 | \$ 248.8 |
| Estimated fully allocated non-GAAP operating margin | 23.3% | 22.8% | 27.8% | 28.0% | 25.5% | 19.8% | 30.7% | 29.2% | 25.1% | 26.4% |
| Estimated fully allocated adjusted EBITDA | 25.6% | 25.2% | 30.3% | 30.7% | 28.0% | 23.5% | 34.1% | 32.2% | 28.1% | 29.6% |

CES Footnotes

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

- (1) To conform with the presentation described in footnote 2 of our April 30, 2019 and July 31, 2019 Form 10-Q, the classification of Customer Engagement unbundled SaaS revenue for the three months ended April 30, 2018, July 31, 2018, October 31, 2018 and January 31, 2019 and the year ended January 31, 2018 has been updated to reflect unbundled SaaS revenue which had
- (2) To conform with the presentation described in footnote 2 of our April 30, 2019 and July 31, 2019 Form 10-Q, the classification of Customer Engagement unbundled SaaS revenue for the three months ended April 30, 2018, July 31, 2018, October 31, 2018 and January 31, 2019 and the year ended January 31, 2018 has been updated to reflect cloud revenue which had previously been
- (3) Represents the stock-based compensation expenses applicable to cost of revenue, allocated approximately proportional to our segment operations and service expense wage for each segment for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (4) Represents the portion of our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks) applicable to cost of revenue, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of
- (5) Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses and impairment charges applicable to cost of revenue, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP
- (6) Represents the stock-based compensation expenses applicable to research and development, net and selling, general and administrative, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our
- (7) Represents our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks), including general and administrative shared services acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (8) Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated approximately proportional to our annual non-GAAP segment revenue prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our
- (9) Represents certain depreciation and amortization expenses, which are otherwise included in our non-GAAP operating income, allocated approximately proportional to our non-GAAP segment revenue for the prior full year ended, which we believe provides a
- (10) Revenue for the current period at constant currency is calculated by translating current-period GAAP or non-GAAP foreign currency revenue (as applicable) into U.S. dollars using average foreign currency exchange rates for the same prior period rather than actual
- (11) As our bookings mix has rapidly shifted to cloud, we are now calculating the conversion factor based on the in-period mix. The conversion factor was 2.0x, 1.9x and 1.9x for the years ended January 31, 2019, 2020 and 2021, respectively. Historically, we used in our dashboard a conversion factor of 2.0x which was based on our historical mix and represented a good approximation.
- (12) As our bookings mix has rapidly shifted to cloud, we are now including support revenue associated with unbundled SaaS within SaaS. In order to conform with this presentation, unbundled SaaS revenue for the quarters ended April 30, 2020, July 31, 2020 and October 31, 2020 have been updated to reflect \$2.0 million, \$2.4 million and \$2.8 million, respectively and the years ended January 31, 2020 and 2019 has been updated to reflect \$4.7 million and \$1.8 million, respectively, of unbundled SaaS support revenue which had previously been presented within support revenue.

CES 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, estimated GAAP fully allocated cost of revenue, estimated GAAP and non-GAAP fully allocated gross profit and gross margins, estimated GAAP and non-GAAP fully allocated research and development, net, estimated GAAP and non-GAAP fully allocated selling, general and administrative expenses, estimated GAAP and non-GAAP fully allocated operating income and operating margins, non-GAAP other income (expense), net, non-GAAP provision (benefit) for income taxes and non-GAAP effective income tax rate, non-GAAP net income attributable to Verint Systems Inc. common shares, non-GAAP diluted net income per common share attributable to Verint Systems Inc., estimated fully allocated adjusted EBITDA and adjusted EBITDA margins, net debt, additional information regarding Apax Series B investment, non-GAAP segment expenses, non-GAAP shared support expenses and constant currency measures. The tables above include a reconciliation of each non-GAAP financial measure for completed periods presented in this press release to the most directly comparable GAAP financial measure.

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

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

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

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

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

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

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

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

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

• **Amortization of convertible note discount.** Our non-GAAP financial measures exclude the amortization of the imputed discount on our convertible notes. Under GAAP, certain convertible debt instruments that may be settled in cash upon conversion are required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we are required to recognize imputed interest expense on the difference between our assumed non-convertible debt borrowing rate and the coupon rate on our 1.50% convertible notes. This difference is excluded from our non-GAAP financial measures because we believe that this expense is based upon subjective assumptions and does not reflect the cash cost of our convertible debt.

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

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

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

• **Separation expenses.** On February 1, 2021, we completed the spin-off of our Cyber Intelligence business into a separate, independent publicly traded company, Cognyte Software Ltd. We have incurred and expect to incur, significant expenses 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 IT expenses 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.

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

• **Non-GAAP income tax adjustments.** We exclude our GAAP provision (benefit) for income taxes from our non-GAAP measures of net income attributable to Verint Systems Inc., and instead include a non-GAAP provision for income taxes, determined by applying a non-GAAP effective income tax rate to our income before provision for income taxes, as adjusted for the non-GAAP items described above. The non-GAAP effective income tax rate is generally based upon the income taxes we expect to pay in the reporting year. Our GAAP effective income tax rate can vary significantly from year to year as a result of tax law changes, settlements with tax authorities, changes in the geographic mix of earnings including acquisition activity, changes in the projected realizability of deferred tax assets, and other unusual or period-specific events, all of which can vary in size and frequency. We believe that our non-GAAP effective income tax rate removes much of this variability and facilitates meaningful comparisons of operating results across periods. Our non-GAAP effective income tax rates for the year ended January 31, 2021 is 6%, and was 8% for the year ended January 31, 2020, and was 11% for the year ended January 31, 2019. We evaluate our non-GAAP effective income tax rate on an ongoing basis, and it can change from time to time. Our non-GAAP income tax rate can differ materially from our GAAP effective income tax rate.

Customer Engagement Revenue Metrics and Operating Metrics

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

Cloud revenue primarily consists of SaaS and optional managed services.



CES Supplemental Info Non-GAAP Measures

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

New SaaS Annual Contract Value (ACV) includes the annualized contract value of all new SaaS contracts received within the period; in cases where SaaS is offered to partners through usage-based contracts, we include the incremental value of usage contracts over a rolling four quarters.

New Perpetual License Equivalent Bookings are used to normalize between perpetual and SaaS bookings and measure overall software 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. The conversion factor was 2.0x, 1.9x and 1.9x for the years ended January 31, 2019, 2020 and 2021, respectively. 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, revenue adjustments, restructuring expenses, acquisition expenses, and other expenses excluded from our non-GAAP financial measures as described above. We believe that adjusted EBITDA is also commonly used by investors to evaluate operating performance between companies because it helps reduce variability caused by differences in capital structures, income taxes, stock-based compensation, accounting policies, and depreciation and amortization policies. Adjusted EBITDA is also used by credit rating agencies, lenders, and other parties to evaluate our creditworthiness.

Net Debt

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

Supplemental Information About Constant Currency

Because we operate on a global basis and transact business in many currencies, fluctuations in foreign currency exchange rates can affect our consolidated U.S. dollar operating results. To facilitate the assessment of our performance excluding the effect of foreign currency exchange rate fluctuations, we calculate our GAAP and non-GAAP revenue, cost of revenue, and operating expenses on both an as-reported basis and a constant currency basis, allowing for comparison of results between periods as if foreign currency exchange rates had remained constant. We perform our constant currency calculations by translating current-period foreign currency results into U.S. dollars using prior-period average foreign currency exchange rates or hedge rates, as applicable, rather than current period exchange rates. We believe that constant currency measures, which exclude the impact of changes in foreign currency exchange rates, facilitate the assessment of underlying business trends.

Unless otherwise indicated, our financial outlook for revenue, operating margin, and diluted earnings per share, which is provided on a non-GAAP basis, reflects foreign currency exchange rates approximately consistent with rates in effect when the outlook is provided.

We also incur foreign exchange gains and losses resulting from the revaluation and settlement of monetary assets and liabilities that are denominated in currencies other than the entity's functional currency. We periodically report our historical non-GAAP diluted net income per share both inclusive and exclusive of these net foreign exchange gains or losses. Our financial outlook for diluted earnings per share includes net foreign exchange gains or losses incurred to date, if any, but does not include potential future gains or losses.

CIS Summary Metrics

| (\$ in millions) | | Three Months Ended | | | | | | | | Year Ended | | Three Months Ended | | | | | | | | Year Ended | |
|---------------------------|---|--------------------|----------|-----------|----------|------------|----------|-----------|----------|------------|----------|--------------------|----------|-----------|----------|------------|----------|-----------|----------|------------|----------|
| | | 4/30/2019 | | 7/31/2019 | | 10/31/2019 | | 1/31/2020 | | 1/31/2020 | | 4/30/2020 | | 7/31/2020 | | 10/31/2020 | | 1/31/2021 | | 1/31/2021 | |
| Revenue Metrics | Recurring Revenue | 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 |
| | Nonrecurring Revenue | \$46.8 | \$46.9 | \$46.2 | \$46.2 | \$47.5 | \$47.5 | \$52.1 | \$52.6 | \$192.6 | \$193.2 | \$56.0 | \$57.1 | \$51.7 | \$52.9 | \$57.1 | \$57.8 | \$58.6 | \$59.1 | \$223.4 | \$227.0 |
| | Total Revenue | \$61.4 | \$61.4 | \$66.7 | \$66.7 | \$59.4 | \$59.4 | \$77.1 | \$82.1 | \$264.5 | \$269.6 | \$45.4 | \$45.4 | \$53.4 | \$53.4 | \$55.9 | \$55.9 | \$65.4 | \$65.4 | \$220.1 | \$220.1 |
| | | \$108.2 | \$108.3 | \$112.9 | \$112.9 | \$106.9 | \$106.9 | \$129.1 | \$134.7 | \$457.1 | \$462.8 | \$101.4 | \$102.5 | \$105.0 | \$106.3 | \$113.0 | \$113.7 | \$124.0 | \$124.6 | \$443.5 | \$447.0 |
| Growth Metrics | Reported Revenue Growth YoY | 5.3% | 5.3% | 7.0% | 7.0% | 0.4% | 0.4% | 8.8% | 13.3% | 5.5% | 6.7% | -6.2% | -5.3% | -6.9% | -5.9% | 5.7% | 6.3% | -4.0% | -7.5% | -3.0% | -3.4% |
| | Constant Currency Revenue Growth YoY | 7.1% | 7.0% | 8.0% | 8.0% | 1.4% | 1.4% | 9.5% | 13.6% | 6.4% | 7.7% | -4.8% | -4.0% | -6.1% | -4.3% | 4.7% | 5.7% | -4.8% | -7.9% | -2.9% | -3.2% |
| | Estimated Fully Allocated Gross Profit Growth YoY | 22.2% | 18.2% | 18.3% | 16.5% | 7.5% | 6.2% | 7.0% | 12.2% | 13.1% | 13.1% | -0.2% | 0.2% | 0.6% | 1.5% | 20.7% | 21.3% | 4.9% | -1.7% | 6.3% | 4.7% |
| Operating Expense Metrics | Estimated Fully Allocated Research and Development, net | \$25.0 | \$23.9 | \$25.7 | \$24.4 | \$26.2 | \$25.0 | \$27.7 | \$25.9 | \$104.6 | \$99.2 | \$29.0 | \$27.7 | \$26.7 | \$25.5 | \$29.7 | \$28.6 | \$33.8 | \$33.2 | \$119.2 | \$115.0 |
| | % of Revenue | 23.1% | 22.0% | 22.8% | 21.6% | 24.5% | 23.4% | 21.5% | 19.2% | 22.9% | 21.4% | 28.6% | 27.0% | 25.4% | 24.0% | 26.3% | 25.2% | 27.3% | 26.6% | 26.9% | 25.7% |
| | Estimated Fully Allocated Selling, General and Administrative | \$41.6 | \$34.9 | \$41.8 | \$33.6 | \$38.5 | \$31.9 | \$45.4 | \$35.8 | \$167.3 | \$136.3 | \$39.4 | \$33.2 | \$35.4 | \$28.1 | \$41.4 | \$31.8 | \$48.5 | \$35.2 | \$164.7 | \$128.4 |
| | % of Revenue | 38.5% | 32.2% | 37.1% | 29.8% | 36.0% | 29.9% | 35.1% | 26.6% | 36.6% | 29.4% | 38.8% | 32.4% | 33.7% | 26.5% | 36.7% | 28.0% | 39.1% | 28.3% | 37.1% | 28.7% |
| Profitability Metrics | Estimated Fully Allocated Gross Profit | \$68.9 | \$70.8 | \$72.9 | \$74.1 | \$68.2 | \$69.2 | \$83.5 | \$90.2 | \$293.4 | \$304.3 | \$68.7 | \$70.9 | \$73.3 | \$75.2 | \$82.3 | \$83.9 | \$87.5 | \$88.7 | \$311.8 | \$318.7 |
| | Estimated Fully Allocated Gross Margin % | 63.7% | 65.4% | 64.6% | 65.6% | 63.7% | 64.7% | 64.6% | 67.0% | 64.2% | 65.7% | 67.7% | 69.2% | 69.8% | 70.8% | 72.8% | 73.8% | 70.6% | 71.2% | 70.3% | 71.3% |
| | Estimated Fully Allocated Operating Income | \$2.1 | \$12.1 | \$5.3 | \$16.1 | \$3.4 | \$12.2 | \$10.1 | \$28.5 | \$20.9 | \$68.8 | \$0.1 | \$10.0 | \$10.9 | \$21.6 | \$10.9 | \$23.5 | \$4.9 | \$20.3 | \$26.7 | \$75.3 |
| | Estimated Fully Allocated Operating Margin % | 2.0% | 11.1% | 4.7% | 14.3% | 3.1% | 11.4% | 7.8% | 21.1% | 4.6% | 14.9% | 0.1% | 9.7% | 10.4% | 20.3% | 9.6% | 20.7% | 3.9% | 16.3% | 6.0% | 16.8% |
| | Estimated Fully Allocated EBITDA | | \$14.8 | | \$18.9 | | \$15.2 | | \$31.6 | | \$80.4 | | \$13.6 | | \$25.2 | | \$27.0 | | \$23.8 | | \$89.7 |
| | Estimated Fully Allocated EBITDA Margin | | 13.6% | | 16.7% | | 14.2% | | 23.4% | | 17.4% | | 13.3% | | 23.7% | | 23.8% | | 19.1% | | 20.1% |

CIS Revenue Metrics

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Recurring revenue - GAAP | \$ 46.8 | \$ 46.2 | \$ 47.5 | \$ 52.1 | \$ 192.6 | \$ 56.0 | \$ 51.7 | \$ 57.1 | \$ 58.6 | \$ 223.4 |
| Nonrecurring revenue - GAAP | 61.4 | 66.7 | 59.4 | 77.1 | 264.5 | 45.4 | 53.4 | 55.9 | 65.4 | 220.1 |
| Total revenue - GAAP | 108.2 | 112.9 | 106.9 | 129.1 | 457.1 | 101.4 | 105.0 | 113.0 | 124.0 | 443.5 |
| Estimated recurring revenue adjustments | 0.1 | - | - | 0.5 | 0.6 | 1.1 | 1.2 | 0.7 | 0.5 | 3.6 |
| Estimated nonrecurring revenue adjustments | - | - | - | 5.1 | 5.1 | - | - | - | - | - |
| Total estimated revenue adjustments | 0.1 | - | - | 5.6 | 5.7 | 1.1 | 1.2 | 0.7 | 0.5 | 3.6 |
| Recurring revenue - non-GAAP | 46.9 | 46.2 | 47.5 | 52.6 | 193.2 | 57.1 | 52.9 | 57.8 | 59.1 | 227.0 |
| Nonrecurring revenue - non-GAAP | 61.4 | 66.7 | 59.4 | 82.1 | 269.6 | 45.4 | 53.4 | 55.9 | 65.4 | 220.1 |
| Total revenue - non-GAAP | \$ 108.3 | \$ 112.9 | \$ 106.9 | \$ 134.7 | \$ 462.8 | \$ 102.5 | \$ 106.3 | \$ 113.7 | \$ 124.6 | \$ 447.0 |

CLS Constant Currency

| (\$ in millions) | Three Months Ended | | | | | Year Ended | Three Months Ended | | | | | Year Ended |
|--|--------------------|-------------|-------------|--------------|----|-------------|--------------------|--------------|-------------|--------------|----|--------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | | 1/31/2021 |
| GAAP | | | | | | | | | | | | |
| Revenue for the three months ended prior period | \$ 102.7 | \$ 105.5 | \$ 106.5 | \$ 118.7 | \$ | 433.4 | \$ 108.2 | \$ 112.9 | \$ 106.9 | \$ 129.1 | \$ | 457.1 |
| Revenue for the three months ended current period | \$ 108.2 | \$ 112.9 | \$ 106.9 | \$ 129.1 | \$ | 457.1 | \$ 101.4 | \$ 105.0 | \$ 113.0 | \$ 124.0 | \$ | 443.5 |
| Revenue for the three months ended current period at constant currency (8) | \$ 110.0 | \$ 114.0 | \$ 108.0 | \$ 130.0 | \$ | 461.0 | \$ 103.0 | \$ 106.0 | \$ 112.0 | \$ 123.0 | \$ | 444.0 |
| Reported period-over-period revenue growth | 5.3% | 7.0% | 0.4% | 8.8% | | 5.5% | -6.2% | -6.9% | 5.7% | -4.0% | | -3.0% |
| % impact from change in foreign currency exchange rates | 1.8% | 1.0% | 1.0% | 0.7% | | 0.9% | 1.4% | 0.8% | -1.0% | -0.8% | | 0.1% |
| Constant currency period-over-period revenue growth | 7.1% | 8.0% | 1.4% | 9.5% | | 6.4% | -4.8% | -6.1% | 4.7% | -4.8% | | -2.9% |
| Non-GAAP | | | | | | | | | | | | |
| Revenue for the three months ended prior period | \$ 102.8 | \$ 105.5 | \$ 106.5 | \$ 118.9 | \$ | 433.8 | \$ 108.3 | \$ 112.9 | \$ 106.9 | \$ 134.7 | \$ | 462.8 |
| Revenue for the three months ended current period | \$ 108.3 | \$ 112.9 | \$ 106.9 | \$ 134.7 | \$ | 462.8 | \$ 102.5 | \$ 106.3 | \$ 113.7 | \$ 124.6 | \$ | 447.0 |
| Revenue for the three months ended current period at constant currency (8) | \$ 110.0 | \$ 114.0 | \$ 108.0 | \$ 135.0 | \$ | 467.0 | \$ 104.0 | \$ 108.0 | \$ 113.0 | \$ 124.0 | \$ | 448.0 |
| Reported period-over-period revenue growth | 5.3% | 7.0% | 0.4% | 13.3% | | 6.7% | -5.3% | -5.9% | 6.3% | -7.5% | | -3.4% |
| % impact from change in foreign currency exchange rates | 1.7% | 1.0% | 1.0% | 0.3% | | 1.0% | 1.3% | 1.6% | -0.6% | -0.4% | | 0.2% |
| Constant currency period-over-period revenue growth | 7.0% | 8.0% | 1.4% | 13.6% | | 7.7% | -4.0% | -4.3% | 5.7% | -7.9% | | -3.2% |

CIS Gross Profit

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Total GAAP revenue | \$ 108.2 | \$ 112.9 | \$ 106.9 | \$ 129.1 | \$ 457.1 | \$ 101.4 | \$ 105.0 | \$ 113.0 | \$ 124.0 | \$ 443.5 |
| Segment product costs | 17.9 | 18.7 | 20.1 | 26.7 | 83.3 | 13.5 | 15.3 | 11.3 | 16.4 | 56.5 |
| Segment service expenses | 18.7 | 18.9 | 16.5 | 16.6 | 70.8 | 17.8 | 14.8 | 17.1 | 18.7 | 68.5 |
| Amortization of acquired technology | 1.3 | 0.4 | 0.4 | 0.4 | 2.4 | 0.3 | 0.2 | 0.2 | 0.2 | 0.9 |
| Stock-based compensation expenses (1) | 0.3 | 0.5 | 0.4 | 0.7 | 1.9 | 0.2 | 0.4 | 0.5 | 0.1 | 1.2 |
| Shared support expenses allocation (2) | 1.1 | 1.6 | 1.4 | 1.3 | 5.4 | 0.9 | 1.0 | 1.5 | 1.1 | 4.5 |
| Total GAAP cost of revenue | \$ 39.3 | \$ 40.0 | \$ 38.8 | \$ 45.7 | \$ 163.7 | \$ 32.7 | \$ 31.7 | \$ 30.7 | \$ 36.5 | \$ 131.6 |
| GAAP gross profit | \$ 68.9 | \$ 72.9 | \$ 68.2 | \$ 83.5 | \$ 293.4 | \$ 68.7 | \$ 73.3 | \$ 82.3 | \$ 87.5 | \$ 311.8 |
| GAAP gross margin | 63.7% | 64.6% | 63.7% | 64.6% | 64.2% | 67.7% | 69.8% | 72.8% | 70.6% | 70.3% |
| Revenue adjustments | 0.1 | - | - | 5.6 | 5.7 | 1.1 | 1.2 | 0.7 | 0.5 | 3.6 |
| Amortization of acquired technology | 1.3 | 0.4 | 0.4 | 0.4 | 2.4 | 0.3 | 0.2 | 0.2 | 0.2 | 0.9 |
| Stock-based compensation expenses (1) | 0.3 | 0.4 | 0.4 | 0.7 | 1.9 | 0.2 | 0.4 | 0.5 | 0.1 | 1.2 |
| Acquisition expenses, net (3) | - | - | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 0.1 |
| Restructuring expenses (3) | 0.2 | 0.4 | 0.2 | 0.1 | 0.9 | 0.6 | (0.0) | 0.1 | 0.1 | 0.8 |
| Separation expenses (3) | - | - | - | - | - | - | - | 0.0 | 0.0 | 0.0 |
| Impairment charges (3) | - | - | - | - | - | - | - | 0.1 | 0.1 | 0.2 |
| Estimated fully allocated non-GAAP gross profit | \$ 70.8 | \$ 74.1 | \$ 69.2 | \$ 90.2 | \$ 304.3 | \$ 70.9 | \$ 75.2 | \$ 83.9 | \$ 88.7 | \$ 318.7 |
| Estimated fully allocated non-GAAP gross margin | 65.4% | 65.6% | 64.7% | 67.0% | 65.7% | 69.2% | 70.8% | 73.8% | 71.2% | 71.3% |

CIS Operating Expenses

| (\$ in millions) | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|----------------|----------------|----------------|-----------------|--------------------|----------------|----------------|----------------|-----------------|
| | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| Research and Development, net | | | | | | | | | | |
| Segment expenses | \$ 21.9 | \$ 22.4 | \$ 22.8 | \$ 23.6 | \$ 90.7 | \$ 25.7 | \$ 23.3 | \$ 26.0 | \$ 30.8 | \$ 105.9 |
| Stock-based compensation expenses (4) | 0.9 | 1.2 | 1.0 | 1.6 | 4.7 | 0.8 | 1.0 | 1.0 | 0.5 | 3.3 |
| Shared support service allocation (5) | 2.2 | 2.1 | 2.4 | 2.6 | 9.2 | 2.5 | 2.3 | 2.7 | 2.5 | 10.0 |
| GAAP research and development, net | \$ 25.0 | \$ 25.7 | \$ 26.2 | \$ 27.7 | \$ 104.6 | \$ 29.0 | \$ 26.7 | \$ 29.7 | \$ 33.8 | \$ 119.2 |
| as a % of GAAP revenue | 23.1% | 22.8% | 24.5% | 21.5% | 22.9% | 28.6% | 25.4% | 26.3% | 27.3% | 26.9% |
| Stock-based compensation expenses (4) | (0.9) | (1.2) | (1.0) | (1.6) | (4.7) | (0.8) | (1.0) | (1.0) | (0.5) | (3.3) |
| Acquisition expenses, net (6) | (0.1) | (0.1) | (0.0) | (0.1) | (0.3) | (0.1) | (0.0) | (0.0) | (0.0) | (0.2) |
| Restructuring expenses (6) | (0.1) | - | (0.1) | (0.1) | (0.5) | (0.3) | (0.1) | (0.1) | (0.1) | (0.6) |
| Separation expenses (6) | - | - | - | - | - | - | - | (0.0) | (0.1) | (0.1) |
| Other Adjustments (6) | - | - | - | - | - | - | (0.0) | 0.0 | (0.0) | (0.0) |
| Estimated fully allocated non-GAAP research and development, net | \$ 23.9 | \$ 24.4 | \$ 25.0 | \$ 25.9 | \$ 99.2 | \$ 27.7 | \$ 25.5 | \$ 28.6 | \$ 33.2 | \$ 115.0 |
| as a % of non-GAAP revenue | 22.0% | 21.6% | 23.4% | 19.2% | 21.4% | 27.0% | 24.0% | 25.2% | 26.6% | 25.7% |
| Selling, General and Administrative expenses | | | | | | | | | | |
| Segment expenses | \$ 23.6 | \$ 22.4 | \$ 20.5 | \$ 25.0 | \$ 91.5 | \$ 22.4 | \$ 17.5 | \$ 20.9 | \$ 22.3 | \$ 83.1 |
| Stock-based compensation expenses (4) | 4.6 | 5.3 | 4.8 | 6.6 | 21.3 | 3.8 | 4.4 | 5.1 | 3.6 | 16.9 |
| Shared support service allocation (5) | 13.5 | 14.1 | 13.2 | 13.8 | 54.6 | 13.2 | 13.5 | 15.4 | 22.6 | 64.7 |
| GAAP selling, general and administrative expenses | \$ 41.6 | \$ 41.8 | \$ 38.5 | \$ 45.4 | \$ 167.3 | \$ 39.4 | \$ 35.4 | \$ 41.4 | \$ 48.5 | \$ 164.7 |
| as a % of GAAP revenue | 38.5% | 37.1% | 36.0% | 35.1% | 36.6% | 38.8% | 33.7% | 36.7% | 39.1% | 37.1% |
| Stock-based compensation expenses (4) | (4.6) | (5.3) | (4.8) | (6.6) | (21.3) | (3.8) | (4.4) | (5.1) | (3.6) | (16.9) |
| Acquisition expenses, net (6) | (1.3) | (0.8) | (0.7) | (0.7) | (3.5) | 1.3 | (0.8) | 0.5 | (1.4) | (0.4) |
| Restructuring expenses (6) | (0.2) | (0.2) | (0.4) | (0.2) | (1.0) | (1.0) | (0.2) | (0.3) | (1.4) | (2.9) |
| Separation expenses (6) | (0.0) | (0.1) | (0.5) | (1.2) | (1.8) | (2.7) | (2.2) | (4.7) | (6.8) | (16.3) |
| Impairment charges (6) | - | - | - | - | - | - | - | - | - | - |
| Other adjustments (6) | (0.7) | (1.9) | (0.1) | (0.8) | (3.5) | (0.0) | 0.4 | 0.0 | (0.1) | 0.3 |
| Estimated fully allocated non-GAAP selling, general and administrative expenses | \$ 34.9 | \$ 33.6 | \$ 31.9 | \$ 35.8 | \$ 136.3 | \$ 33.2 | \$ 28.1 | \$ 31.8 | \$ 35.2 | \$ 128.4 |
| as a % of non-GAAP revenue | 32.2% | 29.8% | 29.9% | 26.6% | 29.4% | 32.4% | 26.5% | 28.0% | 28.3% | 28.7% |

CIS Operating and EBITDA Margins

| | Three Months Ended | | | | Year Ended | Three Months Ended | | | | Year Ended |
|--|--------------------|-----------|------------|-----------|------------|--------------------|-----------|------------|-----------|------------|
| (\$ in millions) | 4/30/2019 | 7/31/2019 | 10/31/2019 | 1/31/2020 | 1/31/2020 | 4/30/2020 | 7/31/2020 | 10/31/2020 | 1/31/2021 | 1/31/2021 |
| GAAP operating income | \$ 2.1 | \$ 5.3 | \$ 3.4 | \$ 10.1 | \$ 20.9 | \$ 0.1 | \$ 10.9 | \$ 10.9 | \$ 4.9 | \$ 26.7 |
| GAAP operating margin | 2.0% | 4.7% | 3.1% | 7.8% | 4.6% | 0.1% | 10.4% | 9.6% | 3.9% | 6.0% |
| Revenue adjustments | 0.1 | - | - | 5.6 | 5.7 | 1.1 | 1.2 | 0.7 | 0.5 | 3.6 |
| Amortization of acquired technology | 1.3 | 0.4 | 0.4 | 0.4 | 2.4 | 0.3 | 0.2 | 0.2 | 0.2 | 0.9 |
| Amortization of other acquired intangible assets | 0.1 | 0.1 | 0.1 | 0.2 | 0.6 | 0.3 | 0.3 | 0.3 | 0.3 | 1.2 |
| Stock-based compensation expenses | 5.8 | 6.9 | 6.2 | 8.9 | 27.8 | 4.8 | 5.8 | 6.6 | 4.2 | 21.4 |
| Acquisitions expenses, net | 1.5 | 0.9 | 0.8 | 0.8 | 3.8 | (1.1) | 0.9 | (0.4) | 1.4 | 0.7 |
| Restructuring expenses | 0.5 | 0.7 | 0.7 | 0.5 | 2.3 | 1.9 | 0.3 | 0.4 | 1.6 | 4.2 |
| Separation expenses | 0.0 | 0.1 | 0.5 | 1.2 | 1.8 | 2.7 | 2.2 | 4.8 | 6.9 | 16.5 |
| Impairment charges | - | - | - | - | - | - | - | 0.1 | 0.1 | 0.2 |
| Other adjustments | 0.7 | 1.9 | 0.1 | 0.8 | 3.5 | 0.0 | (0.4) | (0.0) | 0.2 | (0.3) |
| Estimated fully non-GAAP allocated operating income | \$ 12.1 | \$ 16.1 | \$ 12.2 | \$ 28.5 | \$ 68.8 | \$ 10.0 | \$ 21.6 | \$ 23.5 | \$ 20.3 | \$ 75.3 |
| Depreciation and amortization (7) | 2.7 | 2.8 | 3.0 | 3.1 | 11.6 | 3.7 | 3.7 | 3.6 | 3.5 | 14.4 |
| Estimated adjusted EBITDA | \$ 14.8 | \$ 18.9 | \$ 15.2 | \$ 31.6 | \$ 80.4 | \$ 13.6 | \$ 25.2 | \$ 27.0 | \$ 23.8 | \$ 89.7 |
| Estimated fully allocated non-GAAP operating margin | 11.1% | 14.3% | 11.4% | 21.1% | 14.9% | 9.7% | 20.3% | 20.7% | 16.3% | 16.8% |
| Estimated fully allocated adjusted EBITDA | 13.6% | 16.7% | 14.2% | 23.4% | 17.4% | 13.3% | 23.7% | 23.8% | 19.1% | 20.1% |

CIS Footnotes

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

- Represents the stock-based compensation expenses applicable to cost of revenue, allocated approximately proportional to our segment operations and service expense wage for each segment for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (1)
- Represents the portion of our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks) applicable to cost of revenue, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (2)
- Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses and impairment charges applicable to cost of revenue, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (3)
- Represents the stock-based compensation expenses applicable to research and development, net and selling, general and administrative, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (4)
- Represents our shared support expenses (as disclosed in segment footnote in Form 10-Qs and 10-Ks), including general and administrative shared services acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated approximately proportional to our non-GAAP segment revenue for the annual prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative non-GAAP operating margins of our two businesses.
- (5)
- Represents the portion of our acquisition expenses, net, restructuring expenses, separation expenses, impairment charges and other adjustments, allocated approximately proportional to our annual non-GAAP segment revenue prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative GAAP and non-GAAP gross margins of our two businesses.
- (6)
- Represents certain depreciation and amortization expenses, which are otherwise included in our non-GAAP operating income, allocated approximately proportional to our non-GAAP segment revenue for the prior full year ended, which we believe provides a reasonable approximation for purposes of understanding the relative adjusted EBITDA of our two businesses.
- (7)
- Revenue for the current period at constant currency is calculated by translating current-period GAAP or non-GAAP foreign currency revenue (as applicable) into U.S. dollars using average foreign currency exchange rates for the same prior period rather than actual current-period foreign currency exchange rates.
- (8)

CIS 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, estimated GAAP fully allocated cost of revenue, estimated GAAP and non-GAAP fully allocated gross profit and gross margins, estimated GAAP and non-GAAP fully allocated research and development, net, estimated GAAP and non-GAAP fully allocated selling, general and administrative expenses, estimated GAAP and non-GAAP fully allocated operating income and operating margins, non-GAAP other income (expense), net, non-GAAP provision (benefit) for income taxes and non-GAAP effective income tax rate, non-GAAP net income attributable to Verint Systems Inc. common shares, non-GAAP diluted net income per common share attributable to Verint Systems Inc., estimated fully allocated adjusted EBITDA and adjusted EBITDA margins, net debt, additional information regarding Apax Series B investment, non-GAAP segment expenses, non-GAAP shared support expenses and constant currency measures. The tables above include a reconciliation of each non-GAAP financial measure for completed periods presented in this press release to the most directly comparable GAAP financial measure.

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

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

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

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

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

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

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

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

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

•**Amortization of convertible note discount.** Our non-GAAP financial measures exclude the amortization of the imputed discount on our convertible notes. Under GAAP, certain convertible debt instruments that may be settled in cash upon conversion are required to be bifurcated into separate liability (debt) and equity (conversion option) components in a manner that reflects the issuer's assumed non-convertible debt borrowing rate. For GAAP purposes, we are required to recognize imputed interest expense on the difference between our assumed non-convertible debt borrowing rate and the coupon rate on our 1.50% convertible notes. This difference is excluded from our non-GAAP financial measures because we believe that this expense is based upon subjective assumptions and does not reflect the cash cost of our convertible debt.

CIS Supplemental Info Non-GAAP Measures

• **Expenses and losses on debt modification or retirement.** We exclude from our non-GAAP financial measures losses on early retirements of debt attributable to refinancing or repaying our debt, and expenses incurred to modify debt terms, because we believe they are not reflective of our ongoing operations.

• **Change in fair value of future tranche right.** On December 4, 2019, we entered into an Investment Agreement with an affiliate of Apax Partners (the "Apax Investor"), whereby the Apax Investor agreed to make an investment in us of up to \$400.0 million of convertible preferred stock. In connection with the Apax Investor's first \$200.0 million investment on May 7, 2020 (for 200,000 shares of Series A Preferred Stock), we determined that our obligation to issue, and the Apax Investor's obligation to purchase the Series B Preferred Stock in connection with the completion of the spin-off of our Cyber Intelligence Solutions business and other customary closing conditions (the "Future Tranche Right") meets the definition of a freestanding financial instrument. This Future Tranche Right is reported at fair value as an asset or liability on our consolidated balance sheet and is remeasured at fair value each reporting period until the settlement of the right (at the time of issuance of the Series B Preferred Stock), with changes in its fair value recognized as a non-cash charge or benefit within other income (expense), net on the consolidated statement of operations. We are excluding this change in fair value of the Future Tranche Right from our non-GAAP financial measures because it is unusual in nature, can vary significantly in amount, and is unrelated to our ongoing operations.

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

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

• **Separation expenses.** On February 1, 2021, we completed the spin-off of our Cyber Intelligence business into a separate, independent publicly traded company, Cognyte Software Ltd. We have incurred and expect to incur, significant expenses 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 IT expenses 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.

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

• **Non-GAAP income tax adjustments.** We exclude our GAAP provision (benefit) for income taxes from our non-GAAP measures of net income attributable to Verint Systems Inc., and instead include a non-GAAP provision for income taxes, determined by applying a non-GAAP effective income tax rate to our income before provision for income taxes, as adjusted for the non-GAAP items described above. The non-GAAP effective income tax rate is generally based upon the income taxes we expect to pay in the reporting year. Our GAAP effective income tax rate can vary significantly from year to year as a result of tax law changes, settlements with tax authorities, changes in the geographic mix of earnings including acquisition activity, changes in the projected realizability of deferred tax assets, and other unusual or period-specific events, all of which can vary in size and frequency. We believe that our non-GAAP effective income tax rate removes much of this variability and facilitates meaningful comparisons of operating results across periods. Our non-GAAP effective income tax rates for the year ended January 31, 2021 is 6%, and was 8% for the year ended January 31, 2020, and was 11% for the year ended January 31, 2019. We evaluate our non-GAAP effective income tax rate on an ongoing basis, and it can change from time to time. Our non-GAAP income tax rate can differ materially from our GAAP effective income tax rate.

Cyber Intelligence Recurring and Nonrecurring Revenue Metrics

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

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

CIS Supplemental Info Non-GAAP Measures

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

Adjusted EBITDA

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

Net Debt

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

Supplemental Information About Constant Currency

Because we operate on a global basis and transact business in many currencies, fluctuations in foreign currency exchange rates can affect our consolidated U.S. dollar operating results. To facilitate the assessment of our performance excluding the effect of foreign currency exchange rate fluctuations, we calculate our GAAP and non-GAAP revenue, cost of revenue, and operating expenses on both an as-reported basis and a constant currency basis, allowing for comparison of results between periods as if foreign currency exchange rates had remained constant. We perform our constant currency calculations by translating current-period foreign currency results into U.S. dollars using prior-period average foreign currency exchange rates or hedge rates, as applicable, rather than current period exchange rates. We believe that constant currency measures, which exclude the impact of changes in foreign currency exchange rates, facilitate the assessment of underlying business trends.

Unless otherwise indicated, our financial outlook for revenue, operating margin, and diluted earnings per share, which is provided on a non-GAAP basis, reflects foreign currency exchange rates approximately consistent with rates in effect when the outlook is provided.

We also incur foreign exchange gains and losses resulting from the revaluation and settlement of monetary assets and liabilities that are denominated in currencies other than the entity's functional currency. We periodically report our historical non-GAAP diluted net income per share both inclusive and exclusive of these net foreign exchange gains or losses. Our financial outlook for diluted earnings per share includes net foreign exchange gains or losses incurred to date, if any, but does not include potential future gains or losses.