



Value Base Group's 2024 Value Creation Plan for Cognyte Software Ltd. (Nasdaq: CGNT)



Executive Summary

- Cognyte Software Ltd. ("CGNT" or the "Company") represent attractive investment opportunity derived by its great track record, presence and good reputation amongst its customers. **However**, Company's share **trades at a very disappointing** example, it trades at **low multiple of 1.3X (EV/Sales) vs. peer group average multiple of 7.0X**.
- We estimate that the main reasons for such undervaluation are:
 - Board misalignment with shareholders' interest & poor corporate governance practices.
 - Insufficient growth and weak financial performance
 - Lack of transparency
 - Lack of communication with shareholders and potential investors
 - Lack of medium and long term vision
- During Mr. Shanks tenure as a board member (including as chairman) the company's **share price plummeted 75%**. While in his position, Mr. Shanks has been failing to (among else):
 - Attend to concerns raised by the Company's shareholders.
 - Amend the Company's flawed corporate governance practices.
 - Adopt a transparent, effective and incentivizing compensation package to the CEO.
 - Improve the transparency of communications and disclosures provided by the Company.
 - Create a long-term, ambitious strategic plan, coherently and effectively communicated to the market.
- Following a rejection of the CEO compensation plan (the "Plan") during 2023's AGM, the board, led by Mr. Shanks, has approved substantially the **same plan** in this year's AGM.
- The Plan is flawed in many material respects, is not transparent and is not aligned with shareholders' interests.
- We propose to nominate to the board a highly skilled professional, Tal Yaacobi, Value Base Fund's managing partner, investor and experienced advisor that will **bring to the board the shareholders' perspective, challenge the existing status quo and will work immediately to bring additional needed skills to the board**, to the benefit of the Company and all shareholders.
- We also offer to harness VB's capabilities as a prominent investment house in Israel to support the Company.





Executive Summary

- We encourage the shareholders to vote as follows:
 - ***AGAINST the reelection of Mr. Earl Shanks.*** Who failed to maximize shareholder value and the c his tenure for 3 more years is misaligned with shareholders.
 - ***AGAINST the approval of the flawed compensation structure of the CEO,*** that is not transparent, with shareholders interest and is similar to the plan that was rejected a year ago.
 - ***FOR the appointment of Tal Yaacobi*** to the board.
 - The board decided to structure the AGM vote on board membership as a plurality vote, w shareolders from the choice of adding Tal Yaacobi as an additional board member. **Therefor** **AGAINST Earl Shanks, and FOR Tal Yaacobi will make a difference!!!**





Who we are?

- We are CGNT's largest shareholder.
- Value Base Ltd. and its affiliates own approximately 9.33% of CGNT's ordinary shares.
 - This represents a capital investment of approximately \$50 million USD.
- We are a leading investment banking group in Israel offering a wide range of financial services and strategic financial co
- We have special expertise in capital markets with extensive experience in initiating and managing complex transactio industries.
- We initiate and manage complex investment transactions for clients, oversee public and private offerings, supp acquisitions transactions, and represents leading international investment entities in Israel.
- We primarily target significant positions in publicly traded and private Israeli companies with proven business alongside their management to enhance their value and achieve capital appreciation.
 - This is precisely what we have attempted to do with CGNT and continue to work towards, despite manage unwillingness to collaborate with us.





Why Tal Yaacobi?

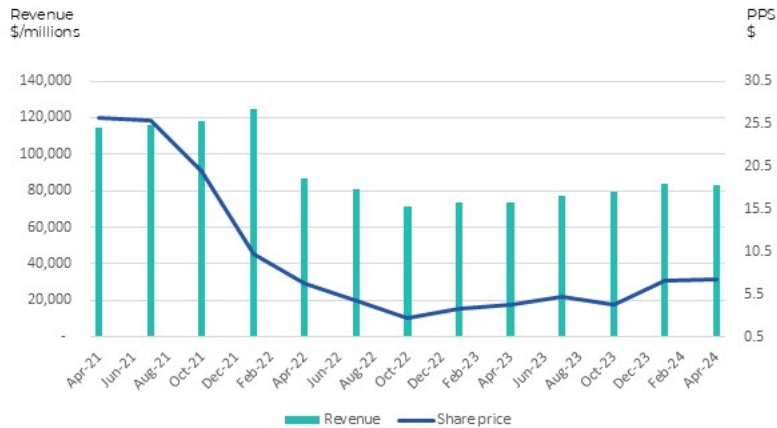
- Tal Yaacobi is the Managing Partner of Value Base Fund and has over twenty years of experience in investment management and strategic consulting.
- Mr. Yaacobi previously served as a partner at Shamrock Israel Growth Fund, an affiliate of the private investment company of the Roy E. Disney family, where he led investments and value creation in a range of Israeli companies, guiding them to successful exits for the fund.
- Prior to his work at Shamrock, Mr. Yaacobi worked as a strategic consultant at McKinsey in New York.
- Mr. Yaacobi is a certified public accountant and holds an MBA with distinction from Cornell University.
- Mr. Yaacobi will bring important shareholder insights and significant capital markets expertise to the Board room and will be backed by VB's significant resources commensurate with those of a leading investment firm with a superb track record of creating shareholder value.



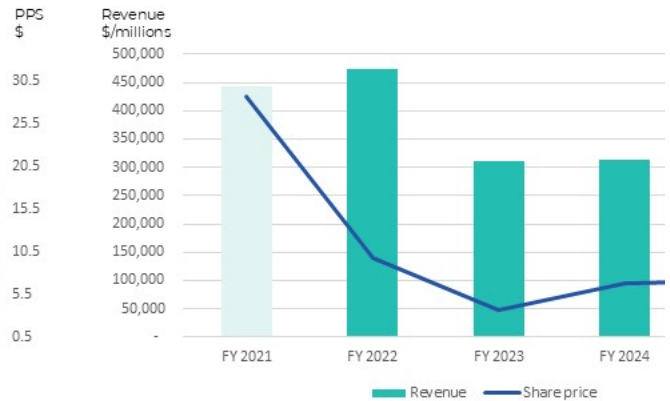


Company's growth & share price have been underperforming

Quarterly Revenue & Share price¹



Annual Revenue & Share price^{1,2}



Unfortunately for shareholders, the Board took an artificially short investment horizon to support its alleged "achievements"



¹ Share price as of the end of each fiscal quarter/fiscal year.

² FY 2021 is the last year as a subsidiary of Verint. FYE2025 is based on management guidance.

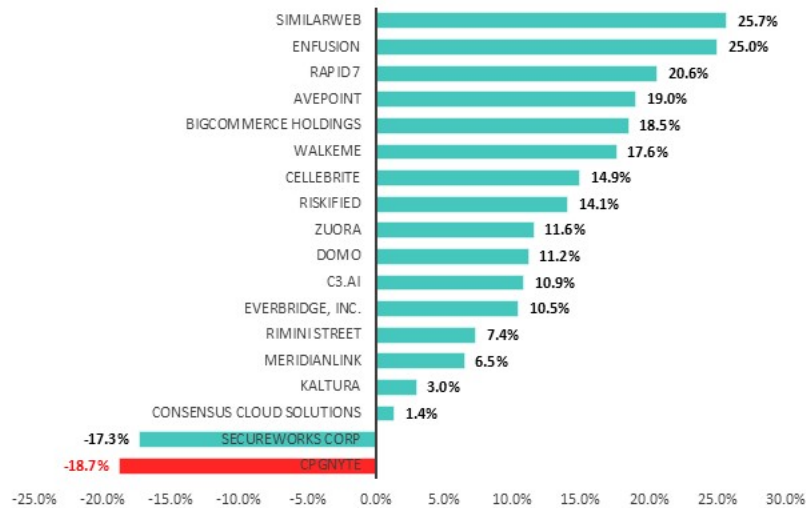
Source: Company presentation of August 20, 2024.

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The Board compares Cognyte with an irrelevant peer group, and still on performance vs. this self-selected group

Revenue CAGR 2021-2023¹ %



- The Board purposefully selected these peers in an attempt to justify CGNT's flawed CEO compensation package
- Nevertheless, even within this group, the Company's performance fell significantly short.



¹ For CGNT it is FY 2022-FY2024 – as its fiscal year end on January 31
Source: Bloomberg, VBF Analysis



CGNT's growth has been worse when compared with a more relevant group¹



- When looking at a relevant group consisting of software businesses that are relevant to data analysis, it is apparent that CGNT is far away from the company's fulfilling its potential.
- Certainly, these companies have experienced business challenges presented by COVID-19 and the post-pandemic recovery. However, has CGNT not been able to match their performance?

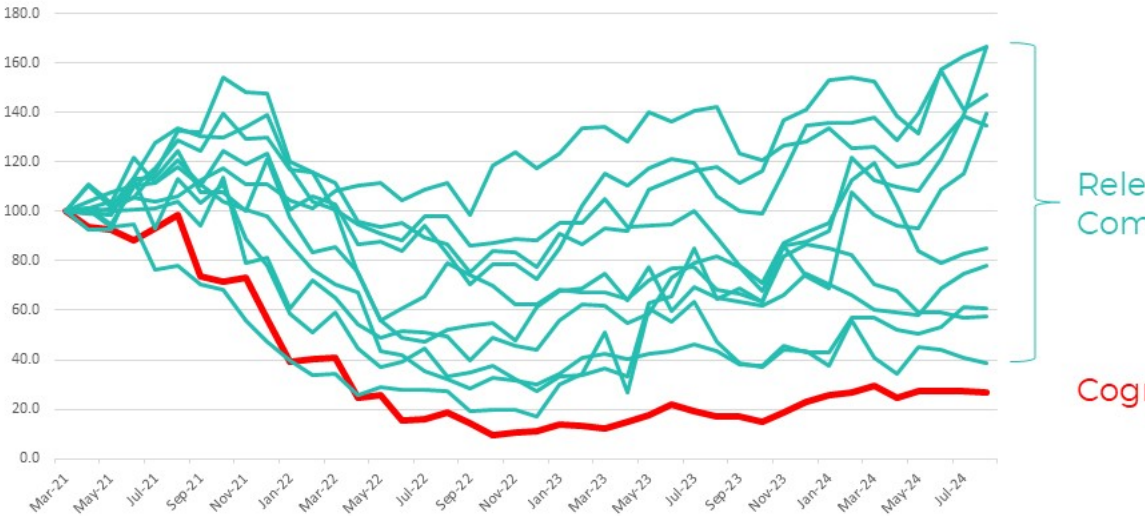


¹ See appendix for description of the relevant peer group
² For CGNT it is FY 2022-FY2024 – as its fiscal year end on January 31
Source: Bloomberg, VBF Analysis



Massive shareholders' value destruction since IPO

Relevant Peer group stock price performance 03-2021 – 08-2024
Index



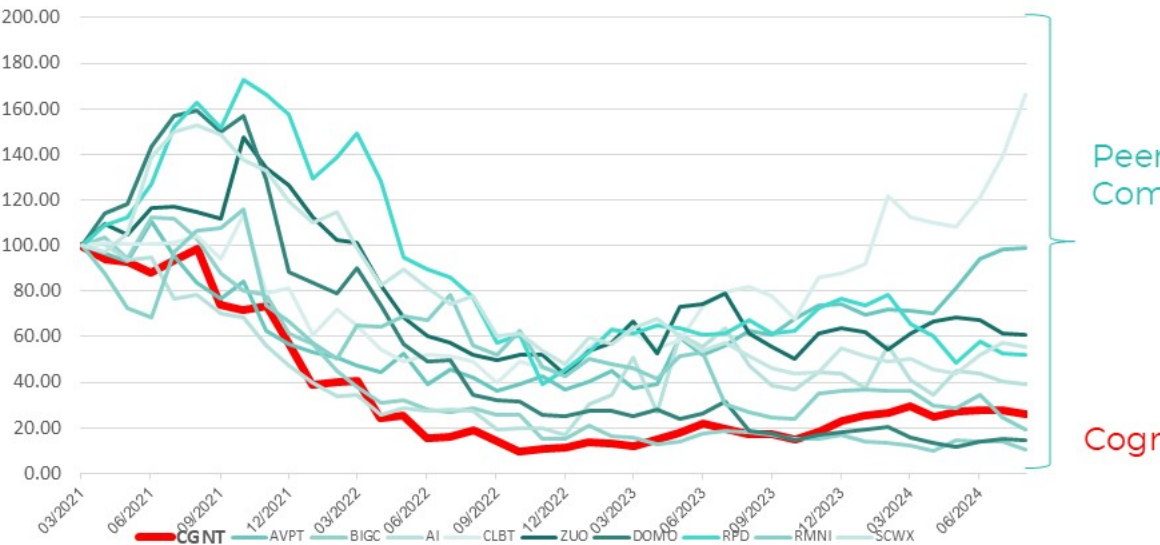
Lack of transparency and ignoring shareholders came with a price at the shareholders expense during Mr. Shanks tenure

¹ See Appendix for company names



Stock performance has been poor even among the irrelevant “Proxy Pe

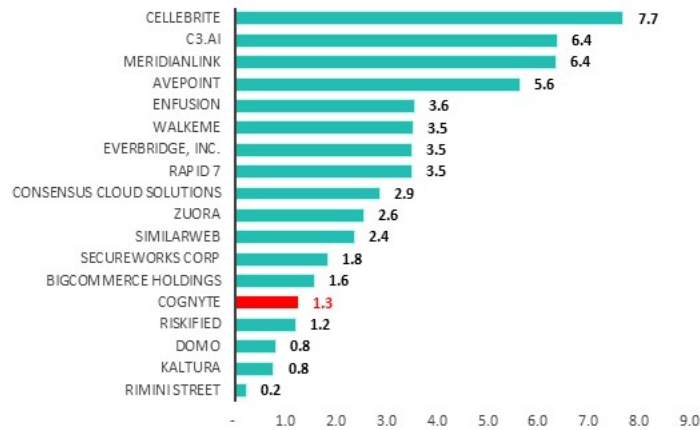
“Proxy Peer” group stock price performance 03-2021 – 08-2024
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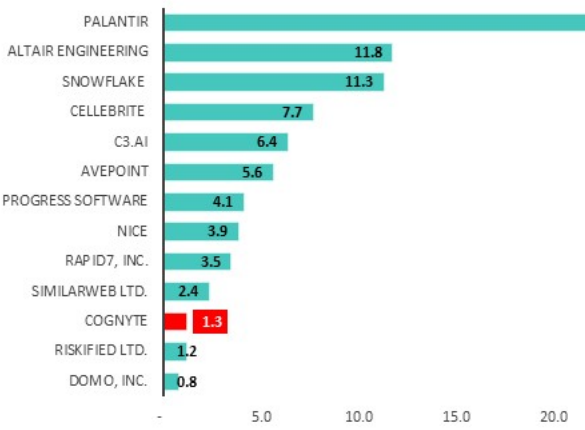


Current trading multiples do not reflect Cognyte's potential

EV / Revenue 2024E ('Proxy Peers')
Multiple



EV / Revenue 2024E (Relevant Peer Group)
Multiple



The market doesn't see CGNT's potential with the current leadership in place because of CGNT's repeated governance and strategic failures (No matter what peer group we use)





Poor leadership by the Chairman of the board

Contempt to
shareholder's will

- Following a rejection of the CEO compensation plan (the "Plan") during 2023's AGM led by Mr. Shanks is bringing substantially the same plan to vote at this year's AGM

Lack of Attention to
Shareholders'
Feedback

- Value Base, and other shareholders prior to VB, introduced the Board to influential individuals with strong software and/or defense industry backgrounds for consideration for director positions, but CGNT failed to act on these recommendations that significantly enhanced CGNT's Board's skills, experience, and expertise.
- Value Base raised significant concerns with respect to the CEO compensation plan offered to assist with implementing a new compensation scheme that appropriately management with shareholders' interests, but CGNT refused to adjust the program

Lack of communication
with the capital
markets

- Chairman Shanks has not initiated meaningful changes to CGNT's weak disclosure
- CGNT's failure to effectively promote the company's story to the capital markets damage shareholder value.

Failure to adopt
strategic plan

- The board, under Mr. Shanks leadership, failed to adopt a long-term strategy coherently and effectively communicated to the market.





Despite last year's rejection, shareholders are being asked to approve the same flawed CEO compensation plan

Misalignment with shareholder's interest

- Significant time-based equity
- Insufficient proportion of performance-based equity – very low pay 'at risk'
- Shareholder dilution and grants of equity at a low share price which is inappropriate management for previous failures
- No long term performance based incentive
- Misalignment of performance measures compared to standard software company

Lack of transparency

- Persistent failure to communicate the target measures required to achieve bonuses
 - This prevents shareholders from assessing the rigor of the plan targets

Disincentivizing plan

- **Time based equity denominated in fixed dollars rather than in (low) number of shares** – the lower the share price is, the larger number of shares the CEO gets!!!





Tal Yaacobi will work to expedite value creation

Bring
shareholders'
perspective with
an immediate
action plan

- Our solution starts with nominating Tal Yaacobi – Value Base Fund's managing partner, to the board of directors. Mr. Yaacobi's nomination will serve as a catalyst to:
 - Bring the, urgently needed, **right talent to the board**
 - Mr. Yaacobi will immediately strive to be appointed to the nomination committee of the board to nominate at least 2 U.S.-based board members with real industry expertise (e.g., in defense), in leadership positions, including chairman of the board.
 - Bring the **right performance measures** to the Company's compensation design, focusing on growth, recurring revenue, long term contracts, large customers, cash flow, instead of EBITDA and collections.
 - Structure an appropriate **incentive plan** that aligns management and shareholders' interests.
 - Craft **capital market communication strategy** to effectively tell CGNT's story to the market.
 - Amend the Company's failing **corporate governance practices**.
- Mr. Yaacobi's aim is to embark on this endeavor IMMEDIATELY. We assume the process will take several months following Tal's appointment to the board.





At the 2024 Annual General Meeting we:

- **Depart from a chairman** that is not promoting value creation
- **Appoint a committed shareholders' board nominee** to serve as a catalyst for value creation
- Restructure management **incentive** plan





DISCLAIMER

Special note regarding this communication:

This communication is for informational purposes only and is not a recommendation, an offer to purchase or a solicitation of an offer to sell shares. This communication reflects our current views on the value of the Company's shares and certain actions that the Board may take to enhance the value of its shares. Our views are based on our analysis of publicly available information and assumptions we believe to be reasonable. There can be no assurance that the information we considered and analyzed is accurate or that our assumptions are correct. Similarly, there can be no assurance that our assumptions are correct. The Company's performance and results may differ materially from our assumptions and our views and our holdings could change at any time. We may sell any or all of our holdings or increase our holdings by purchasing additional shares. We may take other actions regarding the company without updating this communication or providing any notice whatsoever of any such changes (except as otherwise required by law).

Forward-looking Statements:

Certain statements contained in this communication are forward-looking statements including, but not limited to, statements that are predictions of or indicate future trends, plans or objectives. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties. Forward-looking statements are not guarantees of future performance or activities and are subject to many risks and uncertainties. Due to such risks and uncertainties, actual events or results or actual performance may differ materially from those reflected or contemplated in such forward-looking statements. Forward-looking statements are identified by the use of the future tense or other forward-looking words such as "believe," "expect," "anticipate," "intend," "plan," "estimate," "should," "may," "could," "objective," "projection," "forecast," "continue," "strategy," "position" or the negative of those terms or other variations of them or by comparable terminology. Factors that could cause actual results to differ materially from the expectations set forth in this communication include, among other things, the factors identified in the Company's public filings. Such forward-looking statements should therefore be construed in light of such factors, and we are under no obligation, and expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.





Appendix – Relevant Peer Group Companies

Snowflake Inc. (SNOW)	Snowflake is a cloud-based data warehousing company. It provides a platform that allows organizations to consolidate, query, and manage data in a secure and scalable environment. Snowflake is known for its ability to separate storage and compute, which offers flexibility and efficiency in data management.
Smartsheet Inc. (SMAR)	Smartsheet is a software platform designed for work management and automation. It allows teams to manage projects, workflows, and collaboration efforts efficiently. The platform is popular for its user-friendly interface and ability to integrate with other enterprise systems.
ServiceNow, Inc. (NOW)	ServiceNow provides enterprise cloud computing solutions, with a focus on automating IT service management (ITSM). The company is widely used for workflow automation, managing digital workflows for global enterprises, and improving organizational efficiency.
Palantir Technologies Inc. (PLTR)	Palantir is a public American software company that specializes in big data analytics. It provides platforms for data integration, security, and analytics, primarily serving government agencies, financial institutions, and commercial enterprises to solve complex problems.
Cellebrite DI Ltd. (CLBT)	Cellebrite is a leader in digital intelligence solutions, providing tools for law enforcement, government agencies, and enterprise security to manage, analyze, and investigate digital data. The company is known for its role in digital forensics and investigative analytics.
Progress Software Corporation (PRGS)	Progress Software develops and sells software that enables enterprises to build and deploy business applications. The company's offerings include a range of tools for developing applications, connecting and integrating data, and managing infrastructure.
NICE Ltd. (NICE)	NICE is an Israeli multinational company that provides software solutions for customer experience management, financial crime, and compliance. Their offerings include advanced analytics, AI-driven automation, and cloud-based contact center solutions.
C3.ai, Inc. (AI)	C3.ai offers an enterprise AI software platform that helps organizations design, develop, and deploy AI applications at scale. The company focuses on various industries including energy, healthcare, financial services, and government sectors.
Pegasystems Inc. (PEGA)	Pegasystems provides a software platform for customer engagement and operational excellence. The company's solutions enable businesses to improve customer interactions, automate workflows, and streamline business processes using AI and machine learning.
Altair Engineering Inc. (ALTR)	Altair is a global technology company that provides software and cloud solutions in simulation, high-performance computing (HPC), and artificial intelligence (AI). The company's products help customers in various industries innovate and make data-driven decisions.

