UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended July 31, 2025

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______________ to __________________.

Commission File No. 001-34807

VERINT

Verint Systems Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	11-3200514
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
225 Broadhollow Road Melville, New York	11747
(Address of Principal Executive Offices)	(Zip Code)

(631) 962-9600

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $.001 par value per share	**VRNT**	**The NASDAQ Stock Market, LLC (NASDAQ Global Select Market)**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

There were 60,333,678 shares of the registrant's common stock outstanding on August 15, 2025.

Verint Systems Inc. and Subsidiaries
Index to Form 10-Q
As of and For the Period Ended July 31, 2025

Cautionary Note on Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, the provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include, but are not limited to, financial projections, statements of plans and objectives for future operations, statements of future economic performance, and statements of assumptions relating thereto. Forward-looking statements may appear throughout this report, including without limitation, in Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and are often identified by future or conditional words such as "will", "plans", "expects", "intends", "believes", "seeks", "estimates", or "anticipates", or by variations of such words or by similar expressions. There can be no assurance that forward-looking statements will be achieved. By their very nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause our actual results or conditions to differ materially from those expressed or implied by such forward-looking statements. Important risks, uncertainties, assumptions, and other factors that could cause our actual results or conditions to differ materially from our forward-looking statements include, among others:

- the ability of the parties to consummate the Merger (as defined herein) in a timely manner or at all;
- the satisfaction (or waiver) of closing conditions to the consummation of the Merger, including the receipt of certain regulatory approvals and approval by our stockholders;
- potential delays in consummating the Merger;
- the occurrence of any event, change or other circumstance or condition that could give rise to the termination of the Merger Agreement (as defined herein), including in circumstances that require us to pay the Company Termination Fee (as defined in the Merger Agreement);
- significant transaction costs associated with the Merger;
- potential litigation relating to the Merger;
- the risk that disruptions from the Merger will harm our business, including current plans and operations (including risks related to diverting management's attention from our ongoing business operations);
- potential adverse reactions or changes to business relationships resulting from the announcement or completion of the Merger;
- uncertainties regarding the impact of changes in macroeconomic and/or global conditions, including as a result of slowdowns, recessions, economic instability, actual or threatened tariffs or trade wars, elevated interest rates, tightening credit markets, inflation, instability in the banking sector, political unrest, armed conflicts, epidemics or pandemics, or natural disasters, as well as the resulting impact on spending by customers or partners, on our business;
- risks that our customers or partners delay, downsize, cancel, or refrain from placing orders or renewing subscriptions or contracts, or are unable to honor contractual commitments or payment obligations due to challenges or uncertainties in their budgets, headcount, liquidity, businesses, strategies, priorities, or operations;
- risks associated with our ability to keep pace with or respond to technological advances, such as the advancement and proliferation of artificial intelligence ("AI") and evolving industry standards and challenges, including: achieving, demonstrating, and maintaining the competitive differentiation of our solution platform; adapting to changing market potential from area to area within our markets; and successfully developing, launching, executing and driving demand for new and enhanced, innovative, high-quality products and services, while simultaneously preserving our legacy businesses and migrating away from areas of commoditization;
- risks due to aggressive competition in all of our markets and our ability to keep pace with competitors, some of whom may be able to innovate or grow faster than us or may have greater resources than us, including in areas such as sales and marketing, brand recognition, technological innovation and development, and recruiting and retention;
- risks associated with our ability to properly execute on our software as a service ("SaaS") strategy, the increased importance of new subscriptions and renewals and associated term lengths, and risk of increased variability in our period-to-period results based on the mix, terms, and timing of our transactions;

- challenges associated with selling sophisticated solutions and cloud-based solutions, which may incorporate newer technologies, such as AI, whose adoption, value, and use-cases are still emerging (and may present risks of their own), including with respect to longer sales cycles, more complex sales processes and customer evaluation and approval processes, more complex contractual and information security requirements, and assisting customers in understanding and realizing the benefits of our solutions and technologies (including versus those of our competitors), as well as with developing, offering, implementing, and maintaining an enterprise-class, broad solution portfolio;

- risks associated with our ability to or costs to retain, recruit, and train qualified personnel and management in regions in which we operate either physically or remotely, including in areas of emerging technology such as AI, due to competition for talent, increased labor costs, applicable regulatory requirements, or otherwise;

- risks relating to our ability to properly identify and execute on growth or strategic initiatives, manage investments in our business and operations, and enhance our existing operations and infrastructure, including the proper prioritization and allocation of limited financial and other resources;

- risks that we may be unable to maintain, expand, or enable our relationships with partners as part of our growth strategy, including partners with whom we may overlap or compete, while avoiding excessive concentration with one or more partners;

- risks associated with our reliance on third-party suppliers, partners, or original equipment manufacturers ("OEMs") for certain services, products, or components, including companies that may compete with us or work with our competitors;

- risks associated with our significant international operations, including exposure to regions subject to political or economic instability or hostilities, fluctuations in foreign exchange rates, inflation, increased financial accounting, tax, and reporting burdens and complexities, and challenges associated with a significant portion of our cash being held overseas;

- risks associated with a significant part of our business coming directly or indirectly from government contracts, and associated procurement processes and regulatory requirements;

- risks associated with our ability to identify suitable targets for acquisition or investment or successfully compete for, consummate, and implement mergers and acquisitions, including risks associated with valuations, legacy liabilities, reputational considerations, capital constraints, costs and expenses, maintaining profitability levels, expansion into new areas, management distraction, post-acquisition integration activities, and potential asset impairments;

- risks associated with complex and changing domestic and foreign regulatory environments, including, among others, with respect to data privacy, AI, cyber/information security, government contracts, anti-corruption, trade compliance, climate change or other environmental, social and governance matters, tax, and labor matters, relating to our own operations, the products and services we offer, and/or the use of our solutions by our customers;

- risks associated with the development and use of AI, including regulatory, social, or ethical issues, as well as our ability to capitalize on and benefit from the advancement and proliferation of AI;

- risks associated with the mishandling or perceived mishandling of sensitive or confidential information and data, including personally identifiable information or other information that may belong to our customers or other third parties, including in connection with our SaaS or other hosted or managed services offerings or when we are asked to perform service or support;

- risks that our solutions or services, or those of third-party suppliers, partners, or OEMs which we use in or with our offerings or otherwise rely on, including third-party hosting platforms, may contain defects, develop operational problems, or be subject to security vulnerabilities or lapses, including cyber-attacks, information technology system breaches, failures, or disruptions;

- risks associated with our reliance on third parties to provide certain cloud hosting or other cloud-based services to us or our customers, including the risk of service disruptions, data breaches, or data loss or corruption;

- risks that our intellectual property ("IP") rights may not be adequate to protect our business or assets or that others may make claims on our IP, claim infringement on their IP rights, or claim a violation of their license rights, including relative to free or open source components we may use;

- risks associated with leverage resulting from our current debt position or our ability to incur additional debt, including with respect to liquidity considerations, covenant limitations and compliance, fluctuations in interest rates, dilution considerations (with respect to our convertible notes), and our ability to maintain our credit ratings;
- risks that we may experience liquidity or working capital issues and risks that financing or refinancing sources may be unavailable to us on reasonable terms or at all;
- risks associated with changing accounting principles or standards, tax laws and regulations, tax rates, and the continuing availability of expected tax benefits;
- risks relating to the adequacy of our existing infrastructure, systems, processes, policies, procedures, internal controls, and personnel, and our ability to successfully implement and maintain enhancements to the foregoing, for our current and future operations and reporting needs, including related risks of financial statement omissions, misstatements, restatements, or filing delays;
- risks associated with market volatility in the prices of our common stock and convertible notes based on our performance, third-party or market speculation or publications, or other factors, and risks associated with actions of activist stockholders; and
- risks associated with Apax Partners' significant ownership position and potential that its interests will not be aligned with those of our common stockholders.

These risks, uncertainties, assumptions, and challenges, as well as other factors, are discussed in greater detail in "Risk Factors" under Item 1A of our Annual Report on Form 10-K for the year ended January 31, 2025 and in the "Risk Factors" section in Part II, Item 1A, of this report. You are cautioned not to place undue reliance on forward-looking statements, which reflect our management's view only as of the date of this report. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made, except as otherwise required under the federal securities laws. If we were in any particular instance to update or correct a forward-looking statement, investors and others should not conclude that we would make additional updates or corrections thereafter except as otherwise required under the federal securities laws.

Important Information and Where to Find It

This document may be deemed to be solicitation material in respect of the transaction between Verint, Parent and Merger Sub (each as defined herein). Verint expects to announce a special meeting of stockholders as soon as practicable to obtain stockholder approval of the proposed transaction. In connection with the transaction, Verint intends to file relevant materials with the Securities and Exchange Commission (the "SEC"), including a proxy statement in preliminary and definitive form. INVESTORS ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT, CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE TRANSACTION AND THE PARTIES TO THE TRANSACTION. Investors may obtain a free copy of these materials (when they are available) and other documents filed by Verint with the SEC at the SEC's website at www.sec.gov, at Verint's website at www.verint.com or by sending a written request to Verint in care of the Corporate Secretary, at Verint Systems Inc., 225 Broadhollow Road, Melville, New York 11747.

Participants in the Solicitation

The directors and executive officers of Verint, and other persons, may be deemed to be participants in the solicitation of proxies in respect of the transaction. Information regarding Verint's directors and executive officers is available in Verint's definitive proxy statement filed with the SEC on May 8, 2025 in connection with Verint's 2025 annual meeting of stockholders. This document can be obtained free of charge from the sources indicated above. Other information regarding persons who may be deemed participants in the solicitation of proxies and a description of their interests, by security holdings or otherwise, will be included in the proxy statement relating to the transaction (when available) and other relevant materials to be filed with the SEC.

Part I

Item 1. Financial Statements

VERINT SYSTEMS INC. AND SUBSIDIARIES
Index to Condensed Consolidated Financial Statements (Unaudited)

VERINT SYSTEMS INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Unaudited)

(in thousands, except share and per share data)	July 31, 2025	January 31, 2025
Assets		
Current Assets:		
Cash and cash equivalents	$ 174,968	$ 215,707
Short-term investments	434	1,344
Accounts receivable, net of allowance for credit losses of $1.8 million and $1.8 million, respectively	153,733	203,113
Contract assets, net	88,257	91,605
Inventories	14,877	14,311
Prepaid expenses and other current assets	66,937	52,692
Total current assets	**499,206**	**578,772**
Property and equipment, net	46,726	48,708
Operating lease right-of-use assets, net	28,654	27,337
Goodwill	1,413,859	1,386,734
Intangible assets, net	70,423	80,538
Other assets	173,020	167,960
Total assets	**$ 2,231,888**	**$ 2,290,049**
Liabilities, Temporary Equity, and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 23,406	$ 25,457
Accrued expenses and other current liabilities	114,295	138,187
Debt, current	413,536	100,000
Contract liabilities	221,738	255,039
Total current liabilities	**772,975**	**518,683**
Long-term debt	—	312,753
Long-term contract liabilities	12,185	13,018
Operating lease liabilities	30,453	29,094
Other liabilities	80,834	90,906
Total liabilities	**896,447**	**964,454**
Commitments and Contingencies		
Temporary Equity:		
Preferred Stock — $0.001 par value; authorized 2,207,000 shares		
Series A Preferred Stock; 200,000 shares issued and outstanding at July 31, 2025 and January 31, 2025, respectively; aggregate liquidation preference and redemption value of $200,667 and $204,667 at July 31, 2025 and January 31, 2025, respectively.	200,628	200,628
Series B Preferred Stock; 200,000 shares issued and outstanding at July 31, 2025 and January 31, 2025, respectively; aggregate liquidation preference and redemption value of $200,667 and $204,667 at July 31, 2025 and January 31, 2025, respectively.	235,693	235,693
Total temporary equity	**436,321**	**436,321**
Stockholders' Equity:		
Common stock — $0.001 par value; authorized 240,000,000 shares; issued 60,389,000 and 62,135,000 shares; outstanding 60,389,000 and 62,135,000 shares at July 31, 2025 and January 31, 2025, respectively.	60	62
Additional paid-in capital	968,427	981,862
Retained earnings	49,798	57,864
Accumulated other comprehensive loss	(121,945)	(152,939)
Total Verint Systems Inc. stockholders' equity	**896,340**	**886,849**
Noncontrolling interest	2,780	2,425
Total stockholders' equity	**899,120**	**889,274**
Total liabilities, temporary equity, and stockholders' equity	**$ 2,231,888**	**$ 2,290,049**

See notes to condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

(in thousands, except per share data)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Six Months Ended July 31, 2025	Six Months Ended July 31, 2024
Revenue:				
Recurring	$ 165,521	$ 163,229	$ 339,144	$ 336,757
Nonrecurring perpetual	22,873	23,834	39,894	48,734
Nonrecurring professional services and other	19,613	23,107	37,066	45,956
Total revenue	**208,007**	**210,170**	**416,104**	**431,447**
Cost of revenue:				
Recurring	39,077	36,303	81,185	72,226
Nonrecurring perpetual	9,712	8,834	16,960	17,608
Nonrecurring professional services and other	16,299	17,966	33,830	35,672
Amortization of acquired technology	2,368	1,641	4,676	2,999
Total cost of revenue	**67,456**	**64,744**	**136,651**	**128,505**
Gross profit	**140,551**	**145,426**	**279,453**	**302,942**
Operating expenses:				
Research and development, net	39,099	35,358	79,740	72,088
Selling, general and administrative	94,540	93,178	184,210	186,454
Amortization of other acquired intangible assets	3,563	3,020	7,082	6,085
Total operating expenses	**137,202**	**131,556**	**271,032**	**264,627**
Operating income	**3,349**	**13,870**	**8,421**	**38,315**
Other income (expense), net:				
Interest income	1,179	1,596	2,642	3,574
Interest expense	(2,337)	(2,593)	(4,836)	(5,184)
Other expense, net	(900)	(2,896)	(404)	(3,394)
Total other expense, net	**(2,058)**	**(3,893)**	**(2,598)**	**(5,004)**
Income before provision for income taxes	**1,291**	**9,977**	**5,823**	**33,311**
Provision for income taxes	2,671	4,254	5,276	12,209
Net (loss) income	**(1,380)**	**5,723**	**547**	**21,102**
Net income attributable to noncontrolling interests	308	192	613	330
Net (loss) income attributable to Verint Systems Inc.	**(1,688)**	**5,531**	**(66)**	**20,772**
Dividends on preferred stock	(4,000)	(4,080)	(8,000)	(9,280)
Net (loss) income attributable to Verint Systems Inc. common shares	**$ (5,688)**	**$ 1,451**	**$ (8,066)**	**$ 11,492**
Net (loss) income per common share attributable to Verint Systems Inc.:				
Basic	**$ (0.09)**	**$ 0.02**	**$ (0.13)**	**$ 0.19**
Diluted	**$ (0.09)**	**$ 0.02**	**$ (0.13)**	**$ 0.18**
Weighted-average common shares outstanding:				
Basic	**60,308**	**61,864**	**61,093**	**62,093**
Diluted	**60,308**	**62,631**	**61,093**	**62,732**

See notes to condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Comprehensive (Loss) Income
(Unaudited)

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands)	2025	2024	2025	2024
Net (loss) income	**$ (1,380)**	**$ 5,723**	**$ 547**	**$ 21,102**
Other comprehensive (loss) income, net of reclassification adjustments:				
Foreign currency translation adjustments	(3,315)	12,721	30,904	5,661
Net increase (decrease) from foreign exchange contracts designated as hedges	225	(61)	109	(327)
(Provision for) benefit from income taxes on net increase (decrease) from foreign exchange contracts designated as hedges	(38)	9	(19)	56
Other comprehensive (loss) income	**(3,128)**	**12,669**	**30,994**	**5,390**
Comprehensive (loss) income	**(4,508)**	**18,392**	**31,541**	**26,492**
Comprehensive income attributable to noncontrolling interests	308	192	613	330
Comprehensive (loss) income attributable to Verint Systems Inc.	**$ (4,816)**	**$ 18,200**	**$ 30,928**	**$ 26,162**

See notes to condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Stockholders' Equity
(Unaudited)

	Verint Systems Inc. Stockholders' Equity							
	Common Stock							
(in thousands)	Shares	Par Value	Additional Paid-in Capital	Retained Earnings / (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total Verint Systems Inc. Stockholders' Equity	Non-controlling Interests	Total Stockholders' Equity
Balances as of January 31, 2025	**62,135**	**$ 62**	**$ 981,862**	**$ 57,864**	**$ (152,939)**	**$ 886,849**	**$ 2,425**	**$ 889,274**
Net income	—	—	—	1,622	—	1,622	305	**1,927**
Other comprehensive income	—	—	—	—	34,122	34,122	—	**34,122**
Stock-based compensation — equity-classified awards	—	—	13,540	—	—	13,540	—	**13,540**
Common stock issued for stock awards and stock bonuses	645	—	—	—	—	—	—	**—**
Common stock repurchased and retired	(2,532)	(2)	(42,322)	—	—	(42,324)	—	**(42,324)**
Distribution to noncontrolling interest	—	—	—	—	—	—	(13)	**(13)**
Balances as of April 30, 2025	**60,248**	**$ 60**	**$ 953,080**	**$ 59,486**	**$ (118,817)**	**$ 893,809**	**$ 2,717**	**$ 896,526**
Net (loss) income	—	—	—	(1,688)	—	(1,688)	308	**(1,380)**
Other comprehensive loss	—	—	—	—	(3,128)	(3,128)	—	**(3,128)**
Stock-based compensation — equity-classified awards	—	—	14,345	—	—	14,345	—	**14,345**
Common stock issued for stock awards and stock bonuses	637	—	10,143	—	—	10,143	—	**10,143**
Common stock repurchased and retired	(496)	—	(9,141)	—	—	(9,141)	—	**(9,141)**
Preferred stock dividends	—	—	—	(8,000)	—	(8,000)	—	**(8,000)**
Distribution to noncontrolling interest	—	—	—	—	—	—	(245)	**(245)**
Balances as of July 31, 2025	**60,389**	**$ 60**	**$ 968,427**	**$ 49,798**	**$ (121,945)**	**$ 896,340**	**$ 2,780**	**$ 899,120**
Balances as of January 31, 2024	**62,738**	**$ 63**	**$ 979,671**	**$ (6,723)**	**$ (142,962)**	**$ 830,049**	**$ 2,617**	**$ 832,666**
Net income	—	—	—	15,241	—	15,241	138	**15,379**
Other comprehensive loss	—	—	—	—	(7,279)	(7,279)	—	**(7,279)**
Stock-based compensation — equity-classified awards	—	—	16,508	—	—	16,508	—	**16,508**
Common stock issued for stock awards and stock bonuses	410	—	—	—	—	—	—	**—**
Common stock repurchased and retired	(1,234)	(1)	(38,117)	—	—	(38,118)	—	**(38,118)**
Distribution to noncontrolling interest	—	—	—	—	—	—	(245)	**(245)**
Balances as of April 30, 2024	**61,914**	**62**	**958,062**	**8,518**	**(150,241)**	**816,401**	**2,510**	**818,911**
Net income	—	—	—	5,531	—	5,531	192	**5,723**
Other comprehensive income	—	—	—	—	12,669	12,669	—	**12,669**
Stock-based compensation — equity-classified awards	—	—	20,172	—	—	20,172	—	**20,172**
Common stock issued for stock awards and stock bonuses	559	—	5,939	—	—	5,939	—	**5,939**
Common stock repurchased and retired	(467)	—	(14,990)	—	—	(14,990)	—	**(14,990)**
Preferred stock dividends	—	—	—	(9,680)	—	(9,680)	—	**(9,680)**
Balances as of July 31, 2024	**62,006**	**$ 62**	**$ 969,183**	**$ 4,369**	**$ (137,572)**	**$ 836,042**	**$ 2,702**	**$ 838,744**

See notes to condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Six Months Ended July 31, 2025	Six Months Ended July 31, 2024
Cash flows from operating activities:		
Net income	$ 547	$ 21,102
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	26,056	22,932
Stock-based compensation, excluding cash-settled awards	32,242	41,784
Other, net	(5,504)	756
Changes in operating assets and liabilities, net of effects of business combinations:		
Accounts receivable	51,218	33,506
Contract assets	4,069	(10,870)
Inventories	(1,143)	(1,528)
Prepaid expenses and other assets	(18,543)	(1,821)
Accounts payable and accrued expenses	(6,159)	(21,804)
Contract liabilities	(37,904)	(22,926)
Deferred income taxes	2,757	254
Other, net	(2,202)	3,195
Net cash provided by operating activities	**45,434**	**64,580**
Cash flows from investing activities:		
Cash paid for asset acquisitions and business combinations, including adjustments, net of cash acquired	(299)	(10,356)
Divestitures, net of cash divested	—	2,300
Purchases of property and equipment	(6,056)	(7,868)
Purchases of investments	—	(330)
Maturities and sales of investments	908	228
Cash paid for capitalized software development costs	(5,602)	(5,701)
Change in restricted bank time deposits, and other investing activities, net	(5)	—
Net cash used in investing activities	**(11,054)**	**(21,727)**
Cash flows from financing activities:		
Repayments of borrowings and other financing obligations	(472)	(1,166)
Purchases of treasury stock and common stock for retirement	(51,076)	(52,912)
Preferred stock dividend payments	(16,000)	(20,080)
Payments of debt-related costs	(2,262)	(244)
Distributions paid to noncontrolling interest	(258)	(245)
Payments of contingent consideration for business combinations and asset acquisitions (financing portion)	(8,151)	(3,055)
Cash received for contingent consideration for business divestitures (financing portion)	224	224
Net cash used in financing activities	**(77,995)**	**(77,478)**
Foreign currency effects on cash, cash equivalents, restricted cash, and restricted cash equivalents	2,876	620
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	**(40,739)**	**(34,005)**
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of period	**215,707**	**242,669**
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period	**$ 174,968**	**$ 208,664**
Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period to the condensed consolidated balance sheets:		
Cash and cash equivalents	$ 174,968	$ 207,845
Restricted cash and cash equivalents included in prepaid expenses and other current assets	—	819
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	**$ 174,968**	**$ 208,664**

See notes to condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Unless the context otherwise requires, the terms “Verint”, “we”, “us”, and “our” in these notes to condensed consolidated financial statements refer to Verint Systems Inc. and its consolidated subsidiaries.

Verint is a leader in Customer Experience (“CX”) Automation, serving a customer base that includes more than 80 of the Fortune 100 companies. The world’s most iconic brands use the Verint Open Platform and our team of AI-powered bots to deliver tangible AI Business Outcomes, Now™ across the enterprise. Verint is uniquely positioned to help brands increase CX Automation with our differentiated AI-powered Open Platform.

Verint is headquartered in Melville, New York, and has approximately 15 offices worldwide, in addition to a number of on-demand, flexible coworking spaces. We have approximately 3,700 employees plus a few hundred contractors around the globe.

Merger Agreement

As previously disclosed, on August 24, 2025, we entered into an Agreement and Plan of Merger (the “Merger Agreement”) with Calabrio, Inc. (“Parent”), a Delaware corporation, affiliated with the private equity investment firm Thoma Bravo, L.P. (“Thoma Bravo”), and Viking Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (“Merger Sub”), providing for our acquisition by Thoma Bravo in an all-cash transaction valued at approximately $2 billion (the “Merger”). If the Merger is completed, our stockholders will be entitled to receive $20.50 in cash for each share of common stock they hold as of the effective time of the Merger. The Merger is expected to close before the end of our current fiscal year, subject to customary closing conditions, including approval by our stockholders and the receipt of required regulatory approvals. See Note 17 “Subsequent Event” to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for information regarding the Merger.

Apax Convertible Preferred Stock Investment

On December 4, 2019, we announced that an affiliate (the “Apax Investor”) of Apax Partners (“Apax”) would make an investment in us in an amount of up to $400.0 million. Under the terms of the Investment Agreement, dated as of December 4, 2019 (the “Investment Agreement”), on May 7, 2020, the Apax Investor purchased $200.0 million of our Series A convertible preferred stock (“Series A Preferred Stock”). On February 1, 2021, we completed the spin-off (the “Spin-Off”) of Cognyte Software Ltd. (“Cognyte”), a company limited by shares incorporated under the laws of the State of Israel whose business and operations consist of our former Cyber Intelligence Solutions business. In connection with the completion of the Spin-Off, on April 6, 2021, the Apax Investor purchased $200.0 million of our Series B convertible preferred stock (the “Series B Preferred Stock” and together with the Series A Preferred Stock, the “Preferred Stock”). As of July 31, 2025, Apax’s ownership in us on an as-converted basis was approximately 13.6%. Please refer to Note 9, “Convertible Preferred Stock” for a more detailed discussion of the Apax investment.

Preparation of Condensed Consolidated Financial Statements

The condensed consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and on the same basis as the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended January 31, 2025 filed with the U.S. Securities and Exchange Commission (“SEC”). The condensed consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for the periods ended July 31, 2025 and 2024, and the condensed consolidated balance sheet as of July 31, 2025, are not audited but reflect all adjustments that, in the opinion of management, are of a normal recurring nature and that are considered necessary for a fair presentation of the results for the periods shown. The condensed consolidated balance sheet as of January 31, 2025 is derived from the audited consolidated financial statements presented in our Annual Report on Form 10-K for the year ended January 31, 2025. Certain information and disclosures normally included in annual consolidated financial statements have been omitted pursuant to the rules and regulations of the SEC. Because the condensed consolidated interim financial statements do not include all of the information and disclosures required by GAAP for a complete set of financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in our Annual Report on Form 10-K for the year ended January 31, 2025 filed with the SEC. The results for interim periods are not necessarily indicative of a full year's results.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Verint Systems Inc., and our wholly owned or otherwise controlled subsidiaries. Noncontrolling interests in less than wholly owned subsidiaries are reflected within stockholders' equity on our condensed consolidated balance sheet, but separately from our stockholders' equity.

Equity investments in companies in which we have less than a 20% ownership interest and cannot exercise significant influence, and which do not have readily determinable fair values, are accounted for at cost, adjusted for changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer, less any impairment.

We include the results of operations of acquired companies from the date of acquisition. All significant intercompany transactions and balances are eliminated.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Key estimates in the accompanying condensed consolidated financial statements include, among others, revenue recognition, allowances for doubtful accounts, determining the fair value of assets and liabilities assumed in business combinations, recoverability of goodwill, amortization of intangibles, evaluation of contingencies, and the accounting for income taxes. Actual results could differ from those estimates.

Significant Accounting Policies

There have been no material changes in our significant accounting policies during the six months ended July 31, 2025, as compared to the significant accounting policies described in Note 1 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended January 31, 2025.

Recently Adopted Accounting Pronouncements

There have been no recently adopted accounting pronouncements since the filing of our Annual Report on Form 10-K for the year ended January 31, 2025 that may have a material impact on our condensed consolidated financial statements.

New Accounting Pronouncements Not Yet Effective

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures,* which will require greater disaggregation of a reporting entity's effective tax rate reconciliation as well as income taxes paid. ASU No. 2023-09 will be effective for our Annual Report on Form 10-K for the year ending January 31, 2026 and can be applied on a prospective or retrospective basis. As the guidance is a change to disclosure only, it will impact disclosures in our "Income Taxes" footnote within our annual financial statements but will not impact the consolidated financial results.

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*, which will require additional disclosure of the nature of expenses included in the income statement, including disclosures about the specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. ASU No. 2024-03 is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027 on a prospective basis, with early adoption and retrospective adoption permitted. We are currently evaluating the impact of this standard on our condensed consolidated financial statements and disclosures.

In November 2024, the FASB issued ASU 2024-04, *Debt with Conversion and Other Options (Subtopic 470-20)*, which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The ASU is effective for annual and interim reporting periods beginning after December 15, 2025. Early adoption is permitted for entities that have implemented ASU 2020-06, *Debt - Debt With Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40),* with the option to apply the guidance prospectively or retrospectively. We are currently assessing the impact of this standard on our condensed consolidated financial statements.

2. REVENUE RECOGNITION

We derive our revenue primarily from providing customers the right to access our cloud-based solutions, the right to use our software for an indefinite or specified period of time, and related services and support based on when access or control of the software passes to our customers or the services are provided, in an amount that reflects the consideration we expect to be entitled to in exchange for such goods or services. Revenue is reported net of applicable sales and use tax, value-added tax and other transaction taxes imposed on the related transactions, including mandatory government charges that are passed through to our customers.

We determine revenue recognition through the following five steps:

- Identification of the contract, or contracts, with a customer
- Identification of the performance obligations in the contract
- Determination of the transaction price
- Allocation of the transaction price to the performance obligations in the contract
- Recognition of revenue when, or as, performance obligations are satisfied.

We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable.

Disaggregation of Revenue

The following table provides a disaggregation of our recurring and nonrecurring revenue. Recurring revenue is the portion of our revenue that we believe is likely to be renewed in the future. The recurrence of these revenue streams in future periods depends on a number of factors including contractual periods and customers' renewal decisions.

- Recurring revenue primarily consists of:
  - Software as a service (“SaaS”) revenue, which consists predominately of bundled SaaS (software access rights with standard managed services) and unbundled SaaS (software licensing rights accounted for as term-based licenses whereby customers have a license to our software with related support for a specific period).
    - Bundled SaaS revenue is recognized over time.
    - Unbundled SaaS revenue is recognized at a point in time, except for the related support which is recognized over time. Unbundled SaaS contracts are eligible for renewal after the initial fixed term, which in most cases is between a one- and three-year time frame. Unbundled SaaS can be deployed in the cloud, either by us or a cloud partner, or in a customer’s data center or premises.
  - Optional managed services revenue including hosting services.
  - Support revenue, which consists of initial and renewal support on our perpetual licenses.
- Nonrecurring perpetual revenue primarily consists of our perpetual licenses and hardware.
- Nonrecurring professional services and other revenue primarily consists of our installation services, business advisory consulting and training services, and patent royalties.

(in thousands)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Six Months Ended July 31, 2025	Six Months Ended July 31, 2024
Recurring revenue:				
Bundled SaaS revenue	$ 84,897	$ 71,593	$ 166,154	$ 137,288
Unbundled SaaS revenue	53,928	59,511	120,155	134,799
Total SaaS revenue	**138,825**	**131,104**	**286,309**	**272,087**
Optional managed services revenue	6,109	5,569	11,123	10,737
Support revenue	20,587	26,556	41,712	53,933
Total recurring revenue	**165,521**	**163,229**	**339,144**	**336,757**
Nonrecurring perpetual revenue	**22,873**	**23,834**	**39,894**	**48,734**
Nonrecurring professional services and other revenue	**19,613**	**23,107**	**37,066**	**45,956**
Total revenue	**$ 208,007**	**$ 210,170**	**$ 416,104**	**$ 431,447**

Contract Balances

The following table provides information about accounts receivable, contract assets, and contract liabilities from contracts with customers:

(in thousands)	July 31, 2025	January 31, 2025
Accounts receivable, net	$ 153,733	$ 203,113
Contract assets, net	$ 88,257	$ 91,605
Long-term contract assets, net (included in other assets)	$ 38,827	$ 32,822
Contract liabilities	$ 221,738	$ 255,039
Long-term contract liabilities	$ 12,185	$ 13,018

We receive payments from customers based upon contractual billing schedules, and accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are rights to consideration in exchange for goods or services that we have transferred to a customer when that right is conditional on something other than the passage of time. The majority of our contract assets represent unbilled amounts related to multi-year unbundled SaaS contracts and arrangements where our right to consideration is subject to the contractually agreed upon billing schedule. We expect billing and collection of a majority of our contract assets to occur within the next twelve months and asset impairment charges related to contract assets were immaterial in the six months ended July 31, 2025 and 2024. As of July 31, 2025, two partners, both authorized global resellers of our solutions, accounted for more than 10% of our aggregated accounts receivable and contract assets; Partner A was approximately 12% and Partner B was approximately 16%. As of January 31, 2025, Partner A was approximately 11% and Partner B was approximately 14% of our aggregated accounts receivable and contract assets. Credit losses relating to these customers have historically been immaterial.

Contract liabilities represent consideration received or consideration which is unconditionally due from customers prior to transferring goods or services to the customer under the terms of the contract. Revenue recognized during the six months ended July 31, 2025 and 2024 from amounts included in contract liabilities at the beginning of each period was $175.9 million and $168.2 million, respectively.

Remaining Performance Obligations

Transaction price allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes contract liabilities and non-cancelable amounts that will be invoiced and recognized as revenue in future periods. The majority of our arrangements are for periods of one to three years, although the contract term can extend up to five years.

We elected to exclude amounts of variable consideration attributable to sales- or usage-based royalties in exchange for a license of our IP from the remaining performance obligations. The timing and amount of revenue recognition for our remaining performance obligations are influenced by several factors, including seasonality, the timing of renewals, the timing of delivery of software licenses, the average length of the contract terms, and foreign currency exchange rates.

The following table provides information about when we expect to recognize our remaining performance obligations:

(in thousands)	July 31, 2025	January 31, 2025
Remaining performance obligations:		
Expected to be recognized within 1 year	$ 422,166	$ 441,360
Expected to be recognized in more than 1 year	281,244	300,615
Total remaining performance obligations	**$ 703,410**	**$ 741,975**

3. NET (LOSS) INCOME PER COMMON SHARE ATTRIBUTABLE TO VERINT SYSTEMS INC.

The following table summarizes the calculation of basic and diluted net (loss) income per common share attributable to Verint Systems Inc. for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands, except per share amounts)	2025	2024	2025	2024
Net (loss) income	$ (1,380)	$ 5,723	$ 547	$ 21,102
Net income attributable to noncontrolling interests	308	192	613	330
Net (loss) income attributable to Verint Systems Inc.	**(1,688)**	**5,531**	**(66)**	**20,772**
Dividends on preferred stock	(4,000)	(4,080)	(8,000)	(9,280)
Net (loss) income attributable to Verint Systems Inc. for basic net (loss) income per common share	**(5,688)**	**1,451**	**(8,066)**	**11,492**
Dilutive effect of dividends on preferred stock	—	—	—	—
Net (loss) income attributable to Verint Systems Inc. for diluted net (loss) income per common share	**$ (5,688)**	**$ 1,451**	**$ (8,066)**	**$ 11,492**
Weighted-average shares outstanding:				
Basic	**60,308**	**61,864**	**61,093**	**62,093**
Dilutive effect of employee equity award plans	—	767	—	639
Dilutive effect of 2021 Notes	—	—	—	—
Dilutive effect of assumed conversion of preferred stock	—	—	—	—
Diluted	**60,308**	**62,631**	**61,093**	**62,732**
Net (loss) income per common share attributable to Verint Systems Inc.:				
Basic	**$ (0.09)**	**$ 0.02**	**$ (0.13)**	**$ 0.19**
Diluted	**$ (0.09)**	**$ 0.02**	**$ (0.13)**	**$ 0.18**

We excluded the following weighted-average potential common shares from the calculations of diluted net (loss) income per common share during the applicable periods because their inclusion would have been anti-dilutive:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands)	2025	2024	2025	2024
Common shares excluded from calculation:				
Restricted and performance stock-based awards	3,138	734	3,136	1,234
Series A Preferred Stock	5,498	5,498	5,498	5,498
Series B Preferred Stock	3,980	3,980	3,980	3,980

In periods for which we report a net loss attributable to Verint Systems Inc. common shares, basic net loss per common share and diluted net loss per common share are identical since the effect of all potential common shares is anti-dilutive and therefore excluded.

For the three and six months ended July 31, 2025, the average price of our common stock did not exceed the $62.08 per share conversion price of our 2021 Notes, and other requirements for the 2021 Notes (as defined in Note 7, “Debt”), to be convertible were not met. The 2021 Notes will have a dilutive impact on net income per common share at any time when the average market price of our common stock for a quarterly reporting period exceeds the conversion price.

The Capped Calls (as defined in Note 7, "Debt") do not impact our diluted earnings per common share calculations as their effect would be anti-dilutive. The Capped Calls are generally intended to reduce the potential dilution to our common stock upon any conversion of the 2021 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2021 Notes, in the event that at the time of conversion our common stock price exceeds the $62.08 conversion price, with such reduction and/or offset subject to a cap of $100.00.

Further details regarding the 2021 Notes and Capped Calls appear in Note 7, "Debt".

The weighted-average common shares underlying the assumed conversion of the Preferred Stock, on an as-converted basis, were excluded from the calculations of diluted net (loss) income per common share for the three and six months ended July 31, 2025 and 2024, as their effect would have been anti-dilutive. Further details regarding the Preferred Stock investment appear in Note 9, "Convertible Preferred Stock".

4. CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

The following tables summarize our cash, cash equivalents, and short-term investments as of July 31, 2025 and January 31, 2025:

	July 31, 2025			
(in thousands)	**Cost Basis**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
Cash and cash equivalents:				
Cash and bank time deposits	$ 115,614	$ —	$ —	$ 115,614
Money market funds	58,856	—	—	58,856
U.S. Treasury bills	498	—	—	498
Total cash and cash equivalents	**$ 174,968**	**$ —**	**$ —**	**$ 174,968**
Short-term investments:				
Bank time deposits	$ 434	$ —	$ —	$ 434
Total short-term investments	**$ 434**	**$ —**	**$ —**	**$ 434**

	January 31, 2025			
(in thousands)	**Cost Basis**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Estimated Fair Value**
Cash and cash equivalents:				
Cash and bank time deposits	$ 159,688	$ —	$ —	$ 159,688
Money market funds	56,019	—	—	56,019
Total cash and cash equivalents	**$ 215,707**	**$ —**	**$ —**	**$ 215,707**
Short-term investments:				
Bank time deposits	$ 1,344	$ —	$ —	$ 1,344
Total short-term investments	**$ 1,344**	**$ —**	**$ —**	**$ 1,344**

Bank time deposits which are reported within short-term investments consist of deposits held outside of the United States with maturities of greater than 90 days, or without specified maturity dates which we intend to hold for periods in excess of 90 days. All other bank deposits are included within cash and cash equivalents.

During the six months ended July 31, 2025 and 2024, proceeds from maturities and sales of short-term investments were $0.9 million and $0.2 million, respectively.

5. *BUSINESS COMBINATIONS AND ASSET ACQUISITIONS*

Six Months Ended July 31, 2025

We did not complete any business combinations during the three and six months ended July 31, 2025.

Year Ended January 31, 2025

Cogito Corporation

On October 11, 2024, we acquired the assets of Cogito Corporation ("Cogito"), a leading provider of AI solutions, including approximately 50 employees in technology functions. Cogito is based in Boston, Massachusetts. The transaction was accounted for as a business combination, after determining that the acquired set of assets, the fair value of which was not concentrated in a single asset, or group of similar assets, and included (a) an assembled workforce and (b) intangible assets, met the definition of a business.

Revenue and net income attributable to Cogito included in our condensed consolidated statement of operations for the three and six months ended July 31, 2025 was not material.

The purchase price consisted of (i) $38.2 million of cash paid at closing, funded from cash on hand, (ii) the fair value of the contingent consideration arrangements estimated at $11.8 million as of the acquisition date, and (iii) $0.3 million of other purchase price adjustments. These contingent consideration arrangements provide for potential additional cash payments to the sellers aggregating up to approximately $19.0 million, contingent upon the achievement of certain performance targets extending through October 2026. We also established a key employee incentive plan for certain former non-owner key employees of Cogito that provides for contingent payments of up to $4.2 million based on achievement of certain performance targets through October 2026. These payments are not contingent upon continued employment and are accounted for separately from the business combination purchase consideration. As of April 30, 2025, we concluded that the payment of the contingent amount was no longer probable, leading to a reversal of the $3.5 million accrual we recorded during the year ended January 31, 2025. This reversal was recognized as a reduction of $1.8 million in selling, general and administrative expenses and a reduction of $1.7 million in research and development expenses on our condensed consolidated statement of operations during the six months ended July 31, 2025. As of July 31, 2025, the payment of the contingent amount remained not probable.

The purchase price for Cogito was allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition date, with the remaining unallocated purchase price recorded as goodwill. The fair values assigned to identifiable intangible assets acquired were determined primarily by using the income approach, which discounts the expected future cash flows to present value using estimates and assumptions determined by management.

Among the factors contributing to the recognition of goodwill as a component of the Cogito purchase price allocation were synergies in products and technologies, and the addition of a skilled, assembled workforce. The acquisition resulted in the recognition of $27.1 million of goodwill. This transaction is accounted for as an asset acquisition for tax purposes, and therefore both the goodwill and acquired intangible assets are deductible for tax purposes. Tax impacts were not material.

Transaction and related costs directly related to the acquisition of Cogito, consisting primarily of professional fees and integration expenses, were $0.7 million for the three months ended July 31, 2025, of which $0.3 million is included in selling, general and administrative expenses, $0.3 million is included in research and development expenses, and $0.1 million is included in cost of recurring revenue, and $2.2 million for the six months ended July 31, 2025, of which $1.0 million is included in selling, general and administrative expenses, $0.9 million is included in research and development expenses, and $0.3 million is included in cost of recurring revenue.

The purchase price allocation for Cogito has been prepared on a preliminary basis and changes to the allocation may occur as additional information becomes available during the measurement period (up to one year from the acquisition date). Fair values still under review include values assigned to identifiable intangible assets.

The following table sets forth the components and the allocation of the purchase price for our acquisition of Cogito:

(in thousands)	Amount
Components of Purchase Price:	
Cash	$ 38,186
Fair value of contingent consideration	11,786
Other purchase price adjustments	299
Total purchase price	**$ 50,271**
Allocation of Purchase Price:	
Net tangible assets (liabilities):	
Accounts receivable	6,236
Other current assets, including cash acquired	2,402
Current and other liabilities	(3,177)
Contract liabilities — current and long-term	(8,047)
Net tangible liabilities	**(2,586)**
Identifiable intangible assets:	
Customer relationships	14,300
Developed technology	11,500
Total identifiable intangible assets	**25,800**
Goodwill	**27,057**
Total purchase price allocation	**$ 50,271**

The acquired customer relationships and developed technology were assigned estimated useful lives of seven and five years, respectively, the weighted average of which is approximately 6.1 years. The acquired identifiable intangible assets are being amortized on a straight-line basis, which we believe approximates the pattern in which the assets are utilized over their estimated useful lives.

Other Business Combinations

- In April 2024, we completed the acquisition of an AI-powered analytics company, including 14 employees. Pursuant to the terms of the purchase agreement, the purchase price consisted of $8.8 million of cash paid at closing, contingent consideration with an estimated fair value of $3.4 million, and the acquisition date fair value of our previously held investment via a simple agreement for future equity (“SAFE”), which was approximately $1.7 million. Further discussion regarding this SAFE investment appears in Note 12, “Fair Value Measurements”. We recognized intangible assets of $5.2 million for developed technology, $0.2 million for the acquired customer relationships, and goodwill of $8.2 million. The acquisition qualified as a stock transaction for tax purposes. This transaction was not material to our condensed consolidated financial statements, and as a result, additional business combination disclosures for this acquisition have been omitted.

- In May 2024, we completed the acquisition of a provider of cloud-based call-back solutions, including nine employees. This transaction resulted in the recognition of $3.2 million of goodwill, $0.3 million of acquired customer relationships, and $1.0 million of developed technology intangible assets, but was not material to our condensed consolidated financial statements, and as a result, additional business combination disclosures for this acquisition have been omitted.

- In October 2024, we completed the acquisition of a provider of data analytics solutions, including approximately 25 employees in technology functions. This transaction resulted in the recognition of $5.9 million of goodwill, $5.1 million of developed technology intangible assets, and $0.5 million of acquired customer relationships, but was not material to our condensed consolidated financial statements and, as a result, additional business combination disclosures for this acquisition have been omitted.

Revenue and net income (loss) attributable to these acquisitions for the six months ended July 31, 2025 and 2024 was not material.

Other Business Combination Information

For each of the three months ended July 31, 2025 and 2024, we recorded a charge of $0.2 million, and for the six months ended July 31, 2025 and 2024, we recorded benefits of $7.5 million and $0.2 million, respectively, within selling, general and administrative expenses for changes in the fair values of contingent consideration obligations associated with business combinations, which was based on the probability of our historical business combinations achieving certain objectives and milestones. The current year-to-date period benefit is primarily a result of revised outlooks related to a recent acquisition. The aggregate fair values of the remaining contingent consideration obligations associated with business combinations was $6.8 million at July 31, 2025, of which $5.7 million was recorded within accrued expenses and other current liabilities, and $1.1 million was recorded within other liabilities.

Payments of contingent consideration earned under these agreements were $1.6 million and $0.8 million for the three months ended July 31, 2025 and 2024, respectively, and $8.0 million and $4.0 million for the six months ended July 31, 2025 and 2024, respectively.

Asset Acquisitions

In November 2024, we entered into an agreement to acquire source code that qualified as an asset acquisition for an initial cash purchase price of $2.2 million, plus up to a maximum of $0.4 million in additional cash payments based on the achievement of certain integration milestones. Direct transaction costs related to such asset acquisition were immaterial.

In July 2023, we entered into an agreement to acquire source code that qualified as an asset acquisition and made an initial deposit payment of $1.0 million upon the execution of the contract and incurred direct transaction costs related to such asset acquisition of $0.2 million. The agreement also stipulated the establishment of additional milestone payments totaling $3.0 million, of which $2.0 million was deposited into a third-party escrow account in connection with the closing of the transaction. These milestone payments were contingent upon the successful delivery of the source code and the attainment of specific developmental objectives. During the year ended January 31, 2024, we made $1.8 million in milestone payments to the seller. During the year ended January 31, 2025, we made the final $1.0 million of development milestone payments to the seller, and closed the escrow account.

The transaction also provides for additional consideration of up to $5.0 million that is contingent upon achieving certain performance targets for the years ending January 31, 2025 and 2026. Of this amount, $2.0 million became guaranteed during the year ended January 31, 2025 as a result of the development milestones outlined above being achieved by the agreed upon dates. The agreement also includes the opportunity to receive additional payments from us based on any revenue we receive from sales of products based on the acquired technology in adjacent markets. During the year ended January 31, 2025, we made a $0.3 million noncontingent prepayment against the first period earn-out, and accrued the remaining $1.7 million of the minimum guaranteed contingent consideration upon achieving certain milestones by certain dates. During the six months ended July 31, 2025, we made a $0.7 million payment against the first period earn-out, with the remaining $1.0 million recorded within accrued expenses and other current liabilities as of July 31, 2025. Contingent consideration is not recorded in an asset acquisition until the contingency is resolved (when the contingent consideration is paid or becomes payable) or when probable and reasonably estimable.

6. INTANGIBLE ASSETS AND GOODWILL

Acquisition-related intangible assets, excluding certain intangible assets previously acquired that were fully amortized and removed from our condensed consolidated balance sheets, consisted of the following as of July 31, 2025 and January 31, 2025:

	July 31, 2025		
(in thousands)	**Cost**	**Accumulated Amortization**	**Net**
Intangible assets with finite lives:			
Customer relationships	$ 476,588	$ (437,949)	$ 38,639
Acquired technology	255,909	(224,125)	31,784
Other	6,040	(6,040)	—
Total intangible assets	**$ 738,537**	**$ (668,114)**	**$ 70,423**

(in thousands)	January 31, 2025 Cost	Accumulated Amortization	Net
Intangible assets with finite lives:			
Customer relationships	$ 466,959	$ (422,067)	$ 44,892
Acquired technology	250,183	(214,537)	35,646
Other	6,040	(6,040)	—
Total intangible assets	**$ 723,182**	**$ (642,644)**	**$ 80,538**

Total amortization expense recorded for acquisition-related intangible assets was $5.9 million and $4.7 million for the three months ended July 31, 2025 and 2024, respectively, and $11.8 million and $9.1 million for the six months ended July 31, 2025 and 2024, respectively. The reported amount of net acquisition-related intangible assets can fluctuate from the impact of changes in foreign currency exchange rates on intangible assets not denominated in U.S. dollars.

Estimated future amortization expense on finite-lived acquisition-related intangible assets is as follows:

(in thousands) Years Ending January 31,	Amount
2026 (remainder of year)	$ 12,379
2027	20,938
2028	16,009
2029	10,654
2030	6,299
2031 and thereafter	4,144
Total	**$ 70,423**

There were no impairments of acquired intangible assets during the six months ended July 31, 2025 and 2024.

Goodwill activity for the six months ended July 31, 2025 was as follows:

(in thousands)	Amount
Six Months Ended July 31, 2025:	
Goodwill, gross, at January 31, 2025	$ 1,442,777
Accumulated impairment losses through January 31, 2025	(56,043)
Goodwill, net, at January 31, 2025	1,386,734
Foreign currency translation	27,206
Business combinations, including adjustments to prior period acquisitions	(81)
Goodwill, net, at July 31, 2025	**$ 1,413,859**
Balance at July 31, 2025	
Goodwill, gross, at July 31, 2025	$ 1,469,902
Accumulated impairment losses through July 31, 2025	(56,043)
Goodwill, net, at July 31, 2025	**$ 1,413,859**

No events or circumstances indicating the potential for goodwill impairment were identified during the six months ended July 31, 2025.

7. DEBT

The following table summarizes our debt at July 31, 2025 and January 31, 2025:

(in thousands)	July 31, 2025	January 31, 2025
2021 Notes	$ 315,000	$ 315,000
Revolving Credit Facility	100,000	100,000
Less: unamortized debt discounts and issuance costs	(1,464)	(2,247)
Total debt	**413,536**	**412,753**
Less: current maturities	413,536	100,000
Long-term debt	**$ —**	**$ 312,753**

2021 Notes

On April 9, 2021, we issued $315.0 million in aggregate principal amount of 0.25% convertible senior notes due April 15, 2026 (the "2021 Notes"), unless earlier converted by the holders pursuant to their terms. The 2021 Notes are unsecured and pay interest in cash semiannually in arrears at a rate of 0.25% per annum.

We used a portion of the net proceeds from the issuance of the 2021 Notes to pay the costs of the Capped Calls described below. We also used a portion of the net proceeds from the issuance of the 2021 Notes, together with the net proceeds from the April 6, 2021 issuance of $200.0 million of Series B Preferred Stock, to repay a portion of the then-outstanding indebtedness under our Credit Agreement described below, to terminate an interest rate swap, and to repurchase shares of our common stock. The remainder is being used for working capital and other general corporate purposes.

The 2021 Notes are convertible into shares of our common stock at an initial conversion rate of 16.1092 shares per $1,000 principal amount of 2021 Notes, which represents an initial conversion price of approximately $62.08 per share, subject to adjustment upon the occurrence of certain events, and subject to customary anti-dilution adjustments. Prior to January 15, 2026, the 2021 Notes will be convertible only upon the occurrence of certain events and during certain periods, and will be convertible thereafter at any time until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2021 Notes. Upon conversion of the 2021 Notes, holders will receive cash up to the aggregate principal amount, with any remainder to be settled with cash or common stock, or a combination thereof, at our election. As of July 31, 2025, the 2021 Notes were not convertible, and because their stated maturity is within 12 months of July 31, 2025 are included in debt, current on our condensed consolidated balance sheet. As of January 31, 2025, the 2021 Notes were included in long-term debt on our condensed consolidated balance sheet.

We incurred approximately $8.9 million of issuance costs in connection with the 2021 Notes, which were deferred and are presented as a reduction of the current portion of long-term debt, and which are being amortized as interest expense over the term of the 2021 Notes. Including the impact of the deferred debt issuance costs, the effective interest rate on the 2021 Notes was approximately 0.83% at July 31, 2025.

Based on the closing market price of our common stock on July 31, 2025, the if-converted value of the 2021 Notes was less than their aggregate principal amount.

See Note 17 "Subsequent Event" to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for information regarding the Merger and potential impact on the 2021 Notes.

Capped Calls

In connection with the issuance of the 2021 Notes, on April 6, 2021 and April 8, 2021, we entered into capped call transactions (the "Capped Calls") with certain counterparties. The Capped Calls are generally intended to reduce the potential dilution to our common stock upon any conversion of the 2021 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2021 Notes, in the event that at the time of conversion our common stock price exceeds the conversion price, with such reduction and/or offset subject to a cap.

The Capped Calls exercise price is equal to the $62.08 initial conversion price of each of the 2021 Notes, and the cap price is $100.00, each subject to certain adjustments under the terms of the Capped Calls. Our exercise rights under the Capped Calls generally trigger upon conversion of the 2021 Notes, and the Capped Calls terminate upon maturity of the 2021 Notes, or the first day the 2021 Notes are no longer outstanding. As of July 31, 2025, no Capped Calls have been exercised.

Pursuant to their terms, the Capped Calls qualify for classification within stockholders' equity, and their fair value is not remeasured and adjusted as long as they continue to qualify for stockholders' equity classification. We paid approximately

$41.1 million for the Capped Calls, including applicable transaction costs, which was recorded as a reduction to additional paid-in capital.

Credit Agreement

On June 29, 2017, we entered into a credit agreement with certain lenders and terminated a prior credit agreement. The credit agreement was amended in 2018, 2020, 2021, 2023, and 2025, as further described below (as amended, the "Credit Agreement").

The Credit Agreement initially was comprised of a $425.0 million term loan and a $300.0 million revolving credit facility (the "Prior Revolving Credit Facility"). During the three months ended April 30, 2021, we repaid $309.0 million of our term loan, reducing the outstanding principal balance to $100.0 million. On April 27, 2023, we repaid the remaining $100.0 million outstanding principal balance on our term loan utilizing proceeds from borrowings under our Prior Revolving Credit Facility.

On March 25, 2025, we entered into an amendment to the Credit Agreement (the "Fifth Amendment"), which extended the expiration date of our revolving credit facility to March 25, 2030, subject to certain conditions as described below, and increased the aggregate borrowing commitments from $300.0 million to $500.0 million (the "Revolving Credit Facility"). As provided in the Fifth Amendment, the Revolving Credit Facility matures on March 25, 2030, provided that from and after January 7, 2026, the maturity date of the Revolving Credit Facility will be accelerated if we do not satisfy a minimum level of liquidity equal to (x) the principal amount outstanding under the 2021 Notes plus (y) $100.0 million (taking into account undrawn capacity under the expanded Revolving Credit Facility) at any time that more than $35.0 million in principal amount remains outstanding (and not cash collateralized) under the 2021 Notes.

Effective March 25, 2025, borrowings under the Credit Agreement bear interest, at our option, at either: (i) the ABR (as defined in the Credit Agreement), plus the applicable margin therefor or (ii) Term Secured Overnight Financing Rate ("Term SOFR") plus the applicable margin. The applicable margin is determined based on our Leverage Ratio and ranges from 0.50% to 1.25% for ABR borrowings and from 1.50% to 2.25% for Term SOFR borrowings. Prior to the Fifth Amendment, the applicable margin ranged from 0.25% to 1.25% for ABR borrowings and from 1.25% to 2.25% for Term SOFR borrowings.

Borrowings outstanding under the Revolving Credit Facility were $100.0 million at July 31, 2025 and borrowings outstanding under the Prior Revolving Credit Facility were $100.0 million at January 31, 2025, which is included in debt, current on our condensed consolidated balance sheet. The applicable margin is determined by reference to our Consolidated Total Debt to Consolidated EBITDA (each as defined in the Credit Agreement) leverage ratio (the "Leverage Ratio"). As of July 31, 2025, the interest rate on our Revolving Credit Facility borrowings was 5.86%. In addition, we are required to pay a commitment fee with respect to unused availability under the Revolving Credit Facility at rates per annum determined by reference to our Leverage Ratio. The proceeds of borrowings under the Revolving Credit Facility may be used for working capital and general corporate purposes, including for permitted acquisitions and permitted stock repurchases, and the repayment of existing debt such as the 2021 Notes.

Our obligations under the Credit Agreement are guaranteed by each of our direct and indirect existing and future material domestic wholly owned restricted subsidiaries, and are secured by a security interest in substantially all of our assets and the assets of the guarantor subsidiaries, subject to certain exceptions.

The Credit Agreement contains certain customary affirmative and negative covenants for credit facilities of this type. The Credit Agreement also contains a financial covenant that, solely with respect to the Revolving Credit Facility, requires us to maintain a Leverage Ratio of no greater than 4.50 to 1. The limitations imposed by the covenants are subject to certain exceptions as detailed in the Credit Agreement.

The Credit Agreement provides for events of default with corresponding grace periods that we believe are customary for credit facilities of this type. Upon an event of default, all of our obligations owed under the Credit Agreement may be declared immediately due and payable, and the lenders' commitments to make loans under the Credit Agreement may be terminated.

At the time of the Fifth Amendment, there were $0.5 million of unamortized deferred debt issuance costs associated with the Prior Revolving Credit Facility, of which $0.4 million were associated with commitments by lenders that are continuing to provide commitments under the Revolving Credit Facility and therefore continue to be deferred, and which are now being amortized over the term of the new Revolving Credit Facility. The remaining $0.1 million of unamortized deferred debt issuance costs associated with the Prior Revolving Credit Facility were expensed and are included within interest expense on our condensed consolidated statement of operations for the six months ended July 31, 2025. We also incurred $2.2 million of debt modification costs related to the Fifth Amendment, which have been deferred and are being amortized on a straight-line basis over the remaining term of the Revolving Credit Facility.

Interest Expense

The following table presents the components of interest expense incurred on the 2021 Notes and on borrowings under our Credit Agreement for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands)	2025	2024	2025	2024
2021 Notes:				
Interest expense at 0.25% coupon rate	$ 197	$ 197	$ 394	$ 394
Amortization of deferred debt issuance costs	451	447	901	893
Total Interest Expense — 2021 Notes	**$ 648**	**$ 644**	**$ 1,295**	**$ 1,287**
Borrowings under Credit Agreement:				
Interest expense at contractual rates	$ 1,489	$ 1,775	$ 3,010	$ 3,511
Amortization of deferred debt issuance costs	182	179	356	351
Losses on early retirements of debt	—	—	138	—
Total Interest Expense — Borrowings under Credit Agreement	**$ 1,671**	**$ 1,954**	**$ 3,504**	**$ 3,862**

8. *SUPPLEMENTAL CONDENSED CONSOLIDATED FINANCIAL STATEMENT INFORMATION*

Condensed Consolidated Balance Sheets

Inventories consisted of the following as of July 31, 2025 and January 31, 2025:

(in thousands)	July 31, 2025	January 31, 2025
Raw materials	$ 7,440	$ 5,893
Work-in-process	208	208
Finished goods	7,229	8,210
Total inventories	**$ 14,877**	**$ 14,311**

Other liabilities consisted of the following as of July 31, 2025 and January 31, 2025:

(in thousands)	July 31, 2025	January 31, 2025
Unrecognized tax benefits, including interest and penalties	$ 69,814	$ 68,469
Other	11,020	22,437
Total other liabilities	**$ 80,834**	**$ 90,906**

Condensed Consolidated Statements of Operations

Other expense, net consisted of the following for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands)	2025	2024	2025	2024
Foreign currency (losses) gains, net	$ (423)	$ (1,934)	$ 300	$ (2,471)
Other, net	(477)	(962)	(704)	(923)
Total other expense, net	**$ (900)**	**$ (2,896)**	**$ (404)**	**$ (3,394)**

Condensed Consolidated Statements of Cash Flows

The following table provides supplemental information regarding our condensed consolidated cash flows for the six months ended July 31, 2025 and 2024:

	Six Months Ended July 31,	
(in thousands)	2025	2024
Cash paid for interest	$ 3,441	$ 4,005
Cash payments of income taxes, net	$ 11,161	$ 13,073
Cash payments for operating leases	$ 4,576	$ 4,090
Non-cash investing and financing transactions:		
Finance leases of property and equipment	$ 71	$ 595
Accrued but unpaid purchases of property and equipment and capitalized software development costs	$ 515	$ 1,284
Accrued but unpaid purchases of treasury stock	$ 107	$ —
Liabilities for contingent consideration in business combinations and asset acquisitions	$ —	$ 5,290
Excise tax on share repurchases	$ 276	$ 197

9. CONVERTIBLE PREFERRED STOCK

On December 4, 2019, we entered into the Investment Agreement with the Apax Investor whereby, subject to certain closing conditions, the Apax Investor agreed to make an investment in us in an amount up to $400.0 million as follows:

- On May 7, 2020, we issued a total of 200,000 shares of our Series A Preferred Stock for an aggregate purchase price of $200.0 million, or $1,000 per share, to the Apax Investor. In connection therewith, we incurred direct and incremental costs of $2.7 million, including financial advisory fees, closing costs, legal fees, and other offering-related costs. These direct and incremental costs reduced the carrying amount of the Series A Preferred Stock.

- In connection with the completion of the Spin-Off, on April 6, 2021, we issued a total of 200,000 shares of our Series B Preferred Stock for an aggregate purchase price of $200.0 million, or $1,000 per share, to the Apax Investor. In connection therewith, we incurred direct and incremental costs of $1.3 million, including financial advisory fees, closing costs, legal fees, and other offering-related costs. These direct and incremental costs reduced the carrying amount of the Series B Preferred Stock.

Each of the rights, preferences, and privileges of the Series A Preferred Stock and Series B Preferred Stock are set forth in separate certificates of designation filed with the Secretary of State of the State of Delaware on the applicable issuance date.

Voting Rights

Holders of the Preferred Stock have the right to vote on matters submitted to a vote of the holders of our common stock, on an as-converted basis; however, in no event will the holders of Preferred Stock have the right to vote shares of the Preferred Stock on an as-converted basis in excess of 19.9% of the voting power of the common stock outstanding immediately prior to December 4, 2019.

Dividends and Liquidation Rights

The Preferred Stock ranks senior to the shares of our common stock with respect to dividend rights and rights on the distribution of assets on any voluntary or involuntary liquidation, dissolution or winding up of our affairs. Shares of Preferred Stock have a liquidation preference of the greater of $1,000 per share or the amount that would be received if the shares are converted at the then applicable conversion price at the time of such liquidation.

Each series of Preferred Stock paid dividends at an annual rate of 5.2% until May 7, 2024, and thereafter pays at a rate of 4.0%, subject to adjustment under certain circumstances. Dividends on the Preferred Stock are cumulative and payable semi-annually in arrears in cash. All dividends that are not paid in cash will remain accumulated dividends with respect to each share of Preferred Stock. The dividend rate is subject to increase (i) to 6.0% per annum in the event the number of shares of common stock into which the Preferred Stock could be converted exceeds 19.9% of the voting power of outstanding common stock on

December 4, 2019 (unless we obtain shareholder approval of the issuance of common stock upon conversion of the Preferred Stock) and (ii) by 1.0% each year, up to a maximum dividend rate of 10.0% per annum, in the event we fail to satisfy our obligations to redeem the Preferred Stock in specified circumstances.

For the three and six months ended July 31, 2025, we paid $8.0 million and $16.0 million of preferred stock dividends, respectively, of which $8.0 million was accrued as of January 31, 2025, and there were $1.3 million of cumulative undeclared and unpaid preferred stock dividends at July 31, 2025. There were no accrued dividends as of July 31, 2025. We reflected $4.0 million and $8.0 million of preferred stock dividends in our condensed consolidated results of operations, for purposes of computing net (loss) income attributable to Verint Systems Inc. common shares, for the three and six months ended July 31, 2025, respectively, and $4.1 million and $9.3 million of preferred stock dividends for the three and six months ended July 31, 2024, respectively.

Conversion

The Series A Preferred Stock was initially convertible into common stock at the election of the holder, subject to certain conditions, at an initial conversion price of $53.50 per share. The initial conversion price represented a conversion premium of 17.1% over the volume-weighted average price per share of our common stock over the 45 consecutive trading days immediately prior to December 4, 2019. In accordance with the Investment Agreement, the Series A Preferred Stock did not participate in the Spin-Off distribution of the Cognyte shares, which occurred on February 1, 2021, and the Series A Preferred Stock conversion price was instead adjusted to $36.38 per share based on the ratio of the relative trading prices of Verint and Cognyte following the Spin-Off.

The Series B Preferred Stock is convertible at a conversion price of $50.25, based in part on our trading price over the 20-day trading period following the Spin-Off.

As of July 31, 2025, the maximum number of shares of common stock that could be required to be issued upon conversion of the outstanding shares of Preferred Stock was approximately 9.5 million shares and Apax's ownership in us on an as-converted basis was approximately 13.6%.

Beginning May 7, 2023, in the case of the Series A Preferred Stock, and April 6, 2024, in the case of the Series B Preferred Stock, we have the option to require that all (but not less than all) of the then-outstanding shares of Preferred Stock of the series convert into common stock if the volume-weighted average price per share of the common stock for at least 30 trading days in any 45 consecutive trading day period exceeds 175% of the then-applicable conversion price of such series (a "Mandatory Conversion"). As of July 31, 2025, the volume-weighted average price per share of common stock has not exceeded 175% of the $36.38 conversion price of the Series A Preferred Stock or the $50.25 conversion price of the Series B Preferred Stock.

We may redeem any or all of the Preferred Stock of a series for cash at any time after May 7, 2026, in the case of the Series A Preferred Stock, and April 6, 2027, in the case of the Series B Preferred Stock, at a redemption price equal to 100% of the liquidation preference of the shares of the Preferred Stock, plus any accrued and unpaid dividends to, but excluding, the redemption date, plus a make-whole amount designed to allow the Apax Investor to earn a total 8.0% internal rate of return on such shares.

The Preferred Stock may not be sold or transferred without our prior written consent. The common stock issuable upon conversion of the Preferred Stock is not subject to this restriction. The restriction on the sale or transfer of the Preferred Stock does not apply to certain transfers to one or more permitted co-investors or transfers or pledges of the Preferred Stock pursuant to the terms of specified margin loans entered into by the Apax Investor as well as transfers effected pursuant to a merger, consolidation, or similar transaction consummated by us and transfers that are approved by our board of directors.

At any time after November 7, 2028, in the case of the Series A Preferred Stock, and October 6, 2029, in the case of the Series B Preferred Stock, or upon the occurrence of a change of control triggering event (as defined in the certificates of designation), the holders of the applicable series of Preferred Stock will have the right to cause us to redeem all of the outstanding shares of Preferred Stock for cash at a redemption price equal to 100% of the liquidation preference of the shares of such series, plus any accrued and unpaid dividends to, but excluding, the redemption date. Therefore, the Preferred Stock has been classified as temporary equity on our condensed consolidated balance sheets as of July 31, 2025 and January 31, 2025, separate from permanent equity, as the potential required repurchase of the Preferred Stock, however remote in likelihood, is not solely under our control.

As of July 31, 2025, the Preferred Stock was not redeemable, and we have concluded that it is currently not probable of becoming redeemable, including from the occurrence of a change in control triggering event. The holders' redemption rights which occur at November 7, 2028, in the case of the Series A Preferred Stock, and October 6, 2029, in the case of the Series B Preferred Stock, are not considered probable because there is a more than remote likelihood that the Mandatory Conversion may occur prior to such redemption rights. We therefore did not adjust the carrying amount of the Preferred Stock to its current redemption amount, which was its liquidation preference at July 31, 2025 plus accrued and unpaid dividends. As of July 31, 2025, the stated value of the liquidation preference for each series of Preferred Stock was $200.0 million and cumulative, unpaid dividends on each series of Preferred Stock was $0.7 million.

See Note 17 “Subsequent Event” to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q for information regarding the Merger and potential impact on the Preferred Stock.

Future Tranche Right

We determined that our obligation to issue and the Apax Investor’s obligation to purchase 200,000 shares of the Series B Preferred Stock in connection with the completion of the Spin-Off and the satisfaction of other customary closing conditions (the “Future Tranche Right”) met the definition of a freestanding financial instrument as the Future Tranche Right was legally detachable and separately exercisable from the Series A Preferred Stock. At issuance, we allocated a portion of the proceeds from the issuance of the Series A Preferred Stock to the Future Tranche Right based upon its fair value at such time, with the remaining proceeds being allocated to the Series A Preferred Stock. The Future Tranche Right was remeasured at fair value each reporting period until the settlement of the right (at the time of the issuance of the Series B Preferred Stock), and changes in its fair value were recognized as a non-cash charge or benefit within other income (expense), net on the condensed consolidated statements of operations.

Upon issuance of the Series A Preferred Stock on May 7, 2020, the Future Tranche Right was recorded as an asset of $3.4 million, as the purchase price of the Series B Preferred Stock was greater than its estimated fair value at the expected settlement date. This resulted in a $203.4 million carrying value, before direct and incremental issuance costs, for the Series A Preferred Stock.

Immediately prior to the issuance of the Series B Preferred Stock, the Future Tranche Right was remeasured and upon the issuance of the Series B Preferred Stock in April 2021, the Future Tranche Right was settled, resulting in a reclassification of the $37.0 million fair value of the Future Tranche Right liability at that time to the carrying value of the Series B Preferred Stock. This resulted in a $237.0 million carrying value, before direct and incremental issuance costs, for the Series B Preferred Stock. As a result of the issuance of the Series B Preferred Stock, we no longer recognize changes in the fair value of the Future Tranche Right in our condensed consolidated statements of operations.

10. STOCKHOLDERS’ EQUITY

Common Stock Dividends

We did not declare or pay any cash dividends on our common stock during the six months ended July 31, 2025 and 2024. Under the terms of our Credit Agreement, we are subject to certain restrictions on declaring and paying cash dividends on our common stock.

Treasury Stock

From time to time, our board of directors has approved limited programs to repurchase shares of our common stock from our directors or officers in connection with the vesting of restricted stock or restricted performance stock units to facilitate required income tax withholding by us or the payment of required incomes taxes by such holders. In addition, the terms of some of our equity award agreements with all grantees provide for automatic repurchases by us for the same purpose if a vesting-related or delivery-related tax event occurs at a time when the holder is not permitted to sell shares in the market. Our stock bonus program contains similar terms. Any such repurchases of common stock occur at prevailing market prices and are recorded as treasury stock.

When treasury shares are reissued, they are recorded at the average cost of the treasury shares acquired.

No treasury stock remained outstanding at July 31, 2025 and January 31, 2025, respectively.

Stock Repurchase Programs

On September 4, 2024, we announced that our board of directors had authorized a new stock repurchase program for the period from August 29, 2024 until August 29, 2026, whereby we may repurchase shares of common stock not to exceed, in the aggregate, $200.0 million.

On December 7, 2022, we announced that our board of directors had authorized a stock repurchase program for the period from December 12, 2022 until January 31, 2025, whereby we may repurchase shares of common stock in an amount not to exceed, in the aggregate, $200.0 million during, which was completed during the six months ended July 31, 2024.

During the six months ended July 31, 2025, we repurchased approximately 2,924,000 shares of common stock for a cost of $49.5 million under the new stock repurchase program, with $0.1 million of these repurchases settled in cash in early August 2025. In addition, approximately 104,000 shares were repurchased to facilitate income tax withholding or payments as described above for a cost of $1.7 million. Our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act. We recognized excise tax of $0.3 million as part of the cost basis of shares acquired in the condensed consolidated statements of stockholders' equity during the six months ended July 31, 2025. We retired all 3,028,000 shares, reducing common stock and additional paid-in capital, and returned the shares to the status of authorized and unissued share capital.

During the six months ended July 31, 2024, we completed our prior stock repurchase program, and repurchased and retired 1,701,000 shares of our common stock for a cost of $53.1 million, including excise tax of $0.2 million. In addition to the repurchase program, we acquired an insignificant number of shares to facilitate income tax withholding or payments as described above.

Issuance of Convertible Preferred Stock

On December 4, 2019, in conjunction with the planned Spin-Off, we announced that an affiliate of Apax Partners would invest up to $400.0 million in us, in the form of convertible preferred stock. Under the terms of the Investment Agreement, the Apax Investor purchased $200.0 million of our Series A Preferred Stock, which closed on May 7, 2020. In connection with the completion of the Spin-Off, the Apax Investor purchased $200.0 million of our Series B Preferred Stock, which closed on April 6, 2021. As of July 31, 2025, Apax's ownership in us on an as-converted basis was approximately 13.6%. Please refer to Note 9, "Convertible Preferred Stock" for a more detailed discussion of the Apax investment.

Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss includes items such as foreign currency translation adjustments and unrealized gains and losses on derivative financial instruments designated as hedges. Accumulated other comprehensive loss is presented as a separate line item in the stockholders' equity section of our condensed consolidated balance sheets. Accumulated other comprehensive loss items have no impact on our net (loss) income as presented in our condensed consolidated statements of operations.

The following table summarizes changes in the components of our accumulated other comprehensive loss by component for the six months ended July 31, 2025:

(in thousands)	Unrealized Gains on Foreign Exchange Contracts Designated as Hedges	Foreign Currency Translation Adjustments	Total
Accumulated other comprehensive income (loss) at January 31, 2025	**$ 117**	**$ (153,056)**	**$ (152,939)**
Other comprehensive income before reclassifications	249	30,904	31,153
Amounts reclassified out of accumulated other comprehensive income (loss)	159	—	159
Net other comprehensive income	90	30,904	30,994
Accumulated other comprehensive income (loss) at July 31, 2025	**$ 207**	**$ (122,152)**	**$ (121,945)**

All amounts presented in the table above are net of income taxes, if applicable. The accumulated net losses in foreign currency translation adjustments primarily reflect the strengthening of the U.S. dollar against the British pound sterling, which has resulted in lower U.S. dollar-translated balances of British pound sterling-denominated goodwill and intangible assets.

The amounts reclassified out of accumulated other comprehensive loss into the condensed consolidated statements of operations were not material for the three and six months ended July 31, 2025 and 2024.

11. INCOME TAXES

Our interim provision for income taxes is measured using an estimated annual effective income tax rate, adjusted for discrete items that occur within the periods presented.

For the three months ended July 31, 2025, we recorded an income tax provision of $2.7 million on pretax income of $1.3 million, which represented an effective income tax rate of 206.9%. The effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the U.S. taxation of certain foreign activities and interest related to uncertain tax positions, offset by the benefit of certain domestic tax credits and lower statutory rates in certain foreign jurisdictions.

For the three months ended July 31, 2024, we recorded an income tax provision of $4.3 million on pretax income of $10.0 million, which represented an effective income tax rate of 42.6%. The effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the U.S. taxation of certain foreign activities, offset by lower statutory rates in certain foreign jurisdictions.

For the six months ended July 31, 2025, we recorded an income tax provision of $5.3 million on pretax income of $5.8 million, which represented an effective income tax rate of 90.6%. The effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the U.S. taxation of certain foreign activities, the income tax impacts of stock-based compensation, and interest related to uncertain tax positions, offset by the benefit of certain domestic tax credits and lower statutory rates in certain foreign jurisdictions.

For the six months ended July 31, 2024, we recorded an income tax provision of $12.2 million on pretax income of $33.3 million, which represented an effective income tax rate of 36.7%. The effective tax rate differs from the U.S. federal statutory rate of 21% due to the U.S. taxation of certain foreign activities, offset by lower statutory rates in certain foreign jurisdictions.

We evaluate the realizability of deferred income tax assets on a jurisdictional basis at each reporting date. A valuation allowance is established when it is more-likely-than-not that all or a portion of the deferred income tax assets will not be realized. In circumstances where there is sufficient negative evidence indicating that the deferred income tax assets are not more-likely-than-not realizable, we establish a valuation allowance. We determined that there is sufficient negative evidence to maintain the valuation allowances against certain state and foreign deferred income tax assets as a result of historical losses in the most recent three-year period in certain state and foreign jurisdictions. We intend to maintain valuation allowances until sufficient positive evidence exists to support a reversal.

We had unrecognized income tax benefits of $75.9 million (excluding interest and penalties) as of July 31, 2025 and January 31, 2025, that if recognized, would impact our effective income tax rate. The accrued liability for interest and penalties was $10.5 million and $8.9 million at July 31, 2025 and January 31, 2025, respectively. Interest and penalties are recorded as a component of the provision for income taxes in our condensed consolidated statements of operations. We regularly assess the adequacy of our provisions for income tax contingencies in accordance with the applicable authoritative guidance on accounting for income taxes. As a result, we may adjust the reserves for unrecognized income tax benefits for the impact of new facts and developments, such as changes to interpretations of relevant tax law, assessments from taxing authorities, settlements with taxing authorities, and lapses of statutes of limitation. Our income tax returns are subject to ongoing tax examinations in several jurisdictions in which we operate. We also believe that it is reasonably possible that new issues may be raised by tax authorities or developments in tax audits may occur, which would require increases or decreases to the balance of reserves for unrecognized income tax benefits; however, an estimate of such changes cannot reasonably be made.

The Organization for Economic Co-operation and Development (“OECD”) Pillar 2 guidelines address the increasing digitalization of the global economy, re-allocating taxing rights among countries. The European Union and many other member states have committed to adopting Pillar 2 which calls for a global minimum tax of 15% to be effective for tax years beginning in 2024. Certain jurisdictions in which we operate have enacted Pillar 2 legislation and others are considering changes to their tax laws to adopt the Pillar 2 proposals. We continue to monitor developments and evaluate the impacts of new rules as they are published, including eligibility to qualify for safe harbor rules. Pillar 2 did not have a material impact on our income tax expense for the three and six months ended July 31, 2025 and 2024.

The One Big Beautiful Bill Act ("OBBBA") was enacted on July 4, 2025. The OBBBA includes provisions which significantly change the U.S tax code including changes to the deductibility or timing of deductions of certain business expenditures including interest expense, research and development, and depreciation, with effective dates in 2025. The OBBBA also includes modifications to the international tax framework which are generally effective after December 31, 2025. While these changes are not reflected in our results for the three and six months ended July 31, 2025 and 2024, we are evaluating the impact of the OBBBA on our condensed consolidated financial statements and will continue to assess the implications of the OBBBA.

12. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our assets and liabilities measured at fair value on a recurring basis consisted of the following as of July 31, 2025 and January 31, 2025:

	July 31, 2025		
	Fair Value Hierarchy Category		
(in thousands)	Level 1	Level 2	Level 3
Assets:			
Money market funds	$ 58,856	$ —	$ —
U.S. Treasury bills, classified as cash and cash equivalents	498	—	—
Foreign currency forward contracts	—	271	—
Contingent consideration receivable	—	—	2,446
Total assets	**$ 59,354**	**$ 271**	**$ 2,446**
Liabilities:			
Foreign currency forward contracts	$ —	$ 23	$ —
Contingent consideration — business combinations	—	3,313	3,447
Total liabilities	**$ —**	**$ 3,336**	**$ 3,447**

	January 31, 2025		
	Fair Value Hierarchy Category		
(in thousands)	Level 1	Level 2	Level 3
Assets:			
Money market funds	$ 56,019	$ —	$ —
Foreign currency forward contracts	—	141	—
Contingent consideration receivable	—	—	2,951
Total assets	**$ 56,019**	**$ 141**	**$ 2,951**
Liabilities:			
Contingent consideration — business combinations	—	—	22,046
Total liabilities	**$ —**	**$ —**	**$ 22,046**

On January 31, 2024, we completed the sale of a service business for manual quality managed services for no upfront cash consideration, with an estimated valuation of $6.0 million based on (i) the estimated fair value of our share of the future adjusted operating income (as defined in the agreement) of the business, to be paid annually over a minimum of six years following the transaction closing date, (ii) the amount by which the closing working capital of the business exceeds the working capital target, and (iii) the estimated amount of future collections of outstanding receivables as of the closing date from a certain customer, net of certain expenses. We engaged a third-party to assist in valuing the contingent consideration, which was valued at $2.4 million as of July 31, 2025, and is included within other assets on our condensed consolidated balance sheets. During the six months ended July 31, 2025 and 2024, we received no contingent consideration payments and recorded charges of $0.5 million and $0.2 million, respectively, for changes in the estimated fair value of this contingent receivable.

The following table presents the changes in the estimated fair values of our liabilities for contingent consideration measured using significant unobservable inputs (Level 3) for the six months ended July 31, 2025 and 2024:

(in thousands)	Six Months Ended July 31, 2025	2024
Fair value measurement at beginning of period	$ 22,046	$ 3,511
Contingent consideration liabilities recorded for business combinations	—	5,290
Changes in fair values, recorded in operating expenses	(7,469)	(188)
Payments of contingent consideration	(8,005)	(293)
Foreign currency translation and other	188	(16)
Transfer of contingent consideration liability to Level 2 of the fair value hierarchy	(3,313)	—
Fair value measurement at end of period	**$ 3,447**	**$ 8,304**

Our estimated liability for contingent consideration represents potential payments of additional consideration for business combinations, payable if certain defined performance goals are achieved. Changes in fair value of contingent consideration are recorded in the condensed consolidated statements of operations within selling, general and administrative expenses.

Fair Value Measurements

Money Market Funds and U.S. Treasury Bills — We value our money market funds and U.S. treasury bills using quoted active market prices for such instruments.

Short-term Investments, Corporate Debt Securities, and Commercial Paper — The fair values of short-term investments, as well as corporate debt securities and commercial paper classified as cash equivalents, are estimated using observable market prices for identical securities that are traded in less-active markets, if available. When observable market prices for identical securities are not available, we value these short-term investments using non-binding market price quotes from brokers which we review for reasonableness using observable market data; quoted market prices for similar instruments; or pricing models, such as a discounted cash flow model.

Foreign Currency Forward Contracts — The estimated fair value of foreign currency forward contracts is based on quotes received from the counterparties thereto. These quotes are reviewed for reasonableness by discounting the future estimated cash flows under the contracts, considering the terms and maturities of the contracts and market foreign currency exchange rates using readily observable market prices for similar contracts.

Contingent Consideration Assets and Liabilities — Business Combinations and Divestitures — The fair value of the contingent consideration related to business combinations and divestitures is estimated using a probability-adjusted discounted cash flow model. These fair value measurements are based on significant inputs not observable in the market. The key internally developed assumptions used in these models are discount rates and the probabilities assigned to the milestones to be achieved. We remeasure the fair value of the contingent consideration at each reporting period, and any changes in fair value resulting from either the passage of time or events occurring after the acquisition date, such as changes in discount rates, or in the expectations of achieving the performance targets, are recorded within selling, general, and administrative expenses. Increases or decreases in discount rates would have inverse impacts on the related fair value measurements, while favorable or unfavorable changes in expectations of achieving performance targets would result in corresponding increases or decreases in the related fair value measurements. As of July 31, 2025, we utilized discount rates ranging from 4.2% to 5.8%, with a weighted average discount rate of 4.6% for our contingent consideration liabilities and 6.2% to 8.7%, with a weighted average discount rate of 7.0% for our contingent consideration asset. As of January 31, 2025, we utilized discount rates ranging from 4.5% to 6.2%, with a weighted average discount rate of 5.8% for our contingent consideration liabilities and 6.7% to 8.6%, with a weighted average discount rate of 7.4% for our contingent consideration asset.

As of July 31, 2025, $3.3 million of the fair value of the contingent consideration liability was based on actual achievement through the performance periods ended April 30, 2025, and was transferred to Level 2 of the fair value hierarchy as the fair value was determined based on other significant observable inputs. There were no transfers between levels of the fair value measurement hierarchy during the six months ended July 31, 2024.

Other Financial Instruments

The carrying amounts of accounts receivable, contract assets, accounts payable, and accrued liabilities and other current liabilities approximate fair value due to their short maturities.

The estimated fair value of our Revolving Credit Facility borrowing was approximately $99.0 million at July 31, 2025 and the estimated fair value of our Prior Revolving Facility borrowing was approximately $99.0 million at January 31, 2025. The estimated fair value of borrowings under our Revolving Credit Facility and Prior Revolving Credit Facility, as applicable, is based upon indicative market values provided by one of our lenders. The indicative prices provided to us at July 31, 2025 and January 31, 2025 did not significantly differ from par value.

The estimated fair values of our 2021 Notes were approximately $306.0 million and $298.0 million at July 31, 2025 and January 31, 2025, respectively. The estimated fair values of the 2021 Notes were determined based on quoted bid and ask prices in the over-the-counter market in which the 2021 Notes traded. We consider these inputs to be within Level 2 of the fair value hierarchy.

Assets and Liabilities Not Measured at Fair Value on a Recurring Basis

In addition to assets and liabilities that are measured at fair value on a recurring basis, we also measure certain assets and liabilities at fair value on a nonrecurring basis. Our non-financial assets, including goodwill, intangible assets, operating lease right-of-use assets, and property, plant and equipment, are measured at fair value when there is an indication of impairment and the carrying amount exceeds the asset's projected undiscounted cash flows. These assets are recorded at fair value only when an impairment charge is recognized.

Investments

During the three months ended April 30, 2024, we completed the acquisition of a privately-held company in which we previously held a SAFE investment of approximately $1.7 million. The SAFE agreement entitled us to receive shares upon the company's qualified equity financing, calculated by dividing the SAFE purchase amount by the Discount Price (as such term is defined in the SAFE), or in a liquidity event, a cash payment equal to the greater of (a) the SAFE purchase amount or (b) the amount payable on the number of shares valued at the Liquidity Price (as such term is defined in the SAFE). The investment was carried at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer and was included within other assets on the consolidated balance sheets as of January 31, 2024. The approximately $1.7 million acquisition date fair value of the SAFE was included in the measurement of the consideration transferred. The company and its results of operations are now consolidated in our condensed consolidated financial statements, and the SAFE investment was removed from our condensed consolidated balance sheet as of April 30, 2024. Please refer to Note 5, "Business Combinations and Asset Acquisitions" for further discussion related to this acquisition.

The carrying amount of our noncontrolling equity investments in privately-held companies without readily determinable fair values was $4.7 million as of July 31, 2025. As of January 31, 2025, the carrying amount of our noncontrolling equity investments in privately-held companies without readily determinable fair values was $4.7 million, of which $0.3 million was remeasured to fair value based on an observable transaction during the year ended January 31, 2025. These investments are included within other assets on the condensed consolidated balance sheets. An unrealized loss of $0.5 million, which adjusted the carrying value of a noncontrolling equity investment based on an observable transaction was recorded in other income (expense), net on the condensed consolidated statement of operations for the three and six months and ended July 31, 2024. There were no observable price changes in our investments in privately-held companies during the six months ended July 31, 2025. We did not recognize any impairments during the three and six months ended July 31, 2025 and 2024.

13. DERIVATIVE FINANCIAL INSTRUMENTS

Our primary objective for holding derivative financial instruments is to manage foreign currency exchange rate risk and interest rate risk, when deemed appropriate. We enter into these contracts in the normal course of business to mitigate risks and not for speculative purposes.

Foreign Currency Forward Contracts

Under our risk management strategy, we periodically use foreign currency forward contracts to manage our short-term exposures to fluctuations in operational cash flows resulting from changes in foreign currency exchange rates. These cash flow exposures result from portions of our forecasted operating expenses, primarily compensation and related expenses, which are transacted in currencies other than the U.S. dollar, most notably the Israeli shekel. We also periodically utilize foreign currency forward contracts to manage exposures resulting from forecasted customer collections to be remitted in currencies other than the applicable functional currency, and exposures from cash, cash equivalents and short-term investments denominated in currencies other than the applicable functional currency. These foreign currency forward contracts generally have maturities of no longer than twelve months, although occasionally we will execute a contract that extends beyond twelve months, depending upon the nature of the underlying risk.

We held outstanding foreign currency forward contracts with notional amounts of $6.6 million and $6.4 million as of July 31, 2025 and January 31, 2025, respectively.

Fair Values of Derivative Financial Instruments

The fair values of our derivative financial instruments were not material as of July 31, 2025 and January 31, 2025.

Derivative Financial Instruments in Cash Flow Hedging Relationships

The effects of derivative financial instruments designated as cash flow hedges on accumulated other comprehensive loss ("AOCL") and on the condensed consolidated statement of operations for the three and six months ended July 31, 2025 and 2024 were as follows:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands)	2025	2024	2025	2024
Net gains (losses) recognized in AOCL:				
Foreign currency forward contracts	$ 401	$ (49)	$ 298	$ (282)
Net gains reclassified from AOCL to the condensed consolidated statements of operations:				
Foreign currency forward contracts	$ 176	$ 12	$ 189	$ 45

All of the foreign currency forward contracts underlying the net unrealized losses recorded in our accumulated other comprehensive loss at July 31, 2025 mature within twelve months, and therefore we expect all such losses to be reclassified into earnings within the next twelve months.

14. STOCK-BASED COMPENSATION

Stock-Based Compensation Plan

On June 22, 2023, our stockholders approved the Verint Systems Inc. 2023 Long-Term Stock Incentive Plan (the "2023 Plan"). Upon approval of the 2023 Plan, new awards were no longer permitted under our prior stock-based compensation plan (the "2019 Plan"). Awards outstanding at June 22, 2023 under the 2019 Plan or other previous stock-based compensation plans were not impacted by the approval of the 2023 Plan. Collectively, our stock-based compensation plans are referred to herein as the "Plans".

The 2023 Plan authorizes our board of directors to provide equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance awards, other stock-based awards, and performance compensation awards.

At the time it was approved by our stockholders, and subject to adjustment as provided in the 2023 Plan, up to an aggregate of (i) 9,000,000 shares of our common stock plus (ii) 3,982,168 shares of our common stock available for issuance under the 2019 Plan as of June 22, 2023, plus (iii) the number of shares of our common stock that become available for issuance as a result of awards made under the 2019 Plan or the 2023 Plan that are forfeited, cancelled, exchanged, or that terminate or expire, were available to be issued or transferred in connection with awards under the 2023 Plan. Each stock option or stock-settled stock appreciation right granted under the 2023 Plan will reduce the available plan capacity by one share and each other award denominated in shares granted under the 2023 Plan reduced the available plan capacity by 1.90 shares.

On June 19, 2025, our stockholders approved Amendment No. 1 to the 2023 Plan (as amended by Amendment No. 1, the "Amended Plan". Subject to adjustment as provided in the Amended Plan, under the Amended Plan, the number of shares of our common stock that may be issued or transferred will not exceed the sum of (i) 6,561,000 shares of our common stock, plus (ii) the number of shares that remained available for issuance under the 2023 Plan on June 19, 2025, plus (iii) the number of shares that become available for issuance under the Amended Plan share counting provisions (including, but not limited to, shares that are recycled as a result of forfeiture or cancellation of unvested awards outstanding under the 2023 Plan and under the 2019 Plan). Amendment No. 1 also extended the term of the Amended Plan to June 19, 2035 and revised the fungible share counting ratio from 1.90 shares to 1.86 shares.

Stock-Based Compensation Expense

We recognized stock-based compensation expense in the following line items on the condensed consolidated statements of operations for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Cost of revenue — recurring	$ 785	$ 1,143	$ 1,230	$ 1,692
Cost of revenue — nonrecurring perpetual	9	24	31	38
Cost of revenue — nonrecurring professional services and other	611	1,007	465	1,526
Research and development, net	2,938	4,464	6,031	8,007
Selling, general and administrative	12,507	17,108	24,560	30,504
Total stock-based compensation expense	**$ 16,850**	**$ 23,746**	**$ 32,317**	**$ 41,767**

The following table summarizes stock-based compensation expense by type of award for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands)	**2025**	**2024**	**2025**	**2024**
Restricted stock units and restricted stock awards	$ 14,345	$ 20,172	$ 27,885	$ 36,680
Stock bonus program and bonus share program	2,469	3,603	4,357	5,104
Total equity-settled awards	**16,814**	**23,775**	**32,242**	**41,784**
Phantom stock units (cash-settled awards)	36	(29)	75	(17)
Total stock-based compensation expense	**$ 16,850**	**$ 23,746**	**$ 32,317**	**$ 41,767**

Awards are generally subject to multi-year vesting periods. We recognize compensation expense for awards on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods, reduced by estimated forfeitures.

Awards under our stock bonus and bonus share programs are accounted for as liability-classified awards, because the obligations are based predominantly on fixed monetary amounts that are generally known at inception of the obligation, to be settled with a variable number of shares of our common stock, which for a portion of the awards under our stock bonus program is determined using a discounted average price of our common stock.

Restricted Stock Units and Performance Stock Units

We periodically award RSUs to our directors, officers, and other employees. These awards contain various vesting conditions and are subject to certain restrictions and forfeiture provisions prior to vesting. Some of these awards to executive officers and certain other employees vest upon the achievement of specified performance goals or market conditions (performance stock units or "PSUs").

The following table ("Award Activity Table") summarizes activity for RSUs, PSUs, and other stock awards that reduce available Plan capacity under the Plans for the six months ended July 31, 2025 and 2024:

(in thousands, except grant date fair values)	Six Months Ended July 31, 2025 Shares or Units	2025 Weighted-Average Grant Date Fair Value	2024 Shares or Units	2024 Weighted-Average Grant Date Fair Value
Beginning balance	3,182	$ 33.64	2,658	$ 43.29
Granted	3,210	$ 16.49	2,472	$ 29.60
Released	(1,279)	$ 30.17	(951)	$ 43.80
Forfeited	(197)	$ 47.00	(207)	$ 48.16
Ending balance	**4,916**	**$ 22.81**	**3,972**	**$ 34.39**

With respect to our stock bonus program, the activity presented in the table above only includes shares earned and released in consideration of the discount provided under that program. Consistent with the provisions of the Plans under which such shares are issued, other shares issued under the stock bonus program are not included in the table above because they do not reduce available plan capacity (since such shares are deemed to be purchased by the grantee at fair value in lieu of receiving an earned cash bonus). Activity presented in the table above includes all shares awarded and released under the bonus share program. Further details appear below under “Stock Bonus Program and Bonus Share Program”.

Our RSU and PSU awards may include a provision which allows the awards to be settled with cash payments upon vesting, rather than with delivery of common stock, at the discretion of our board of directors. As of July 31, 2025, for such awards that are outstanding, settlement with cash payments was not considered probable, and therefore these awards have been accounted for as equity-classified awards and are included in the table above.

The following table summarizes PSU activity in isolation under the Plans for the six months ended July 31, 2025 and 2024 (these amounts are also included in the Award Activity Table above):

(in thousands)	Six Months Ended July 31, 2025	2024
Beginning balance	645	532
Granted	471	358
Released	(130)	(160)
Forfeited	(100)	(85)
Ending balance	**886**	**645**

Excluding PSUs, we granted 2,739,000 RSUs during the six months ended July 31, 2025.

As of July 31, 2025, there was approximately $83.7 million of total unrecognized compensation expense, net of estimated forfeitures, related to unvested RSUs, which is expected to be recognized over a weighted-average period of 2.2 years.

Stock Bonus Program and Bonus Share Program

Our stock bonus program permits eligible employees to receive a portion of their earned bonuses, otherwise payable in cash, in the form of discounted shares of our common stock. Executive officers are eligible to participate in this program to the extent that capacity remains available under the program following the enrollment of all other participants. Shares awarded to executive officers with respect to the discount feature of the program are subject to a one-year vesting period. This program is subject to annual funding approval by our board of directors and an annual cap on the number of shares that can be issued. Subject to these limitations, the number of shares to be issued under the program for a given year is determined using a five-day trailing average price of our common stock when the awards are calculated, reduced by a discount determined by the board of directors each year (the “discount”). To the extent that this program is not funded in a given year or the number of shares of common stock needed to fully satisfy employee enrollment exceeds the annual cap, the applicable portion of the employee bonuses will generally revert to being paid in cash.

Under our bonus share program, we may provide discretionary bonuses to employees or pay earned bonuses that are outside the stock bonus program in the form of shares of common stock. Unlike the stock bonus program, there is no enrollment for this program and no discount feature.

For bonuses in respect of the year ended January 31, 2025, our board of directors approved the use of up to 400,000 shares of common stock in the aggregate for awards under these two programs, with up to 200,000 of these shares of common stock and a discount of 15% approved for awards under our stock bonus program. During the three months ended July 31, 2025, we issued approximately 399,860 shares under the bonus share program, in respect of the year ended January 31, 2025. The stock bonus program was not used, and no shares will be issued under this program, in respect of the performance period ended January 31, 2025.

The following table summarizes activity under the stock bonus program during the six months ended July 31, 2025 and 2024 in isolation. As noted above, shares issued in respect of the discount feature under the program reduce available plan capacity and are included in the Award Activity Table above. Other shares issued under the program do not reduce available plan capacity and are therefore excluded from the Award Activity Table above.

	Six Months Ended July 31,	
(in thousands)	**2025**	**2024**
Shares in lieu of cash bonus — granted and released (not included in Award Activity Table above)	0	18
Shares in respect of discount (included in Award Activity Table above):		
Granted	0	0
Released	0	0

In March 2025, our board of directors approved the use of up to 400,000 shares of common stock in the aggregate under these two programs, with up to 200,000 of these shares of common stock and a discount of 15%, for awards under our stock bonus program for the performance period ending January 31, 2026. Any shares earned under these programs will be issued during the year ending January 31, 2027.

The combined accrued liabilities for these two programs were $3.9 million and $9.7 million at July 31, 2025 and January 31, 2025, respectively.

15. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

We are a party to various litigation matters and claims that arise from time to time in the ordinary course of business. Based on information currently available, we do not believe that any such current legal proceedings, individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations, or liquidity. However, the litigation process is inherently uncertain, and we cannot guarantee a favorable outcome for any matter.

We record litigation accruals for legal matters which are both probable and estimable. For legal proceedings for which there is reasonable possibility of loss (meaning those losses for which the likelihood is more than remote but less than probable), we have determined we do not have a material exposure, either individually or in the aggregate.

16. SEGMENT INFORMATION

Segment Information

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the enterprise’s chief operating decision maker, or CODM, or decision making group, in deciding how to allocate resources and in assessing performance. Our Chief Executive Officer is our CODM.

We are a pure-play customer engagement company that operates as a single operating and reporting segment as our CODM reviews the financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance. Our CODM decides how to allocate resources based on consolidated net income (loss) as shown in our condensed consolidated statement of operations as net income (loss). The measure of segment assets that is reviewed by the CODM is reported on the condensed consolidated balance sheet as total assets. The CODM uses consolidated net income to assess the profitability of the business, in the annual forecasting process, and to monitor period-over-period results to assess performance and make decisions about allocating resources.

The significant expense categories and consolidated net (loss) income details provided to the CODM for the three and six months ended July 31, 2025 and 2024 were as follows:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands)	2025	2024	2025	2024
Recurring revenue:				
Bundled SaaS revenue	$ 84,897	$ 71,593	$ 166,154	$ 137,288
Unbundled SaaS revenue	53,928	59,511	120,155	134,799
Total SaaS revenue	**138,825**	**131,104**	**286,309**	**272,087**
Optional managed services revenue	6,109	5,569	11,123	10,737
Support revenue	20,587	26,556	41,712	53,933
Total recurring revenue	**165,521**	**163,229**	**339,144**	**336,757**
Nonrecurring perpetual revenue	**22,873**	**23,834**	**39,894**	**48,734**
Nonrecurring professional services and other revenue	**19,613**	**23,107**	**37,066**	**45,956**
Total revenue	**208,007**	**210,170**	**416,104**	**431,447**
Less:				
Cost of recurring revenue	39,077	36,303	81,185	72,226
Cost of nonrecurring perpetual revenue	9,712	8,834	16,960	17,608
Cost of nonrecurring professional services and other revenue	16,299	17,966	33,830	35,672
Amortization of acquired technology	2,368	1,641	4,676	2,999
Total cost of revenue	**67,456**	**64,744**	**136,651**	**128,505**
Less:				
Employee compensation and related expenses	91,298	83,360	185,614	172,319
Stock-based compensation expense	15,445	21,572	30,591	38,511
Amortization of other acquired intangible assets	3,563	3,020	7,082	6,085
Depreciation expense	3,721	3,559	7,472	7,156
Other segment items, net (1)	23,175	20,045	40,273	40,556
Interest expense	2,337	2,593	4,836	5,184
Interest income	(1,179)	(1,596)	(2,642)	(3,574)
Other expense (income), net	900	2,896	404	3,394
Income tax expense	2,671	4,254	5,276	12,209
Net (loss) income	**$ (1,380)**	**$ 5,723**	**$ 547**	**$ 21,102**

(1) Other segment items, net includes business applications and technology infrastructure expenses, contractor expenses, professional fees, sales, advertising, and marketing expenses, travel and entertainment, facility expenses, charges or benefits related to changes in the fair values of contingent consideration obligations associated with business combinations, write-offs of long-lived assets, and general overhead expenses, net of software development costs that are capitalized.

Geographic Information

Revenue by major geographic region is based upon the geographic location of the customers who purchase our products and services. The geographic locations of distributors, resellers, and systems integrators who purchase and resell our products may be different from the geographic locations of end customers.

Revenue in the Americas includes the United States, Canada, Mexico, Brazil, and other countries in the Americas. Revenue in Europe, the Middle East and Africa ("EMEA") includes the United Kingdom, Germany, Israel, and other countries in EMEA. Revenue in the Asia-Pacific ("APAC") region includes Australia, India, and other Asia-Pacific countries.

The information below summarizes revenue from unaffiliated customers by geographic area for the three and six months ended July 31, 2025 and 2024:

(in thousands)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	Six Months Ended July 31, 2025	Six Months Ended July 31, 2024
Americas:				
United States	$ 135,032	$ 134,771	$ 273,250	$ 279,661
Other	8,056	11,185	13,448	27,554
Total Americas	143,088	145,956	286,698	307,215
EMEA:				
United Kingdom	20,867	20,927	41,810	42,382
Other	21,075	20,827	43,187	38,691
Total EMEA	41,942	41,754	84,997	81,073
APAC	22,977	22,460	44,409	43,159
Total revenue	**$ 208,007**	**$ 210,170**	**$ 416,104**	**$ 431,447**

Our long-lived assets primarily consist of net property and equipment, operating lease right-of-use assets, goodwill and other intangible assets, and deferred income taxes. We believe that our tangible long-lived assets, which consist of our net property and equipment, are exposed to greater geographic area risks and uncertainties than intangible assets, operating lease right-of-use assets, and long-term cost deferrals, because these tangible assets are difficult to move and are relatively illiquid.

Property and equipment, net by geographic area consisted of the following as of July 31, 2025 and January 31, 2025:

(in thousands)	July 31, 2025	January 31, 2025
United States	$ 29,019	$ 33,740
United Kingdom	7,833	6,415
Israel	6,207	5,230
Other countries	3,667	3,323
Total property and equipment, net	**$ 46,726**	**$ 48,708**

17. SUBSEQUENT EVENT

Merger Agreement

On August 24, 2025, we entered into the Merger Agreement with Parent and Merger Sub providing for our acquisition by the private equity investment firm Thoma Bravo.

As a result of the Merger, (a) each share of our common stock (other than (i) shares of common stock held in treasury or owned by Parent or Merger Sub immediately prior to the Effective Time and (ii) shares of common stock held by stockholders who have perfected their statutory rights of appraisal under Section 262 of the Delaware General Corporation Law) that is issued and outstanding immediately prior to the Effective Time will be automatically canceled and converted into the right to receive $20.50 in cash without interest (the "Merger Consideration"), and (b) each share of our Preferred Stock that is issued and outstanding immediately prior to the Effective Time will be automatically redeemed for a redemption price equal to $1,000 in cash plus any unpaid accrued and accumulated dividends on such share (whether or not declared) up to, but excluding, the closing date of the Merger.

In addition, the consummation of the Merger would constitute a Fundamental Change and a Make-Whole Fundamental Change as those terms are defined in the indenture governing the 2021 Notes, requiring us to offer to repurchase the 2021 Notes from the holders thereof for a repurchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon to, but not including, the repurchase date.

Completion of the Merger is subject to certain closing conditions, including (1) the approval of the Merger Agreement by the affirmative vote of holders of a majority of the issued and outstanding shares of our capital stock entitled to vote on the adoption of the Merger Agreement at a meeting of stockholders held for such purpose (the "Stockholder Approval"), (2) no governmental authority having jurisdiction over any party to the Merger Agreement having issued any order or other action that is in effect (whether temporary, preliminary or permanent) restraining, enjoining or otherwise prohibiting the consummation of the Merger and no applicable law having been adopted that makes consummation of the Merger illegal or otherwise prohibited, (3) the expiration or termination of the applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and receipt of all consents required under (a) any other applicable federal, state, local or foreign antitrust, competition, premerger notification and trade regulations laws, regulations or orders and (b) laws, regulations, statutes, rules, orders, decrees, or other legal requirements of any governmental authority relating to or governing foreign ownership, foreign investment, or the review, approval, notification, or restriction of foreign direct investment, (4) the accuracy of the other party's representations and warranties, subject to certain customary materiality standards set forth in the Merger Agreement, (5) performance or compliance in all material respects with the other party's obligations under the Merger Agreement, and (6) no Company Material Adverse Effect (as defined in the Merger Agreement) having occurred and since the date of the Merger Agreement. The parties expect the transaction to close before the end of our current fiscal year.

The Merger Agreement contains customary "no-shop" provision that restricts our ability to solicit, initiate or knowingly facilitate or encourage any further acquisition proposals from third parties and to provide non-public information to and engage in discussions or negotiations with third parties regarding acquisition proposals. However, at any time prior to receipt of the Stockholder Approval, we may provide information to and negotiate with third parties who submit an alternative acquisition proposal that our board of directors (or any authorized committee thereof) determines in good faith, after consultation with outside financial and legal advisors, would, if consummated, constitute a Superior Proposal (as defined in the Merger Agreement), provided that such alternative acquisition proposal did not result from a breach of the "no shop" restrictions and subject to compliance with certain requirements being met before such action. Our board of directors also may change its recommendation to stockholders to adopt the Merger Agreement in response to a Superior Proposal or an Intervening Event (as defined in the Merger Agreement) if the board of directors determines in good faith, after consultation with a financial advisor and outside legal counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law.

If the Merger Agreement is terminated in certain other circumstances, including by us in order to enter into a Superior Proposal or by Parent because our board of directors withdraws its recommendation in favor of the Merger, we would be required to pay Parent a termination fee of $50 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management's discussion and analysis is provided to assist readers in understanding our financial condition, results of operations, and cash flows. This discussion should be read in conjunction with our audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended January 31, 2025 and our unaudited condensed consolidated financial statements and notes thereto contained in this report. This discussion contains a number of forward-looking statements, including statements with respect to the Merger (as defined below), all of which are based on our current expectations and all of which could be affected by uncertainties and risks. Our actual results may differ materially from the results contemplated in these forward-looking statements as a result of many factors including, but not limited to, those described under "Cautionary Note on Forward-Looking Statements".

Merger Agreement

As previously disclosed, on August 24, 2025, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Calabrio, Inc. ("Parent"), a Delaware limited liability company affiliated with the private equity investment firm Thoma Bravo, L.P. ("Thoma Bravo"), and Viking Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Parent ("Merger Sub"), providing for our acquisition by Thoma Bravo in an all-cash transaction valued at approximately $2 billion (the "Merger"). If the Merger is completed, our stockholders will be entitled to receive $20.50 in cash for each share of common stock they hold as of the effective time of the Merger. The Merger is expected to close before the end of our current fiscal year, subject to customary closing conditions, including approval by our stockholders and the receipt of required regulatory approvals. See Note 17 "Subsequent Events" to the condensed consolidated financial statements included under Part I, Item 1 of this report for information regarding the Merger.

The consummation of the Merger remains subject to the satisfaction or, to the extent permitted by applicable law, waiver by each of us, Parent and Merger Sub of closing conditions, including, but not limited to, stockholder approval. Our board of directors has approved the Merger Agreement and the transactions contemplated thereby.

If the Merger is consummated, our common stock will no longer be publicly listed and traded on NASDAQ, the common stock will be deregistered under the Securities Exchange Act of 1934 (the "Exchange Act"), we will no longer file periodic reports with the Securities and Exchange Commission (the "SEC") and existing stockholders will cease to have any ownership interest in Verint.

Overview

Our Business

Verint is a leader in Customer Experience ("CX") Automation, serving a customer base that includes more than 80 of the Fortune 100 companies. The world's most iconic brands use the Verint Open Platform and our team of AI-powered bots to deliver tangible AI Business Outcomes, Now™ across the enterprise. Verint is uniquely positioned to help brands increase CX Automation with our differentiated AI-powered Open Platform.

Verint is headquartered in Melville, New York, and has approximately 15 offices worldwide, in addition to a number of on-demand, flexible coworking spaces. We have approximately 3,700 employees plus a few hundred contractors around the globe.

Impact of Macroeconomic Developments

Our results of operations may be significantly influenced by general macroeconomic and geopolitical conditions, such as recession risks, shifts in government spending, changes in global tariff policies and structures and other trade policies, continued concerns over inflation, elevated interest rates, foreign currency fluctuations, existing and new domestic and foreign laws and regulations, the war in Ukraine, or the war/hostilities between Israel and Hamas or between Israel and Iran or its proxies, all of which are beyond our control.

We believe that these global macroeconomic conditions have impacted customer and partner spending decisions, and have resulted in increased costs. Future impacts on our business and financial results as a result of these conditions are not estimable at this time and depend, in part, on the extent to which these conditions improve or worsen. We will continue to monitor and assess the direct and indirect effects of these macroeconomic and geopolitical developments on our operations, financial condition, and outlook.

See the “Risk Factors” section included in our Annual Report on Form 10-K for the year ended January 31, 2025, and the “Risk Factors” section in Part II, Item 1A, of this report, for further discussion of the possible impact of these general macroeconomic factors and risks on our business. For additional information on the impact of foreign currency exchange rates, see the “Foreign Currency Exchange Rates’ Impact on Results of Operations” section below.

Key Performance Metric and Trends

The Verint Open Platform is sold on a subscription basis and for the three and six months ended July 31, 2025, approximately 80% of our revenue came from our subscription business which we measure using Subscription Annual Recurring Revenue (“ARR”).

The following table summarizes our ARR as of the end of each period presented:

	Three Months Ended July 31,		% Change
(in thousands)	2025	2024	2025 - 2024
Subscription ARR	$ 728,492	$ 684,692	6%

Subscription ARR represents the annualized quarterly run-rate value of our active or signed subscription agreements at the end of the period and is comprised of the ARR calculated for our bundled and unbundled SaaS, support, and optional managed services contracts. A portion of ARR is attributable to subscriptions to our AI and AI-powered solutions, which subscriptions may be recognized as either bundled SaaS revenue or as unbundled SaaS revenue depending on the applicable contract terms. Under Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, we are required to recognize a significant portion of our unbundled SaaS contracts at a point in time when the software is first made available to the customer, or at the beginning of the subscription term, despite the fact that our contracts typically call for billing these amounts annually or more frequently over the life of the subscription. This point-in-time recognition of a portion of our recurring revenue creates significant variability in the revenue recognized period to period based on the timing of the subscription start date and the subscription term and can create a significant difference between the timing of our revenue recognition and the actual customer billing under the contract. For unbundled SaaS contracts, the amount included is generally consistent with the amount that we invoice the customer annually for the term-based license transaction. In the case of acquired contracts that allow for early termination, ARR reflects the annualized amount of committed contracts in the first quarter and then proportionally increases to the remaining amount of annualized ARR in the subsequent three quarters during the first year post acquisition. 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.

We use ARR to measure the underlying performance of our subscription-based contracts as it normalizes the impact of seasonality, contract duration, and subscription mix (bundled versus unbundled), offering a more consistent view of our underlying business regardless of when revenue is recognized. ARR also provides a more consistent view of cash generation, as it better aligns with our billing cycles and future cash flow generation. ARR should be viewed independently of revenue, and does not represent our revenue under ASC 606 on an annualized basis, as it is an operating metric that is impacted by contract start and end dates and renewal rates. ARR is not intended to be a replacement for forecasts of revenue and does not include revenue reported as nonrecurring revenue in our condensed consolidated statement of operations. ARR does not have any standardized meaning and is therefore unlikely to be comparable to similarly titled measures presented by other companies. Investors should consider our ARR operating measure only in conjunction with our GAAP financial results.

We believe there are three key market trends that are benefiting Verint today: enterprise adoption of AI and CX Automation, a changing workforce, and elevated customer expectations.

- **Enterprise Adoption of AI and CX Automation:** We believe that AI is at or near the top of the list of investment priorities for most enterprises and customer engagement presents one of the best opportunities for brands to achieve significant ROI by investing in CX Automation powered by AI. Brands today are challenged to delight their customers while facing limited budgets and resources. As a result, organizations are turning to AI-powered platforms specifically designed for the customer engagement domain to increase the level of their CX Automation. Verint’s large team of AI-powered bots and open platform leverage the latest advancements in AI technology to address this market need.

- **A Changing Workforce:** Brands are facing unprecedented challenges in managing their changing workforce. Increasingly, brands are managing a hybrid workforce of agents and bots, with employees that may be working from anywhere. Providing flexibility for where employees work creates greater challenges in managing and coaching employee teams. And because of the limited resources that are available, brands must drive greater workforce efficiency. They need to find ways of using technology, like AI-powered bots, to augment their workforce. Brands also recognize the need to leverage data and automation to achieve greater efficiency. In addition, the importance of the employee experience continues to grow, and brands must evolve how they recruit, onboard, and retain employees. We believe that these trends benefit Verint as they create demand for new AI-powered solutions like ours that can keep pace with the future of work, including people and bots working together, increased automation, greater employee flexibility, and a greater focus on the voice of the employee.

- **Elevated Customer Expectations:** Customer expectations for faster, more consistent, and more contextual service and support continue to rise and meeting those expectations is becoming increasingly difficult with legacy technology. The proliferation of customer communication channels and the desire of customers to seamlessly shift between channels creates more complex customer journeys for brands to manage and support. Customers also expect brands to have a deep understanding of the customer's relationship with that brand — an understanding that is unified across the enterprise, regardless of whether the customer touchpoint is in the contact center, on a website, through a mobile app, in the back-office, or in a branch. To develop that deep understanding of the customer relationship, leading brands recognize the need to use specialized, AI-powered solutions like ours to both fuse the data that has traditionally existed in silos across the enterprise and to analyze the data to inform and automate the customer experience.

Critical Accounting Policies and Estimates

Note 1, "Summary of Significant Accounting Policies" to the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended January 31, 2025 describes the significant accounting policies and methods used in the preparation of the condensed consolidated financial statements appearing in this report. The accounting policies that reflect our more significant estimates, judgments and assumptions in the preparation of our condensed consolidated financial statements are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of our Annual Report on Form 10-K for the year ended January 31, 2025, and include the following:

- Revenue recognition;
- Accounting for business combinations;
- Goodwill and other acquired intangible assets;
- Income taxes; and
- Accounting for stock-based compensation.

There were no significant changes to our critical accounting policies and estimates during the six months ended July 31, 2025.

Results of Operations

Seasonality and Cyclicality

Our business exhibits seasonal and cyclical patterns common in the software and technology industry. We typically experience our highest revenue and operating income in the fourth quarter and lowest in the first quarter of each fiscal year, excluding the impact of unusual or nonrecurring items. Order volume tends to peak in the final month of each quarter, with particular concentration in the latter weeks. We attribute these patterns primarily to customer budget cycles and spending patterns, as well as the structure of our sales team's incentive compensation plans. While these seasonal and cyclical trends are consistent with broader industry patterns, these patterns should not be considered reliable predictors of our future performance.

Subscription Mix

Our revenue recognition practices vary based on our delivery models. For bundled SaaS subscriptions, we recognize revenue ratably over the contract term, creating a more predictable revenue stream from these arrangements. Much of our reported bundled SaaS revenue in any period stems from customer agreements initiated in prior periods. In contrast, a substantial portion of our unbundled SaaS revenue is recognized upfront upon delivery of the license keys, or when the license term commences, if later, which can create significant period-to-period variability in our reported revenue. This timing difference means increases or decreases in new bundled SaaS sales may not immediately impact reported revenue, while unbundled SaaS contracts create more immediate revenue effects. The timing of multi-year unbundled SaaS renewals can create additional revenue variability. When customers renew unbundled SaaS subscriptions for multiple years, we recognize significantly more revenue upfront compared to one-year renewals. Consequently, periods with higher concentrations of multi-year unbundled SaaS renewals will show elevated revenue recognition, while subsequent periods may reflect comparative decreases even with consistent underlying business performance. Despite these timing differences in revenue recognition, our cash flow patterns remain relatively consistent. Customer billings for both bundled and unbundled SaaS offerings typically follow similar annual billing cycles. To provide investors with greater visibility into our business performance beyond these timing differences, we focus on ARR as a key performance metric as described above.

Overview of Operating Results

The following table sets forth a summary of certain key financial information for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		Six Months Ended July 31,	
(in thousands, except per share data)	2025	2024	2025	2024
Revenue	$ 208,007	$ 210,170	$ 416,104	$ 431,447
Operating income	$ 3,349	$ 13,870	$ 8,421	$ 38,315
Net (loss) income attributable to Verint Systems Inc. common shares	$ (5,688)	$ 1,451	$ (8,066)	$ 11,492
Net (loss) income per common share attributable to Verint Systems Inc.:				
Basic	$ (0.09)	$ 0.02	$ (0.13)	$ 0.19
Diluted	$ (0.09)	$ 0.02	$ (0.13)	$ 0.18

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Our revenue decreased approximately $2.2 million, from $210.2 million in the three months ended July 31, 2024 to $208.0 million in the three months ended July 31, 2025. The decrease consisted of a $3.5 million decrease in nonrecurring professional services and other revenue and a $1.0 million decrease in nonrecurring perpetual revenue, partially offset by a $2.3 million increase in recurring revenue. For additional details on our revenue by category, see "—Revenue". Revenue in the Americas, in Europe, the Middle East and Africa ("EMEA"), and in the Asia-Pacific ("APAC") regions represented approximately 69%, 20%, and 11%, respectively, of our total revenue in both the three months ended July 31, 2025 and 2024. Further details of changes in revenue are provided below.

We reported operating income of $3.3 million in the three months ended July 31, 2025 compared to operating income of $13.9 million in the three months ended July 31, 2024. The decrease in operating income was primarily due to a $4.9 million decrease in gross profit, from $145.4 million to $140.5 million and a $5.7 million increase in operating expenses, from $131.5 million to $137.2 million. The increase in operating expenses consisted of a $3.7 million increase in net research and development expenses, a $1.4 million increase in selling, general and administrative expenses, and a $0.6 million increase in amortization of other acquired intangible assets. Further details of changes in operating income are provided below.

Net loss attributable to Verint Systems Inc. common shares was $5.7 million and diluted net loss per common share was $0.09 in the three months ended July 31, 2025 compared to net income attributable to Verint Systems Inc. common shares of $1.5 million and diluted net income per common share of $0.02 in the three months ended July 31, 2024. The decrease in net income attributable to Verint Systems Inc. common shares in the three months ended July 31, 2025 was primarily due to a $10.6 million decrease in operating income as described above and a $0.1 million increase in net income attributable to our noncontrolling interest, partially offset by a $1.8 million decrease in total other expense, net, a $1.6 million decrease in our provision for income taxes, and a $0.1 million decrease in dividends on preferred stock. Further details of these changes are provided below.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Our revenue decreased approximately $15.3 million, from $431.4 million in the six months ended July 31, 2024 to $416.1 million in the six months ended July 31, 2025. The decrease consisted of an $8.9 million decrease in nonrecurring professional services and other revenue and an $8.8 million decrease in nonrecurring perpetual revenue, partially offset by a $2.4 million increase in recurring revenue. For additional details on our revenue by category, see "—Revenue". Revenue in the Americas, in EMEA, and in APAC regions represented approximately 69%, 20%, and 11% of our total revenue, respectively, in the six months ended July 31, 2025, compared to approximately 71%, 19%, and 10%, respectively, in the six months ended July 31, 2024. Further details of changes in revenue are provided below.

We reported operating income of $8.4 million in the six months ended July 31, 2025 compared to operating income of $38.3 million in the six months ended July 31, 2024. The decrease in operating income was primarily due to a $23.5 million decrease in gross profit, from $302.9 million to $279.4 million and a $6.4 million increase in operating expenses, from $264.6 million to

$271.0 million. The increase in operating expenses consisted of a $7.6 million increase in net research and development expenses and a $1.0 million increase in amortization of other acquired intangible assets, partially offset by a $2.2 million decrease in selling, general and administrative expenses. Further details of changes in operating income are provided below.

Net loss attributable to Verint Systems Inc. common shares was $8.1 million and diluted net loss per common share was $0.13 in the six months ended July 31, 2025 compared to net income attributable to Verint Systems Inc. common shares of $11.5 million and diluted net income per common share of $0.18 in the six months ended July 31, 2024. The decrease in net income attributable to Verint Systems Inc. common shares in the six months ended July 31, 2025 was primarily due to a $29.9 million decrease in operating income as described above and a $0.3 million increase in net income attributable to our noncontrolling interest, partially offset by a $6.9 million decrease in our provision for income taxes, a $2.4 million decrease in total other expense, net, and a $1.3 million decrease in dividends on preferred stock. Further details of these changes are provided below.

We employed approximately 3,700 employees plus a few hundred contractors as of July 31, 2025 and 2024.

Foreign Currency Exchange Rates' Impact on Results of Operations

A portion of our business is conducted in currencies other than the U.S. dollar, and therefore our revenue, cost of revenue, and operating expenses are affected by fluctuations in applicable foreign currency exchange rates.

When comparing average exchange rates for the three months ended July 31, 2025 to average exchange rates for the three months ended July 31, 2024, the U.S. dollar weakened relative to the British pound sterling, the euro, and the Israeli shekel, and strengthened relative to the Australian dollar, resulting in an overall increase in our revenue and expenses on a U.S. dollar-denominated basis. For the three months ended July 31, 2025, had foreign currency exchange rates remained unchanged from rates in effect for the three months ended July 31, 2024, our revenue would have been approximately $1.4 million lower and our cost of revenue and operating expenses on a combined basis would have been approximately $2.1 million lower, which would have resulted in a $0.7 million increase in our operating income.

When comparing average exchange rates for the six months ended July 31, 2025 to average exchange rates for the six months ended July 31, 2024, the U.S. dollar weakened relative to the British pound sterling, the euro, and the Israeli shekel, and strengthened relative to the Australian dollar and the Indian rupee, resulting in an overall increase in our revenue and expenses on a U.S. dollar-denominated basis. For the six months ended July 31, 2025, had foreign currency exchange rates remained unchanged from rates in effect for the six months ended July 31, 2024, our revenue would have been approximately $1.5 million lower and our cost of revenue and operating expenses on a combined basis would have been approximately $2.0 million lower, which would have resulted in a $0.5 million increase in our operating income.

Revenue

We derive and report our revenue in three categories: (a) recurring revenue, which includes bundled SaaS, unbundled SaaS, hosting services, optional managed services, initial and renewal support revenue, and product warranties, (b) nonrecurring perpetual revenue, which primarily consists of perpetual licenses and hardware, and (c) nonrecurring professional services and other revenue, which consists primarily of installation services, business advisory consulting and training services, and patent royalties.

The following table sets forth revenue by category for the three and six months ended July 31, 2025 and 2024:

(in thousands)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	% Change 2025-2024	Six Months Ended July 31, 2025	Six Months Ended July 31, 2024	% Change 2025-2024
Recurring revenue						
Bundled SaaS revenue	$ 84,897	$ 71,593	19%	$ 166,154	$ 137,288	21%
Unbundled SaaS revenue	53,928	59,511	(9)%	120,155	134,799	(11)%
Total SaaS revenue	**138,825**	**131,104**	6%	**286,309**	**272,087**	5%
Optional managed services revenue	6,109	5,569	10%	11,123	10,737	4%
Support revenue	20,587	26,556	(22)%	41,712	53,933	(23)%
Total recurring revenue	**165,521**	**163,229**	1%	**339,144**	**336,757**	1%
Nonrecurring perpetual revenue	**22,873**	**23,834**	(4)%	**39,894**	**48,734**	(18)%
Nonrecurring professional services and other revenue	**19,613**	**23,107**	(15)%	**37,066**	**45,956**	(19)%
Total revenue	**$ 208,007**	**$ 210,170**	(1)%	**$ 416,104**	**$ 431,447**	(4)%

Recurring Revenue

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Recurring revenue increased approximately $2.3 million, or 1%, from $163.2 million in the three months ended July 31, 2024 to $165.5 million in the three months ended July 31, 2025. The increase consisted of a $7.7 million increase in SaaS revenue and a $0.6 million increase in optional managed services revenue, partially offset by a $6.0 million decrease in support revenue. The increase in SaaS revenue was due to an increase in bundled SaaS revenue, partially offset by a decrease in unbundled SaaS revenue. The increase in bundled SaaS revenue was primarily due to new customer contracts and existing customers expanding their use of our cloud platform and demand for our AI-powered solutions. The decrease in unbundled SaaS revenue was primarily due to a decrease in conversion transactions and a lower volume of renewals scheduled for the current period. The decrease in support revenue was primarily due to customers migrating to our bundled and unbundled SaaS solutions and customer attrition. Approximately 50% of the support revenue decline was directly attributable to these SaaS transitions. We anticipate a more moderate pace of support conversions going forward as we have largely completed transitioning our customer base from a perpetual license model to recurring SaaS subscriptions.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Recurring revenue increased approximately $2.3 million, or 1%, from $336.8 million in the six months ended July 31, 2024 to $339.1 million in the six months ended July 31, 2025. The increase consisted of a $14.2 million increase in SaaS revenue and a $0.4 million increase in optional managed services revenue, partially offset by a $12.3 million decrease in support revenue. The increase in SaaS revenue was due to an increase in bundled SaaS revenue, partially offset by a decrease in unbundled SaaS revenue. The increase in bundled SaaS revenue was primarily due to new customer contracts and existing customers expanding their use of our cloud platform and demand for our AI-powered solutions. The decrease in unbundled SaaS revenue was primarily due to a decrease in conversion transactions and a lower volume of renewals scheduled for the current period. The decrease in support revenue was primarily due to customers migrating to our bundled and unbundled SaaS solutions and customer attrition. Approximately 50% of the support revenue decline was directly attributable to these SaaS transitions.

We expect our revenue mix to continue to shift to our SaaS offerings, which is consistent with our cloud-first strategy and a general market shift from on-premises solutions. Customer subscriptions to the Verint Open Platform may be recognized as either bundled SaaS revenue or as unbundled SaaS revenue depending on the applicable contract terms.

Nonrecurring Perpetual Revenue

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Nonrecurring perpetual revenue decreased approximately $0.9 million, or 4%, from $23.8 million in the three months ended July 31, 2024 to $22.9 million in the three months ended July 31, 2025 primarily due to a slight decrease in the average sales price of certain offerings that include hardware with embedded software.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Nonrecurring perpetual revenue decreased approximately $8.8 million, or 18%, from $48.7 million in the six months ended July 31, 2024 to $39.9 million in the six months ended July 31, 2025. The decrease in perpetual revenue was primarily due to reduced demand for our offerings that include hardware with embedded software, we believe driven by short-term macroeconomic uncertainty and a continued shift in spending by our customers towards our SaaS solutions.

Nonrecurring Professional Services and Other Revenue

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Nonrecurring professional services and other revenue decreased approximately $3.5 million, or 15%, from $23.1 million in the three months ended July 31, 2024 to $19.6 million in the three months ended July 31, 2025. The decrease in professional services and other revenue was primarily attributable to a decline in implementation services as a result of the overall shift in our business to a recurring SaaS subscription model, and a decrease in consulting services revenue.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Nonrecurring professional services and other revenue decreased approximately $8.9 million, or 19%, from $46.0 million in the six months ended July 31, 2024 to $37.1 million in the six months ended July 31, 2025. The decrease in professional services and other revenue was primarily attributable to a decline in implementation services as a result of the overall shift in our business to a recurring SaaS subscription model, a decrease in consulting services revenue, and a decrease in patent royalty revenue primarily due to no further royalties being earned under a royalty agreement.

Cost of Revenue

The following table sets forth the cost of revenue by recurring, nonrecurring perpetual, and nonrecurring professional services and other, as well as amortization of acquired technology for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		% Change	Six Months Ended July 31,		% Change
(in thousands)	2025	2024	2025-2024	2025	2024	2025-2024
Cost of recurring revenue	$ 39,077	$ 36,303	8%	$ 81,185	$ 72,226	12%
Cost of nonrecurring perpetual revenue	9,712	8,834	10%	16,960	17,608	(4)%
Cost of nonrecurring professional services and other revenue	16,299	17,966	(9)%	33,830	35,672	(5)%
Amortization of acquired technology	2,368	1,641	44%	4,676	2,999	56%
Total cost of revenue	**$ 67,456**	**$ 64,744**	**4%**	**$ 136,651**	**$ 128,505**	**6%**

Cost of Recurring Revenue

Cost of recurring revenue primarily consists of employee compensation and related expenses for our cloud operations and support teams, contractor costs, cloud infrastructure and data center costs, travel expenses relating to optional managed services and support, and royalties due to third parties for software components that are embedded in our cloud-based solutions. Cost of recurring revenue also includes amortization of capitalized software development costs, stock-based compensation expenses, facility costs, and other allocated overhead expenses.

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Cost of recurring revenue increased approximately $2.8 million, or 8%, from $36.3 million in the three months ended July 31, 2024 to $39.1 million in the three months ended July 31, 2025. The increase was primarily due to an increase in the cost of third-party cloud infrastructure and data center costs in order to support our growing SaaS customer base. Our recurring revenue gross margins decreased from 78% in the three months ended July 31, 2024 to 76% in the three months ended July 31, 2025, primarily driven by a shift in our SaaS revenue mix from unbundled to bundled, and an increase in recurring costs as described above.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Cost of recurring revenue increased approximately $9.0 million, or 12%, from $72.2 million in the six months ended July 31, 2024 to $81.2 million in the six months ended July 31, 2025. The increase was primarily due to an increase in the cost of third-party cloud infrastructure and data center costs in order to support our growing SaaS customer base, and an increase in employee compensation and related expenses primarily due to one-time employee severance and related charges. Our recurring revenue gross margins decreased from 79% in the six months ended July 31, 2024 to 76% in the six months ended July 31, 2025, primarily driven by a shift in our SaaS revenue mix from unbundled to bundled, and an increase in recurring costs as described above.

Cost of Nonrecurring Perpetual Revenue

Cost of nonrecurring perpetual revenue primarily consists of hardware material costs, employee compensation and related expenses, freight and shipping costs, and royalties due to third parties for software components that are embedded in our on-premises software solutions. Cost of nonrecurring perpetual revenue also includes amortization of capitalized software development costs, employee compensation and related expenses associated with our global operations, facility costs, and other allocated overhead expenses.

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Cost of nonrecurring perpetual revenue increased approximately $0.9 million, or 10%, from $8.8 million in the three months ended July 31, 2024 to $9.7 million in the three months ended July 31, 2025. The increase was primarily attributable to an increase in tariffs on goods imported into the United States as a result of recently enacted trade policies. Our nonrecurring perpetual gross margins decreased from 63% in the three months ended July 31, 2024 to 58% in the three months ended July 31, 2025, primarily driven by a reduction in nonrecurring perpetual revenue and higher tariff costs.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Cost of nonrecurring perpetual revenue decreased approximately $0.6 million, or 4%, from $17.6 million in the six months ended July 31, 2024 to $17.0 million in the six months ended July 31, 2025. The decrease was primarily attributable to a corresponding decrease in nonrecurring perpetual revenue as described above, partially offset by an increase in tariffs on goods imported into the United States as a result of recently enacted trade policies. Our nonrecurring perpetual gross margins decreased from 64% in the six months ended July 31, 2024 to 57% in the six months ended July 31, 2025, primarily driven by a reduction in nonrecurring perpetual revenue.

Cost of Nonrecurring Professional Services and Other Revenue

Cost of nonrecurring professional services and other revenue primarily consists of employee compensation and related expenses, contractor costs, and travel expenses relating to installation, training and consulting services. Cost of nonrecurring professional services and other revenue also includes employee compensation and related expenses associated with our global operations, facility costs, and other allocated overhead expenses.

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Cost of nonrecurring professional services and other revenue decreased approximately $1.7 million, or 9%, from $18.0 million in the three months ended July 31, 2024 to $16.3 million in the three months ended July 31, 2025. The decrease was primarily attributable to a decrease in employee compensation and related expenses due to a decrease in headcount supporting our nonrecurring professional services and other revenue offerings, and a decrease in contractor costs. Our nonrecurring professional services and other gross margins decreased from 22% in the three months ended July 31, 2024 to 17% in the three months ended July 31, 2025, primarily due to nonrecurring professional services and other revenue decreasing at a faster rate than nonrecurring professional services and other costs driven by reduced implementation services and a decrease in consulting services revenue as described above.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Cost of nonrecurring professional services and other revenue decreased approximately $1.9 million, or 5%, from $35.7 million in the six months ended July 31, 2024 to $33.8 million in the six months ended July 31, 2025. The decrease was primarily attributable to a decrease in contractor costs, a decrease in employee compensation and related expenses due to a decrease in headcount supporting our nonrecurring professional services and other revenue offerings, and a decrease in stock-based compensation expense due to a decrease in the grant date fair value of employee equity awards. These decreases were partially offset by one-time employee severance and related charges in the current period. Our nonrecurring professional services and other gross margins decreased from 22% in the six months ended July 31, 2024 to 9% in the six months ended July 31, 2025, primarily due to nonrecurring professional services and other revenue decreasing at a faster rate than nonrecurring professional services and other costs driven by reduced implementation and consulting services and a decrease in patent royalty revenue as described above.

Amortization of Acquired Technology

Amortization of acquired technology consists of the amortization of technology assets acquired in connection with business combinations.

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Amortization of acquired technology increased approximately $0.8 million, or 44%, from $1.6 million in the three months ended July 31, 2024 to $2.4 million in the three months ended July 31, 2025. The increase was attributable to amortization expense associated with acquired technology intangible assets from recent business combinations, partially offset by acquired technology intangible assets from historical business combinations becoming fully amortized.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Amortization of acquired technology increased approximately $1.7 million, or 56%, from $3.0 million in the six months ended July 31, 2024 to $4.7 million in the six months ended July 31, 2025. The increase was attributable to amortization expense associated with acquired technology intangible assets from recent business combinations, partially offset by acquired technology intangible assets from historical business combinations becoming fully amortized.

Further discussion regarding our business combinations appears in Note 5, “Business Combinations and Asset Acquisitions” to our condensed consolidated financial statements included under Part I, Item 1 of this report.

Research and Development, Net

Research and development expenses, net (“R&D”) consist primarily of personnel and subcontracting expenses, facility costs, and other allocated overhead, net of certain software development costs that are capitalized and benefits derived from participation in government-sponsored programs in certain jurisdictions for the support of research and development activities conducted in those locations. Software development costs are capitalized upon the establishment of technological feasibility and continue to be capitalized through the general release of the related software product.

The following table sets forth R&D for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		% Change	Six Months Ended July 31,		% Change
(in thousands)	2025	2024	2025-2024	2025	2024	2025-2024
Research and development, net	$ 39,099	$ 35,358	11%	$ 79,740	$ 72,088	11%

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. R&D increased approximately $3.7 million, or 11%, from $35.4 million in the three months ended July 31, 2024 to $39.1 million in the three months ended July 31, 2025. This increase was primarily attributable to a $3.5 million increase in employee compensation and related expenses primarily due to increased investment in R&D headcount and a $1.8 million increase in cloud-based R&D infrastructure costs primarily attributable to a shift from on-premises to cloud R&D labs for development teams supporting R&D and product development, partially offset by a $1.5 million decrease in stock-based compensation expense due to a decrease in the grant date fair value of employee equity awards.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. R&D increased approximately $7.6 million, or 11%, from $72.1 million in the six months ended July 31, 2024 to $79.7 million in the six months ended July 31, 2025. This increase was primarily attributable to a $7.8 million increase in employee compensation and related expenses primarily due to increased investment in R&D headcount and one-time employee severance and related charges and a $3.4 million increase in cloud-based R&D infrastructure costs primarily attributable to a shift from on-premises to cloud R&D labs for development teams supporting R&D and product development, partially offset by a $2.0 million decrease in stock-based compensation expense due to a decrease in the grant date fair value of employee equity awards, and a $1.7 million benefit from the reversal of consideration payable under an acquisition related key employee incentive plan as the achievement of the underlying performance criteria is no longer probable.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (“SG&A”) consist primarily of personnel costs and related expenses, professional fees, changes in the fair values of our obligations under contingent consideration arrangements, sales and marketing expenses, including travel costs, sales commissions and sales referral fees, facility costs, communication expenses, and other administrative expenses.

The following table sets forth SG&A for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		% Change	Six Months Ended July 31,		% Change
(in thousands)	2025	2024	2025-2024	2025	2024	2025-2024
Selling, general and administrative	$ 94,540	$ 93,178	1%	$ 184,210	$ 186,454	(1)%

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. SG&A increased approximately $1.3 million, or 1%, from $93.2 million in the three months ended July 31, 2024 to $94.5 million in the three months ended July 31, 2025. This increase was primarily due to an increase of $4.4 million in employee compensation and related expenses primarily due to an increase in headcount supporting SG&A activities and general wage inflation, a $0.7 million increase in sales and marketing-related expenses, and a $0.6 million increase in the cost of third-party software components in order to support our hybrid work environment, partially offset by a $4.6 million decrease in stock-based compensation expense due to a decrease in the grant date fair value of employee equity awards.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. SG&A decreased approximately $2.3 million, or 1%, from $186.5 million in the six months ended July 31, 2024 to $184.2 million in the six months ended July 31, 2025. This decrease was primarily due to a $7.0 million benefit due to a change in the fair value of our obligations under contingent consideration arrangements as a result of revised outlooks related to a recent acquisition, a $5.9 million decrease in stock-based compensation expense due to a decrease in the grant date fair value of employee equity awards, and a $1.8 million benefit from the reversal of consideration payable under an acquisition related key employee incentive plan as the achievement of the underlying performance criteria is no longer probable. These decreases were partially offset by an increase of $9.0 million in employee compensation and related expenses primarily due to an increase in headcount supporting SG&A activities and general wage inflation, a $1.2 million increase in the cost of third-party software components in order to support our hybrid work environment, a $0.8 million increase in contractor costs, a $0.6 million increase in sales and marketing-related expenses, and a $0.5 million increase in travel and entertainment expenses.

Amortization of Other Acquired Intangible Assets

Amortization of other acquired intangible assets consists of the amortization of certain intangible assets acquired in connection with business combinations.

The following table sets forth the amortization of other acquired intangible assets for the three and six months ended July 31, 2025 and 2024:

	Three Months Ended July 31,		% Change	Six Months Ended July 31,		% Change
(in thousands)	2025	2024	2025-2024	2025	2024	2025-2024
Amortization of other acquired intangible assets	$ 3,563	$ 3,020	18%	$ 7,082	$ 6,085	16%

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Amortization of other acquired intangible assets increased approximately $0.6 million, or 18%, from $3.0 million in the three months ended July 31, 2024 to $3.6 million in the three months ended July 31, 2025. The increase was attributable to amortization expense associated with acquired intangible assets from recent business combinations, partially offset by acquired customer-related intangible assets from historical business combinations becoming fully amortized.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Amortization of other acquired intangible assets increased approximately $1.0 million, or 16%, from $6.1 million in the six months ended July 31, 2024 to $7.1 million in the six months ended July 31, 2025. The increase was attributable to amortization expense associated with acquired intangible assets from recent business combinations, partially offset by acquired customer-related intangible assets from historical business combinations becoming fully amortized.

Further discussion regarding our business combinations appears in Note 5, “Business Combinations and Asset Acquisitions” to our condensed consolidated financial statements included under Part I, Item 1 of this report.

Other Expense, Net

The following table sets forth total other expense, net for the three and six months ended July 31, 2025 and 2024:

(in thousands)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	% Change 2025-2024	Six Months Ended July 31, 2025	Six Months Ended July 31, 2024	% Change 2025-2024
Interest income	$ 1,179	$ 1,596	(26)%	$ 2,642	$ 3,574	(26)%
Interest expense	(2,337)	(2,593)	(10)%	(4,836)	(5,184)	(7)%
Other (expense) income:						
Foreign currency (losses) gains, net	(423)	(1,934)	(78)%	300	(2,471)	(112)%
Other, net	(477)	(962)	(50)%	(704)	(923)	(24)%
Total other (expense) income, net	(900)	(2,896)	(69)%	(404)	(3,394)	(88)%
Total other expense, net	**$ (2,058)**	**$ (3,893)**	(47)%	**$ (2,598)**	**$ (5,004)**	(48)%

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Total other expense, net, decreased by $1.8 million from $3.9 million in the three months ended July 31, 2024 to $2.1 million in the three months ended July 31, 2025.

Interest income decreased from $1.6 million in the three months ended July 31, 2024 to $1.2 million in the three months ended July 31, 2025 due to lower average cash balances and lower interest rates.

Interest expense decreased to $2.3 million in the three months ended July 31, 2025 from $2.6 million in the three months ended July 31, 2024 primarily due to lower interest rates on borrowings under the revolving credit facility. Further discussion regarding our borrowings appears under "Financing Arrangements" below and in Note 7, "Debt" to our condensed consolidated financial statements included under Part I, Item 1 of this report.

We recorded $0.4 million of net foreign currency losses in the three months ended July 31, 2025, and $1.9 million of net foreign currency losses during the three months ended July 31, 2024. Our foreign currency losses in the current period were primarily from fluctuations associated with the exchange rate movement of the U.S. dollar against the Israeli shekel.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Total other expense, net, decreased by $2.4 million from $5.0 million in the six months ended July 31, 2024 to $2.6 million in the six months ended July 31, 2025.

Interest income decreased from $3.6 million in the six months ended July 31, 2024 to $2.6 million in the six months ended July 31, 2025 due to lower average cash balances and lower interest rates.

Interest expense decreased to $4.8 million in the six months ended July 31, 2025 from $5.2 million in the six months ended July 31, 2024 primarily due to lower interest rates on borrowings under the revolving credit facility. Further discussion regarding our borrowings appears under "Financing Arrangements" below and in Note 7, "Debt" to our condensed consolidated financial statements included under Part I, Item 1 of this report.

We recorded $0.3 million of net foreign currency gains in the six months ended July 31, 2025, and $2.5 million of net foreign currency losses during the six months ended July 31, 2024. Our foreign currency gains in the current period were primarily from fluctuations associated with the exchange rate movement of the U.S. dollar against the Mexican peso, the Brazilian real, and the Australian dollar.

Provision for Income Taxes

The following table sets forth our provision for income taxes for the three and six months ended July 31, 2025 and 2024:

(in thousands)	Three Months Ended July 31, 2025	Three Months Ended July 31, 2024	% Change 2025-2024	Six Months Ended July 31, 2025	Six Months Ended July 31, 2024	% Change 2025-2024
Provision for income taxes	$ 2,671	$ 4,254	(37)%	$ 5,276	$ 12,209	(57)%

Three Months Ended July 31, 2025 compared to Three Months Ended July 31, 2024. Our effective income tax rate was 206.9% for the three months ended July 31, 2025, compared to an effective income tax rate of 42.6% for the three months ended July 31, 2024.

For the three months ended July 31, 2025, the effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the U.S. taxation of certain foreign activities and interest related to uncertain tax positions, offset by the benefit of certain domestic tax credits and lower statutory rates in certain foreign jurisdictions. The result was an income tax provision of $2.7 million on pretax income of $1.3 million, which represented an effective income tax rate of 206.9%.

For the three months ended July 31, 2024, the effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the U.S. taxation of certain foreign activities, offset by lower statutory rates in certain foreign jurisdictions. The result was an income tax provision of $4.3 million on pretax income of $10.0 million, which represented an effective income tax rate of 42.6%.

Six Months Ended July 31, 2025 compared to Six Months Ended July 31, 2024. Our effective income tax rate was 90.6% for the six months ended July 31, 2025, compared to an effective income tax rate of 36.7% for the six months ended July 31, 2024.

For the six months ended July 31, 2025, the effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the U.S. taxation of certain foreign activities, the income tax impacts of stock-based compensation, and interest related to uncertain tax positions, offset by the benefit of certain domestic tax credits and lower statutory rates in certain foreign jurisdictions. The result was an income tax provision of $5.3 million on pretax income of $5.8 million, which represented an effective income tax rate of 90.6%.

For the six months ended July 31, 2024, the effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the U.S. taxation of certain foreign activities, offset by lower statutory rates in certain foreign jurisdictions. The result was an income tax provision of $12.2 million on pretax income of $33.3 million, which represented an effective income tax rate of 36.7%.

The Organization for Economic Co-operation and Development ("OECD") Pillar 2 guidelines address the increasing digitalization of the global economy, re-allocating taxing rights among countries. The European Union and many other member states have committed to adopting Pillar 2 which calls for a global minimum tax of 15% to be effective for tax years beginning in 2024. Certain jurisdictions in which we operate have enacted Pillar 2 legislation and others are considering changes to their tax laws to adopt the Pillar 2 global minimum tax. We are monitoring developments and evaluating the impacts of new rules as they are published, including eligibility to qualify for safe harbor rules. Pillar 2 did not have a material impact on our income tax expense for the three and six months ended July 31, 2025 and 2024.

The One Big Beautiful Bill Act ("OBBBA") was enacted on July 4, 2025. The OBBBA includes provisions which significantly change the U.S. tax code including changes to the deductibility or timing of deductions of certain business expenditures including interest expense, research and development, and depreciation, with effective dates in 2025. The OBBBA also includes modifications to the international tax framework which are generally effective after December 31, 2025. While these changes are not reflected in our results for the three and six months ended July 31, 2025 and 2024, we are evaluating the impact of the OBBBA on our condensed consolidated financial statements and will continue to assess the implications of the OBBBA.

Liquidity and Capital Resources

Overview

On August 24, 2025, we entered into the Merger Agreement pursuant to which Thoma Bravo has agreed to acquire us for $20.50 per share in an all-cash transaction. We have agreed to various covenants and agreements, including, among others, agreements to conduct our business in the ordinary course during the period between the execution of the Merger Agreement and the effective time of the Merger. In addition, without the consent of Parent, we may not take, authorize, agree or commit to do certain actions outside of the ordinary course of business, including incurring capital expenditures above specified thresholds, incurring additional debt in excess of specified amounts, and repurchasing shares of our outstanding common stock outside of specified limited exceptions. If the Merger Agreement is terminated in certain circumstances, including by us in order to enter into a superior proposal or by Parent because our board of directors withdraws its recommendation in favor of the Merger, we would be required to pay Parent a termination fee of approximately $50 million in cash. We do not believe these restrictions will prevent us from meeting our debt obligations, ongoing costs of operations, working capital needs or capital expenditure requirements.

Our primary recurring source of cash is the collection of proceeds from the sale of products and services to our customers, including cash periodically collected in advance of delivery or performance.

On May 7, 2020, an affiliate (the "Apax Investor") of Apax Partners ("Apax") purchased $200.0 million of our Series A convertible preferred stock ("Series A Preferred Stock") with an initial conversion price of $53.50 per share. Following the spin-off (the "Spin-Off) of Cognyte Software Ltd., whose business and operations consist of our former Cyber Intelligence Solutions business, the Series A Preferred Stock conversion price was adjusted to $36.38 per share. In connection with the completion of the Spin-Off, on April 6, 2021, the Apax Investor purchased $200.0 million of our Series B convertible preferred stock ("Series B Preferred Stock"), which is convertible at a conversion price of $50.25 per share. As of July 31, 2025, Apax's ownership in us on an as-converted basis was approximately 13.6%.

Each series of Preferred Stock paid dividends at an annual rate of 5.2% until May 7, 2024, and thereafter pays at a rate of 4.0%, subject to adjustment under certain circumstances. Dividends will be cumulative and payable semiannually in arrears in cash. All dividends that are not paid in cash will remain accumulated dividends with respect to each share of Preferred Stock. We used the proceeds from the Apax investment to repay outstanding indebtedness, to fund a portion of our stock repurchase programs (as described below under "Liquidity and Capital Resources Requirements"), and/or for general corporate purposes. If the Merger is completed, all outstanding Preferred Stock will be automatically redeemed at $1,000 per share plus any unpaid accrued and accumulated dividends (whether or not declared) up to, but excluding, the closing date. Please refer to Note 9, "Convertible Preferred Stock", to our condensed consolidated financial statements included under Part I, Item 1 of this report for more information regarding the Apax convertible preferred stock investment.

Our primary recurring use of cash is payment of our operating costs, which consist primarily of employee-related expenses, such as compensation and benefits, as well as general operating expenses for cloud operations, marketing, facilities and overhead costs, and capital expenditures. We also utilize cash for debt service, securities repurchases, dividends on the Preferred Stock, and business acquisitions. Cash generated from operations, along with our existing cash, cash equivalents, and short-term investments, are our primary sources of operating liquidity.

We have historically expanded our business in part by investing in strategic growth initiatives, including acquisitions of products, technologies, and businesses. We may finance such acquisitions using cash, debt, stock, or a combination of the foregoing, however, we have used cash as consideration for substantially all of our historical business combinations and asset acquisitions, including approximately $10.4 million of net cash expended for business combinations and asset acquisitions during the six months ended July 31, 2024. There were no business combinations or asset acquisitions during the six months ended July 31, 2025. Please refer to Note 5, "Business Combinations and Asset Acquisitions", to our condensed consolidated financial statements included under Part I, Item 1 of this report for more information regarding our recent business combinations and asset acquisitions.

We continually examine our options with respect to terms and sources of existing and future short-term and long-term capital resources to enhance our operating results and to ensure that we retain financial flexibility, and may from time to time elect to raise capital through the issuance of additional equity or the incurrence of additional debt. We will need to either refinance or repay all of the debt under our 2021 Notes within the next year. This refinancing may include utilizing our Revolving Credit Facility, along with other available sources of cash, to repay some or all of the 2021 Notes. In addition, the consummation of the Merger would constitute a Fundamental Change and a Make-Whole Fundamental Change as those terms are defined in the indenture governing the 2021 Notes, requiring us to offer to repurchase the 2021 Notes from the holders thereof for a repurchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest thereon to, but not including, the repurchase date.

A portion of our operating income is earned outside the United States. Cash, cash equivalents, short-term investments, and restricted cash, restricted cash equivalents, and restricted bank time deposits (excluding any long-term portions) held by our subsidiaries outside of the United States were $110.0 million and $156.2 million as of July 31, 2025 and January 31, 2025, respectively, and are generally used to fund the subsidiaries' operating requirements and to invest in growth initiatives, including business acquisitions.

We currently intend to continue to indefinitely reinvest a portion of the earnings of our foreign subsidiaries, which, as a result of the 2017 Tax Cuts and Jobs Act, may now be repatriated without incurring additional U.S. federal income taxes.

Should other circumstances arise whereby we require more capital in the United States than is generated by our domestic operations, or should we otherwise consider it in our best interests, we could repatriate future earnings from foreign jurisdictions, which could result in higher effective tax rates. As noted above, we currently intend to indefinitely reinvest a portion of the earnings of our foreign subsidiaries to finance foreign activities. Except to the extent that earnings of our foreign subsidiaries have been subject to U.S. taxation as of July 31, 2025, and withholding taxes of $5.1 million accrued as of July 31, 2025 with respect to certain identified cash that may be repatriated to the United States, we have not provided tax on the outside basis difference of foreign subsidiaries nor have we provided for any additional withholding or other tax that may be applicable should a future distribution be made from any unremitted earnings of foreign subsidiaries. Due to complexities in the laws of the foreign jurisdictions and the assumptions that would have to be made, it is not practicable to estimate the total amount of income and withholding taxes that would have to be provided on such earnings.

The following table summarizes our total cash, cash equivalents, restricted cash, cash equivalents, and bank time deposits, and short-term investments, as well as our total debt, as of July 31, 2025 and January 31, 2025:

(in thousands)	July 31, 2025	January 31, 2025
Cash and cash equivalents	$ 174,968	$ 215,707
Short-term investments	434	1,344
Total cash, cash equivalents, and short-term investments	**$ 175,402**	**$ 217,051**
Total debt, including current portions	**$ 413,536**	**$ 412,753**

Capital Allocation Framework

As noted above, after cash utilization required for working capital, capital expenditures, required debt service, and dividends on the Preferred Stock, we expect that our primary usage of cash will be for business combinations, repayment or repurchases of outstanding indebtedness, and/or securities repurchases under repurchase programs that may be in place from time to time (subject to the terms of our Credit Agreement). Please see the "Liquidity and Capital Resources Requirements" section below for further information about our recent stock repurchase program.

Condensed Consolidated Cash Flow Activity

The following table summarizes selected items from our condensed consolidated statements of cash flows for the six months ended July 31, 2025 and 2024:

	Six Months Ended July 31,	
(in thousands)	2025	2024
Net cash provided by operating activities	$ 45,434	$ 64,580
Net cash used in investing activities	(11,054)	(21,727)
Net cash used in financing activities	(77,995)	(77,478)
Effect of foreign currency exchange rate changes on cash and cash equivalents	2,876	620
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	**$ (40,739)**	**$ (34,005)**

Our financing activities used $78.0 million of net cash and our investing activities used $11.1 million of net cash during the six months ended July 31, 2025, which was partially offset by $45.4 million of cash generated from operating activities. Further discussion of these items appears below.

Net Cash Provided by Operating Activities

Net cash provided by operating activities is driven primarily by our net income or loss, as adjusted for non-cash items and working capital changes. Operating activities generated $45.4 million of net cash during the six months ended July 31, 2025, compared to $64.6 million generated during the six months ended July 31, 2024. Our operating cash flow in the current period decreased primarily due to lower net income adjusted for non-cash expenses as a result of lower operating income and the collection of a long-standing foreign withholding tax receivable in the prior period.

Our cash flow from operating activities can fluctuate from period to period due to several factors, including the timing of our billings and collections, the timing and amounts of interest, income tax and other payments, and our operating results.

Net Cash Used in Investing Activities

During the six months ended July 31, 2025, our investing activities used $11.1 million of net cash, consisting primarily of $11.7 million of payments for property, equipment and capitalized software development, and $0.3 million of net cash utilized for business combinations and asset acquisitions, partially offset by $0.9 million of net proceeds from maturities of short-term investments.

During the six months ended July 31, 2024, our investing activities used $21.7 million of net cash, consisting primarily of $13.6 million of payments for property, equipment and capitalized software development, and $10.4 million of net cash utilized for business combinations and asset acquisitions, partially offset by $2.3 million of net proceeds from the divestiture of our manual quality managed services business during the three months ended January 31, 2024.

We had no significant commitments for capital expenditures at July 31, 2025.

Net Cash Used in Financing Activities

For the six months ended July 31, 2025, our financing activities used $78.0 million of net cash, consisting primarily of $51.1 million of payments to repurchase common stock, $16.0 million of payments of Preferred Stock dividends, $8.2 million for the financing portion of payments under contingent consideration arrangements related to prior business combinations, $2.3 million paid for debt-related issuance fees, $0.5 million of finance lease payments and other financing obligations, and a $0.3 million distribution to a noncontrolling shareholder of one of our subsidiaries, partially offset by $0.2 million of cash received related to the sale of an insignificant product line in March 2023.

For the six months ended July 31, 2024, our financing activities used $77.5 million of net cash, consisting primarily of $52.9 million of payments to repurchase common stock, $20.1 million of payments of Preferred Stock dividends, $3.1 million for the financing portion of payments under contingent consideration arrangements related to prior business combinations, $1.2 million of finance lease payments and other financing obligations, $0.2 million paid for debt-related issuance fees, and a $0.2 million distribution to a noncontrolling shareholder of one of our subsidiaries, partially offset by $0.2 million of cash received related to the sale of an insignificant product line in March 2023.

Liquidity and Capital Resources Requirements

On March 25, 2025, we entered into an amendment to the Credit Agreement (the "Fifth Amendment"), which extends the maturity date of our revolving credit facility to March 25, 2030, subject to certain conditions described below and increases the aggregate borrowing commitments from $300.0 million to $500.0 million (the "Revolving Credit Facility"). Based on past performance and current expectations, we believe that our cash, cash equivalents, and short-term investments, together with cash generated from operations and access to our Revolving Credit Facility, will be sufficient to meet anticipated operating costs, required payments of principal and interest, dividends on Preferred Stock, working capital needs, ordinary course capital expenditures, research and development spending, and other commitments for at least the next 12 months from the issuance of our condensed consolidated financial statements. Currently, we have no plans to pay any cash dividends on our common stock, which are subject to certain restrictions under our Credit Agreement (as defined below).

Our liquidity could be negatively impacted by a decrease in demand for our products and services, including the impact of changes in customer buying behavior due to circumstances over which we have no control, including, but not limited to, the effects of general economic conditions or geopolitical developments. If we decide to make additional business acquisitions or otherwise require additional funds, we may need to raise additional capital, which could involve the issuance of additional equity or debt securities or an increase in our borrowings under our credit facility. We anticipate refinancing the majority, if not all, of the debt under our 2021 Notes within the next year.

Repurchases of Common Stock

On December 7, 2022, we announced that our board of directors had authorized a stock repurchase program for the period from December 12, 2022 until January 31, 2025, whereby we may repurchase shares of common stock in an amount not to exceed, in the aggregate, $200.0 million, which was completed during the six months ended July 31, 2024.

On September 4, 2024, we announced that our board of directors had authorized a new stock repurchase program for the period from August 29, 2024 until August 29, 2026, whereby we may repurchase shares of common stock not to exceed, in the aggregate, $200.0 million.

During the year ended January 31, 2025, we repurchased approximately 1,701,000 shares of our common stock for a cost of $52.9 million under the prior stock repurchase program and approximately 689,000 shares of common stock for a cost of $18.7 million under the new stock repurchase program. We also repurchased approximately 25,000 shares for a cost of $0.7 million to facilitate income tax withholding or tax payments. During the six months ended July 31, 2025, we repurchased approximately 2,924,000 shares of common stock for a cost of $49.5 million under the new stock repurchase program, with $0.1 million of these repurchases settled in cash in early August 2025. We also repurchased approximately 104,000 shares to facilitate income tax withholding or payments as described above for a cost of $1.7 million.

Our share repurchases in excess of issuances are subject to a 1% excise tax enacted by the Inflation Reduction Act ("IRA"). We recognized excise tax of $0.3 million as part of the cost basis of shares acquired in the condensed consolidated statements of stockholders' equity during the six months ended July 31, 2025.

Repurchases were funded with available cash in the United States.

Financing Arrangements

2021 Notes

On April 9, 2021, we issued $315.0 million in aggregate principal amount of our 2021 Notes, which mature on April 15, 2026, unless earlier converted by the holders pursuant to their terms. The 2021 Notes are unsecured and pay interest in cash semiannually in arrears at a rate of 0.25% per annum.

We used a portion of the net proceeds from the issuance of the 2021 Notes to pay the costs of the Capped Calls described below. We also used a portion of the net proceeds from the issuance of the 2021 Notes, together with the net proceeds from the April 6, 2021 issuance of $200.0 million of Series B Preferred Stock, to repay a portion of the outstanding indebtedness under our Credit Agreement described below, to terminate an interest rate swap agreement, and to repurchase shares of our common stock. The remainder is being used for working capital and other general corporate purposes.

The 2021 Notes are convertible into shares of our common stock at an initial conversion rate of 16.1092 shares per $1,000 principal amount of 2021 Notes, which represents an initial conversion price of approximately $62.08 per share, subject to adjustment upon the occurrence of certain events, and subject to customary anti-dilution adjustments. Prior to January 15, 2026, the 2021 Notes are convertible only upon the occurrence of certain events and during certain periods, and will be convertible thereafter at any time until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2021 Notes. Upon conversion of the 2021 Notes, holders will receive cash up to the aggregate principal amount, with any remainder to be settled with cash or common stock, or a combination thereof, at our election. As of July 31, 2025, the 2021 Notes were not convertible.

Based on the closing market price of our common stock on July 31, 2025, the if-converted value of the 2021 Notes was less than their aggregate principal amount.

Capped Calls

In connection with the issuance of the 2021 Notes, on April 6, 2021 and April 8, 2021, we entered into capped call transactions (the "Capped Calls") with certain counterparties. The Capped Calls are generally intended to reduce the potential dilution to our common stock upon any conversion of the 2021 Notes and/or offset any cash payments we are required to make in excess of the principal amount of converted 2021 Notes, in the event that at the time of conversion our common stock price exceeds the conversion price, with such reduction and/or offset subject to a cap.

The Capped Calls exercise price is equal to the $62.08 initial conversion price of each of the 2021 Notes, and the cap price is $100.00, each subject to certain adjustments under the terms of the Capped Calls. The Capped Calls have the economic effect of increasing the conversion price of the 2021 Notes from $62.08 per share to $100.00 per share. Our exercise rights under the Capped Calls generally trigger upon conversion of the 2021 Notes, and the Capped Calls terminate upon maturity of the 2021 Notes, or the first day the 2021 Notes are no longer outstanding. As of July 31, 2025, no Capped Calls have been exercised.

Pursuant to their terms, the Capped Calls qualify for classification within stockholders' equity, and their fair value is not remeasured and adjusted, as long as they continue to qualify for stockholders' equity classification. We paid approximately $41.1 million for the Capped Calls, including applicable transaction costs, which was recorded as a reduction to additional paid-in capital.

Credit Agreement

On June 29, 2017, we entered into a credit agreement with certain lenders and terminated a prior credit agreement. The credit agreement was amended in 2018, 2020, 2021, 2023, and 2025, as further described below (as amended, the "Credit Agreement").

The Credit Agreement initially was comprised of a $425.0 million term loan that was fully repaid, and a $300.0 million revolving credit facility (the "Prior Revolving Credit Facility"). During the three months ended April 30, 2021, we repaid $309.0 million of our term loan, reducing the outstanding principal balance to $100.0 million. On April 27, 2023, we repaid the remaining $100.0 million outstanding principal balance on our term loan utilizing proceeds from borrowings under our Prior Revolving Credit Facility.

On March 25, 2025, we entered into the Fifth Amendment, which extends the maturity date of our revolving credit facility to March 25, 2030, subject to certain conditions as discussed below, and increases the aggregate borrowing commitments from $300.0 million to $500.0 million. Effective March 25, 2025, borrowings under the Credit Agreement bear interest, at our option, at either: (i) the ABR, plus the applicable margin therefor or (ii) Term Secured Overnight Financing Rate ("Term SOFR") plus the applicable margin. The applicable margin is determined based on our Leverage Ratio and ranges from 0.50% to 1.25% for ABR borrowings and from 1.50% to 2.25% for Term SOFR borrowings. As provided in the Fifth Amendment, the Revolving Credit Facility matures on March 25, 2030, provided that from and after January 7, 2026, the maturity date of the Revolving Credit Facility will be accelerated if we do not satisfy a minimum level of liquidity equal to (x) the principal amount outstanding under the 2021 Notes plus (y) $100.0 million (taking into account undrawn capacity under the expanded Revolving Credit Facility) at any time that more than $35.0 million in principal amount remains outstanding (and not cash collateralized) under the 2021 Notes.

As of July 31, 2025, the $100.0 million in borrowings under the Revolving Credit Facility, and as of January 31, 2025, the $100.0 million in borrowings under the Prior Revolving Credit Facility, were included in debt, current on our condensed consolidated balance sheet. For borrowings under the Revolving Credit Facility, the applicable margin is determined by reference to our Consolidated Total Debt to Consolidated EBITDA (each as defined in the Credit Agreement) leverage ratio (the "Leverage Ratio"). As of July 31, 2025, the interest rate on our Revolving Credit Facility borrowings was 5.86%. In addition, we are required to pay a commitment fee with respect to unused availability under the Revolving Credit Facility at rates per annum determined by reference to our Leverage Ratio.

The Credit Agreement contains certain customary affirmative and negative covenants for credit facilities of this type. The Credit Agreement also contains a financial covenant that, solely with respect to the Revolving Credit Facility generally requires us to maintain a Leverage Ratio of no greater than 4.5 to 1. The Credit Agreement further provides that, upon consummation of a Permitted Acquisition (as defined in the Credit Agreement) for consideration in an aggregate amount equal to or greater than $100.0 million, we may increase the Leverage Ratio to 5.0 to 1 during the quarter in which the Permitted Acquisition is consummated or, at our election, the immediately following fiscal quarter, and for each of the three succeeding fiscal quarters, subject to the restrictions described in the Credit Agreement. At July 31, 2025, our Leverage Ratio was approximately 1.1 to 1. The limitations imposed by the covenants are subject to certain exceptions as detailed in the Credit Agreement.

Our obligations under the Credit Agreement are guaranteed by each of our direct and indirect existing and future material domestic wholly owned restricted subsidiaries and are secured by a security interest in substantially all of our assets and the assets of the guarantor subsidiaries, subject to certain exceptions.

The Credit Agreement provides for events of default with corresponding grace periods that we believe are customary for credit facilities of this type. Upon an event of default, all of our obligations owed under the Credit Agreement may be declared immediately due and payable, and the lenders' commitments to make loans under the Credit Agreement may be terminated.

Contractual Obligations

Our principal commitments primarily consist of current debt, dividends on Preferred Stock, leases for office space and open non-cancellable purchase orders. As of July 31, 2025, we believe there have been no material changes to our contractual obligations from those disclosed in Part II, Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended January 31, 2025. For additional information regarding our leases, debt and our commitments and contingencies, see Note 15, "Leases", in the Form 10-K and Note 7, "Debt", Note 9, "Convertible Preferred Stock", and Note 15, "Commitments and Contingencies" in the notes to our condensed consolidated financial statements included in Part I, Item 1 of this report.

As of July 31, 2025, our total operating lease liabilities were $36.1 million, of which $5.6 million is included within accrued expenses and other current liabilities (current portions), and $30.5 million is included as operating lease liabilities (long-term portions), on our condensed consolidated balance sheets.

It is not our business practice to enter into off-balance sheet arrangements. However, in the normal course of business, we enter into contracts in which we make representations and warranties that guarantee the performance of our products and services and provide indemnifications of varying scopes to customers against claims of intellectual property infringement made by third parties arising from the use of our products. We also have contractual indemnification agreements with our directors, officers, and certain senior executives. Historically, there have been no significant losses related to such guarantees or indemnification provisions.

Our condensed consolidated balance sheet at July 31, 2025 included $69.8 million of non-current tax reserves (including interest and penalties of $10.5 million), net of related benefits for uncertain tax positions. We do not expect to make any significant payments for these uncertain tax positions within the next 12 months.

Contingent Payments Associated with Business Combinations and Asset Acquisitions

In connection with certain of our business combinations, we have agreed to make contingent cash payments to the former owners of the acquired companies based upon the achievement of performance targets following the acquisition dates.

For the six months ended July 31, 2025, we made $8.0 million of payments under contingent consideration arrangements. As of July 31, 2025, potential future cash payments and earned consideration expected to be paid under contingent consideration arrangements totaled $46.2 million, the estimated fair value of which was $6.8 million, of which $5.7 million was recorded within accrued expenses and other current liabilities, and $1.1 million was recorded within other liabilities. The performance periods associated with these potential payments extend through October 2027.

In July 2023, we entered into an agreement to acquire source code that qualified as an asset acquisition and provides for additional consideration contingent upon achieving certain performance targets for the years ending January 31, 2025 and 2026 of up to $5.0 million, plus the opportunity to receive additional payments from us based on any revenue we receive from sales of products based on the acquired technology in adjacent markets. During the year ended January 31, 2025, we made a $0.3 million noncontingent prepayment against the first period earn-out, and accrued the remaining $1.7 million of the minimum guaranteed contingent consideration upon achieving certain milestones by certain dates. During the six months ended July 31, 2025, we made a $0.7 million payment against the first period earn-out, with the remaining $1.0 million recorded within accrued expenses and other current liabilities as of July 31, 2025.

Refer to Note 5, “Business Combinations and Asset Acquisitions” to our condensed consolidated financial statements included under Part I, Item 1 of this report for further details.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, and the potential impact of these pronouncements on our condensed consolidated financial statements, see Note 1, “Basis of Presentation and Significant Accounting Policies” to the condensed consolidated financial statements in Part I, Item 1 of this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact our financial condition due to adverse changes in financial market prices and rates. We are exposed to market risk related to changes in interest rates and foreign currency exchange rate fluctuations. To manage the volatility relating to interest rate and foreign currency risks, we periodically enter into derivative instruments including foreign currency forward exchange contracts and interest rate swap agreements. It is our policy to use derivative instruments only to the extent considered necessary to meet our risk management objectives. We use derivative instruments solely to reduce the financial impact of these risks and do not use derivative instruments for speculative purposes.

Interest Rate Risk on Our Debt

In April 2021, we issued $315.0 million in aggregate principal amount of the 2021 Notes. Prior to January 15, 2026, the 2021 Notes will be convertible only upon the occurrence of certain events and during certain periods, and will be convertible thereafter at any time until the close of business on the second scheduled trading day immediately preceding the maturity date of the 2021 Notes. Upon conversion of the 2021 Notes, holders will receive cash up to the aggregate principal amount, with any remainder to be settled with cash or common stock, or a combination thereof, at our election. Concurrent with the issuance of the 2021 Notes, we entered into capped call transactions with certain counterparties. These separate transactions were completed to reduce our exposure to potential dilution upon conversion of the 2021 Notes.

The 2021 Notes have a fixed annual interest rate of 0.25% and therefore do not have interest rate risk exposure. However, the fair values of the 2021 Notes are subject to interest rate risk, market risk, and other factors due to the convertible feature. The fair values of the 2021 Notes are also affected by our common stock price. Generally, the fair values of the 2021 Notes will increase as interest rates fall and/or our common stock price increases, and decrease as interest rates rise and/or our common stock price decreases. Changes in the fair values of the 2021 Notes do not impact our financial position, cash flows, or results of operations due to the fixed nature of the debt obligations. We do not carry the 2021 Notes at fair value on our condensed consolidated balance sheet, but we report the fair value of the 2021 Notes for disclosure purposes.

Interest rates on loans under the Credit Agreement are based on either: (i) the ABR (as defined in the Credit Agreement), plus the applicable rate margin therefor or (ii) Term SOFR, plus the applicable margin therefor. Prior to the Fifth Amendment, the applicable margin ranged from 0.25% to 1.25% for ABR borrowings and from 1.25% to 2.25% for Term SOFR borrowings. Under the Fifth Amendment, the applicable margin ranges from 0.50% to 1.25% for ABR borrowings and from 1.50% to 2.25% for Term SOFR borrowings.

For loans under the Revolving Credit Facility, the margin is determined by reference to our Consolidated Total Debt to Consolidated EBITDA leverage ratio. As of July 31, 2025, the interest rate on our $100.0 million of borrowings under our Revolving Credit Facility was 5.86%. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial statements.

Inflation Risk

We believe that current macroeconomic factors, including among other things, high prices due to inflation and changes in the interest rate environment, are impacting customer and partner spending decisions. Given the current macroeconomic environment, we continue to look for ways to manage our costs and mitigate any changes in our customers' purchasing behavior that may occur due to these or other factors. If our costs, in particular labor, sales and marketing, and cloud hosting costs, become subject to sustained or increased inflationary pressure, we may be unable to fully offset such higher costs through price increases, which could harm our business, financial condition, and results of operations.

The section entitled "Quantitative and Qualitative Disclosures About Market Risk" under Part II, Item 7A of our Annual Report on Form 10-K for the year ended January 31, 2025 provides detailed quantitative and qualitative discussions of the market risks affecting our operations. Our exposure to market risk has not changed materially during the six months ended July 31, 2025, other than as described above.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Management conducted an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of July 31, 2025. Disclosure controls and procedures are those controls and other procedures that are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified by the rules and forms promulgated by the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As a result of this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of July 31, 2025.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the three months ended July 31, 2025, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system will be achieved. Further, the design of a control system must reflect the impact of resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the possibility that judgments in decision-making can be faulty, and that breakdowns can occur because of simple errors. Additionally, controls can be circumvented by individual acts, by collusion of two or more people, or by management override of the controls. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all possible conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Part II

Item 1. Legal Proceedings

See Note 15, “Commitments and Contingencies” to our condensed consolidated financial statements under Part I, Item 1 of this report for information regarding our legal proceedings.

Item 1A. Risk Factors

Except as set forth below, there have been no material changes to the Risk Factors described in Part I “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2025. In addition to the other information set forth in this Quarterly Report, you should carefully consider the risks discussed in our Annual Report on Form 10-K, which could materially affect our business, financial condition, or operating results. The risks described in our Annual Report on Form 10-K are not the only risks facing us, however. Additional risks and uncertainties not currently known to us or that we currently deem to be insignificant also may materially and adversely affect our business, financial condition, or operating results in the future.

The Merger, the pendency of the Merger or our failure to complete the Merger could have a material adverse effect on our business, results of operations, financial condition and stock price.

On August 24, 2025, we entered into the Merger Agreement with Parent and Merger Sub, providing for our acquisition by Thoma Bravo. Completion of the Merger is subject to certain closing conditions, including (1) the approval of the Merger Agreement by the affirmative vote of holders of a majority of the issued and outstanding shares of our capital stock entitled to vote on the adoption of the Merger Agreement at a meeting of stockholders held for such purpose, (2) no governmental authority having jurisdiction over any party to the Merger Agreement having issued any order or other action that is in effect (whether temporary, preliminary or permanent) restraining, enjoining or otherwise prohibiting the consummation of the Merger and no applicable law having been adopted that makes consummation of the Merger illegal or otherwise prohibited, (3) the expiration or termination of the applicable waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and and receipt of all consents required under (a) any other applicable federal, state, local or foreign antitrust, competition, premerger notification and trade regulations laws, regulations or orders, and (b) laws, regulations, statutes, rules, orders, decrees, or other legal requirements of any governmental authority relating to or governing foreign ownership, foreign investment, or the review, approval, notification, or restriction of foreign direct investment, (4) the accuracy of the other party’s representations and warranties, subject to certain customary materiality standards set forth in the Merger Agreement, (5) performance or compliance in all material respects with the other party’s obligations under the Merger Agreement, and (6) no Company Material Adverse Effect (as defined in the Merger Agreement) having occurred since the date of the Merger Agreement. There is no assurance that all of the various conditions will be satisfied, or that the Merger will be completed on the proposed terms, within the expected timeframe, or at all. Furthermore, there are additional inherent risks in the Merger, including the risks detailed below.

During the period prior to the closing of the Merger, our business is exposed to certain inherent risks due to the effect of the announcement or pendency of the Merger on our business relationships, financial condition, operating results and business, including:

- potential uncertainty in the marketplace, which could lead current and prospective customers to purchase offerings from other providers or delay purchasing from us;
- the possibility of disruption to our business and operations, including diversion of management attention and resources;
- the inability to attract and retain key personnel, and the possibility that our current employees could be distracted, and their productivity decline as a result, due to uncertainty regarding the Merger;
- the inability to pursue alternative business opportunities or make changes to our business pending the completion of the Merger, and other restrictions on our ability to conduct our business;
- limitations on our inability to solicit other acquisition proposals during the pendency of the Merger;
- the amount of the costs, fees, expenses and charges related to the Merger Agreement and the Merger; and

- other developments beyond our control, including, but not limited to, changes in domestic or global economic conditions that may affect the timing or success of the Merger.

The Merger may be delayed, and may ultimately not be completed, due to a number of factors, including:

- the failure to obtain the approval of the Merger Agreement by our stockholders;
- the failure to obtain regulatory approvals from various governmental entities (or the imposition of any conditions, limitations or restrictions on such approvals);
- potential future stockholder litigation and other legal and regulatory proceedings, which could delay or prevent the Merger; and
- the failure to satisfy the other conditions to the completion of the Merger, including the possibility that a material adverse effect on our business would permit Parent not to complete the Merger.

If the Merger does not close, our business and stockholders would be exposed to additional risks, including:

- to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed, the price of our common stock could decrease if the Merger is not completed;
- investor confidence could decline, stockholder litigation could be brought against us, relationships with existing and prospective customers, service providers, investors, lenders and other business partners may be adversely impacted, we may be unable to retain key personnel, and profitability may be adversely impacted due to costs incurred in connection with the pending Merger; and
- the requirement that we may be required to pay a termination fee of $50 million if the Merger Agreement is terminated in certain circumstances, including by us to enter into a superior proposal or by Parent because our board of directors withdraws its recommendation in favor of the Merger.

Even if successfully completed, there are certain risks to our stockholders from the Merger, including:

- the amount of cash to be paid under the Merger Agreement is fixed and will not be adjusted for changes in our business, assets, liabilities, prospects, outlook, financial condition or operating results or in the event of any change in the market price of, analyst estimates of, or projections relating to, our common stock.
- the fact that receipt of the all-cash per share merger consideration under the Merger Agreement is taxable to stockholders that are treated as U.S. holders for U.S. federal income tax purposes.
- the fact that, if the Merger is completed, our stockholders will forego the opportunity to realize the potential long-term value of the successful execution of our current strategy as an independent company.

While the Merger Agreement is in effect, we are subject to restrictions on our business activities.

While the Merger Agreement is in effect, we are generally required to conduct our business in the ordinary course consistent with past practice, and are restricted from taking certain actions without Parent's prior consent, which is not to be unreasonably withheld, conditioned or delayed. These limitations include, among other things, certain restrictions on our ability to amend our organizational documents, acquire other businesses and assets, dispose of our assets, make investments, repurchase, reclassify or issue securities, make loans, pay dividends, incur indebtedness, make capital expenditures, enter into, amend or terminate certain contracts, change accounting policies or procedures, initiate or settle certain litigation, change tax classifications and elections, or take certain actions relating to intellectual property. These restrictions could prevent us from pursuing strategic business opportunities and taking actions with respect to our business, including effectively responding to competitive pressures and industry developments, that we may consider advantageous and may, as a result, materially and adversely affect our business, results of operations and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities and Use of Proceeds

None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

On September 4, 2024, we announced that our board of directors had authorized a new stock repurchase program for the period from August 29, 2024 until August 29, 2026, whereby we may repurchase shares of common stock not to exceed, in the aggregate, $200.0 million during the repurchase period.

During the six months ended July 31, 2025, we repurchased approximately 2,924,000 shares of our common stock during the period for a cost of $49.5 million under the new stock repurchase program and approximately 104,000 shares of common stock to facilitate income tax withholding or payments as described above for a cost $1.7 million, excluding an excise tax of $0.3 million.

From time to time, we have purchased shares of our common stock from our directors, officers, and other employees to facilitate income tax withholding or payments upon vesting of equity awards during Company-imposed trading blackout or lockup periods.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act (the "IRA") into law. The IRA imposes a 1% excise tax on share repurchases in excess of issuances, which is effective for us for repurchases completed after December 31, 2022. We reflect the excise tax within equity as part of the repurchase of the common stock.

Share repurchase activity during the three months ended July 31, 2025 was as follows:

Period	Total Number Shares Purchased	Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in thousands)
May 1, 2025 - May 31, 2025	199,093	$ 17.60	199,093	$ 137,137
June 1, 2025 - June 30, 2025	186,550	17.73	165,400	134,202
July 1, 2025 - July 31, 2025	110,000	21.30	110,000	131,860
	495,643	**$ 18.47**	**474,493**	**$ 131,860**

(1) Represents the approximate weighted-average price paid per share and excludes excise tax.

The average price per share and aggregate cost amounts disclosed above do not include the cost of commissions or the excise tax.

In connection with the entry into the Merger Agreement on August 24, 2025, we suspended our stock repurchase program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended July 31, 2025, no director or officer of the Company adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each of these terms is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

The following exhibit list includes agreements that we entered into or that became effective during the three months ended July 31, 2025:

Number	Description	Filed Herewith / Incorporated by Reference from
2.1	Agreement and Plan of Merger, dated August 24, 2025, by and among Verint Systems Inc., Calabrio, Inc. and Viking Merger Sub, Inc.*	Form 8-K filed on August 25, 2025
10.1	Amendment No. 1 to the Verint Systems Inc. 2023 Long-Term Stock Incentive Plan	Form 8-K filed on June 20, 2025
10.3	Form of Voting and Support Agreement by and among Calabrio, Inc., Verint Systems Inc. and the stockholders party thereto	Form 8-K filed on August 25, 2025
10.4	Form of Retention Bonus Letter	Form 8-K filed on August 25, 2025
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certification of Chief Executive Officer pursuant to Securities Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350 (1)	Filed herewith
32.2	Certification of Chief Financial Officer pursuant to Securities Exchange Act Rule 13a-14(b) and 18 U.S.C. Section 1350 (1)	Filed herewith
101.INS	Inline XBRL Instance Document	Filed herewith
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Filed herewith
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith

(1) These exhibits are being "furnished" with this periodic report and are not deemed "filed" with the SEC and are not incorporated by reference in any filing of the company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

(*) Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted schedule or exhibit upon request.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	Verint Systems Inc.
September 2, 2025	/s/ Grant Highlander
	Grant Highlander
	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dan Bodner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Verint Systems Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated:	September 2, 2025	By:	/s/ Dan Bodner
			Dan Bodner
			Chief Executive Officer
			Principal Executive Officer

Exhibit 31.2

CERTIFICATION BY THE CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Grant Highlander, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Verint Systems Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 2, 2025

By: /s/ Grant Highlander
Grant Highlander
Chief Financial Officer
Principal Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Verint Systems Inc. (the “Company”) on Form 10-Q for the period ended July 31, 2025 (the “Report”), I, Dan Bodner, Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	September 2, 2025	/s/ Dan Bodner
		Dan Bodner
		Chief Executive Officer
		Principal Executive Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

CERTIFICATION REQUIRED BY 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Verint Systems Inc. (the “Company”) on Form 10-Q for the period ended July 31, 2025 (the “Report”), I, Grant Highlander, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	September 2, 2025	/s/ Grant Highlander
		Grant Highlander
		Chief Financial Officer
		Principal Financial Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by such Act, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.