Risk Factors Comparison 2024-03-27 to 2023-03-29 Form: 10-K

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Our business and operations are subject to a variety of evolving regulatory requirements in the countries in which we operate or in which we offer our solutions, including, among other things, with respect to data privacy, **AI** ~~artificial intelligence~~, information security, government contracts, anti- corruption, trade compliance, tax, and labor matters. See " Risk Factors — Risks Related to Our Business — Regulatory Matters, Data Privacy, Information Security, and Product Functionality — We are subject to complex, evolving regulatory requirements that may be difficult and expensive to comply with and that could negatively impact us or our business ", ~~and~~ " — Increasing regulatory focus on data privacy issues and expanding laws in these areas may result in increased compliance costs, impact our business models, and expose us to increased liability " **, and " — Issues relating to the development and use of AI, including generative AI, may result in reputational harm, liability, or adverse financial results "** in Item 1A of this report for a more detailed discussion of the regulatory risks we face **. Additional Information Through our website at www. verint. com, we make available our Annual Reports on Form 10- K, Quarterly Reports on Form 10- Q, and Current Reports on Form 8- K, as well as amendments to those reports, filed or furnished by us pursuant to Section 13 (a) or Section 15 (d) of the Exchange Act, free of charge, as soon as reasonably practicable after we file such materials with, or furnish such materials to, the SEC. Our website address set forth above is not intended to be an active link, and information on our website is not incorporated in, and should not be construed to be a part of, this report** . Item 1A. Risk Factors Many of the factors that affect our business and operations involve risks and uncertainties. The factors described below are risks that could materially harm our business, financial condition, and results of operations. These are not all the risks we face, and other factors currently considered immaterial or unknown to us may have a material adverse impact on our future operations. Markets, Competition, and Operations Our business is impacted by changes in macroeconomic and / or global conditions as well as the resulting impact on spending by customers or partners. Our business is subject to risks arising from adverse changes in domestic and global macroeconomic and other conditions. Slowdowns, recessions, economic instability, rising interest rates, tightening credit markets, inflation, instability in the banking sector, political unrest, ~~armed conflicts (such as the Russian invasion of Ukraine),~~ actual or threatened trade wars **, armed conflicts** , or natural disasters, around the world may cause companies and governments to delay, reduce, or cancel planned spending with us, may increase our costs, or may otherwise disrupt or negatively impact our business or operations. Declines in information technology spending by enterprise or government customers or partners have affected the markets for our solutions in the past and may affect them again based on current and future macroeconomic and / or global conditions. In addition, a pandemic, epidemic, or outbreak of an infectious disease, either in the United States or worldwide, ~~such as the COVID- 19 pandemic,~~ may disrupt our business and adversely affect our results of operations and financial condition ~~. For example, the COVID- 19 pandemic resulted in significant impacts to businesses and supply chains globally. The initial outbreak of COVID- 19 and the resulting imposition of work, social and travel restrictions, as well as other actions by governmental authorities to contain the outbreak, led to a significant decrease in global economic activity and global trade. While COVID- 19 restrictions have since eased globally, a resurgence of the COVID- 19 pandemic or a future pandemic, depending on its duration and severity, could materially adversely impact the global economy and our industry, operations and financial condition and performance~~ . Customers or partners who are facing business challenges, reduced budgets, higher costs, liquidity issues, or other impacts from such macroeconomic or other global changes are also more likely to defer purchase decisions, reduce the size or duration of or cancel orders or subscriptions, or delay or default on payments. We believe that current macroeconomic factors are impacting customer and partner spending decisions. If customers or partners significantly defer, reduce, or cancel their spending with us, or significantly delay or fail to make payments to us, our business, results of operations, and financial condition would be materially adversely affected. The industry in which we operate is characterized by rapid technological changes, evolving industry standards ~~and challenges~~ **andchallenges** , and changing market potential from area to area, and if we cannot anticipate and react to such changes our results may suffer. The markets for our products are characterized by rapidly changing technology and evolving industry standards and challenges. The introduction of products embodying new technology **, such as AI** , the commoditization of older technologies, and the emergence of new industry standards and technological hurdles can exert pricing pressure on existing products and services and / or render them unmarketable or obsolete. Moreover, the market potential and growth rates of the markets we serve are not uniform and are evolving. It is critical to our success that we are able to anticipate and respond to changes in technology and industry standards and new customer challenges by consistently developing new, innovative, high- quality products and services that meet or exceed the changing challenges and needs of our customers. Our success is largely dependent on our ability to achieve and maintain the competitive differentiation of our solution platform, including through emerging technologies such as **AI** ~~artificial intelligence~~. Any failure to develop high- quality solutions and to provide high- quality services and support could adversely affect our reputation, our ability to sell our services offerings to existing and prospective customers, and our operating results. We must also successfully identify, enter, and appropriately prioritize areas of growing market potential, including by launching, successfully executing, and driving demand for new and enhanced solutions and services, while simultaneously preserving our legacy businesses and migrating away from areas of commoditization. We must also develop and maintain the expertise of our employees as the needs of the market and our solutions evolve. If we are unable to execute on these strategic priorities, we may lose market share or experience slower growth, and our profitability and other results of operations may be materially adversely affected. Intense competition in our markets and competitors with greater resources or the ability to move faster than us may limit our market share, profitability, and growth. We face aggressive competition from numerous and varied competitors in all of our markets, making it difficult to maintain market share, remain profitable, invest, and grow. We are also encountering new competitors as we expand into new markets or as new competitors expand into ours. Our competitors may be able to more quickly develop or adapt to new or emerging technologies, better respond to changes in customer needs or preferences, better identify and enter into new areas of growth, or devote greater resources to the development, promotion, and sale of their products. Some of our competitors have, in relation to us, superior brand recognition with customers, partners, employees, or investors, higher growth rates, superior margins, longer operating histories, larger customer bases, longer standing relationships with customers, and significantly greater financial or other resources, especially in new markets we may enter. Consolidation among our competitors may also improve their competitive position, including by combining software applications and technology infrastructure. To the extent that we cannot compete effectively, our market share and results of operations, would be materially adversely affected. Because price and related terms are key considerations for many of our customers, we may have to accept less- favorable payment terms, lower the prices of our products and services, and / or reduce our cost structure, including reducing headcount or investment in R & D, in order to remain competitive. If we are forced to take these kinds of actions to remain competitive in the short- term, such actions may adversely impact our ability to execute and compete in the long- term. Our future success and financial results depend on our ability to properly execute on our SaaS transition and manage our sales mix. Our revenue and profitability objectives are highly dependent on our ability to continue to expand our ~~cloud~~ **SaaS** business and cloud operations, including keeping pace with the market transition to **SaaS solutions** ~~cloud- based software~~. We must drive new ~~cloud~~ **SaaS** sales as well as the conversion of our maintenance customer base to SaaS and our term license base to bundled SaaS, including by enhancing our ~~cloud~~ **SaaS** sales processes and execution and our ~~cloud~~ **SaaS** conversion tools to make it easier for customers to transition to our cloud **platform** . As the software market moves more and more to the cloud, existing customers who remain with our legacy on- premises solutions **whether under perpetual licenses or term licenses** may be at greater risk of attrition. The expansion of our ~~cloud~~ **SaaS** business and operations increases our reliance on our cloud- hosting partners and increases the amount of customer data for which we are responsible. Our SaaS transition and the mix, terms, and timing of transactions in a given period can have a significant impact on our financial results in that period (and our attendant ability to make budgeting and guidance decisions). We recognize ~~cloud~~ **bundled SaaS** revenue over the term of the subscription, so as our ~~cloud~~ **bundled SaaS** revenue continues to grow, we expect a greater amount of our revenue to be recognized over longer periods, in some cases several years, as compared to the way revenue is recognized for perpetual licenses **or term licenses** . This change in the pattern of recognition also means that increases or decreases in ~~cloud~~ **SaaS** subscription activity impact the amount of revenue recognized in both current and future periods **. The duration of the term of new or renewal SaaS contracts, especially unbundled SaaS contracts, can also have a significant impact on our results in a given period** . As our SaaS transition continues and accelerates, our subscription renewal rates have become more important to our financial results, and if customers choose not to renew, or to reduce, their subscriptions, our business and financial results will suffer. We have also shifted from generally invoicing our multi- year contracts upfront to invoicing on an annual basis. Accordingly, with the transition to an annual billings model, we have seen the timing of our cash collections extend over a longer period of time than it has historically. The deferral or loss of one or more significant orders or a delay in a large implementation can also materially adversely affect our operating results, especially in a given quarter. As with other software- focused companies, a large amount of our quarterly business tends to come in the last few weeks, or even the last few days, of each quarter. This trend has also complicated the process of accurately predicting revenue and other operating results, particularly on a quarterly basis. Finally, our business is subject to seasonal factors that may also cause our results to fluctuate from quarter to quarter. If we are unable to properly manage our SaaS transition, or if it does not progress as expected, our financial results and our stock price may suffer. Our future success depends on our ability to identify and execute on growth or strategic initiatives, properly manage investments in our business and operations, and enhance our existing operations and infrastructure. Our success also depends on our ability to properly identify and execute on growth or strategic initiatives we are pursuing. A key element of our long- term strategy is to continue to invest in and grow our business and operations, both organically and through acquisitions. Investments in, among other things, new markets, new products, solutions and technologies, R & D, infrastructure and systems, geographic expansion, and headcount are critical components for achieving this strategy. In particular, we believe that we must continue to dedicate a significant amount of resources to our R & D efforts to maintain and improve our competitive position and the competitive differentiation of our solution platform. Our investments in R & D or acquired technologies may result in products or services that generate less revenue than we anticipate or may not result in marketable products and services for several years or at all. For example, we believe that customer adoption of our cloud platform **and our AI bots** is a key element of our future success and we have made significant investments to enhance and expand the platform **and our portfolio of bots** in recent periods, however, we cannot assure you that we will achieve the expected benefits of these investments or that the market will adopt our cloud platform **or our bots** . Such investments present challenges and risks and may not be successful (financially or otherwise), especially in new areas or new markets in which we have little or no experience, and even if successful, may negatively impact our profitability in the short- term. To be successful in such efforts, we must be able to properly allocate limited investment funds and other resources to the right opportunities and priorities, balance the extent and timing of investments with the associated impact on profitability, balance our focus between new areas or new markets and the operation and servicing of our legacy businesses and customers, capture efficiencies and economies of scale, and compete in the new areas or new markets, or with the new solutions, in which we have invested. Our success also depends on our ability to effectively and efficiently enhance our existing operations. Our existing key business applications, IT infrastructure, information and communications systems, security, processes, and personnel may not be adequate for our current or future needs. System upgrades or new implementations can be complex, time- consuming, and expensive and we cannot assure you that we will not experience problems during or following such implementations, including among others, potential disruptions in our operations or financial reporting. If we are unable to properly execute on growth initiatives, manage our investments, and enhance our existing operations and infrastructure, our results of operations and market share may be materially adversely affected. If we cannot retain and recruit qualified personnel, or if labor costs continue to rise, our ability to operate and grow our business may be impaired and our financial results may suffer. We depend on the continued services of our senior management and highly-skilled employees across all levels of our organization to run and grow our business. Our senior management has acquired specialized knowledge and skills with respect to our business, and the loss of any of these individuals could harm our business, particularly if we are not successful in developing or implementing adequate succession plans. To remain successful and to grow, we need to retain existing employees and attract new qualified employees, including in new markets and growth areas we may enter. Retention is an industry issue given the competitive technology labor market, especially with the remote work options brought on by the COVID- 19 pandemic, and as the millennial workforce continues to value multiple company experience over long tenure. As we grow, we must also enhance and expand our management team to execute on new and larger agendas and challenges and we must successfully identify and season successor management. The market for qualified personnel is competitive in **both** the geographies in which we operate **and** ~~, as well as~~ for qualified remote workers and may be limited especially in areas of emerging technology. We may be at a disadvantage to larger companies with greater brand recognition or financial resources, to competitors with faster growth rates or higher valuations, or to start- ups or other emerging companies in trending market sectors. Work visa restrictions, especially in the United States, have also become significantly tighter in recent years, making it difficult or impossible to source qualified personnel from other countries or even to hire those already in the United States on current visas. Regulatory requirements may also create risks in our ability to recruit and retain employees. Efforts we engage in to establish operations in new geographies where additional talent may be available, potentially at a lower cost, may be unsuccessful or fail to result in the desired cost savings. Remote employment arrangements also come with challenges, including with respect to **retention,** collaboration, training, and corporate culture, especially at a significant scale. If we are unable to attract and retain qualified management and personnel when and where they are needed or to develop our remote workforce, our ability to operate and grow our business could be impaired. Moreover, if we are not able to properly balance investment in personnel with sales, our profitability may be adversely affected. The market for talent in our industry has been competitive for many years, however, in recent periods, the labor market **has** further tightened ~~increasing the difficulty and lead time~~ in ~~filling open positions~~ **part due to increased compensation expectations, higher costs of living, and skills gaps. This tightening of the labor market has made it more challenging to locate candidates** with **the desired talents. While we have seen an increase in applicant pools, the** qualified candidates **for certain key positions are very limited** . As a result, **this limited talent pool, particularly in growth areas, is also driving elongated market searches and pushing compensation well beyond benchmarks and, consequently,** labor costs **have** increased more significantly than in prior periods. ~~While we saw some moderation in these~~ **These** ~~trends starting in the second half of the year ended January 31, 2023,~~ labor shortages ~~or~~ **and** increased labor costs could negatively affect our financial condition, results of operations, or cash flows, especially if rising costs outpace our revenue growth. The broad and sophisticated solution portfolio that we offer requires strong execution in our sales processes and other areas. We offer our customers a broad solution portfolio with the flexibility to start anywhere and adopt additional applications over time, up to and including our full solution platform. Regardless of the size of a customer’ s purchase, many of our solutions are sophisticated and may represent a significant investment for our customers. Our sales cycles can range in duration from as little as a few weeks to more than a year. Our larger sales typically require a minimum of a few months to consummate. As the length or complexity of a sales process increases, so does the risk of successfully closing the sale. There is greater risk of customers deferring, scaling back, or canceling sales as a result of, among other things, their receipt of a competitive proposal, changes in budgets and purchasing priorities, extensive internal approval processes, macroeconomic factors, or the introduction or anticipated introduction of new or enhanced products **or technologies** by us or our competitors during the process. Larger sales are often made by competitive bid, which also increases the time and uncertainty associated with such opportunities. Customers may also require education on the value and functionality of our solutions as part of the sales process, further extending the time frame and uncertainty of the process. ~~Larger~~ **More complex** solution sales **, including cloud conversion sales,** also require greater expertise in sales execution and transaction implementation than more basic product sales, including establishing and maintaining the appropriate level of contacts and relationships within customer and partner organizations, understanding customer purchasing processes, **information security and other** requirements, and approvals, and with respect to integration, services, and support. Our ability to develop, sell, implement, and support enterprise- class solutions and a broad solution portfolio is a competitive differentiator for us, which provides for solution diversification and more opportunities for growth, but also requires greater investment for us and demands stronger execution in many areas, including among others, sales, product development, and cloud operations. After the completion of a sale, our customers or partners may need assistance from us in making full use of the functionality of our solutions, in realizing their benefits, or in implementation generally. If we are unable to assist our customers and partners in realizing the benefits they expect from our solutions and products, demand for our solutions and products may decline and our operating results may suffer. If we are unable to maintain, expand, and enable our relationships with partners, our business and ability to grow could be materially adversely affected. To remain successful, we must maintain our existing relationships as well as identify and establish new relationships with partners, resellers, and systems integrators and avoid excessive concentration with any one or a small group of such parties. Our growth strategy depends in part on expanding our sales through partners. We must often compete with other suppliers for these relationships and for the attention of these partner organizations, especially their salesforces. Our ability to establish and maintain these relationships is based on, among other things, factors that are similar to those on which we compete for end customers, including features, functionality, ease of use, ease of implementation / installation, support, and price. Even if we are able to secure such relationships on terms we find acceptable, there is no assurance that we will be able to realize the benefits we anticipate. We cannot be certain that our partners will continue to market or sell our products and services effectively. If our partner and other distribution channels are not successful, we may lose sales opportunities, customers, and revenue. In addition, we may need to provide significant enablement to these partners to improve their ability and willingness to favorably position and sell our solutions, including collaborating on larger or more sophisticated sales. **In some cases, we and our partners may compete for sales, such as when we include infrastructure functionality as part of a sale or when our partner offers applications they have developed or acquired as part of their sale.** Some of our partners ~~may also compete with us or have affiliates that compete with us, or~~ may also partner with our competitors or offer our products and those of our competitors as alternatives when presenting proposals to end customers. Our ability to achieve our revenue goals and growth depends to a significant extent on maintaining, expanding, and enabling these sales channels, and if we are unable to do so, our business and ability to grow could be materially adversely affected. For certain services, products, or components, we rely on third- party providers, which may create significant exposure for us. We purchase technology, outsource aspects of our operations, license **IP** ~~intellectual property~~ rights, and oversee third- party manufacturing of certain products or components, in some cases, by or from companies that may compete with us or work with our competitors. While we endeavor to use larger, more established providers wherever possible, in some cases, these providers may be smaller, less established companies, particularly in the case of new or unique technologies that we have not developed internally, or in an effort to benefit our margins. If any of these providers experience financial, operational, manufacturing, or quality assurance difficulties, cease production or sale, or there is any other disruption in our supply, including as a result of the acquisition of a provider by a competitor, macroeconomic issues like those described above, or otherwise, we will be required to locate and migrate to alternative sources of supply or alternative providers, to internally develop the applicable technologies, to redesign our products, and / or to remove certain features from our products, any of which would be likely to increase expenses, create delays, and negatively impact our sales. Although we endeavor to establish contractual protections with key providers, such as source code escrows, warranties, and indemnities, we may not be successful in obtaining adequate protections, these agreements may be short- term in duration, and the counterparties may be unwilling or unable to stand behind such protections. Moreover, these types of contractual protections offer limited practical benefits to us in the event our relationship with a key provider is interrupted. Because we have significant operations and business around the world, we are subject to geopolitical and other risks that could materially adversely affect our results. We have significant operations and business around the world, including sales, R & D, manufacturing, customer services and support, and administrative services. The countries in which we have our most significant foreign operations include the United Kingdom, India, Israel, Indonesia **,** and Australia. We also generate significant revenue and cash collections from outside the United States, including from countries in emerging markets, and we intend to continue to grow our business internationally. In ~~2023~~ **2024** , approximately ~~37~~ **36** % of our revenue was generated from sales to customers outside the U. S. Our global operations are, and any future foreign growth will be, subject to a variety of risks, many of which are beyond our control, including risks associated with: • foreign currency fluctuations; • inflation and actions taken by central banks to counter inflation; • political, security, and economic instability or corruption; • geopolitical risks from war, terrorism, natural disasters, pandemics or other events; • changes in and compliance with both international and local laws and regulations, including those related to data privacy and protection, **AI** ~~artificial intelligence~~ , trade compliance, anti- corruption, tax, labor, currency restrictions, and other requirements; • differences in tax regimes and potentially adverse tax consequences of operating in foreign countries or costs of repatriating cash, if needed; • increased financial accounting and reporting burdens and complexities; • product localization issues; • inadequate local infrastructure and difficulties in managing and staffing international operations; • legal uncertainties regarding **IP** ~~intellectual property~~ rights or rights and obligations generally; and • challenges or delays in collection of accounts receivable. Any or all of these factors could materially adversely affect our business or results of operations. For example, we continue to monitor the ~~situation~~ **situations** in Russia ~~and~~ **,** Ukraine **, and Israel** relative to applicable regulatory restrictions and the potential for the impact of the ~~war~~ **conflicts** to expand beyond the **current** region. Conditions in and our relationship to Israel may materially adversely affect our operations and personnel and may limit our ability to produce and sell our products or engage in certain transactions. We have significant operations in Israel, including R & D ~~,~~ and support **; however, these operations comprise less than 5 % of our employee base** . Conflicts and political, economic, and / or military conditions in Israel and the Middle East region have affected and may in the future affect our operations in Israel. Violence within Israel or the outbreak of violent conflicts between Israel and its neighbors, including the Palestinians or Iran, may impede our ability to support our products or engage in R & D, or otherwise adversely affect our business, operations, or personnel **. As of the date of this report, we do not believe that the war between Israel and Hamas has had or will have a material impact on our business or results of operations. However, if the conflict worsens or expands, leading to greater disruption in Israel and / or to greater global economic disruptions and uncertainty, our business or results of operations could be materially impacted** . Restrictive laws, policies, or practices in certain countries directed toward Israel, Israeli goods, or companies having operations in Israel may also limit our ability to sell some of our products in certain countries. We have in the past received grants from the Israeli Innovation Authority (the " IIA ") for the financing of a portion of our research and development expenditures in Israel. The Israeli law under which these IIA grants are made limits our ability to manufacture products, or transfer technologies, developed using these grants outside of Israel. This may limit our ability to engage in certain outsourcing or business combination transactions involving these products or require us to pay significant royalties or fees to the IIA in order to obtain any IIA consent that may be required in connection with such transactions. Israeli tax requirements may also place practical limitations on our ability to sell or engage in other transactions involving our Israeli companies or assets, to restructure our Israeli business, or to access funds in Israel. Contracting with government entities exposes us to additional risks inherent in the government procurement process. We provide products and services, directly and indirectly, to a variety of government entities, both domestically and internationally. For the year ended January 31, ~~2023~~ **2024** , approximately 10 % of our business was generated from contracts with various governments around the world. We expect that government contracts will continue to be a significant source of our revenue for the foreseeable future.

Risks associated with licensing and selling products and services to government entities include more extended sales and collection cycles, varying governmental budgeting processes, adherence to complex procurement regulations, and other government- specific contractual requirements, including possible renegotiation or termination at the election of the government customer, including due to geopolitical events and macroeconomic conditions that are beyond our control. We may also be subject to audits, investigations, or other proceedings relating to our government contracts, ~~including under statutes such as the False Claims Act,~~ and any violations could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, payment of fines, and suspension or debarment from future government business, as well as harm to our reputation and financial results. Our ~~revenue~~ **revenues** from governmental entities are directly affected by their budgetary constraints and the priority given in their budgets to the procurement of our solutions. This risk is heightened during periods of global economic slowdown. Accordingly, governmental purchases of our solutions, products, and services may decline in the future if governmental purchasing agencies terminate, reduce, or modify contracts. We may not be able to identify suitable targets for acquisition or investment, or complete acquisitions or investments on terms acceptable to us, which could negatively impact our ability to implement our growth strategy. As part of our long- term growth strategy, we have made a number of acquisitions and investments and expect to continue to make acquisitions and investments in the future. In many areas, we have seen the market for acquisitions become more competitive and valuations increase. Our competitors also continue to make acquisitions in or adjacent to our markets and may have greater resources or valuations than we do, enabling them to pay higher prices, particularly for the most attractive assets. As a result, it may be more difficult for us to identify suitable acquisition or investment targets that can facilitate our growth strategy or to consummate acquisitions or investments once identified on acceptable terms or at all. If we are not able to execute our acquisition strategy, we may not be able to achieve our long- term growth strategy, may lose market share, or may lose our leadership position in one or more of our markets. Our acquisition and investment activity presents certain risks to our business, operations, and financial position. Acquisitions and investments are an important part of our growth strategy. Acquisitions and investments present significant challenges and risks to a buyer, including with respect to the transaction process, the integration of the acquired company or assets, and the post- closing operation of the acquired company or assets. If we are unable to successfully address these challenges and risks, we may experience both a loss on the investment and damage to our existing business, operations, financial results, and valuation. The potential challenges and risks associated with acquisitions and investments include, among others: • the effect of the acquisition on our strategic position and our reputation, including the impact of the market' s reception of the transaction; • the impact of the acquisition on our financial position and results, including our ability to maintain and / or grow our revenue and profitability; • risk that we fail to successfully implement our business plan for the combined business, including plans to accelerate growth or achieve the anticipated benefits of the acquisition, such as synergies or economies of scale; • risk of unforeseen or underestimated challenges or liabilities associated with an acquired company' s business or operations, including security vulnerabilities in acquired products that expose us to additional security risks or delays our ability to integrate these products into our offerings or litigation or regulatory matters ~~(such as the Unfair Competition Litigation and Related Investigation matters related to our December 2018 acquisition of ForeSee, which are discussed in greater detail in Item 3 below)~~ ; • management distraction from our existing operations and priorities; • risk that the market does not accept the integrated product portfolio; • challenges in reconciling business practices or in integrating product development activities, logistics, or information technology and other systems and processes; • retention risk with respect to key customers, distributors, other business partners, suppliers, and employees of the acquired business and challenges in integrating and training new employees; • inability to take advantage of anticipated tax benefits; • challenges in complying with newly applicable laws and regulations, including obtaining or retaining required approvals, licenses, and permits; and • potential impact on our systems, processes, policies, and internal controls over financial reporting. Acquisitions and / or investments may also result in potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities, the expenditure of available cash, goodwill impairments, and amortization expenses or write-downs related to intangible assets, any of which could have a material adverse effect on our operating results or financial condition. Investments in immature businesses with unproven track records and technologies have an especially high degree of risk, with the possibility that we may lose our entire investment or incur unexpected liabilities. Transactions that are not immediately accretive to earnings may make it more difficult for us to maintain satisfactory profitability levels or compliance with the maximum leverage ratio covenant under the ~~revolving~~ **Revolving** ~~credit~~ **Credit** ~~facility~~ **Facility (as defined in Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources ")** under our senior credit agreement (the " Credit Agreement "). Large or costly acquisitions or investments may also diminish our capital resources and liquidity or limit our ability to engage in additional transactions for a period of time. The foregoing risks may be magnified as the cost, size, or complexity of an acquisition or acquired company increases, where the acquired company' s products, market, or business are materially different from ours, or where more than one transaction or integration is occurring simultaneously or within a concentrated period of time. There can be no assurance that we will be successful in making additional acquisitions in the future or in integrating or executing on our business plan for existing or future acquisitions. We are subject to complex, evolving regulatory requirements that may be difficult and expensive to comply with and that could negatively impact us or our business. Our business and operations are subject to a variety of regulatory requirements in the countries in which we operate or in which we offer our solutions, including, among other things, with respect to data privacy, **AI, cyber /** information security, government contracts, anti- corruption, trade compliance, tax, and labor matters. In addition, as we are increasingly building **and licensing from third party providers** new and evolving technologies, such as **AI** ~~artificial intelligence~~ , machine learning, analytics, and biometrics, ~~into many~~ **as part** of our offerings, our business and operations may become subject to additional complex and evolving regulatory requirements pertaining to the sale or use of these technologies **. The evolving regulatory environment surrounding these new technologies may also increase our research and development costs, compliance costs, and confidentiality and security risks, and result in**

inconsistencies in evolving legal frameworks across jurisdictions . The sale of these technologies, or their use by us or by our customers or partners, may also subject us to additional risks, including reputational harm, competitive harm or legal liabilities, due to their perceived or actual impact on human rights, privacy, employment, or in other social or discriminatory contexts. Third- parties may criticize us or seek to hold us responsible not only for our own activities in this regard but also for the activities of our customers or partners. We anticipate that we will become subject to an increasing amount of regulation and disclosure requirements related to environmental, social and governance (" ESG ") matters, including on topics such as diversity and sustainability. We have also seen increased scrutiny on these matters from a variety of stakeholders, including investors, proxy advisors, rating agencies, customers, partners, and employees, and we cannot assure you that such stakeholders will be satisfied with our efforts or progress. Stakeholders may pressure us to publicly establish goals or even make commitments on these matters which may be difficult to manage or achieve, or may criticize us if we do not. If we fail to meet any public goals or commitments we make, we may be subject to reputational harm or legal liability. The application of these laws and regulations to our business is often unclear and may at times conflict. Compliance with applicable regulatory requirements may be onerous, time- consuming, and expensive, especially where these requirements are inconsistent from jurisdiction to jurisdiction or where the jurisdictional reach of certain requirements is not clearly defined or seeks to reach across national borders. Regulatory requirements in one jurisdiction may make it difficult or impossible to do business in or comply with the rules of another jurisdiction. While we endeavor to implement policies, procedures, and systems designed to achieve compliance with these regulatory requirements, we cannot assure you that these policies, procedures, or systems will be adequate or that we or our personnel will not violate these policies and procedures or applicable laws and regulations. Violations of these laws or regulations may harm our reputation and deter government agencies and other existing or potential customers or partners from purchasing our solutions. Furthermore, non- compliance with applicable laws or regulations could result in fines, damages, criminal sanctions against us, our officers, or our employees, restrictions on the conduct of our business, and damage to our reputation. **Issues relating to the development and use of AI, including generative AI, may result in reputational harm, liability, or adverse financial results. The use cases, scope, and speed of adoption of AI is uncertain and likely to be an area of significant impact and significant uncertainty for years to come in our industry and many others. While we have significant experience with AI technologies (which we have developed and sold for many years) and believe that this is an area of significant opportunity for us going forward, we cannot provide you assurances as to the way AI will develop and be deployed in our industry or as to our ability to capitalize on and benefit from the advancement and growth of AI. We are increasingly building AI into many of our offerings, including generative AI. Social and ethical issues relating to the use of AI, including generative AI, in our offerings may result in reputational harm, liability and additional costs. For example, if our AI development, deployment, content labeling, or governance is ineffective or inadequate, it may result in incidents that impair the public acceptance of AI solutions, or cause harm to individuals, customers, or society, or result in our offerings not working as intended or producing unexpected outcomes. This in turn could undermine confidence in the decisions, predictions, analysis, or other content that our AI solutions produce, subjecting us to competitive harm, legal liability, and brand and reputational harm. In addition, the rapid evolution of AI will require the application of resources to develop, test and maintain our products and services to help ensure that AI is implemented ethically in order to minimize unintended harmful impact. Uncertainty around new and evolving AI use, including generative AI, may require additional investment to develop responsible use frameworks, develop or license proprietary datasets and machine learning models and develop new approaches and processes for attribution, consent, and / or compensation, which could be difficult or costly. Developing, testing, and deploying AI systems may also increase the cost of our offerings, including due to the nature of the computing costs involved in such systems. Moreover, the computer infrastructure needed to train and deploy models is in high demand, which can also contribute to higher costs or lead to longer development cycles. These costs could adversely impact our margins and delays could adversely impact our competitiveness or sales as we continue to add AI capabilities to and scale our offerings without assurance that our customers and users will adopt them. If we are unable to mitigate these risks, or if we incur excessive expenses in our efforts to do so, our reputation, business, operating results and financial condition may be harmed.** Increasing regulatory focus on data privacy issues and expanding laws in these areas may result in increased compliance costs, impact our business models, and expose us to increased liability. As a global company, Verint is subject to global privacy and data security laws, and regulations. These laws and regulations may be inconsistent across jurisdictions and are subject to evolving and differing (sometimes conflicting) interpretations. Government regulators, privacy advocates and class action attorneys are increasingly scrutinizing how companies collect, process, use, store, share and transmit personal data. **Additionally, we may be viewed as a participating party when our customers and partners use our technologies to conduct these activities.** This increased scrutiny may result in additional compliance obligations, costs, new interpretations of existing laws and regulations, increased regulatory proceedings or litigation, and increased exposure for significant fines, penalties, or commercial liabilities. Globally, laws such as the General Data Protection Regulation (" GDPR ") in Europe, state laws in the United States on privacy, data and related technologies, such as the California Consumer Privacy Act and the California Privacy Rights Act, as well as industry self- regulatory codes create ~~new~~ compliance obligations and expand the scope of potential liability, either jointly or severally with our customers and suppliers. While we have invested in readiness to comply with applicable requirements, these **existing or** new ~~and emerging~~ laws, regulations and codes may affect our ability to reach current and prospective customers, to respond to both enterprise and individual ~~customer~~ requests under the laws (such as individual rights of access, correction, and deletion of their personal information **where Verint is legally obligated to do so**), to share information internally, and to implement our business models effectively. These ~~new~~ laws may also impact our products and services as well as our innovation in new and emerging technologies. These requirements, among others, may impact demand for our offerings and force us to bear the burden of more onerous obligations in our contracts or otherwise increase our exposure to customers, regulators, or other third parties.

Transferring personal information across international borders is becoming increasingly complex. For example, European data transfers outside the European Economic Area are highly regulated. The mechanisms that we and many other companies rely upon for data transfers, including **approved frameworks such as the EU- US Data Privacy Framework or** standard contract clauses, may be contested or invalidated. If the mechanisms for transferring personal information from certain countries or areas, including Europe to the United States, should be found invalid or if other countries implement more restrictive regulations for cross- border data transfers (or not permit data to leave the country of origin), such developments could harm our **operations,** business, financial condition and results of operations. The mishandling or the perceived mishandling of sensitive information could harm our business. Some of our products are used by customers to compile and analyze sensitive or confidential information and data, including personally identifiable information. We or our partners may receive or come into contact with such information or data, including **personal data /** personally identifiable information, in connection with our cloud or managed services offerings or when we are asked to perform service or support. We expect to receive, come into contact with, or become custodian of an increasing amount of customer data (including end customer data) as our cloud business and cloud operations expand, leading to increased exposure if we or one of our hosting partners experiences an issue relating to the security or the proper handling of that information, which could have a material adverse impact on our financial condition or reputation. The expansion of our cloud business and the related increase in the amount of customer data on our cloud platforms also increases our exposure to end customers or other third parties who may seek to hold us responsible for the use of these platforms by our customers. We have implemented policies and procedures, and use information technology systems, to help ensure the proper handling of customer and end customer information and data from both a data privacy and an information security perspective. We also evaluate the information security of potential partners and vendors as part of our selection process and attempt to negotiate adequate protections from such third parties ~~in our~~ **when we enter into** contracts **with them** . Our customer contracts also obligate our customers to **undertake steps necessary for satisfying individual rights under laws and regulations, and to** configure and operate our solutions, including our cloud platforms, in compliance with applicable law. While these policies, procedures, systems, contractual provisions, and measures are designed to mitigate the risks associated with handling or processing **personal data, including categories of personal data which may be classed as** sensitive data, they cannot always safeguard against all risks, nor can we control the actions of third parties, including **vendors,** customers and partners. The improper handling of **personal data including** sensitive data, or even the perception of such mishandling (whether or not valid), or other security lapses or breaches affecting us, our partners, our customers, or our products or services, could reduce demand for our products or services or otherwise expose us to financial or reputational harm or legal liability. We rely on third parties for our cloud hosting operations, which could expose us to liability and harm our business and reputation. We rely on third parties to provide certain cloud hosting or other cloud- based services to us or to our customers. We make contractual commitments to customers on the basis of these relationships and, in some cases, also entrust these providers with both our own **personal data (including categories of personal data which may be classified as** sensitive data **)** as well as the sensitive data of our customers (which may include sensitive end user data). Any disruptions or damage to, or failure of our systems generally, including the systems of our third- party cloud hosting partners, could result in interruptions in our services. Similarly, any security incident impacting data centers controlled by our third- party cloud service providers may compromise the confidentiality, integrity, or availability of this data. We do not control the operations of our third- party cloud hosting partners, and their hosting platforms may be vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunications failures, and similar events. They may also be subject to break- ins, breaches of networks by an unauthorized party, software vulnerabilities or coding errors, employee mistakes, theft or misuse, sabotage, intentional acts of vandalism, or other misconduct. As we increase our reliance on these third- party systems, particularly as we continue to expand our cloud business, our exposure to damage from service interruptions may increase. If these third- party providers do not perform as expected or encounter service disruptions, cyber- attacks, data breaches, or other difficulties, we or our customers may be materially and adversely affected, including, among other things, by facing increased costs, potential liability to customers, end users, or other third parties, regulatory issues, and reputational harm. Any migration of these services to other providers as a result of poor performance, security issues or considerations, or other financial or operational factors could result in service disruptions to our customers and significant time, expense, or exposure to us, any of which could materially adversely affect our business. Our solutions may contain defects, vulnerabilities, or experience disruptions, which could expose us to both financial and non- financial damages. Our solutions may contain defects or may develop operational problems. New products and new product versions, provision of hosting platforms and managed services, and the incorporation of third- party products or services into our solutions, also give rise to the risk of defects, **functionality issues,** errors, or vulnerabilities. These **issues** ~~defects, errors, or vulnerabilities~~ may relate to the quality, reliability, operation, or security of our products or services, including hosting platforms or third- party components. If we do not discover and remedy such defects, errors, vulnerabilities, or other operational or security problems in advance, our customers and partners may experience data losses or unplanned downtimes and we may incur significant costs to correct such problems, become liable for substantial damages for product liability claims or other liabilities, or experience adverse publicity and reputational harm. We or our solutions may be subject to information technology system attacks, breaches, failures, or disruptions that could harm our operations, financial condition, or reputation. We rely extensively on information technology systems to operate and manage our business and to process, maintain, and safeguard information, including information related to our customers, partners, and personnel. This information may be processed and maintained on our internal information technology systems or on systems hosted by third- party service providers. These systems, whether internal or external, may be subject to breaches, failures, or disruptions as a result of, among other things, cyber- attacks, computer viruses, physical security breaches, natural disasters, accidents, power disruptions, telecommunications failures, new system implementations, or acts of terrorism or war. Customers are increasingly focused on the security of our products and services, especially our cloud- based solutions, and our solutions may be vulnerable to cyber-attacks even if they do not contain defects. As we increase our reliance on third- party service providers, particularly with respect to third- party cloud hosting, our exposure to damage from service interruptions may increase. We regularly monitor global and geopolitical events, some of which have in the past and may in the future increase cyber- attacks on us and our offerings, thereby increasing the risk of breaches. We have experienced cyber- attacks in the past and expect to continue to experience them in the future, potentially with greater frequency. While we are continually working to maintain secure and reliable systems and platforms, our security, redundancy, and business continuity efforts may be ineffective or inadequate. We must continuously improve our design and coordination of security controls across our business groups and geographies. Despite our efforts, it is possible that our security systems, controls, and other procedures that we follow or those employed by our third- party service providers, may not prevent breaches, failures, or disruptions. Such breaches, failures, or disruptions have in the past and could in the future subject us to the loss, compromise, destruction, or disclosure of sensitive or confidential information, including personally identifiable information, or **IP** ~~intellectual property~~ , either of our own information or IP or that of our customers (including end customers) or other third parties that may have been in our custody or in the custody of our third- party service providers, financial costs or losses from remedial actions, litigation, regulatory issues, liabilities to customers or other third parties, damage to our reputation, delays in our ability to process orders, delays in our ability to provide products and services to customers, including cloud or managed services offerings, R & D or production downtimes, or delays or errors in financial reporting. Information system breaches or failures at one of our partners, including cloud hosting providers or those who support our cloud- based offerings, may also result in similar adverse consequences. Any of the foregoing could harm our competitive position, result in a loss of customer confidence, and materially adversely affect our results of operations or financial condition. Intellectual Property Our **IP** ~~intellectual property~~ may not be adequately protected. While much of our **IP** ~~intellectual property~~ is protected by patents or patent applications, we have not and cannot protect all our **IP** ~~intellectual property~~ with patents or other registrations. There can be no assurance that patents we have applied for will be issued or that our patent portfolio is sufficiently broad to protect all our technologies, products, or services. Our **IP** ~~intellectual property~~ rights may not be successfully asserted in the future or may be invalidated, designed around, or challenged. In order to safeguard our unpatented proprietary know- how, source code, trade secrets, and technology, we rely primarily upon trade secret protection and non- disclosure provisions in agreements with employees and third parties having access to our confidential information. There can be no assurance that these measures will adequately protect us from improper disclosure or misappropriation of our proprietary information. Preventing unauthorized use or infringement of our **IP** ~~intellectual property~~ rights is difficult even in jurisdictions with well- established legal protections for **IP** ~~intellectual property~~ such as the United States. It may be even more difficult to protect our **IP** ~~intellectual property~~ in other jurisdictions where legal protections for **IP** ~~intellectual property~~ rights are less established. If we are unable to adequately protect our **IP** ~~intellectual property~~ against unauthorized third- party use or infringement, our competitive position could be adversely affected. Our products or other IP may infringe or may be alleged to infringe on the **IP** ~~intellectual property~~ rights of others, which could lead to costly disputes or disruptions for us and may require us to indemnify our customers ~~and resellers~~ **or partners** for any damages they suffer. The technology industry is characterized by frequent allegations of **IP** ~~intellectual property~~ infringement. In the past, third parties have asserted that certain of our products or other IP have infringed on their **IP** ~~intellectual property~~ rights and similar claims may be made in the future. **Further, IP issues, such as ownership, copyright, and patentability, have not been fully settled under U. S.** ~~For~~ **or** ~~example, we are currently subject~~ **non- U. S. law with respect** to **AI technology** ~~a litigation regarding trademark use and associated competition matters derivative of our December 2018 acquisition of ForeSee, which is discussed in greater detail in Item 3 below~~ . Any allegation of infringement against us could be time consuming and expensive to defend or resolve, result in substantial diversion of management resources, cause product shipment delays, or force us to enter into royalty or license agreements. If patent holders or other holders of **IP** ~~intellectual property~~ initiate legal proceedings against us, either with respect to our own **IP** ~~intellectual property~~ or **IP** ~~intellectual property~~ we license from third parties, we may be forced into protracted and costly litigation, regardless of the merits of these claims. We may not be successful in defending such litigation, in part due to the complex technical issues and inherent uncertainties in **IP** ~~intellectual property~~ litigation and may not be able to procure any required royalty or license agreements on terms acceptable to us, or at all. Competitors and other companies could adopt trademarks that are similar to ours or try to prevent us from using our trademarks, consequently impeding our ability to build brand identity and possibly leading to customer confusion. Third parties may also assert infringement claims against our customers or partners. Subject to certain limitations, we generally indemnify our customers and partners with respect to infringement by our products on the proprietary rights of third parties, which, in some cases, may not be limited to a specified maximum amount and for which we may not have sufficient insurance coverage or adequate indemnification in the case of **IP** ~~intellectual property~~ licensed from a third party. If any of these claims succeed, we may be forced to pay damages, be required to obtain licenses for the products our customers or partners use or sell or incur significant expenses in developing non- infringing alternatives. If we cannot obtain necessary licenses on commercially reasonable terms, our customers may be forced to stop using or, in the case of resellers and other partners, stop selling our products. Use of free or open source software could expose our products to unintended restrictions and could materially adversely affect our business. ~~Some~~ **Many** of our products contain free or open source software (~~together,~~ " **FOSS** ~~open source software~~ ") and we anticipate making use of **FOSS** ~~open source software~~ in the future. **FOSS** ~~Open source software~~ is generally covered by license agreements that permit the user to use, copy, modify, and distribute the software without cost, provided that the users and modifiers abide by certain licensing requirements. The original developers of the **FOSS** ~~open source software~~ generally provide no support or warranties on such software or indemnification or other contractual protections in the event the **FOSS** ~~open source software~~ infringes a third party' s **IP** ~~intellectual property~~ rights. In addition, some **FOSS** ~~open source~~ licenses contain requirements that we make available source code for modifications or derivative works we **may** create ~~based on the type of open source software we use~~ , or grant other licenses to our **IP** ~~intellectual property~~ . Moreover, the terms of many **FOSS** ~~open source~~ licenses have not been interpreted by U. S. or foreign courts. As a result, there is a risk that these licenses could be construed in a way that could impose unanticipated conditions or restrictions on our ability to provide or distribute our products and services. From time to time, there have been claims challenging the ownership of **FOSS** ~~open source software~~ against companies that incorporate **FOSS** ~~open source software~~ into their solutions. As a result, we could be subject to lawsuits by parties claiming ownership of what we believe to be **FOSS** ~~open source software~~. Although we endeavor to monitor the use of **FOSS** ~~open source software~~ in our product development, we cannot assure you that past, present, or future products, including products inherited in acquisitions, will not contain **FOSS** ~~open source software~~ elements that impose unfavorable licensing restrictions or other requirements on our products, including the need to seek licenses from third parties, to re- engineer affected products, to discontinue sales of affected products, or to release all or portions of the source code of affected products. Any of these developments could materially adversely affect our business. Risks Related to Our Finances and Capital Structure **Our debt instruments and facilities** ~~We have a significant amount of indebtedness, which exposes~~ - **expose** us to leverage risks and ~~subjects~~ - **subject** us to covenants which may adversely affect our operations. As of March 15, ~~2023~~ **2024**, we had total outstanding indebtedness of approximately $ 415. 0 million under our 0. 25 % convertible senior notes due 2026 (the " 2021 Notes ") and our Credit Agreement. ~~In addition~~ **After fully repaying the outstanding principal on the Term Loan (as defined in Item 7**, ~~we~~ **" Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources ") in April 2023, our Credit Agreement is solely comprised of the Revolving Credit Facility, which matures on April 9, 2026. We** have the ability to borrow additional amounts under our Credit Agreement **through** ~~, including~~ the ~~revolving~~ **Revolving** ~~credit~~ **Credit** ~~facility~~ **Facility** ~~,~~ for a variety of purposes, including, among others, acquisitions and stock repurchases. Our leverage position may, among other things: • limit our ability to obtain additional debt financing in the future for working capital, capital expenditures, acquisitions, or other general corporate purposes; • require us to dedicate a substantial portion of our cash flow from operations to debt service, reducing the availability of our cash flow for other purposes; • require us to repatriate cash for debt service from our foreign subsidiaries resulting in dividend tax costs or require us to adopt other disadvantageous tax structures to accommodate debt service payments; or • increase our vulnerability to economic downturns, limit our ability to capitalize on significant business opportunities, and restrict our flexibility to react to changes in market or industry conditions. In addition, because our indebtedness under our Credit Agreement ~~, which is comprised of a term loan maturing on June 29, 2024 and a revolving credit facility maturing on April 9, 2026,~~ bears interest at a variable rate, we are exposed to risk from fluctuations in interest rates. **On May 10, 2023, we entered into an amendment to the Credit Agreement related to the phase- out of LIBOR by the UK Financial Conduct Authority. Effective July 1, 2023,** ~~Interest~~ **interest** rates on the ~~term loan~~ **borrowings under the Credit Agreement** are periodically reset, at our option, at either ~~a Eurodollar~~ **an Adjusted Term SOFR** Rate or an ABR Rate (each as defined in the Credit Agreement), plus in each case a margin. ~~Borrowings under our revolving credit facility also bear interest at either a Eurodollar Rate or an ABR Rate, plus in each case a margin. In July 2017, the Financial Conduct Authority in the United Kingdom announced that it would phase out LIBOR as a benchmark by the end of 2021. On March 5, 2021, the Financial Conduct Authority announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (a) immediately after December 31, 2021, in the case of the one- week and two- month U. S. dollar settings; and (b) immediately after June 30, 2023, in the case of the remaining U. S. dollar settings. The Alternative Reference Rates Committee has proposed the Secured Overnight Financing Rate (" SOFR ") as its recommended alternative to LIBOR. Our Credit Agreement incorporates fallback language mechanisms to accommodate the eventual establishment of an alternate rate of interest, including alternative benchmark rates such as SOFR, upon the occurrence of certain events related to the phase- out of any applicable interest rate.~~ The transition from LIBOR to ~~a~~ **the** new **Adjusted Term SOFR may** ~~replacement benchmark is uncertain at this time and the consequences of such developments cannot be entirely predicted but could~~ result in an increase in the cost of our borrowings under our existing credit facility and any future borrowings. The ~~revolving~~ **Revolving** ~~credit facility under our~~ Credit ~~Agreement~~ **Facility** contains a financial covenant that requires us to satisfy a leverage ratio test. Our ability to comply with the leverage ratio covenant is dependent upon our ability to continue to generate sufficient earnings each quarter, or in the alternative, to reduce expenses and / or reduce the level of our outstanding debt, and we cannot assure that we will be successful in any or all of these regards. Our Credit Agreement also includes several restrictive covenants which limit our ability to, among other things: • incur additional indebtedness or liens or issue preferred stock; • pay dividends or make other distributions or repurchase or redeem our stock or subordinated indebtedness; • engage in transactions with affiliates; • engage in sale- leaseback transactions; • sell certain assets; • change our lines of business; • make investments, loans, or advances; and • engage in consolidations, mergers, liquidations, or dissolutions. These covenants could limit our ability to plan for or react to market conditions, to meet our capital needs, or to otherwise engage in transactions that might be considered beneficial to us. If certain events of default occur under our Credit Agreement, our lenders could declare all amounts outstanding to be immediately due and payable. An acceleration of indebtedness under our Credit Agreement may also result in an event of default under the indenture governing the 2021 Notes. Additionally, if a change of control as defined in our Credit Agreement were to occur, the lenders under our credit facilities would have the right to require us to repay all our outstanding obligations under the facilities. In connection with the maturity of our debt obligations or if any of the events described above were to occur, we may need to seek an amendment of and / or waiver under our debt agreements, raise additional capital through securities offerings, asset sales, or other transactions, or seek to refinance or restructure our debt. In such a case, there can be no assurance that we will be able to consummate such a transaction on reasonable terms or at all. We consider other financing and refinancing options from time to time; however, we cannot assure you that such options will be available to us on reasonable terms or at all. If one or more rating agencies were to downgrade our credit ratings, that could also impede our ability to refinance our existing debt or secure new debt, increase our future cost of borrowing, and create third- party concerns about our financial condition or results of operations. If we are not able to generate sufficient cash domestically in order to fund our U. S. operations, strategic opportunities, and to service our debt, we may incur withholding taxes in order to repatriate certain overseas cash balances, or we may need to raise additional capital in the future. If the cash generated by our domestic operations, plus certain foreign cash which we would repatriate and for which we have accrued the related foreign withholding tax, is not sufficient to fund our domestic operations, our broader corporate initiatives such as acquisitions, and other strategic opportunities, and to service our outstanding indebtedness, we may need to raise additional funds through public or private debt or equity financings, or we may need to obtain new credit facilities to the extent we choose not to repatriate additional overseas cash. Such additional financing may not be available on terms favorable to us, or at all, and any new equity financings or offerings would dilute our current stockholders' ownership. Furthermore, lenders may not agree to extend us new, additional, or continuing credit. If adequate funds are not available, or are not available on acceptable terms, we may be forced to repatriate foreign cash and incur a significant tax cost (in addition to amounts previously accrued) or we may not be able to take advantage of strategic opportunities, develop new products, respond to competitive pressures, repurchase outstanding stock or repay our outstanding indebtedness. In any such case, our business, operating results or financial condition could be adversely impacted. We may be adversely affected by our acquisition of CTI or our historical affiliation with CTI and its former subsidiaries. As a result of the February 2013 acquisition of our former parent company, CTI (the " CTI Merger "), CTI' s liabilities, including contingent liabilities, have been consolidated into our financial statements. If CTI' s liabilities are greater than represented, if the contingent liabilities we have assumed become fixed, or if there are obligations of CTI of which we were not aware at the time of completion of the CTI Merger, we may have exposure for those obligations and our business or financial condition could be materially and adversely affected. Adjustments to the CTI consolidated group' s net operating losses (" NOLs ") for periods prior to the CTI Merger could also affect NOLs allocated to Verint as a result of the CTI Merger and cause us to incur additional tax liability in future periods. In addition, adjustments to the historical CTI consolidated group' s NOLs for periods prior to Verint' s IPO could affect the NOLs allocated to Verint in the IPO and cause us to incur additional tax liability in future periods. We are entitled to certain indemnification rights from the successor to CTI' s business operations (Mavenir Inc.) under the agreements entered into in connection with the distribution by CTI to its shareholders of substantially all of its assets other than its interest in us (the " Comverse Share Distribution ") prior to the CTI Merger. However, there is no assurance that Mavenir will be willing and able to provide such indemnification if needed. If we become responsible for liabilities not covered by indemnification or substantially in excess of amounts covered by indemnification, or if Mavenir becomes unwilling or unable to stand behind such protections, our financial condition and results of operations could be materially adversely affected. As discussed in greater detail in **Note 16, " Commitments and Contingencies ", to our consolidated financial statements included in Part II,** Item ~~3 below~~ **8 of this report** , in July 2022, CTI and other parties entered into an agreement to settle a long- standing dispute pending in Israel regarding CTI' s historical stock options, which agreement was approved by the Israeli court in February 2023. Under the terms of the settlement agreement, Mavenir or one of its affiliates agreed to pay a total of $ 16. 0 million as compensation to the plaintiffs and members of the class. As of **January 31** ~~the date of this report~~ , **2024** the first **two** ~~installment~~ **installments** of the compensation amount had been paid by Mavenir, ~~leaving two~~ **and the third and final** ~~installments~~ **installment** of approximately $ 4. 7 million **was** ~~each to be~~ paid **in March** ~~between September 2023 and April~~ 2024. Under the terms of an associated guaranty agreement, we (as successor to CTI) have guaranteed the payment of the compensation amount in the event it is not paid by the primary obligors. Our financial results may be significantly impacted by changes in our tax position. We are subject to taxes in the United States and numerous foreign jurisdictions. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation allowance on deferred tax assets (including our NOL carryforwards), changes in unrecognized tax benefits, or changes in tax laws or their interpretation. Any of these changes could have a material adverse effect on our profitability. In addition, the tax authorities in the jurisdictions in which we operate, including the United States, may from time to time review the pricing arrangements between us and our foreign subsidiaries or among our foreign subsidiaries. An adverse determination by one or more tax authorities in this regard may have a material adverse effect on our financial results. We have significant deferred tax assets which can provide us with significant future cash tax savings if we are able to use them, including significant NOLs inherited as a result of the CTI Merger. However, the extent to which we will be able to use these NOLs may be impacted, restricted, or eliminated by a number of factors, including changes in tax rates, laws or regulations, whether we generate sufficient future taxable income, and possible adjustments to the tax attributes of CTI or its non- Verint subsidiaries for periods prior to the CTI Merger. To the extent that we are unable to utilize our NOLs or other losses, our results of operations, liquidity, and financial condition could be materially adversely affected. When we cease to have NOLs available to us in a particular tax jurisdiction, either through their expiration, disallowance, or utilization, our cash tax liability will increase in that jurisdiction. **In addition, in 2021, the Organization for Economic Cooperation and Development (" OECD ") issued guidelines to address the increasing digitalization of the global economy, re- allocating taxing rights among countries. These guidelines are designed, in part, to ensure large corporations are taxed at a minimum rate of 15 % in all countries of operation. The OECD continues to release guidance and countries are implementing legislation to adopt the rules, which are expected to become effective for the first time in 2024. The United States has not yet enacted legislation implementing these new rules. Depending on how the jurisdictions in which we operate choose to legislate the OECD' s approach, we and our subsidiaries could be adversely affected due to some of our income being taxed at higher effective tax rates, once these new rules come into force.** Changes in accounting principles, or interpretations thereof, could adversely impact our financial condition or operating results. We prepare our Consolidated Financial Statements in accordance with U. S. generally accepted accounting principles (" GAAP "). These principles are subject to interpretation by the SEC and other organizations that develop and interpret accounting principles. New accounting principles arise regularly, **the** implementation of which can have a significant effect on and may increase the volatility of our reported operating results and may even retroactively affect previously reported operating results. In addition, the implementation of new accounting principles may require significant changes to our customer and vendor contracts, business processes, accounting systems, and internal controls over financial reporting. These changes can be difficult to predict and the costs and effects of these changes could adversely impact our financial condition and our results of operations, and difficulties in implementing new accounting principles could cause us to fail to meet our financial reporting obligations. In some cases, we may be required to apply a new or revised accounting standard retroactively, resulting in a requirement to restate our prior period financial statements. If we are unable to maintain an effective system of internal controls over financial reporting, we may not prevent misstatements and material weaknesses or deficiencies could arise in the future which could lead to restatements or filing delays and potential stockholders may lose confidence in our financial reporting. Our system of internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with GAAP. We are required, on a quarterly basis, to evaluate the effectiveness of our internal controls and disclose any changes and material weaknesses in those internal controls. Because of its inherent limitations, our system of internal control over financial reporting may not prevent or detect every misstatement. An evaluation of effectiveness is subject to the risk that the controls may become inadequate because of changes in conditions, because the degree of compliance with policies or procedures decreases over time, or because of unanticipated circumstances or other factors. As a result, although our management has concluded that our internal controls are effective as of January 31, ~~2023~~ **2024** , we cannot assure you that our internal controls will prevent or detect every misstatement, that material weaknesses or other deficiencies will not occur or be identified in the future, that this or future financial reports will not contain material misstatements or omissions, that future restatements will not be required, or that we will be able to timely comply with our reporting obligations in the future. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock. If our goodwill or other intangible assets become impaired, our financial condition and results of operations could be negatively affected. Because we have historically acquired a significant number of companies, goodwill and other intangible assets have represented a substantial portion of our assets. Goodwill and other intangible assets totaled approximately $ 1. 4 billion, or approximately ~~62~~ **63** % of our total assets, as of January 31, ~~2023~~ **2024** . We test our goodwill for impairment at least annually, or more frequently if an event occurs indicating the potential for impairment, and we assess on an as- needed basis whether there have been impairments in our other intangible assets. We make assumptions and estimates in this assessment which are complex and often subjective. These assumptions and estimates can be affected by a variety of factors, including deteriorating economic conditions, technological changes, disruptions to our business, inability to effectively integrate acquired businesses, unexpected significant changes or planned changes in use of the assets, intensified competition, divestitures, market capitalization declines and other factors. To the extent that the factors described above change, we could be required to record additional non- cash impairment charges in the future, which could negatively affect our financial condition and results of operations. We are exposed to fluctuations in foreign currency exchange rates that could negatively impact our financial results. We earn revenue, pay expenses, own assets, and incur liabilities in countries using currencies other than the U. S. dollar, including the British pound sterling, euro, Australian dollar, Indian rupee, Israeli shekel, and Canadian dollar, among others. Because our consolidated financial statements are presented in U. S. dollars, we must translate revenue, expenses, assets, and liabilities of entities using non- U. S. dollar functional currencies into U. S. dollars using currency exchange rates in effect during or at the end of each reporting period, meaning that we are exposed to the impact of changes in currency exchange rates. In addition, our net income is impacted by the revaluation and settlement of monetary assets and liabilities denominated in currencies other than an entity' s functional currency, gains or losses on which are recorded within other income (expense), net. We **may** attempt to mitigate a portion of these risks through foreign currency hedging, based on our judgment of the appropriate trade- offs among risk, opportunity and expense. However, our hedging activities are limited in scope and duration and may not be effective at reducing the U. S. dollar cost of our global operations. In addition, our financial outlooks do not assume fluctuations in currency exchange rates. Adverse fluctuations in currency exchange rates after providing our financial outlooks could cause our actual results to differ materially from those anticipated in our outlooks, which could negatively affect the price of our common stock. The prices of our common stock and the 2021 Notes have been, and may continue to be, volatile and your investment could lose value. The prices of our common stock and the 2021 Notes have been, and may continue to be, volatile. Those prices could be affected by any of the risk factors discussed in this Item. In addition, other factors that could impact the prices of our common stock and / or the 2021 Notes include: • announcements by us or our competitors regarding, among other things, strategic changes, expectations regarding our SaaS transition, new products, product enhancements or technological advances, acquisitions, major transactions, significant litigation or regulatory matters, stock repurchases, or management changes; • press or analyst publications, including with respect to changes in recommendations or earnings estimates or growth rates by financial analysts, changes in investors' or analysts' valuation measures for our securities, our credit ratings, speculation regarding strategy or M & A, or market trends unrelated to our performance; • stock sales by our directors, officers, or other significant holders, or stock repurchases by us; • hedging or arbitrage trading activity by third parties or actions of activists; and • dilution that may occur upon any conversion of the 2021 Notes or other convertible instruments. A significant drop in the price of our common stock or the 2021 Notes could also expose us to the risk of securities class action lawsuits, which could result in substantial costs and divert management' s attention and resources, which could adversely affect our business. Actions of activist stockholders may cause us to incur substantial costs, disrupt our operations, divert management' s attention, or have other material adverse effects on us. From time to time, activist investors may take a position in our stock. These activist investors may disagree with decisions we have made or may believe that alternative strategies or personnel, either at a management level or at a board level, would produce higher returns. Such activists may or may not be aligned with the views of our other stockholders, may be focused on short- term outcomes, or may be focused on building their reputation in the market. These activists may not have a full understanding of our business and markets and the alternative personnel they may propose may also not have the qualifications or experience necessary to lead the company. Responding to advances or actions by activist investors may be costly and time- consuming, may disrupt our operations, and may divert the attention of our board of directors, management team, and employees from running our business and maximizing performance. Such activist activities could also interfere with our ability to execute our strategic plan, disrupt the functioning of our board of directors, or negatively impact our ability to attract and retain qualified executive leadership or board members, who may be unwilling to serve with activist personnel. Uncertainty as to the impact of activist activities may also affect the market price and volatility of our common stock. Apax owns a substantial portion of our equity and its interests may not be aligned with yours. On December 4, 2019, we entered into an Investment Agreement (the " Investment Agreement ") with an affiliate (the " Apax Investor ") of Apax Partners (" Apax "). Under the terms of 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 "). 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 " and, together with the Series A Preferred Stock, the " Preferred Stock "). As of January 31, ~~2023~~ **2024** , Apax' s ownership in us on an as- converted basis was approximately 13. ~~0~~ **5** %. Additionally, Apax has the right to designate one director to our board of directors and to mutually select with us a second independent director. Circumstances may occur in which the interests of Apax could conflict with the interests of our other stockholders. For example, the existence of Apax as a significant stockholder and Apax' s board appointment rights may have the effect of limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of the Company. Risks Related to the Spin- Off The Spin- Off may not achieve the anticipated benefits and will expose us to new risks. On February 1, 2021, we completed the separation of our Cyber Intelligence Solutions business through the Spin- Off of Cognyte Software Ltd. to our shareholders. We may not realize the anticipated strategic, financial, operational, or other benefits from the Spin- Off. We cannot predict with certainty when the benefits expected from the Spin- Off will occur or the extent to which they will be achieved. In addition, we incurred one- time costs in connection with the Spin- Off that may negate some of the benefits we expect to achieve. If we do not realize these assumed benefits, we could suffer a material adverse effect on our financial condition. As a result of the Spin- Off, our operational and financial profile has changed, and we face new risks. We are now a smaller, less- diversified company than we were prior to the Spin- Off and may be more vulnerable to changing market conditions as a result. We may be exposed to claims and liabilities or incur operational difficulties as a result of the Spin- Off. The Spin- Off continues to involve a number of risks, including, among other things, certain indemnification risks. In connection with the Spin- Off, we entered into a separation and distribution agreement and various other agreements (including a transition services agreement, a tax matters agreement, an employee matters agreement and **IP** ~~intellectual property~~ and trademark cross license agreements) (the " Spin- Off Agreements "). The Spin- Off Agreements govern the Spin- Off and the relationship between the two companies going forward. The Spin- Off Agreements provide for indemnification obligations designed to make Cognyte financially responsible for certain liabilities that may exist relating to its business activities, whether incurred prior to or after the Spin- Off, including any pending or future litigation. It is possible that a court would disregard the allocation agreed to between us and Cognyte and require us to assume responsibility for obligations allocated to Cognyte. Third parties could also seek to hold us responsible for any of these liabilities or obligations, and the indemnity rights we have under the separation and distribution agreement may not be sufficient to fully cover all of these liabilities and obligations. Even if we are successful in obtaining indemnification, we may have to bear costs temporarily. In addition, our indemnity obligations to Cognyte may be significant. Current or former stockholders could also assert claims against us, our directors, or other personnel if they are not satisfied with the results of the Spin- Off. Any such claims may be costly and time- consuming to defend, whether or not grounded in facts or law. These risks could negatively affect our business, financial condition or results of operations. The Spin- Off Agreements could also lead to disputes over rights to certain shared property and rights and over the allocation of costs and revenues for products and operations. If Cognyte is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur losses. The Spin- Off could result in substantial tax liability to us and our shareholders if the Spin- Off distribution does not qualify as a tax- free transaction. In connection with the Spin- Off, we received tax rulings from U. S. and Israeli tax authorities as well as an opinion of our U. S. tax advisor. However, the U. S. tax ruling only addressed certain requirements for tax- free treatment and the remaining requirements were addressed by the tax opinion. The tax opinion will not be binding on any taxing authority or court. Accordingly, taxing authorities or the courts may reach conclusions with respect to the Spin- Off that are different from the conclusions reached in the tax opinion. Moreover, the U. S. tax ruling and tax opinion were based on certain statements and representations made by us, which, if incomplete or inaccurate in any material respect, could invalidate the ruling or the opinion. If the Spin- Off and certain related transactions were determined to be taxable, we could be subject to a substantial tax liability that could have a material adverse effect on our financial condition, results of operations and cash flows. In addition, if the Spin- Off were taxable, each holder of our common stock who received Cognyte shares in the Spin- Off would generally be treated as receiving a taxable distribution of property in an amount equal to the fair market value of the shares received. We might not be able to engage in certain strategic transactions because we have agreed to certain restrictions to comply with U. S. federal income tax requirements for a tax - free spin - off. To preserve the intended tax treatment of the distribution of Cognyte shares in the Spin- Off, we agreed to comply with certain restrictions under current U. S. federal income tax laws for spin - offs, including (i) continuing to own and manage our historic business and (ii) limiting sales or redemptions of our common stock. These restrictions could prevent us from pursuing otherwise attractive business opportunities, result in our inability to respond effectively to competitive pressures, industry developments and future opportunities and may otherwise harm our business, financial results and operations. If these restrictions, among others, are not followed, the Spin- Off distribution could be treated as a dividend to our stockholders and subject us to taxable gain on the distribution of Cognyte shares. In addition, we could be required to indemnify Cognyte for any tax liability incurred by Cognyte as a result of our non - compliance with these restrictions, and such indemnity obligations could be substantial.