UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 1, 2021

Verint Systems Inc.
(Exact name of registrant as specified in its charter)

001-34807
(Commission File Number)

Delaware	**11-3200514**
(State or other jurisdiction of incorporation)	**(I.R.S. Employer Identification No.)**

175 Broadhollow Road
Melville, New York 11747
(Address of principal executive offices, with zip code)

(631) 962-9600
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol	Name of exchange on which registered
Common Stock, $0.001 par value per share	**VRNT**	**The NASDAQ Stock Market, LLC (NASDAQ Global Select Market)**

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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

Item 1.01. Entry into a Material Definitive Agreement.

On February 1, 2021, Verint Systems Inc. ("Verint" or "we," "us," "our," and the "Company") completed the previously announced spin-off (the "Spin-Off") of Cognyte Software Ltd. ("Cognyte"), a company limited by shares incorporated under the laws of the State of Israel whose business and operations consist of Verint's former Cyber Intelligence Solutions™ business (the "Cognyte Business"). The Spin-Off was completed by way of a pro rata distribution (the "Distribution") on February 1, 2021 of all of the then-issued and outstanding ordinary shares, no par value, of Cognyte (the "Cognyte shares") to holders of record of Verint's common stock as of the close of business on January 25, 2021.

As a result of the Distribution, which was effective as of 5:01 p.m. Eastern Time on February 1, 2021 (the "Effective Time"), Cognyte is now an independent, publicly traded company and the Cognyte shares are listed on the Nasdaq Global Select Market ("NASDAQ") under the symbol "CGNT." Trading in Cognyte shares is expected to commence on NASDAQ on February 2, 2021.

In connection with the Spin-Off, we entered into certain agreements with Cognyte, including each of the following:

- a Separation and Distribution Agreement;
- a Tax Matters Agreement;
- an Employee Matters Agreement;
- a limited duration Transition Services Agreement;
- an Intellectual Property Cross License Agreement; and
- a Trademark Cross License Agreement.

Summaries of certain terms of these agreements can be found in the section entitled "Item 7.B. Related Party Transactions–Agreements Between Verint and Us" in Registration Statement on Form 20-F (File No. 001-39829) (as amended, the "Form 20-F") filed by Cognyte with the Securities and Exchange Commission ("SEC"), and are incorporated herein by reference. Such summaries are qualified in their entirety by reference to the full text of the Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement, Transition Services Agreement, Intellectual Property Cross License Agreement and Trademark Cross License Agreement, copies of which are attached as Exhibits 2.1, 10.2, 10.3, 10.4, 10.5 and 10.6, respectively, to this current report on Form 8-K and are incorporated herein by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

The information contained in Item 1.01 is incorporated herein by reference.

The Form 20-F relating to the Spin-Off was filed by Cognyte with the SEC and was declared effective on January 15, 2021.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

In connection with the consummation of Spin-Off, the previously announced resignation of Earl Shanks as a director of the Company became effective. Mr. Shanks's resignation from the Verint board of directors was not due to a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

Item 7.01 Regulation FD Disclosure

On February 1, 2021, Verint issued a press release announcing the closing of the Spin-Off. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(b) Pro forma financial information.

The unaudited pro forma condensed consolidated balance sheet of the Company as of October 31, 2020 and the unaudited pro forma condensed consolidated statement of operations of the Company for the nine months ended October 31, 2020 and for the years ended January 31, 2020, January 31, 2019 and January 31, 2018 giving pro forma effect to the Spin-Off are included as Exhibit 99.2 to this Current Report on Form 8-K and are incorporated into this Item 9.01 by reference.

(d) Exhibits.

Exhibit	Title
2.1	Separation and Distribution Agreement, dated February 1, 2021, by and between Cognyte Software Ltd. and Verint Systems Inc. (incorporated by reference to Exhibit 99.1 to the Report on Form 6-K filed by Cognyte on February 1, 2021 (the "Cognyte Form 6-K"))
10.2	Tax Matters Agreement, dated February 1, 2021, by and between Cognyte Software Ltd. and Verint Systems Inc. (incorporated by reference to Exhibit 99.2 to the Cognyte Form 6-K)
10.3	Employee Matters Agreement, dated February 1, 2021, by and between Cognyte Software Ltd. and Verint Systems Inc. (incorporated by reference to Exhibit 99.3 to the Cognyte Form 6-K)
10.4	Transition Services Agreement, dated February 1, 2021, by and between Cognyte Software Ltd. and Verint Systems Inc. (incorporated by reference to Exhibit 99.4 to the Cognyte Form 6-K)
10.5	Intellectual Property Cross License Agreement, dated February 1, 2021, by and between Cognyte Software Ltd. and Verint Systems Inc. (incorporated by reference to Exhibit 99.5 to the Cognyte Form 6-K)
10.6	Trademark Cross License Agreement, dated February 1, 2021, by and between Cognyte Software Ltd. and Verint Systems Inc. (incorporated by reference to Exhibit 99.6 to the Cognyte Form 6-K)
99.1	Press Release
99.2	Unaudited Pro Forma Financial Information
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding the Spin-Off of Cognyte, Verint's and Cognyte's future plans, areas of focus, positioning for future success following the Spin-Off, and technology development plans. These forward-looking statements are based on the Company's current assumptions, expectations and beliefs and involve substantial risks and uncertainties that may cause results, performance or achievement to materially differ from those expressed or implied by these forward-looking statements. Some of the factors that could cause actual results or conditions to differ materially from current expectations include, among others: the Company's expectations regarding the anticipated benefits to be achieved following the Spin-Off, including the possibility that the spin-off may negatively impact the Company's operations or stock price; rapid technological changes and evolving industry standards; and challenges in establishing and maintaining relationships with third-party suppliers, manufacturers, and partners. The Company assumes no obligation to revise or update any forward-looking statement, except as otherwise required by law. For a detailed discussion of these risk factors, see the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, its Quarterly Report on Form 10-Q for the quarter ended April 30, 2020, its Quarterly Report on Form 10-Q for the quarter ended July 31, 2020, its Quarterly Report on Form 10-Q for the quarter ended October 31, 2020 and other filings the Company makes with the SEC.

SIGNATURES

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

VERINT SYSTEMS INC.

By:	/s/ Peter Fante
Name:	Peter Fante
Title:	Chief Administrative Officer

Date: February 1, 2021

Exhibit 99.1

VERINT

Press Release

Verint Celebrates 'Day One' as a Company Focused on Enabling Brands to Achieve Boundless Customer Engagement Following Completion of Cognyte Software Spin-Off

Customer Engagement Cloud Platform Connects Work, Data and Experiences Across the Enterprise

MELVILLE, N.Y., Feb. 1, 2021 —Verint® Systems Inc. (NASDAQ: VRNT), the Customer Engagement Company™, today announced that it has completed the spin-off of Cognyte Software Ltd. The milestone marks the start of Verint's journey as a pure-play customer engagement vendor with an exclusive focus and extensive resources – including over 4,500 professionals worldwide – dedicated to helping organizations provide Boundless Customer Engagement ™.

Cognyte will begin "regular way" trading on NASDAQ on February 2, 2021, under the symbol "CGNT". In connection with the separation, Verint shareholders will receive one share of Cognyte common stock for each share of Verint common stock.

Brands today are challenged by new workforce dynamics, ever-expanding customer engagement channels and exponentially more consumer interactions – all with limited budget and resources. As a result, brands are finding it more difficult than ever to deliver the desired customer experience. This creates an Engagement Capacity Gap™, which continues to widen as digital disruption increases.

Expanding the workforce is simply not a sustainable option. Organizations are increasingly seeking technology to close this gap – solutions that are based on AI and analytics to automate workflows across enterprise silos to balance workforce expenses and at the same time drive an elevated consumer experience. Verint is uniquely positioned to help companies close this gap. The Verint Customer Engagement Cloud Platform – built on a native cloud architecture with an open design – enables brands to connect work, data and experiences across the organization.

"Verint becoming a pure-play customer engagement company is happening at the exact right time – a time when digital transformation is driving significant change in how brands engage with their customers. Verint helps organizations break down barriers and eliminate the constraints of organizational and data silos to achieve boundless customer engagement. With our open cloud platform, significant domain expertise and broad partner ecosystem, we are well positioned to help brands build enduring customer relationships," says Verint CEO, Dan Bodner.

Evercore acted as lead financial advisor to Cognyte on the separation. Goldman Sachs & Co. LLC and Jefferies LLC acted as lead financial advisors to Verint on the separation. Jefferies LLC acted as lead financial advisor to Verint on a minority investment in connection with the separation from funds managed by Apax Partners. Needham & Company, Oppenheimer & Co., Stifel, Wedbush Securities and Imperial Capital acted as co-advisors. Jones Day acted as legal counsel to Verint, and Meitar acted as legal counsel to Cognyte.

About Verint

Verint® (Nasdaq: VRNT) helps the world's most iconic brands – including over 85 of the Fortune 100 companies – build enduring customer relationships by connecting work, data and experiences across the enterprise. The Verint Customer Engagement portfolio draws on the latest advancements in AI and analytics, an open cloud architecture, and The Science of Customer Engagement™ to help customers close the engagement capacity gap.

Verint. The Customer Engagement Company™. Learn more at Verint.com.

This press release contains "forward-looking statements," including statements regarding expectations, predictions, views, opportunities, plans, strategies, beliefs, and statements of similar effect relating to Verint Systems Inc. These forward-looking statements are not guarantees of future performance and they are based on management's expectations that involve a number of risks, uncertainties and assumptions, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. For a detailed discussion of these risk factors, see our Annual Report on Form 10-K for the fiscal year ended January 31, 2020, our Quarterly Report on Form 10Q for the quarter ended October 31, 2020, and other filings we make with the SEC. The forward-looking statements contained in this press release are made as of the date of this press release and, except as required by law, Verint assumes no obligation to update or revise them or to provide reasons why actual results may differ.

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Contacts:

Media Relations	**Investor Relations**
Amy Curry	Matthew Frankel
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UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

On February 1, 2021 (the “Separation Date”), Verint (the “Company”) completed the previously announced separation of its Cyber Intelligence Solutions business (the “Business” or “Cognyte”), into a separate, independent publicly traded company, Cognyte Software Ltd. (NASDAQ: CGNT). This separation was completed by means of a distribution in which each holder of Verint’s common stock, par value $0.001 per share, received one share of Cognyte’s common stock, no par value, for every share of common stock of Verint held of record as of the close of business on January 25, 2021 (the “Record Date”). After the distribution, the Company does not beneficially own any shares of common stock in Cognyte and will no longer consolidate Cognyte into its financial results for periods ending after January 31, 2021 (the entire transaction being referred to as the “Separation”).

The unaudited pro forma condensed consolidated financial statements have been derived from the Company’s historical consolidated financial statements and give effect to the Separation. The unaudited pro forma condensed consolidated statements of operations reflect the Company’s results as if the Separation and related transactions had occurred as of February 1, 2017. The unaudited pro forma condensed consolidated balance sheet as of October 31, 2020 reflects the Company’s financial position as if the Separation had occurred on October 31, 2020. After the date of the Separation, the historical financial results of Cognyte will be reflected in our consolidated financial statements as discontinued operations under U.S. generally accepted accounting principles (“GAAP”) for all periods presented through the Separation Date.

The unaudited pro forma condensed consolidated financial statements are not intended to be a complete presentation of the Company’s financial position or results of operations had the Separation occurred as of and for the periods indicated. In addition, the unaudited pro forma condensed consolidated financial statements are provided for illustrative and informational purposes only and are not necessarily indicative of the Company’s future results of operations or financial condition had the Separation and related transactions been completed on the dates assumed. The unaudited pro forma condensed consolidated financial statements should be read in conjunction with our historical consolidated financial statements and accompanying notes.

The pro forma adjustments are based on currently available information and assumptions management believes are, under the circumstances and given the information available at this time, reasonable, and best reflect the Separation and Verint’s financial condition and results of operations as if it was a stand-alone entity in accordance with GAAP. The unaudited pro forma condensed consolidated statements of operations for the nine months ended October 31, 2020 and years ended January 31, 2020, January 31, 2019, and January 31, 2018 include corporate overhead costs previously allocated to the historical combined statements of operations of Cognyte that do not meet the definition of expenses related to discontinued operations in accordance with Financial Accounting Standards Board Accounting Standards Codification 205, “Presentation of Financial Statements” (“ASC 205”). A significant portion of these corporate overhead costs relate to executive management, finance, legal, information technology, and other shared services functions and are reflected in Verint’s pro forma income (loss) from continuing operations. The pro forma adjustments represent our best estimates based on information currently available and may differ from those that will be calculated to report Cognyte as discontinued operations in our future filings.

The unaudited pro forma condensed consolidated financial statements have been prepared in accordance with Regulation S-X Article 11, *Pro Forma Financial Information*, as amended by the final rule, *Amendments to Financial Disclosures About Acquired and Disposed Businesses*, as adopted by the SEC on May 21, 2020. The unaudited pro forma condensed consolidated financial statements do not include adjustments to reflect any potential synergies that may be achievable, or dis-synergy costs that may occur, in connection with the Separation.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Balance Sheet
October 31, 2020

(in thousands)	Historical Consolidated	Cognyte Separation (a)	Transaction Accounting Adjustments	Notes	Pro Forma Verint
Assets					
Current Assets:					
Cash and cash equivalents	$ 526,815	$ (217,883)	$ 153,654	(b)	$ 470,029
			7,443	(c)	
Restricted cash and cash equivalents, and restricted bank time deposits	24,223	(24,214)	—		9
Short-term investments	104,454	(11,762)	—		92,692
Accounts receivable, net of allowance for doubtful accounts	346,565	(181,111)	—		165,454
Contract assets, net	63,095	(28,676)	—		34,419
Receivable from Cognyte	—	—	35,000	(d)	35,000
Inventories	21,748	(15,272)	—		6,476
Prepaid expenses and other current assets	68,800	(33,470)	—		35,330
Total current assets	**1,155,700**	**(512,388)**	**196,097**		**839,409**
Property and equipment, net	108,578	(39,474)	—		69,104
Operating lease right-of-use assets	90,446	(28,923)	—		61,523
Goodwill	1,464,451	(157,896)	—		1,306,555
Intangible assets, net	159,120	(6,181)	—		152,939
Other assets	146,388	(52,921)	2,363	(e)	95,830
Total assets	**$3,124,683**	**$ (797,783)**	**$ 198,460**		**$2,525,360**
Liabilities and Stockholders' Equity					
Current Liabilities:					
Accounts payable	$ 66,807	$ (30,253)	$ —		$ 36,554
Accrued expenses and other current liabilities	246,949	(85,626)	31,527	(f)	198,518
			418	(c)	
			5,250	(d)	
Current maturities of long-term debt	383,449	—	—		383,449
Contract liabilities	334,843	(127,531)	—		207,312
Current maturities of note to parent	—	(7,025)	7,025	(c)	—
Total current liabilities	**1,032,048**	**(250,435)**	**44,220**		**825,833**
Long-term debt	403,292	—	—		403,292
Long-term contract liabilities	39,810	(22,040)	—		17,770
Operating lease liabilities	80,040	(20,256)	—		59,784
Other liabilities	98,016	(17,400)	(5,250)	(d)	75,366
Total liabilities	**1,653,206**	**(310,131)**	**38,970**		**1,382,045**
Preferred Stock	**200,628**	**—**	**—**		**200,628**
Commitments and Contingencies					
Stockholders' Equity:					
Common stock	70	—	—		70
Additional paid-in capital/Net parent investment in Cognyte	1,717,384	(488,425)	153,654	(b)	1,419,976
			35,000	(d)	
			2,363	(e)	
Treasury stock	(208,124)	—	—		(208,124)
Accumulated deficit	(93,875)	—	(31,527)	(f)	(125,402)
Accumulated other comprehensive loss	(162,806)	16,403	—		(146,403)
Total Verint Systems Inc. stockholders' equity	**1,252,649**	**(472,022)**	**159,490**		**940,117**
Noncontrolling interest	18,200	(15,630)	—		2,570
Total stockholders' equity	**1,270,849**	**(487,652)**	**159,490**		**942,687**
Total liabilities, preferred stock and stockholders' equity	**$3,124,683**	**$ (797,783)**	**$ 198,460**		**$2,525,360**

See notes to unaudited pro forma condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Nine Months Ended October 31, 2020

(in thousands, except per share data)	Historical Consolidated	Cognyte Separation (a)	Transaction Accounting Adjustments	Notes	Pro Forma Verint
Revenue:					
Product	$ 279,225	$ (145,141)	$ —		$134,084
Service and support	645,380	(174,297)	—		471,083
Total revenue	**924,605**	**(319,438)**	**—**		**605,167**
Cost of revenue:					
Product	67,938	(43,063)	1,722	(g)	26,597
Service and support	222,383	(51,475)	1,653	(g)	172,561
Amortization of acquired technology	13,307	(718)	—		12,589
Total cost of revenue	**303,628**	**(95,256)**	**3,375**		**211,747**
Gross profit	**620,977**	**(224,182)**	**(3,375)**		**393,420**
Operating expenses:					
Research and development, net	175,375	(92,177)	12,727	(g)	95,803
			(122)	(i)	
Selling, general and administrative	335,141	(113,230)	29,681	(g)	234,509
			(17,083)	(i)	
Amortization of other acquired intangible assets	24,229	(913)	—		23,316
Total operating expenses	**534,745**	**(206,320)**	**25,203**		**353,628**
Operating income	**86,232**	**(17,862)**	**(28,578)**		**39,792**
Other income (expense), net:					
Interest income	2,392	(1,175)	—		1,217
Interest expense	(30,692)	137	(118)	(j)	(30,673)
Other expense, net	(23,003)	(3,243)	160	(k)	(26,086)
Total other expense, net	**(51,303)**	**(4,281)**	**42**		**(55,542)**
Income (loss) from continuing operations before provision for income taxes	**34,929**	**(22,143)**	**(28,536)**		**(15,750)**
Provision for income taxes	16,490	(7,376)	508	(l)	9,622
Net income (loss) from continuing operations	**18,439**	**(14,767)**	**(29,044)**		**(25,372)**
Net income attributable to noncontrolling interest	5,784	(4,908)	—		876
Net income (loss) from continuing operations attributable to Verint Systems Inc.	**12,655**	**(9,859)**	**(29,044)**		**(26,248)**
Dividends on preferred stock	(5,142)	—	—		(5,142)
Net income (loss) from continuing operations attributable to Verint Systems Inc. common shares	**$ 7,513**	**$ (9,859)**	**$ (29,044)**		**$ (31,390)**
Net income (loss) from continuing operations per common share attributable to Verint Systems Inc.:					
Basic	**$ 0.12**				**$ (0.48)**
Diluted	**$ 0.11**				**$ (0.48)**
Weighted-average common shares outstanding:					
Basic	**64,973**				**64,973**
Diluted	**66,000**				**64,973**

See notes to unaudited pro forma condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended January 31, 2020

(in thousands, except per share data)	Historical Consolidated	Cognyte Separation (a)	Transaction Accounting Adjustments	Notes	Pro Forma Verint
Revenue:					
Product	$ 454,875	$ (231,478)	$ —		$223,397
Service and support	848,759	(225,631)	—		623,128
Total revenue	**1,303,634**	**(457,109)**	**—**		**846,525**
Cost of revenue:					
Product	127,183	(88,098)	4,039	(g)	43,124
Service and support	312,599	(73,502)	2,045	(g)	241,142
Amortization of acquired technology	23,984	(2,405)	—		21,579
Total cost of revenue	**463,766**	**(164,005)**	**6,084**		**305,845**
Gross profit	**839,868**	**(293,104)**	**(6,084)**		**540,680**
Operating expenses:					
Research and development, net	231,683	(111,297)	13,850	(g)	134,236
Selling, general and administrative	488,871	(153,901)	47,945	(g)	375,019
			(4,800)	(h)	
			(3,096)	(i)	
Amortization of other acquired intangible assets	31,458	(593)	—		30,865
Total operating expenses	**752,012**	**(265,791)**	**53,899**		**540,120**
Operating income	**87,856**	**(27,313)**	**(59,983)**		**560**
Other income (expense), net:					
Interest income	5,620	(3,509)	—		2,111
Interest expense	(40,378)	481	(152)	(j)	(40,049)
Other income, net	205	404	248	(k)	857
Total other expense, net	**(34,553)**	**(2,624)**	**96**		**(37,081)**
Income (loss) from continuing operations before provision for income taxes	**53,303**	**(29,937)**	**(59,887)**		**(36,521)**
Provision for income taxes	17,620	(2,567)	(7,696)	(m)	7,357
Net income (loss) from continuing operations	**35,683**	**(27,370)**	**(52,191)**		**(43,878)**
Net income (loss) attributable to noncontrolling interest	6,999	(7,179)	—		(180)
Net income (loss) from continuing operations attributable to Verint Systems Inc.	**$ 28,684**	**$ (20,191)**	**$ (52,191)**		**$ (43,698)**
Net income (loss) from continuing operations per common share attributable to Verint Systems Inc.:					
Basic	**$ 0.43**				**$ (0.66)**
Diluted	**$ 0.43**				**$ (0.66)**
Weighted-average common shares outstanding:					
Basic	**66,129**				**66,129**
Diluted	**67,355**				**66,129**

See notes to unaudited pro forma condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended January 31, 2019

(in thousands, except per share data)	Historical Consolidated	Cognyte Separation (a)	Transaction Accounting Adjustments	Notes	Pro Forma Verint
Revenue:					
Product	$ 454,650	$ (232,929)	$ —		$221,721
Service and support	775,097	(200,531)	—		574,566
Total revenue	**1,229,747**	**(433,460)**	**—**		**796,287**
Cost of revenue:					
Product	129,922	(95,407)	1,432	(g)	35,947
Service and support	293,888	(73,949)	3,128	(g)	223,067
Amortization of acquired technology	25,403	(7,416)	—		17,987
Total cost of revenue	**449,213**	**(176,772)**	**4,560**		**277,001**
Gross profit	**780,534**	**(256,688)**	**(4,560)**		**519,286**
Operating expenses:					
Research and development, net	209,106	(100,006)	13,853	(g)	122,953
Selling, general and administrative	426,183	(137,342)	41,120	(g)	329,961
Amortization of other acquired intangible assets	31,010	(651)	—		30,359
Total operating expenses	**666,299**	**(237,999)**	**54,973**		**483,273**
Operating income	**114,235**	**(18,689)**	**(59,533)**		**36,013**
Other income (expense), net:					
Interest income	4,777	(3,165)	—		1,612
Interest expense	(37,344)	499	—		(36,845)
Other expense, net	(3,906)	1,414	—		(2,492)
Total other expense, net	**(36,473)**	**(1,252)**	**—**		**(37,725)**
Income (loss) from continuing operations before provision (benefit) for income taxes	**77,762**	**(19,941)**	**(59,533)**		**(1,712)**
Provision (benefit) for income taxes	7,542	(7,620)	(14,635)	(m)	(14,713)
Net income from continuing operations	**70,220**	**(12,321)**	**(44,898)**		**13,001**
Net income attributable to noncontrolling interest	4,229	(3,593)	—		636
Net income from continuing operations attributable to Verint Systems Inc.	**$ 65,991**	**$ (8,728)**	**$ (44,898)**		**$ 12,365**
Net income from continuing operations per common share attributable to Verint Systems Inc.:					
Basic	**$ 1.02**				**$ 0.19**
Diluted	**$ 1.00**				**$ 0.19**
Weighted-average common shares outstanding:					
Basic	**64,913**				**64,913**
Diluted	**66,245**				**66,245**

See notes to unaudited pro forma condensed consolidated financial statements.

VERINT SYSTEMS INC. AND SUBSIDIARIES
Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended January 31, 2018

(in thousands, except per share data)	Historical Consolidated	Cognyte Separation (a)	Transaction Accounting Adjustments	Notes	Pro Forma Verint
Revenue:					
Product	$ 399,662	$ (215,458)	$ —		$184,204
Service and support	735,567	(179,705)	—		555,862
Total revenue	**1,135,229**	**(395,163)**	**—**		**740,066**
Cost of revenue:					
Product	131,989	(95,929)	2,270	(g)	38,330
Service and support	276,582	(64,903)	2,060	(g)	213,739
Amortization of acquired technology	38,216	(16,000)	—		22,216
Total cost of revenue	**446,787**	**(176,832)**	**4,330**		**274,285**
Gross profit	**688,442**	**(218,331)**	**(4,330)**		**465,781**
Operating expenses:					
Research and development, net	190,643	(92,286)	11,276	(g)	109,633
Selling, general and administrative	414,960	(137,855)	50,340	(g)	327,445
Amortization of other acquired intangible assets	34,209	(877)	—		33,332
Total operating expenses	**639,812**	**(231,018)**	**61,616**		**470,410**
Operating income (loss)	**48,630**	**12,687**	**(65,946)**		**(4,629)**
Other income (expense), net:					
Interest income	2,477	(1,922)	—		555
Interest expense	(35,959)	305	—		(35,654)
Losses on early retirement of debt	(2,150)	—	—		(2,150)
Other income, net	5,902	(3,170)	—		2,732
Total other expense, net	**(29,730)**	**(4,787)**	**—**		**(34,517)**
Income (loss) from continuing operations before provision for income taxes	**18,900**	**7,900**	**(65,946)**		**(39,146)**
Provision for income taxes	22,354	338	(11,335)	(m)	11,357
Net loss from continuing operations	**(3,454)**	**7,562**	**(54,611)**		**(50,503)**
Net income attributable to noncontrolling interest	3,173	(2,907)	—		266
Net loss from continuing operations attributable to Verint Systems Inc.	**$ (6,627)**	**$ 10,469**	**$ (54,611)**		**$ (50,769)**
Net loss from continuing operations per common share attributable to Verint Systems Inc.:					
Basic	**$ (0.10)**				**$ (0.80)**
Diluted	**$ (0.10)**				**$ (0.80)**
Weighted-average common shares outstanding:					
Basic	**63,312**				**63,312**
Diluted	**63,312**				**63,312**

See notes to unaudited pro forma condensed consolidated financial statements.

NOTES TO UNAUDITED PRO FORMA ADJUSTMENTS

The adjustments included in the unaudited pro forma condensed consolidated financial statements are described below:

(a) Reflects the operations, assets, liabilities and equity of Cognyte, which have been derived from Cognyte's historical combined financial statements prepared on a "carve-out" basis of accounting.

(b) Reflects an estimated cash payment which Cognyte will distribute to Verint in connection with the Separation.

(c) Reflects the settlement of a loan balance between us and Cognyte as part of the Separation, including accrued interest.

(d) Reflects a cash dividend from Cognyte to the Company that is expected to be paid in cash after the Separation during the three months ending April 30, 2021. The associated accrued withholding tax is reclassed from other liabilities and included in accrued expenses and other current liabilities.

(e) Pursuant to the Tax Matters Agreement, Verint and Cognyte are responsible for any and all income taxes due with respect to their separate returns, except for the portion of taxes attributable to the other's business. Cognyte has agreed to make payments to Verint or taxing authorities for these taxes, and in case of any adjustment pursuant to a determination with respect to any tax return filed by Verint attributable to Cognyte or other tax costs incurred by Verint in connection with transactions undertaken in anticipation of the spin as determined by Verint. For purposes of the pro forma financial statements, Verint has estimated that the payments will be $2.4 million; the associated asset is reflected in "Other assets" as of October 31, 2020.

(f) We anticipate incurring additional costs of approximately $31.5 million subsequent to October 31, 2020 to complete the Separation. These costs primarily relate to investment banker fees, legal fees, third-party consulting and contractor fees, information technology costs and other costs directly related to the Separation. The unaudited pro forma condensed consolidated balance sheet as of October 31, 2020 has been adjusted to record estimated separation costs of $31.5 million in accrued expenses and other current liabilities, with a corresponding increase to accumulated deficit.

(g) Represents general corporate overhead costs related to executive management, finance, legal, information technology, and other shared services functions that were historically allocated to Cognyte. These amounts exclude the incremental transaction costs allocated to Cognyte of $11.4 million and $2.2 million for the nine months ended October 31, 2020 and year ended January 31, 2020, respectively.

(h) In connection with the Separation, the Company and Cognyte entered into a transition services agreement whereby the Company and Cognyte will provide certain post-closing services to each other on a transitional basis. As such, a pro forma adjustment has been recorded to selling, general and administrative expenses to reflect this contractual arrangement.

(i) Represents the incremental transaction costs directly attributable to the disposition of Cognyte, which will be retrospectively reclassified to discontinued operations upon completion of the Separation.

(j) Represents the elimination of net intercompany interest expense on the loan between Cognyte and Verint as reflected in Cognyte's stand-alone combined financial statements and included in the Cognyte Separation column in the unaudited pro forma condensed consolidated statements of operations.

(k) Represents the impact of an expected sublease agreement for office space between the Company and Cognyte in connection with the Separation.

(l) The pro forma Verint provision for income taxes for the nine months ended October 31, 2020 is based on an allocation of the historical consolidated provision for income taxes. The pro forma Verint provision for income taxes has not been based on an estimated annual effective rate as this cannot be reliably estimated due to forecasted near breakeven income from operations and the relative impact of permanent book to tax differences (i.e. non-deductible expenses). A discrete calculation of the provision for income taxes has therefore been calculated for the nine months ended October 31, 2020 and the adjustment herein includes the amount required to calculate such pro forma provision for income taxes.

(m) Reflects the income tax effects of pro forma adjustments notes (g) - (k) at the applicable statutory rates in effect in the respective tax jurisdictions during the periods presented.