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As filed with the Securities and Exchange Commission on January 13, 2021

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

AMENDMENT NO. 1
TO
FORM 20-F

☒ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

OR

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

OR

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

Commission File Number: 001-39829

Cognyte Software Ltd.
(Exact name of registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

Israel
(Jurisdiction of incorporation or organization)

33 Maskit
Herzliya Pituach
4673333, Israel
(Address of principal executive office)

David Abadi
33 Maskit
Herzliya Pituach
4673333, Israel
+972-9-962-2300
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Copies to:

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Jones Day
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New York, New York 10281
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Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Ordinary Shares, no par value	The Nasdaq Stock Market LLC

Securities for which there is a reporting obligation pursuant to Section 12(g) of the Act.

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Not applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☐

, 2021

Dear Verint Shareholders:

In December 2019, Verint announced its intention to separate its customer engagement and security businesses to create two independent public companies. I am pleased to report that we expect to distribute shares in the new security company, Cognyte Software Ltd., shortly after our fiscal year end, and that the shares will trade on the NASDAQ Global Select Market under the ticker symbol "CGNT."

As a result of the separation, Verint will become a pure-play customer engagement business and Cognyte will focus on the security analytics software market. Both companies are leaders in their respective markets and represent exciting investment opportunities in the public market.

We believe that the separation will enhance strategic, management, and board focus, and will improve investors' ability to value the two businesses based on their distinct characteristics.

Leading security organizations around the world select Cognyte to help them find the needles in the haystacks because of its differentiated analytics software, focus on addressing complex security challenges, and successful track record in real world deployments.

Cognyte has an excellent starting point as an independent public company. Cognyte is a market leader in security analytics software serving over 1,000 organizations in more than 100 countries. Demand for security analytics software is being fueled by evolving security challenges and the need to quickly identify and mitigate security threats. Cognyte has assembled a strong management team with a proven track record and a clear strategy to accelerate growth.

Following the separation, Verint will be 100% focused on its customer engagement business, helping leading organizations around the world deliver significant value and elevate their customer experience.

We invite you to learn more about Cognyte by reviewing the enclosed registration statement.

Sincerely,

Dan Bodner
Chief Executive Officer and Chairman of the Board Verint Systems Inc.

, 2021

Dear Cognyte Shareholders:

I am excited to welcome you as a future shareholder of Cognyte Software Ltd. Cognyte is a global leader in security analytics software that empowers governments and enterprises with Actionable Intelligence for a safer world. Our entire team is excited to begin our journey as an independent public company and we look forward to delivering long-term value for our shareholders.

Our customers face a broad range of security challenges, including from well-organized and well-funded entities. Security threats are becoming increasingly sophisticated and more difficult to detect as perpetrators take advantage of the latest technologies to avoid detection and mitigation.

The stakes are high. An inability to conduct successful and timely security investigations can result in attacks that cost lives and cause significant damage and disruption to the public.

We provide our customers with a powerful analytics platform with a rich set of analytics engines, artificial intelligence and machine learning models, workflows, data governance, and visualization tools, to accelerate the investigative process and to identify, neutralize, and prevent terror, crime and cyber threats.

Behind our market leading security analytics platform is our track record of technology innovation and over two decades of relentless focus on responding to our customers' evolving needs. Our company is filled with immensely talented people who care deeply about our mission to make our world a safer place.

Looking forward, we believe we are incredibly well-positioned to continue helping our customers to keep pace with evolving security challenges and be one step ahead of the curve. As an independent public company, we look forward to accelerating our agility and deepening our commitment to our security analytics market leadership.

We appreciate your support and look forward to having you as our shareholder.

Sincerely,

Elad Sharon
Chief Executive Officer
Cognyte Software Ltd.

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INTRODUCTION AND USE OF CERTAIN TERMS

We have prepared this registration statement on Form 20-F (this "Form 20-F") using a number of conventions, which you should consider when reading the information contained herein. In this Form 20-F, "we," "us," "our" and "Cognyte" shall refer to Cognyte Software Ltd., or Cognyte Software Ltd. and the Cognyte Business collectively, as the context may require.

We publish combined financial statements expressed in U.S. dollars. Our combined financial statements responsive to Item 17 of this Form 20-F are prepared in accordance with generally accepted accounting principles in the United States ("GAAP").

We have prepared this Form 20-F to register our ordinary shares, no par value (our "shares"), under the Securities Exchange Act of 1934 (the "Exchange Act") in connection with the trading of our shares on the NASDAQ Global Select Market ("NASDAQ"). Cognyte Software Ltd. was formed in Israel in the second quarter of 2020 to serve as the holding company of businesses to be contributed to Cognyte by our parent, Verint Systems Inc. ("Verint"), in connection with a spin-off of Verint's Cyber Intelligence Solutions™ business (referred to herein as the "Cognyte Business"):

Additionally, this Form 20-F uses the following conventions:

- "Internal Transactions" refers to the series of internal transactions Verint will complete prior to the distribution, following which we will hold, directly or through our subsidiaries, the Cognyte Business. The Internal Transactions are described in more detail under "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions—Agreements Between Verint and Us" or "Internal Transactions";
- "separation" refers to the transaction in which Verint will transfer certain operations and assets of its Cognyte Business unit to us, including its interests in each of Syborg Informationsysteme b.h. OHG, Cognyte Software LP (formerly Verint Security Intelligence Inc.), and Cognyte Technologies Israel Ltd. (formerly Verint Systems Limited), as well as other intermediate holding companies and subsidiaries related to these entities;
- "distribution" refers to the transaction in which Verint will distribute to Verint shareholders, on a pro rata basis, 100% of our shares; and
- "spin-off" refers collectively to the separation and the distribution.

Cognyte Software Ltd. will have no significant assets or operations prior to the completion of the Internal Transactions to occur in connection with the spin-off.

Unless otherwise indicated or required by the context, in this Form 20-F, our disclosure assumes that the consummation of the spin-off has occurred. Although we will not acquire our businesses until such time as the distribution occurs, the operating and other statistical information with respect to each of our businesses is presented as of July 31, 2020, unless otherwise indicated, as if we owned such businesses as of such date.

A Notice of Internet Availability of Materials containing instructions describing how to access this Form 20-F is expected to be first mailed to Verint shareholders on or about January 18, 2021.

MARKET INFORMATION

This Form 20-F contains industry and market data, including market sizing estimates, growth and other projections and information regarding our competitive position, prepared by our management on the basis of industry sources and our management's knowledge of and experience in the industry and markets in which

we operate (including management's estimates and assumptions relating to such industry and markets based on that knowledge). Our management has developed its knowledge of such industry and markets through its experience and participation in these markets.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Form 20-F contains certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, the provisions of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Exchange Act. Forward-looking statements include financial projections, statements of plans and objectives for future operations, statements of future economic performance, and statements of assumptions relating thereto. Forward-looking statements may appear throughout this report, including without limitation, in "Item 5. Operating and Financial Review and Prospects—5.A. Operating Results," and are often identified by future or conditional words such as "will," "plans," "expects," "intends," "believes," "seeks," "estimates," or "anticipates," or by variations of such words or by similar expressions. There can be no assurance that forward-looking statements will be achieved. By their very nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions, and other important factors that could cause our actual results or conditions to differ materially from those expressed or implied by such forward-looking statements. Important risks, uncertainties, assumptions, and other factors that could cause our actual results or conditions to differ materially from our forward-looking statements include, among others:

- uncertainties regarding the impact of changes in macroeconomic and/or global conditions, including as a result of slowdowns, recessions, economic instability, political unrest, armed conflicts, natural disasters or outbreaks of disease, such as the COVID-19 pandemic, as well as the resulting impact on information technology spending and government budgets in both developed countries and developing countries, on our business;
- risks that our customers delay, cancel, or refrain from placing orders, refrain from renewing subscriptions or service contracts, or are unable to honor contractual commitments or payment obligations due to liquidity issues or other challenges in their budgets and business, due to the COVID-19 pandemic or otherwise;
- risks that continuing restrictions resulting from the COVID-19 pandemic or actions taken in response to the pandemic adversely impact our operations or our ability to fulfill orders, complete implementations, or recognize revenue;
- risks associated with our ability to keep pace with technological advances and challenges and evolving industry standards, to adapt to changing market potential from area to area within our markets; and to successfully develop, launch, and drive demand for new, innovative, high-quality products that meet or exceed customer needs, while simultaneously preserving our legacy businesses;
- risks due to aggressive competition in all of our markets, including with respect to maintaining revenue, margins, and sufficient levels of investment in our business and operations;
- risks relating to our ability to properly manage investments in our business and operations, execute on growth initiatives and strategic priorities, such as our software model transition, and enhance our existing operations and infrastructure;
- risks associated with our ability to successfully compete for, consummate, and implement mergers and acquisitions;
- challenges associated with sales processes for sophisticated solutions and a broad solution portfolio;
- risks associated with larger orders and customer concentration, including risk of volatility of our operating results from period to period, and challenges associated with our ability to accurately forecast revenue and expenses;

- risks associated with a significant amount of our business coming from government customers around the world and limitations on investor visibility due to classification or contractual restrictions;
- risks associated with political and reputational factors related to our business or operations, including with respect to the nature of our solutions or our Israeli identity, and our ability to maintain security clearances where required;
- risks that we may be unable to establish and maintain relationships with key resellers, partners, and systems integrators and risks associated with our reliance on third-party suppliers for certain components, products, or services, including companies that may compete with us or work with our competitors;
- risks associated with our ability to retain, recruit, and train qualified personnel in regions in which we operate, including in new markets and growth areas we may enter;
- risks associated with our significant international operations, including due to our Israeli operations, and exposure to regions subject to political or economic instability and fluctuations in foreign exchange rates;
- risks associated with complex and changing regulatory environments relating to our operations, the products and services we offer, and/or the use of our solutions by our customers, including, with respect to dependence on export and marketing licenses from the governments of Israel and other countries where we operate, applicable classification and confidentiality restrictions, and data privacy and protection;
- risks associated with the mishandling or perceived mishandling of sensitive, confidential or classified information, including information that may belong to our customers or other third parties, and with security vulnerabilities or lapses, including cyber-attacks, information technology system breaches, failures, or disruptions;
- risks that our products or services, or those of third-party suppliers, partners, or original equipment manufacturers ("OEMs") which we use in or with our offerings or otherwise rely on, including third-party hosting platforms, may contain defects, develop operational problems, or be vulnerable to cyber-attacks;
- risks that our intellectual property rights may not be adequate to protect our business or assets or that others may make claims on our intellectual property, claim infringement on their intellectual property rights, or claim a violation of their license rights, including relative to free or open source components we may use;
- risks associated with our credit facilities or that we may experience liquidity or working capital issues and related risks that financing sources may be unavailable to us on reasonable terms or at all;
- risks associated with changing tax laws and regulations, tax rates, and the continuing availability of expected tax benefits;
- risks relating to the adequacy of our existing infrastructure, systems, processes, policies, procedures, internal controls, and personnel for our current and future operations and reporting needs, including related risks of financial statement omissions, misstatements, restatements, or filing delays;
- risk that the spin-off does not achieve the benefits anticipated or that it negatively impacts our operations or stock price, including as a result of management distraction from our business or costs associated with transitioning to a standalone public company;
- risks associated with the agreements with Verint to be entered into in connection with the spin-off, including our reliance on the planned transition services agreement and our indemnification obligations to Verint;

- risks associated with market volatility in the price of our shares based on our performance, third-party publications or speculation, future sales or dispositions of our shares by significant shareholders or officers and directors, or factors and risks associated with actions of activist shareholders; and
- risks associated with different corporate governance requirements applicable to Israeli companies and risks associated with being a foreign private issuer and an emerging growth company.

Some of these factors are discussed in more detail in this Form 20-F, including under "Item 3. Key Information—3.D. Risk Factors," "Item 4. Information on the Company" and "Item 5. Operating and Financial Review and Prospects." Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this Form 20-F as anticipated, believed, estimated or expected. We provide the information in this Form 20-F as of the date of its filing. We do not intend, and do not assume any obligation, to update any information or forward-looking statements set out in this Form 20-F as a result of new information, future events or otherwise.

SUMMARY

This summary highlights selected information from this Form 20-F and provides an overview of our company, our separation from Verint and the distribution by Verint of our shares to its shareholders. For a more complete understanding of our business and the spin-off, you should read this entire Form 20-F carefully, particularly the discussion under "Item 3. Key Information—3.D. Risk Factors" in this Form 20-F and our combined financial statements and the notes to those financial statements appearing elsewhere in this Form 20-F.

Overview

Cognyte is a global leader in security analytics software that empowers governments and enterprises with Actionable Intelligence for a safer world. Our open software fuses, analyzes and visualizes disparate data sets at scale to help security organizations find the needles in the haystacks. Over 1,000 government and enterprise customers in more than 100 countries rely on Cognyte's solutions to accelerate security investigations and connect the dots to successfully identify, neutralize, and prevent national security, personal safety, business continuity and cyber threats. Our government customers consist of governments around the world, including national, regional, and local government agencies. Our enterprise customers consist of commercial customers and physical security customers.

Market Trends

We believe that the following trends are driving demand for our security analytics software:

- security threats are becoming more difficult to detect and mitigate;
- data is growing rapidly and is highly fragmented across organizations making it harder to connect the dots; and
- security organizations increasingly adopt open software.

Our Strategy

We believe our technology and domain expertise position us to capitalize on the demand for security analytics software and our strategy is to:

- empower organizations with an analytics platform and solutions to address ever-growing security challenges;
- increase adoption by customers and partners through an open software platform;
- expand our footprint across government organizations; and
- leverage our success in the government market to expand our presence over time in the enterprise market.

Our Solutions

Our solutions address three security use cases: Investigative Analytics, Operational Intelligence Analytics, and Threat Intelligence Analytics.

- ***Investigative Analytics.*** Security investigations can vary in length from several days to several years. Some investigations end without resolution due to lack of sufficient insight. More complex security investigations can also be very expensive and labor intensive as they involve data collection from many different sources and a challenging process of connecting the dots to reach quick conclusions and prevent security threats.

- ***Operational Intelligence Analytics.*** Field security units are responsible for carrying out operational security missions and it is vital for them to receive real-time or 'near real-time' insights to ensure successful completion of missions. Events on the ground can change rapidly during operation and the field team's ability to quickly adapt and respond is mission critical.
- ***Threat Intelligence Analytics.*** Security Operating Centers ("SOCs") are used by government and enterprise organizations to detect security threats and effectively manage responses. SOC personnel are responsible for a variety of security tasks including cyber-attack mitigation, employee safety and operations continuity.

Our Technology

The Cognyte analytics platform is designed around an open, modular and scalable architecture to enable customers to address a broad range of security threats with fast detection and quick mitigation.

- Our platform powers our entire solution portfolio: Investigative Analytics, Operational Intelligence Analytics, and Threat Intelligence Analytics.
- Our platform easily integrates with customer data sources to enable holistic fusion of data and insights.
- Our platform easily integrates with third-party solutions to expand a customer's ecosystem.
- Our platform enables system integrators who are developing customized software and applying data science.

The Cognyte analytics platform is comprised of five key components:

- ***Data Analytics Engines.*** A diverse toolbox of engines for data analysts to develop and perform analytical investigations such as data modeling tools, and statistical analysis tools.
- ***Artificial Intelligence and Machine Learning Models.*** AI models to execute automated machine learning algorithms and to find new patterns in massive amounts of data. Also offers the flexibility to develop customer specific machine learning ("ML") models using the platform's AI/ML framework, which can then be tuned based on the aggregated data.
- ***Workflows.*** Workflows using an integrated set of graphical tools using a drag-and-drop interface with no customizations required. Flexible workflows are configurable to a customer's specific processes and procedures.
- ***Governance.*** Governance functionality to monitor and manage data availability, security, usability, and integrity. Leverages advanced technology to control privacy, audit, monitoring, and access control.
- ***Visualization.*** An advanced visualization toolbox to enable users to effectively filter and display either mass data or a single thread of information.

Reasons for the Spin-Off

We and Verint believe that the spin-off will provide a number of benefits to our business and customers, to the business of Verint and to Verint shareholders. As two distinct publicly traded companies, Verint and Cognyte will be better-positioned to capitalize on significant growth opportunities and focus resources on their respective businesses and strategic priorities. Verint and the Board of Directors of Verint (the "Verint Board") considered a wide variety of factors in their initial evaluation of the proposed spin-off, including the following potential benefits:

- allow investors to separately invest in the Customer Engagement Solutions business retained by Verint (the "Customer Engagement Business") or separately invest in the Cognyte Business, which should promote investments from investors seeking to invest in one business and not the other, and allow Cognyte direct access to capital markets as a separate publicly traded company;

- improve investors' ability to value the Customer Engagement Business and the Cognyte Business based on their distinct characteristics and make more targeted investment decisions in a pure-play structure;
- create enhanced appeal to a broader set of investors suited to the strategic and financial characteristics of each company by validating inherent value and attractiveness of underlying businesses, strategies, and prospects;
- provide more specific alignment of incentives and performance indicators to more closely align employee incentive compensation opportunities with stand-alone business performance;
- allow more efficient allocation of capital to the highest and best use, tailored to the unique characteristics of each business;
- maintain a capital structure optimized to the needs and unique requirements of each business;
- create separate boards with further differentiated skillsets and experience to provide focused oversight and to support tailored strategic and financial objectives to enhance value creation; and
- allow enhanced strategic and management focus with dedicated management teams focused on their core business's distinct operational and regulatory requirements.

Neither we nor Verint can assure you that, following the spin-off, any of the benefits described above or otherwise in this Form 20-F will be realized to the extent or at the time anticipated or at all. See also "Item 3. Key Information—3.D. Risk Factors."

Verint and the Verint Board also considered a number of potentially negative factors in their initial evaluation of the potential spin-off, including the following:

- potential disruption to our business and operations;
- management distraction due to the significant amount of time and effort required;
- the significant one-time costs of separating the two companies;
- incremental costs on the resulting companies, including, among others, as a result of establishing separate corporate management and duplicative support functions, the costs of being a stand-alone public company and potential tax inefficiencies;
- greater susceptibility to market fluctuations and other adverse events as a stand-alone company, including as a result of reduced business diversification; and
- risk that the spin-off is not consummated or does not achieve its intended benefits.

Verint and the Verint Board believe that the potential benefits of the spin-off outweigh these potentially negative factors. The completion of the spin-off remains subject to the satisfaction, or waiver by the Verint Board, of a number of conditions. We describe these benefits and certain other factors considered by Verint and the Verint Board, as well as conditions to the closing, in greater detail under "Item 4. Information on the Company —4.A. History and Development of the Company—The Spin-Off."

Summary of Risks Associated with Our Business and the Spin-Off

Our business is subject to numerous risks, including:

- uncertainties regarding the impact of changes in macroeconomic and/or global conditions, including as a result of slowdowns, recessions, economic instability, political unrest, armed conflicts, natural disasters or outbreaks of disease, such as the COVID-19 pandemic, as well as the resulting impact on information technology spending and government budgets in both developed countries and developing countries, on our business;

- risks that our customers delay, cancel, or refrain from placing orders, refrain from renewing subscriptions or service contracts, or are unable to honor contractual commitments or payment obligations due to liquidity issues or other challenges in their budgets and business, due to the COVID-19 pandemic or otherwise;
- risks that continuing restrictions resulting from the COVID-19 pandemic or actions taken in response to the pandemic adversely impact our operations or our ability to fulfill orders, complete implementations, or recognize revenue;
- risks associated with our ability to keep pace with technological advances and challenges and evolving industry standards, to adapt to changing market potential from area to area within our markets; and to successfully develop, launch, and drive demand for new, innovative, high-quality products that meet or exceed customer needs, while simultaneously preserving our legacy businesses;
- risks due to aggressive competition in all of our markets, including with respect to maintaining revenue, margins, and sufficient levels of investment in our business and operations;
- risks relating to our ability to properly manage investments in our business and operations, execute on growth initiatives and strategic priorities, such as our software model transition, and enhance our existing operations and infrastructure;
- risks associated with our ability to successfully compete for, consummate, and implement mergers and acquisitions;
- challenges associated with sales processes for sophisticated solutions and a broad solution portfolio;
- risks associated with larger orders and customer concentration, including risk of volatility of our operating results from period to period, and challenges associated with our ability to accurately forecast revenue and expenses;
- risks associated with a significant amount of our business coming from government customers around the world and limitations on investor visibility due to classification or contractual restrictions;
- risks associated with political and reputational factors related to our business or operations, including with respect to the nature of our solutions or our Israeli identity, and our ability to maintain security clearances where required;
- risks that we may be unable to establish and maintain relationships with key resellers, partners, and systems integrators and risks associated with our reliance on third-party suppliers for certain components, products, or services, including companies that may compete with us or work with our competitors;
- risks associated with our ability to retain, recruit, and train qualified personnel in regions in which we operate, including in new markets and growth areas we may enter;
- risks associated with our significant international operations, including due to our Israeli operations, and exposure to regions subject to political or economic instability and fluctuations in foreign exchange rates;
- risks associated with complex and changing regulatory environments relating to our operations, the products and services we offer, and/or the use of our solutions by our customers, including, with respect to dependence on export and marketing licenses from the governments of Israel and other countries where we operate, applicable classification and confidentiality restrictions, and data privacy and protection;
- risks associated with the mishandling or perceived mishandling of sensitive, confidential or classified information, including information that may belong to our customers or other third parties, and with

security vulnerabilities or lapses, including cyber-attacks, information technology system breaches, failures, or disruptions;

- risks that our products or services, or those of third-party suppliers, partners, or OEMs which we use in or with our offerings or otherwise rely on, including third-party hosting platforms, may contain defects, develop operational problems, or be vulnerable to cyber-attacks;
- risks that our intellectual property rights may not be adequate to protect our business or assets or that others may make claims on our intellectual property, claim infringement on their intellectual property rights, or claim a violation of their license rights, including relative to free or open source components we may use;
- risks associated with our credit facilities or that we may experience liquidity or working capital issues and related risks that financing sources may be unavailable to us on reasonable terms or at all;
- risks associated with changing tax laws and regulations, tax rates, and the continuing availability of expected tax benefits;
- risks relating to the adequacy of our existing infrastructure, systems, processes, policies, procedures, internal controls, and personnel for our current and future operations and reporting needs, including related risks of financial statement omissions, misstatements, restatements, or filing delays;
- risk that the spin-off does not achieve the benefits anticipated or that it negatively impacts our operations or stock price, including as a result of management distraction from our business or costs associated with transitioning to a standalone public company;
- risks associated with the agreements with Verint to be entered into in connection with the spin-off, including our reliance on the planned transition services agreement and our indemnification obligations to Verint;
- risks associated with market volatility in the price of our shares based on our performance, third-party publications or speculation, future sales or dispositions of our shares by significant shareholders or officers and directors, or factors and risks associated with actions of activist shareholders; and
- risks associated with different corporate governance requirements applicable to Israeli companies and risks associated with being a foreign private issuer and an emerging growth company.

Neither we nor Verint can assure you that, following the separation and spin-off, any of the benefits described in this Form 20-F will be realized to the extent or at the time anticipated or at all. For additional information, please see the risks described under “Item 3. Key Information—3.D. Risk Factors.”

Corporate Information

We are incorporated under the laws of the State of Israel as a company limited by shares. We are registered under the Israeli Companies Law, 5759-1999 (the “Companies Law”) as Cognyte Software Ltd., and our registration number with the Israeli Registrar of Companies is 516196425. We were formed by Verint in connection with our separation from Verint, for an unlimited duration, effective as of the date of our incorporation on May 21, 2020.

We are domiciled in Israel and our registered office is located at 33 Maskit, Herzliya Pituach, 4673333, Israel, which also currently serves as our principal executive offices, and our telephone number is +972-9-962-2300.

Implications of Being a Foreign Private Issuer and an Emerging Growth Company

Foreign Private Issuer

Upon consummation of the spin-off, we will report under the Exchange Act as a non-U.S. company with foreign private issuer ("FPI") status. As long as we qualify as an FPI under the Exchange Act, we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the rules under the Exchange Act requiring the filing with the Securities and Exchange Commission ("SEC") of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events.

Notwithstanding these exemptions, we will file with the SEC, within four months after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm.

We may take advantage of these exemptions until such time as we are no longer an FPI. We would cease to be an FPI at such time as more than 50% of our outstanding voting securities are held by U.S. residents and any of the following three circumstances applies: (i) the majority of our executive officers or directors are U.S. citizens or residents, (ii) more than 50% of our assets are located in the United States or (iii) our business is administered principally in the United States.

Emerging Growth Company

As a company with less than $1.07 billion in revenue during our last fiscal year, we are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As such, we may take advantage of certain exemptions from various reporting requirements that are applicable to publicly traded entities that are not emerging growth companies. These exemptions include:

- the ability to include only two years of audited financial statements and only two years of related Management's Discussion and Analysis of Financial Condition and Results of Operations disclosure;
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002 ("SOX");
- reduced disclosure obligations regarding executive compensation in any required periodic reports and proxy statements; and
- exemptions from the requirement to hold a non-binding advisory vote on executive compensation, including golden parachute compensation.

As a result, the information contained in this Form 20-F may be different from the information you receive from other public companies in which you hold shares.

Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards applicable to public companies. This provision allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. Pursuant to Section 107 of the JOBS Act, as an emerging

growth company, we have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our operating results and financial statements may not be comparable to the operating results and financial statements of other companies who have adopted the new or revised accounting standards. It is possible that some investors will find the Cognyte shares less attractive as a result, which may result in a less active trading market for the Cognyte shares and higher volatility in our share price.

We may take advantage of these provisions for up to five years or until such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company upon the earliest to occur of: (i) the last day of the first fiscal year in which our annual gross revenues exceed $1.07 billion, (ii) the date on which we have issued more than $1 billion in non-convertible debt securities during the previous three years and (iii) the last day of the fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Exchange Act (which would occur if the market value of our common equity that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter).

Both FPIs and emerging growth companies are also exempt from certain more stringent executive compensation disclosure rules. Thus, even if we no longer qualify as an emerging growth company, but remain an FPI, we will continue to be exempt from the more stringent compensation disclosures required of companies that are neither an emerging growth company nor an FPI.

Summary Historical and Pro Forma Combined Financial Information

The following table sets forth summary financial information for the periods and dates indicated below and should be read together with our combined financial statements, condensed combined financial statements, unaudited pro forma combined financial information and related notes "Item 3. Key Information—3.B. Capitalization and Indebtedness" and "Item 5. Operating and Financial Review and Prospects" appearing elsewhere in this Form 20-F. We derived the summary historical statement of operations data for the years ended January 31, 2020 and 2019 and the summary historical balance sheet data as of January 31, 2020 and 2019 from our combined financial statements and related notes appearing elsewhere in this Form 20-F. We derived the summary historical statement of operations data for the six months ended July 31, 2020 and 2019 and the summary historical balance sheet data as of July 31, 2020 from our condensed combined financial statements.

The summary financial data is not intended to replace our combined financial statements, condensed combined financial statements, or related notes. Our historical results could differ from those that would have resulted if we operated autonomously or as an entity independent of Verint in the periods for which historical financial data is presented below, and such results are not necessarily indicative of results that may be expected in the future.

The summary unaudited pro forma combined financial information was prepared to reflect adjustments to our historical financial results in connection with the spin-off. We derived the summary unaudited pro forma combined statement of operations data for the year ended January 31, 2020 from our unaudited pro forma combined financial information that appears elsewhere in this Form 20-F. We derived the summary unaudited pro forma combined statement of operations data for the six months ended July 31, 2020 and the summary unaudited pro forma combined balance sheet data as of July 31, 2020 from our unaudited pro forma combined financial information that appears elsewhere in this Form 20-F. The unaudited pro forma combined statement of operations data give effect to the spin-off as if it had occurred at February 1, 2019. The unaudited pro forma combined balance sheet data give effect to the spin-off as if it had occurred as of July 31, 2020. The assumptions used, and pro forma adjustments derived from such assumptions, were based on currently available information and we believe such assumptions were reasonable under the circumstances.

The summary unaudited pro forma combined financial information is not necessarily indicative of our results of operations or financial condition had the spin-off and our anticipated post-separation capital structure been completed and implemented on the dates assumed. In addition, the summary financial data is not intended to

replace our combined financial statements and related notes. Our historical results could differ from those that would have resulted if we operated autonomously or as an entity independent of Verint in the periods for which historical financial data is presented below, and such results are not necessarily indicative of results that may be expected in the future.

For additional details regarding the preparation of our combined financial statements, please see "Item 5. Operating and Financial Review and Prospects—5.A. Operating Results—Basis of Presentation" and "Note 1. Organization, Operations and Basis of Presentation" to our combined financial statements and condensed combined financial statements. For additional details regarding the preparation of our unaudited pro forma combined financial information, please see the notes to our unaudited pro forma combined financial information appearing elsewhere in this Form 20-F.

We prepare our combined financial statements and condensed combined financial statements in accordance with GAAP.

	Pro Forma		Historical			
	Six Months Ended July 31,	Year Ended January 31,	Six Months Ended July 31,		Year Ended January 31,	
(in thousands, except per share data)	**2020**	**2020**	**2020**	**2019**	**2020**	**2019**
Condensed Combined and Combined Statements of Operations Data:						
Revenue	$ 206,459	$ 457,109	$ 206,459	$ 221,033	$ 457,109	$ 433,460
Gross profit	141,914	293,104	141,914	140,736	293,104	256,688
Operating income	13,492	29,526	7,996	10,066	27,313	18,689
Provision (benefit) for income taxes	3,380	2,527	3,406	(1,767)	2,567	7,620
Net income	10,916	29,223	5,594	14,141	27,370	12,321
Net income attributable to Cognyte Business of Verint Systems Inc.	7,351	22,044	2,029	10,430	20,191	8,728
Pro forma Earnings Per Share						
Basic	$ 0.11	$ 0.34				
Diluted	$ 0.11	$ 0.34				
Pro forma shares outstanding						
Basic	65,400	65,400				
Diluted	65,400	65,400				

	Pro Forma	Historical		
	July 31,	July 31,	January 31,	
(in thousands)	**2020**	**2020**	**2020**	**2019**
Condensed Combined and Combined Balance Sheets Data:				
Cash and cash equivalents	$28,452	$188,065	$ 201,090	$ 240,192
Restricted cash and cash equivalents, and restricted bank time deposits	31,616	31,616	43,813	42,262
Total assets	615,718	765,899	805,111	805,347
Total liabilities	314,153	313,321	349,940	330,029
Total equity	301,565	452,578	455,171	475,318

For additional information, see the unaudited pro forma combined financial information and related notes appearing elsewhere in this Form 20-F.

The Spin-Off

Overview

On December 4, 2019, Verint announced plans to separate into two independent companies: Cognyte Software Ltd., which will consist of Verint's Cyber Intelligence Solutions business, and Verint Systems Inc., which will consist of its Customer Engagement Business. To implement the separation, as part of the Internal Transactions, Verint will first transfer the Canadian portion of its Cyber Intelligence Solutions business to us and will enter into a binding agreement to transfer the remainder of its Cyber Intelligence Solutions business to us, will subsequently distribute all of our shares held by Verint to Verint shareholders, pro rata to their respective holdings, and immediately thereafter Verint will transfer the remainder of its Cyber Intelligence Solutions business to us pursuant to the binding commitment. Each Verint shareholder will receive one Cognyte share for each Verint share they hold or have acquired and do not sell or otherwise dispose of prior to the close of business on January 25, 2021. The distribution is intended to be tax-free to Verint shareholders, Verint and Cognyte for U.S. federal and Israeli income tax purposes. The distribution and certain internal transactions, which are part of the spin-off and the separation, are generally tax-free to Verint shareholders, Verint and Cognyte for Israeli income tax purposes under a final tax ruling (the "Israeli Tax Ruling") received from the Israeli Tax Authority ("ITA"). Certain other internal transactions not covered by the Israeli Tax Ruling should also not result in any tax liabilities in Israel. An application has been made to list our shares on NASDAQ under the symbol "CGNT" and trading in our shares is expected to begin on the NASDAQ on February 2, 2021.

To enable the separation, prior to the spin-off, Verint will complete the Internal Transactions as described under "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions—Agreements Between Verint and Us" or "Internal Transactions."

Prior to completion of the spin-off, we intend to enter into a Separation and Distribution Agreement and several other agreements with Verint related to the separation and distribution. These agreements will govern the relationship between us and Verint up to and after completion of the spin-off and allocate between us and Verint various assets, liabilities and obligations, including supply arrangements, employee benefits, intellectual property and tax-related assets and liabilities. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions" for more detail.

Completion of the spin-off is subject to the satisfaction, or waiver by the Verint Board, of a number of conditions. See "Item 4. Information on the Company—4.A. History and Development of the Company—The Spin-Off" for more detail.

Questions and Answers About the Spin-Off

The following provides only a summary of and certain questions relating to the terms of the spin-off. You should read the section entitled "Item 4. Information on the Company—4.A. History and Development of the Company—The Spin-Off" below in this Form 20-F for a more detailed description of the matters identified below.

Q: Why am I receiving this document?

A: Verint has made this document available to you because you are a holder of Verint shares. If you hold or have acquired and do not sell or otherwise dispose of your Verint shares prior to the close of business on January 25, 2021, you will be entitled to receive one Cognyte share for each of your Verint shares in connection with the spin-off. An application has been made to list our shares on NASDAQ. This document will help you understand how the separation and distribution will affect your investment in Verint and your investment in us after the spin-off.

Q: ***How will the spin-off of Cognyte from Verint work?***

A: To accomplish the spin-off, Verint will distribute all of our shares held by Verint to holders of Verint shares on a pro rata basis. Following the spin-off, we will be an independent, publicly traded company, and Verint will not retain any ownership interest in us. See also "Item 7. Major Shareholders and Related Party Transactions—7.A. Major Shareholders."

Q: ***Why is the separation of Cognyte structured as a spin-off?***

A: Verint believes that the spin-off structure we are using is an efficient way to separate the Cognyte Business in a manner that will create long-term value for Verint, Cognyte, and their respective shareholders.

Q: ***When will Cognyte shares begin to trade on a stand-alone basis?***

A: We will become a stand-alone public company, independent of Verint, on February 1, 2021 (the "distribution date"), and our shares will commence "regular-way" trading on a stand-alone basis on NASDAQ at market open on February 2, 2021 (9:30 a.m., New York City time, on NASDAQ). See also "Item 4. Information on the Company—4.A. History and Development of the Company—The Spin-Off—Listing and Trading of Cognyte Shares."

Q: ***What will be the ticker symbol of the Cognyte shares that Verint shareholders will receive in the spin-off?***

A: Our shares are expected to trade on NASDAQ under the ticker symbol "CGNT."

Q: ***What is "regular-way" and "ex-distribution" trading of Verint shares?***

A: It is expected that, beginning on or shortly after January 25, 2021 (the "record date") and continuing up to and through the distribution date, there will be two markets in Verint shares on NASDAQ: a "regular-way" market and an "ex-distribution" market. Verint shares that trade in the "regular-way" market will trade with an entitlement to Cognyte shares to be distributed pursuant to the distribution. Verint shares that trade in the "ex-distribution" market will trade without an entitlement to Cognyte shares to be distributed pursuant to the distribution.

If you decide to sell any Verint shares before the distribution date, you should make sure your bank, broker or other nominee understands whether you want to sell your Verint shares with or without your entitlement to Cognyte shares pursuant to the distribution.

Q: ***What do I have to do to participate in the spin-off?***

A: *Holders of Verint shares held in book-entry form with a bank or broker.* Most Verint shareholders hold their Verint shares through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank's or brokerage firm's books. If a Verint shareholder holds their Verint shares through a bank or brokerage firm, their bank or brokerage firm will credit their account for the Cognyte shares that they are entitled to receive in the distribution. If Verint shareholders have any questions concerning the mechanics of having shares held in "street name," they should contact their bank or brokerage firm.

Holders of Verint physical share certificates. In connection with the spin-off, all registered Verint shareholders holding physical share certificates will be issued Cognyte shares in book-entry form only, which means that no physical share certificates will be issued. For questions relating to the transfer or mechanics of the distribution, please contact Verint Share Registry by telephone at 1-866-232-0393 (in

the United States) or 1-720-358-3597 (outside the United States) or by online inquiry at https://www.shareholder.broadridge.com. For more information, see "Item 4. Information on the Company—4.A. History and Development of the Company—The Spin-Off—When and How You Will Receive Cognyte Shares," as well as "—Where can I get more information?" below.

The spin-off will not affect the number of outstanding Verint shares or any rights of Verint shareholders, although it will affect the market value of each outstanding Verint share. See "—Will the spin-off affect the trading price of my Verint shares?" below.

Q: Will there be any "when-issued" trading of Cognyte shares before February 1, 2021?

A: We anticipate that trading in our shares will begin on a "when-issued" basis approximately one trading day after the record date and will continue up to and through the distribution date and that "regular-way" trading in our shares will begin on the first trading day following the distribution date. If trading begins on a "when-issued" basis, you may purchase or sell our shares up to and through the distribution date, but your transaction will not settle until after the distribution date. We cannot predict the trading prices for our shares before, on or after the distribution date.

Q: How many Cognyte shares will I receive in the spin-off?

A: Verint will distribute to you one Cognyte share for each Verint share that you hold or have acquired and do not sell or otherwise dispose of prior to the close of business on January 25, 2021. The total number of our shares that Verint will distribute will depend on the total number of issued Verint shares (excluding treasury shares held by Verint and its subsidiaries) as of January 25, 2021. The Cognyte shares that Verint distributes will constitute all of our shares held by Verint immediately prior to the spin-off. For additional information on the spin-off, see "Item 4. Information on the Company—4.A. History and Development of the Company—The Spin-Off—When and How You Will Receive Cognyte Shares," for additional information on our expected share capital following the spin-off, see "Item 10. Additional Information—10.A. Share Capital."

Q: What will happen to the listing of Verint shares?

A: After the spin-off, Verint shares will continue to trade on NASDAQ under the symbol "VRNT."

Q: Will the number of Verint shares I own change as a result of the spin-off?

A: No, the number of Verint shares you own will not change as a result of the spin-off.

Q: Will the spin-off affect the trading price of my Verint shares?

A: Yes. As a result of the spin-off, Verint expects the trading prices of Verint shares in the "regular-way" market at market open on February 2, 2021 to be lower than the trading prices in the "regular-way" market at market close on February 1, 2021, because the trading prices will no longer reflect the value of the Cognyte Business. There can be no assurance that the aggregate market value of the Verint shares and our shares following the spin-off will be higher than, equal to or lower than the market value of Verint shares if the spin-off did not occur. This means, for example, that the combined trading prices of one Verint share and one Cognyte share after market open on February 2, 2021 may be equal to, greater than or less than the trading price of one Verint share before February 1, 2021. In addition, your Verint shares sold in the "ex-distribution" market (as opposed the "regular-way market") will reflect an ownership interest solely in Verint and will not include the right to receive any of our shares in the spin-off, but may not yet accurately reflect the value of such Verint shares excluding the Cognyte Business.

Q: ***What is the expected date of completion of the spin-off?***

A: It is expected that the Cognyte shares that eligible holders of Verint shares are entitled to receive in the spin-off will begin trading separately from Verint shares on February 2, 2021. However, the completion and timing of the spin-off are dependent upon a number of conditions and no assurance can be provided as to the timing of the spin-off or that all conditions to the spin-off will be met.

Q: ***What are the conditions to the spin-off?***

A: We expect that the spin-off will be effective on February 1, 2021, provided that the following conditions have been satisfied or waived by Verint:

- the consummation in all material respects of the Internal Transactions;
- all corporate and other action necessary in order to execute, deliver and perform the Separation and Distribution Agreement and to consummate the transactions contemplated thereby by each of us and Verint having been obtained;
- the receipt by Verint of the Israeli Tax Ruling from the ITA providing that, for Israeli income tax purposes, the distribution and certain internal transactions, which are part of the spin-off and the separation, are tax-free to Verint shareholders, Verint and Cognyte;
- the receipt by Verint of (1) a private letter ruling (the "U.S. Tax Ruling") from the United States Internal Revenue Service ("IRS") that certain of the requirements for tax-free treatment under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), will be satisfied and that Cognyte will be treated as a domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code (the U.S. Tax Ruling has been received), and (2) a written opinion of Jones Day to the effect that the distribution will qualify as tax-free to Verint and the Verint shareholders for U.S. federal income tax purposes under Section 355 of the Code;
- the SEC declaring this Form 20-F effective under the Exchange Act, and no stop order suspending the effectiveness of this Form 20-F being in effect and no proceedings for that purpose being pending before or threatened by the SEC;
- copies of this Form 20-F, or a notice of internet availability thereof, having been mailed to record holders of Verint shares as of the record date for the spin-off;
- the actions necessary or appropriate under U.S. federal, U.S. state or other securities laws or blue sky laws (and comparable laws under foreign jurisdictions) having been taken or made;
- the receipt of all necessary government approvals required to consummate the spin-off;
- no order, injunction or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the spin-off being in effect; and
- our shares having been accepted for listing on NASDAQ (subject to official notice of issuance).

Verint may waive one or more of these conditions, at the direction of the Verint Board in its sole and absolute discretion, and the determination by the Verint Board regarding the satisfaction of these conditions will be conclusive. The fulfillment of these conditions will not create any obligation on Verint's part to effect the distribution and complete the spin-off, and Verint has reserved the right to amend, modify or abandon any and all terms of the spin-off and the related transactions at any time prior to the distribution date, at the direction of the Verint Board. Verint does not intend to notify its shareholders of any modifications to the terms or the conditions to the spin-off that, in the judgment of the Verint Board, are not material. To the extent that the Verint Board determines that any such modifications materially change the terms and conditions of the spin-off, Verint will notify its shareholders in a manner reasonably calculated to inform them of such modifications with a press release, current report on Form 8-K or other similar means.

Q: ***What if I want to sell my Verint shares or my Cognyte shares?***

A: You should consult with your custodian bank or broker or other financial advisors and/or your tax advisors.

Q: ***What are the U.S. federal and Israeli income tax consequences to me of the spin-off?***

A: The distribution is intended to be tax-free to Verint shareholders, Verint and Cognyte for U.S. federal and Israeli income tax purposes. Verint has received a U.S. Tax Ruling from the IRS addressing certain requirements under section 355 of the Code and expects to receive a tax opinion of counsel that the distribution of our shares will be tax-free to the Verint shareholders for U.S. federal tax purposes. Verint has received the Israeli Tax Ruling from the ITA providing that, for Israeli income tax purposes, the distribution and certain internal transactions, which are part of the spin-off and the separation, are tax-free to Verint shareholders, Verint and Cognyte. Certain other internal transactions not covered by the Israeli Tax Ruling should also not result in any tax liabilities in Israel.

See "Item 4. Information on the Company—4.A. History and Development of the Company—The Spin-off—Material U.S. Federal Income Tax Consequences of the Spin-off" and "—Material Israeli Tax Consequences of the Spin-off."

Q: ***Who will manage Cognyte after the spin-off?***

A: Our current Chief Executive Officer, Elad Sharon, and current Chief Financial Officer, David Abadi, will continue to lead the company after the spin-off. For more information regarding our management team, see "Item 6. Directors, Senior Management and Employees—6.A. Directors and Senior Management—Senior Management."

Q: ***Does Cognyte intend to pay cash dividends?***

A: The payment of a dividend in respect of each fiscal year, including the declaration, timing, and amount of any dividend to be paid by us following the spin-off, will be at the discretion of our Board of Directors (the "Cognyte Board"). Such determination will depend upon many factors, including our financial condition, earnings, corporate strategy, capital requirements of our operating subsidiaries, covenants, legal requirements and other factors deemed relevant by the Cognyte Board.

Under the Companies Law, dividends may only be paid out of our profits and other surplus funds (as defined in the Companies Law) as of the end of the most recent year or as accrued over a period of the most recent two years, whichever amount is greater, provided that there is no reasonable concern that payment of a dividend will prevent us from satisfying our existing and foreseeable obligations as they become due. See "Item 10. Additional Information—10.B. Memorandum and Articles of Association—Rights Attached to Shares—Dividend Rights." In general, the payment of dividends may also be subject to Israeli withholding taxes. In addition, because we receive certain benefits under the Israeli law relating to "Beneficial Enterprises," our payment of dividends (out of income that is attributed to the "Beneficial Enterprises") may subject us to certain additional Israeli taxes to which we would not otherwise be subject.

See "Item 3. Key Information—3.D. Risk Factors—Risks Related to the Separation from Verint and Ownership of Cognyte Shares."

Q: ***Will Cognyte incur any debt prior to or at the time of the spin-off?***

A: We have entered into two revolving credit facilities that will provide, subject to the completion of the spin-off, for up to $100.0 million in total borrowings. We do not expect any amounts to be drawn on

the facilities at or immediately following the spin-off. See "Item 3. Key Information—3.B. Capitalization and Indebtedness" for more information.

Q: ***What will the Cognyte relationship with Verint be following the spin-off?***

A: We will enter into the Separation and Distribution Agreement with Verint to effect the separation and provide a framework for our relationship with Verint after the separation and distribution. We will also enter into certain other agreements with Verint, including but not limited to 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 and certain other agreements. These agreements will govern the separation between us and Verint of the assets, employees, liabilities and obligations (including investments, property and employee benefits and tax liabilities) of Verint and its subsidiaries that constitute the Cognyte Business and are attributable to periods prior to, at and after the separation of us from Verint, and will govern certain relationships between us and Verint after the separation and distribution. We describe these arrangements in greater detail under "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions—Agreements Between Verint and Us," and describe some of the risks of these arrangements under "Item 3. Key Information—3.D. Risk Factors—Risks Related to the Separation from Verint and Ownership of Cognyte Shares."

Q: ***Are there risks associated with owning Cognyte shares?***

A: Yes. Ownership of our shares is subject to both general and specific risks relating to the Cognyte Business, the industry in which we operate, our ongoing contractual relationships with Verint and our status as a separate, publicly traded company. Ownership of our shares is also subject to risks relating to the spin-off. Accordingly, you should carefully read the information set forth under "Item 3. Key Information—3.D. Risk Factors" in this Form 20-F.

Q: ***Who will be the registrar and transfer agent for the Cognyte shares?***

A: Broadridge Corporate Issuer Solutions, Inc. ("Broadridge") will act as our share registrar and transfer agent.

Q: ***Where can I get more information?***

A: Before the spin-off, if you have any questions relating to the business performance of Verint or us or the spin-off, you should contact Verint at:

Verint Systems Inc.
Investor Relations
175 Broadhollow Rd, Ste 100
Melville, NY 11747
Tel: (800) 483-7468
Website: www.verint.com

After the spin-off, if you have any questions relating to our business performance, you should contact us at:

Cognyte Software Ltd.
Investor Relations
33 Maskit
Herzliya Pituach
4673333, Israel
Tel: +972-9-962-2300
Website: www.cognyte.com

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

1.A. DIRECTORS AND SENIOR MANAGEMENT

For information regarding our directors and senior management, see "Item 6. Directors, Senior Management and Employees—6.A. Directors and Senior Management."

1.B. ADVISERS

Our Israeli legal counsel is Meitar Law Offices, 16 Abba Hillel Rd., Ramat Gan 5250608, Israel. Our U.S. legal counsel is Jones Day, 250 Vesey Street, New York, New York 10281.

1.C. AUDITORS

Deloitte & Touche LLP is acting as our independent registered public accounting firm. The address for Deloitte & Touche LLP is 30 Rockefeller Plaza, New York, New York 10112. Deloitte & Touche LLP is registered with the Public Company Accounting Oversight Board.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION

3.A. SELECTED FINANCIAL DATA

The following selected financial data should be read together with our combined financial statements and related notes and "Item 5. Operating and Financial Review and Prospects" appearing elsewhere in this Form 20-F. We derived the selected statement of operations data for the years ended January 31, 2020 and 2019 and the selected balance sheet data as of January 31, 2020 and 2019 from our combined financial statements and related notes appearing elsewhere in this Form 20-F. We derived the selected statement of operations data for the six months ended July 31, 2020 and 2019 and the selected balance sheet data as of July 31, 2020 from our condensed combined financial statements and related notes appearing elsewhere in this Form 20-F.

The selected financial data in this section is not intended to replace our combined financial statements, condensed combined financial statements and the related notes. Our historical results could differ from those that would have resulted if we operated autonomously or as an entity independent of Verint in the periods for which historical financial data is presented below, and such results are not necessarily indicative of the results that may be expected in the future.

For additional details regarding the preparation of our combined financial statements, please see "Item 5. Operating and Financial Review and Prospects —5.A. Operating Results—Basis of Presentation" and "Note 1. Organization, Operations, and Basis of Presentation" to our combined financial statements and to our condensed combined financial statements appearing elsewhere in this Form 20-F.

We prepare our combined financial statements and condensed combined financial statements in accordance with GAAP.

	Six Months Ended July 31,		Year Ended January 31,	
(in thousands)	2020	2019	2020	2019
Condensed Combined and Combined Statements of Operations Data:				
Revenue	$206,459	$221,033	$ 457,109	$ 433,460
Gross profit	141,914	140,736	293,104	256,688
Operating income	7,996	10,066	27,313	18,689
Provision (benefit) for income taxes	3,406	(1,767)	2,567	7,620
Net income	5,594	14,141	27,370	12,321
Net income attributable to Cognyte Business of Verint Systems Inc.	2,029	10,430	20,191	8,728

	July 31,	January 31,	
(in thousands)	2020	2020	2019
Condensed Combined and Combined Balance Sheets Data:			
Cash and cash equivalents	$ 188,065	$ 201,090	$ 240,192
Restricted cash and cash equivalents, and restricted bank time deposits	31,616	43,813	42,262
Total assets	765,899	805,111	805,347
Total liabilities	313,321	349,940	330,029
Total equity	452,578	455,171	475,318

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The unaudited pro forma combined financial statements consist of unaudited pro forma combined statements of operations for the six months ended July 31, 2020 and the year ended January 31, 2020, and an unaudited pro forma combined balance sheet as of July 31, 2020, which have been derived from our historical combined and condensed combined financial statements included elsewhere in this Form 20-F. See "Index to Financial Statements." To implement the separation, Verint will first transfer the Canadian portion of its Cyber Intelligence Solutions business to us and will enter into a binding agreement to transfer the remainder of its Cyber Intelligence Solutions business to us, will subsequently distribute all of our shares held by Verint to Verint shareholders, pro rata to their respective holdings, and immediately thereafter Verint will transfer the remainder of its Cyber Intelligence Solutions business to us pursuant to the binding commitment.

The unaudited pro forma combined financial statements reflect adjustments to our historical financial results in connection with the spin-off. The unaudited pro forma combined statements of operations give effect to the spin-off as if it had occurred on February 1, 2019, the beginning of our most recently completed fiscal year. The unaudited pro forma combined balance sheet gives effect to these events as if they occurred as of July 31, 2020, our latest balance sheet date. The unaudited pro forma combined financial statements have been adjusted to give effect to the following (collectively, the "Pro Forma Adjustments"):

- the distribution of our shares to Verint shareholders, based on the distribution of one Cognyte share for each Verint share outstanding as of the record date for the distribution, and the resulting redesignation of Verint's historical net investment as common stock and additional paid-in capital;
- the post-distribution capital structure, including (i) a cash transfer to Verint and (ii) the undrawn revolving credit facilities Cognyte has entered into;
- the removal of non-recurring separation costs, which were incurred during the six months ended July 31, 2020 and the year ended January 31, 2020; and
- the impact of transactions contemplated by the Tax Matters Agreement.

Our historical combined and condensed combined financial statements included elsewhere in this Form 20-F include an allocation of general corporate expenses from Verint. These expenses include costs for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, internal audit and other shared services. The financial information in our historical combined and condensed combined financial statements does not necessarily include all the expenses that would have been incurred by the Cognyte Business had it been a separate, standalone company. To operate as an independent, publicly traded company, we expect to incur costs to replace certain services previously provided by Verint, and these costs may be higher than those reflected in our historical combined and condensed combined financial statements, in addition to increased administrative and other costs. Due to the scope and complexity of these activities, the amount and timing of these incremental costs could vary. The unaudited pro forma combined financial statements do not reflect these incremental costs associated with being an independent, publicly traded company because they are projected amounts based on subjective estimates and are not factually supportable. The unaudited pro forma combined financial statements do not reflect the expected charges or the expected realization of any cost savings or other synergies.

The historical financial information has been adjusted to give pro forma effect to events that are (i) related and/or directly attributable to the spin-off, (ii) factually supportable, and (iii) with respect to the pro forma statements of operations, are expected to have a continuing impact on the combined results. The unaudited pro forma combined financial information is prepared in accordance with Article 11 of Regulation S-X for illustrative purposes only and is based upon currently available information and preliminary estimates and assumptions that we believe to be reasonable under the circumstances. The unaudited pro forma combined financial information does not purport to represent what our results of operations or financial position would have been had the spin-off occurred on the dates indicated nor do they purport to project the results of operations or financial position for

any future period or as of any future date. The unaudited pro forma combined financial information does not give effect to the potential impact of current financial conditions or any anticipated operating efficiencies or cost savings that may result from the spin-off described above.

The unaudited pro forma combined financial information is subject to change based on the finalization of the terms of the spin-off and the following agreements: a Tax Matters Agreement, an Employee Matters Agreement, a Transition Services Agreement, an Intellectual Property Cross License Agreement and a Trademark Cross License Agreement (collectively, the "Ancillary Agreements"). If the actual facts are different than these assumptions, then the unaudited pro forma combined financial information will be different, and those changes could be material.

The unaudited pro forma combined financial statements should be read together with our historical combined and condensed combined financial statements and the notes thereto, "Item 3. Key Information—3.D. Risk Factors," and "Item 5. Operating and Financial Review and Prospects" included elsewhere in this Form 20-F. For more detail on the exchange of all of the outstanding shares of Verint and shares of Cognyte, see "4.A. History and Development of the Company—The Spin-Off—When and How You Will Receive Cognyte Shares."

COGNYTE BUSINESS OF VERINT SYSTEMS INC.
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF JULY 31, 2020

(in thousands)	Historical As Reported	Pro Forma Adjustments	Notes	As Adjusted
Assets				
Current Assets:				
Cash and cash equivalents:	$ 188,065	$ (159,613)	(a)	$ 28,452
Restricted cash and cash equivalents, and restricted bank time deposits	31,616	—		31,616
Short-term investments	18,238	—		18,238
Accounts receivable, net of allowance for doubtful accounts of $4.4 million	165,506	—		165,506
Contract assets, net	30,427	—		30,427
Inventories	13,352	—		13,352
Prepaid expenses and other current assets	34,233	5,915	(b)	40,148
Total current assets	**481,437**	**(153,698)**		**327,739**
Property and equipment, net	42,061	—		42,061
Operating lease right-of-use assets	31,420	—		31,420
Goodwill	157,515	—		157,515
Intangible assets, net	6,724	—		6,724
Other assets	46,742	3,517	(b)	50,259
Total assets	**$ 765,899**	**$ (150,181)**		**$ 615,718**
Liabilities and Equity				
Current Liabilities:				
Accounts payable	$ 33,294	$ —		$ 33,294
Accrued expenses and other current liabilities	88,011	—		88,011
Contract liabilities	122,151	—		122,151
Current maturities of note to parent	7,025	—		7,025
Total current liabilities	**250,481**	—		**250,481**
Long-term contract liabilities	20,928	—		20,928
Operating lease liabilities	22,629	—		22,629
Other liabilities	19,283	832	(b)	20,115
Total liabilities	**313,321**	**832**		**314,153**
Commitments and Contingencies				
Equity				
Common stock ($0.001 par value)	—	65	(c)	65
Additional paid-in capital	—	302,301	(c)	302,301
Net parent investment	453,379	(453,379)	(a,b,c)	—
Accumulated other comprehensive loss	(14,954)	—		(14,954)
Total Cognyte Business of Verint Systems, Inc. equity	**438,425**	**(151,013)**		**287,412**
Noncontrolling interest	14,153	—		14,153
Total equity	**452,578**	**(151,013)**		**301,565**
Total liabilities and equity	**$ 765,899**	**$ (150,181)**		**$ 615,718**

See accompanying Notes to the unaudited pro forma combined financial statements.

COGNYTE BUSINESS OF VERINT SYSTEMS INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JULY 31, 2020

(in thousands, except per share data)	Historical As Reported	Pro Forma Adjustments	Notes	As Adjusted
Revenue:				
Software	$ 86,545	$ —		$ 86,545
Software service	91,843	—		91,843
Professional service and other	28,071	—		28,071
Total revenue	**206,459**	—		**206,459**
Cost of revenue:				
Software	15,851	—		15,851
Software service	22,128	—		22,128
Professional service and other	26,074	—		26,074
Amortization of acquired technology	492	—		492
Total cost of revenue	**64,545**	—		**64,545**
Gross profit	**141,914**	—		**141,914**
Operating expenses:				
Research and development, net	60,256	—		60,256
Selling, general and administrative	73,022	(5,496)	(d)	67,526
Amortization of other acquired intangible assets	640	—		640
Total operating expenses	**133,918**	**(5,496)**		**128,422**
Operating income	**7,996**	**5,496**		**13,492**
Other income (expense), net:				
Interest income	953	—		953
Interest expense	(84)	(200)	(e)	(284)
Other income, net	135	—		135
Total other income, net	**1,004**	**(200)**		**804**
Income before provision for income taxes	**9,000**	**5,296**		**14,296**
Provision for income taxes	3,406	(26)	(f)	3,380
Net income	**5,594**	**5,322**		**10,916**
Net income attributable to noncontrolling interest	3,565	—		3,565
Net income attributable to Cognyte Business of Verint Systems Inc.	**$ 2,029**	**$ 5,322**		**$ 7,351**
Pro forma Earnings Per Share				
Basic			(g)	**$ 0.11**
Diluted			(h)	**$ 0.11**
Pro forma shares outstanding				
Basic			(g)	**65,400**
Diluted			(h)	**65,400**

See accompanying Notes to the unaudited pro forma combined financial statements.

COGNYTE BUSINESS OF VERINT SYSTEMS INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JANUARY 31, 2020

(in thousands, except per share data)	Historical As Reported	Pro Forma Adjustments	Notes	As Adjusted
Revenue:				
Software	$ 201,487	$ —		$201,487
Software service	171,866	—		171,866
Professional service and other	83,756	—		83,756
Total revenue	**457,109**	—		**457,109**
Cost of revenue:				
Software	36,071	—		36,071
Software service	45,012	—		45,012
Professional service and other	80,517	—		80,517
Amortization of acquired technology	2,405	—		2,405
Total cost of revenue	**164,005**	—		**164,005**
Gross profit	**293,104**	—		**293,104**
Operating expenses:				
Research and development, net	111,297	—		111,297
Selling, general and administrative	153,901	(2,213)	(d)	151,688
Amortization of other acquired intangible assets	593	—		593
Total operating expenses	**265,791**	**(2,213)**		**263,578**
Operating income	**27,313**	**2,213**		**29,526**
Other income (expense), net:				
Interest income	3,509	—		3,509
Interest expense	(481)	(400)	(e)	(881)
Other income, net	(404)	—		(404)
Total other expense, net	**2,624**	**(400)**		**2,224**
Income before provision for income taxes	**29,937**	**1,813**		**31,750**
Provision for income taxes	2,567	(40)	(f)	2,527
Net income	**27,370**	**1,853**		**29,223**
Net income attributable to noncontrolling interest	7,179	—		7,179
Net income attributable to Cognyte Business of Verint Systems Inc.	**$ 20,191**	**$ 1,853**		**$ 22,044**
Pro forma Earnings Per Share				
Basic			(g)	**$ 0.34**
Diluted			(h)	**$ 0.34**
Pro forma shares outstanding				
Basic			(g)	**65,400**
Diluted			(h)	**65,400**

See accompanying Notes to the unaudited pro forma combined financial statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

(a) Reflects cash and cash equivalents attributed to the Cognyte Business in the historical combined balance sheet as of July 31, 2020 that is expected to be transferred to Verint in connection with the separation.

The expected cash and cash equivalents, restricted cash and cash equivalents, restricted bank time deposits (including long-term portions), and short term investments balances at the time of the distribution were determined by management based on several factors, including forecast liquidity and capital requirements, expected operating results and general economic conditions. The actual cash and cash equivalents, restricted cash and cash equivalents, restricted bank time deposits (including long-term portions) and short-term investments balances of Cognyte immediately following the distribution may be higher or lower than currently anticipated.

(b) 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 the taxing authority 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, Cognyte has estimated that the payments will be $3.1 million; the associated liability is reflected in "Other Liabilities" in the unaudited pro form combined balance sheet as of July 31, 2020.

Additional adjustments to tax balances in the historical combined balance sheet as of July 31, 2020 reflect balances that will remain with Verint or will be transferred to Cognyte upon the separation including an increase of $5.9 million in income tax receivables, a $3.5 million increase to deferred tax assets, and a $2.3 million reduction in the liability for uncertain tax positions.

(c) Reflects the pro forma recapitalization of our equity. As of the distribution date, Verint's investment in our business will be redesignated as our stockholders' equity and will be allocated between common stock and additional paid-in capital based on the number of shares of our common stock outstanding at the distribution date. Verint stockholders will receive shares assuming a distribution ratio of one share of our common stock for every one Verint common share outstanding as of the record date for the distribution (65.4 million Verint common shares outstanding at July 31, 2020).

The pro forma adjustment related to recapitalization of our equity is reflected in the unaudited pro forma combined balance sheet as of July 31, 2020 as follows:

(in thousands)	July 31, 2020
Common stock ($0.001 par value)	$ 65
Additional paid-in capital	$ 302,301
Net parent investment*	$ (302,366)

* Represents the net parent investment remaining after previous adjustments to this line—i.e. adjustments (a) and (b).

(d) Reflects the removal of non-recurring separation costs directly related to the separation that were incurred during the historical period, but which are not expected to have a continuing impact on the Cognyte Business' results of operations following the completion of the separation. These non-recurring separation costs were primarily for legal, tax, accounting and other third-party professional fees associated with the separation.

(e) The Company has entered into two revolving credit facilities that will provide, subject to the completion of the Distribution, for up to $100.0 million in total borrowings. The Company does not expect any amounts to be drawn on the facilities at or immediately following the distribution date.

The revolving credit facilities each have a term of three years and have variable interest rates of 1.55%-1.65% plus LIBOR. The facilities require the Company to pay an annual commitment fee of 0.4% based on the average daily unused commitments.

Adjustments to interest expense of $0.2 million and $0.4 million to reflect the commitment fee are included in the unaudited pro forma combined statement of operations for the six months ended July 31, 2020 and year ended January 31, 2020, respectively.

(f) Reflects a decrease to income tax expense as a result of the income tax effects on adjustments included in pro forma note (e).

(g) Pro forma basic earnings per share ("EPS") and pro forma basic number of shares outstanding are based on the number of Verint common shares outstanding at July 31, 2020, adjusted for a distribution ratio of one share of the Company's common stock for every one share of Verint common stock outstanding.

(h) Pro forma diluted EPS and pro forma diluted shares outstanding are based on the number of shares of our common stock as described in pro forma note (g) above. The actual dilutive effect following the completion of the spin-off will depend on various factors, including employees who may change employment between the Company and Verint. However, we do not currently believe that the future dilutive impact will be material.

3.B. CAPITALIZATION AND INDEBTEDNESS

The following table sets forth our combined cash and cash equivalents, capitalization and indebtedness as of July 31, 2020.

We are providing the capitalization table below for informational purposes only. It should not be construed to be indicative of our capitalization or financial condition had the separation been completed on the date assumed. The capitalization table below may not reflect the capitalization or financial condition that would have resulted had we operated as a stand-alone public company at that date and is not necessarily indicative of our future capitalization or financial position. For additional details regarding the actual balances, please see the notes to our condensed combined financial information appearing elsewhere in this Form 20-F. For additional details regarding the adjusted balances, please see the notes to our unaudited pro forma combined financial information appearing elsewhere in this Form 20-F.

	July 31, 2020	
(in thousands)	Actual (unaudited)	As adjusted
Cash and cash equivalents	$ 188,065	$ 28,452
Debt:		
Net financial liabilities to Verint	7,025	7,025
Equity:		
Net parent investment	$ 453,379	$ —
Common stock ($0.001 par value)	—	65
Additional paid-in capital	—	302,301
Accumulated other comprehensive loss	(14,954)	(14,954)
Noncontrolling interests	14,153	14,153
Total capitalization	**$ 459,603**	**$ 308,590**

We have entered into two revolving credit facilities that will provide, subject to the completion of the spin-off, for up to $100.0 million in total borrowings. We do not expect any amounts to be drawn on the facilities at or immediately following the distribution date.

The revolving credit facilities each have a term of three years and have variable interest rates of 1.55%-1.65% plus LIBOR. The facilities require us to pay an annual commitment fee of 0.4% based on the average daily unused commitments.

3.C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

3.D. RISK FACTORS

You should carefully consider the risks described below, together with all of the other information included in this Form 20-F, in evaluating us and our shares. The following risk factors could adversely affect our business, financial condition, results of operations and the price of our shares.

Risks Related to Our Business and Operations

Macroeconomic Risks

Our business is impacted by changes in macroeconomic and/or global conditions as well as the resulting impact on information technology spending and government budgets.

Our business is subject to risks arising from adverse changes in domestic and global macroeconomic and other conditions. Slowdowns, recessions, economic instability, political unrest, armed conflicts, natural disasters, or outbreaks of disease, such as the COVID-19 pandemic, around the world may cause companies and governments to delay, reduce, or even cancel planned spending or projects and may impact our business and operations. Limited or reduced government budgets and declines in information technology spending 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.

During the fourth quarter ended January 31, 2020, concerns related to the spread of COVID-19 began to create global business disruptions as well as disruptions in our operations and to create potential negative impacts on our revenues and other financial results. COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. The full extent to which COVID-19 will impact our financial condition or results of operations is currently uncertain and depends on various factors, including the duration and severity of the pandemic and its impact on our customers, partners, and vendors and on the operation of the global markets in general.

We generate a majority of our revenue from contracts with various governments around the world, including national, regional, and local government agencies. We expect that government contracts will continue to be a significant source of our revenue for the foreseeable future. Macroeconomic changes, such as the COVID-19 threat, rising interest rates, tightening credit markets, significant changes in commodity prices such as oil, or actual or threatened trade wars, may also impact demand for our solutions.

Customers or partners who are facing business challenges, reduced budgets, liquidity issues, or other impacts from such macroeconomic or other global changes are also more likely to defer purchase decisions or projects or cancel or reduce orders, as well as to delay or default on payments. If customers or partners significantly reduce their spending with us, significantly delay projects, or significantly delay or fail to make payments to us, our business, results of operations, and financial condition would be materially adversely affected.

The full extent to which the COVID-19 pandemic will adversely affect our business and results of operations cannot be predicted at this time.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The outbreak has reached all of the regions in which we do business, and governmental authorities around the world have implemented numerous measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, border closings, quarantines, shelter-in-place orders, shutdowns, limitations or closures of non-essential businesses, and social distancing requirements. Companies around the world, including us, our customers, partners, and vendors, have implemented actions in response, including among others, office closings, site restrictions, and employee travel restrictions. Notwithstanding the loosening of these restrictions in certain countries in certain periods since the onset of the pandemic, the global spread of COVID-19 and actions taken in response have negatively affected us, our customers, partners, and vendors and caused significant economic and

business disruption the extent and duration of which is not currently known. We are continuously monitoring and assessing the impact of the COVID-19 pandemic, including recommendations and orders issued by government and public health authorities in countries where we operate.

During the six months ended July 31, 2020, our revenue was negatively impacted by delays and reduced spending attributed to the impact of the COVID-19 pandemic on our customers' operational priorities and as a result of cost containment measures they have implemented. Due to the pandemic, we have seen a reduction or delay in large customer contracts, particularly on-premises arrangements, and in many cases, we have been unable to conduct face-to-face meetings with existing or prospective customers and partners, present in-person demonstrations of our solutions, or host or attend in-person trade shows and conferences. Limitations on access to the facilities of our customers have also impacted our ability to deliver some of our products, complete certain implementations, and provide in-person consulting and training services, negatively impacting our ability to recognize revenue. Our ability to predict how the pandemic will impact our results in future periods is limited, including the extent to which customers may delay or miss payments, customers may defer, reduce, or refrain from placing orders or renewing subscriptions or support arrangements, or to which travel restrictions and site access restrictions may remain necessary.

In light of the adverse impact of COVID-19 on global economic conditions and our revenue, along with the uncertainty associated with the extent and timing of a potential recovery, we have implemented several cost-reduction actions of varying durations, some of which remain in place and some of which have concluded. Such actions have included, but are not limited to, reducing our discretionary spending, substantially decreasing capital expenditures, considering the optimal uses of our cash and other capital resources, and reducing workforce-related costs. These actions may have an adverse impact on us, particularly if they remain in place for an extended period. Where we have resumed investments or other spending, these actions may need to be reassessed depending on how the facts and circumstances surrounding the pandemic evolve. We continue to evaluate and may decide to implement further cost control strategies to help us mitigate the impact of the pandemic.

The ultimate impact of the COVID-19 pandemic and the effects of the operational alterations we have made in response on our business, financial condition, liquidity and financial results cannot be predicted at this time.

Market and Strategy Risks

The industry in which we operate is characterized by rapid technological changes, evolving industry standards and challenges, and changing market potential, 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, new delivery platforms, 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. For example, the increasing complexity and sophistication of security threats, the exponential growth in data and prevalence of encrypted communications have created significantly greater challenges for our customers and for our solutions to address. 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. 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 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, longer operating histories, larger customer bases, longer standing relationships with customers, superior brand recognition, superior margins, and significantly greater financial or other resources, especially in new markets we may enter. Consolidation among our competitors may also improve their competitive position. We also face competition from solutions developed internally by our customers or partners. 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 research and development, 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 depends on our ability to properly manage investments in our business and operations, execute on growth or strategic initiatives, and enhance our existing operations and infrastructure.

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, research and development, 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 research and development efforts to maintain our competitive position. However, such investments and efforts 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, prioritize among opportunities, projects, and implementations, 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 execute on other growth or strategic initiatives we are pursuing, including our software model transition. For example, in addition to the other factors described in this section, our profitability objectives are highly dependent on our ability to continue to shift our product mix towards software and away from professional services and hardware resales and to continue to progress towards a more productized proprietary software offering.

Our success also depends on our ability to effectively and efficiently enhance our existing operations. Our existing infrastructure, 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 manage our investments, execute on growth initiatives, and enhance our existing operations and infrastructure, our results of operations and market share may be materially adversely affected.

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 some of the areas we operate in, 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 than we do, enabling them to pay higher prices. As a result, it may be more difficult for us to identify suitable acquisition or investment targets or to consummate acquisitions or investments once identified on acceptable terms or at all. If we are not able to execute on 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;
- 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, suppliers, and employees and challenges in integrating and training new employees;
- 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, 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, and amortization expenses or write-downs related to intangible assets such as goodwill, 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. 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.

Sales processes for sophisticated solutions and a broad solution portfolio like ours present significant challenges.

We offer our customers a broad solution portfolio and many of our solutions are sophisticated and may represent a significant investment for our customers. As a result, our sales cycles can range in duration from a few months to well over a year. As the length or complexity of a sales process increases, so does the risk of successfully closing the sale. 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.

Longer sales cycles, competitive bid processes, and the need to educate customers means that:

- 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, or the introduction or anticipated introduction of new or enhanced products by us or our competitors during the process.
- We may make a significant investment of time and money in opportunities that do not come to fruition, which investments may not be usable or recoverable in future sales.
- We may be required to bid on a project in advance of the completion of its design or be required to begin working on a project in advance of finalizing a sale, in either case, increasing the risk of unforeseen technological difficulties or cost overruns.
- We face greater downside risks if we do not correctly and efficiently deploy limited personnel and financial resources and convert such sales opportunities into orders.

Larger solution sales also require greater expertise in sales execution and transaction implementation than more basic product sales, including in establishing and maintaining appropriate contacts and relationships with customers and partners, product development, project management and implementation, staffing, integration, services, and support. Our ability to develop, sell, implement, and support larger 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 presents challenges, including, among others, challenges associated with competition for limited internal resources, complex customer requirements, and project deadlines. 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. 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 service offerings to existing and prospective customers, and our operating results.

Large orders or contracts, customer concentration, and other factors may significantly impact our results from period to period.

It is customary for us to receive large orders from time to time, either as part of a new contract or under an existing contract. We also have long-standing relationships with certain customers that have historically accounted for a significant amount of our annual revenue. A single customer may represent a substantial portion of our revenue in a given period, either in the form of a single order or in the form of multiple separate orders. A significant order during one period may not be followed by further orders from the same customer in subsequent

periods, nor by similarly sized orders from other customers. As a result, our revenue and operating results are subject to substantial periodic variations, especially from quarter to quarter, in the event of receipt of one or more significant orders, a deferral or loss of one or more significant orders, a delay in a large implementation, or a deterioration in our relationship with a significant customer.

For the years ended January 31, 2020 and 2019, we had two government customers that collectively represented approximately 29%, and 27%, respectively, of our total revenue. These customers are governmental organizations that act on behalf of multiple agencies or departments, each of which generally makes its own independent purchasing decisions, and the customers typically enter into separate contracts with us for each order. These contracts are entered into in the ordinary course of our business and contain customary terms and conditions for government contracts of this kind, including a right for the customer to terminate the applicable contract with or without cause upon notice. We believe that the loss of one or more of these contracts (which are separately terminable) would not have a material adverse effect on our financial results, especially over the long-term; however, given the factors impacting the periodic variations of our revenues and operating results discussed above, we cannot assure you that such a loss would never result in a material adverse impact on our operation results, especially in the short-term.

Since our quarterly performance may vary significantly, our results of operations for any quarter or fiscal year are not necessarily indicative of the results that we might achieve for any subsequent period. Accordingly, quarter-to-quarter and year-to-year comparisons of our operating results may not be meaningful. In addition, we have an order backlog that is generally composed of orders that are fulfilled within a period of three to twelve months after receipt, which makes revenue in any quarter substantially dependent upon orders received in prior quarters. The extended time frame and uncertainty associated with many of our sales opportunities also makes it difficult for us to accurately forecast our revenues (and attendant budgeting and guidance decisions) and increases the volatility of our operating results from period to period. Our ability to forecast and the volatility of our operating results is also impacted by the fact that pricing, margins, and other deal terms may vary substantially from transaction to transaction, especially across product lines and regions. The terms of our transactions, including with respect to pricing, future deliverables, and termination clauses, also impact the timing of our ability to recognize revenue. Because these transaction-specific factors are difficult to predict in advance, this also complicates the forecasting of revenue and creates challenges in managing our revenue mix.

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.

A significant portion of our business comes from government contracts, which exposes us to additional risks inherent in the government procurement process and limitations on investor visibility due to classification or contractual restrictions.

We provide products and services, directly and indirectly, to a variety of government entities around the world, including pursuant to contracts awarded to us, including under defense and homeland security-related programs. A majority of our revenue comes from sales to such governmental agencies, governmental authorities and government-owned companies.

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 geo-political events and macro-economic conditions that are beyond our control. We are also subject to offset requirements in our contracts with government entities that require us to spend money that we receive under the sale transaction, or to retain services that are needed in connection with our systems and products, in the country of the purchaser. This could

reduce the economic value of the sales of our systems and products from our perspective. We may also be subject to audits and investigations relating to our government contracts 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 from governmental entities are directly affected by their budgetary constraints and the priority given in their budgets to the procurement of our products. This risk is heightened during periods of global economic slowdown. Accordingly, governmental purchases of our systems, products, and services may decline in the future if governmental purchasing agencies terminate, reduce, or modify contracts.

A significant portion of our government business is subject to security restrictions, either as a result of governmental classification requirements or contractual requirements, which, among other things, preclude us from disclosing certain information about these transactions, customarily including the identity of the customer or the solutions we are providing to the customer. As a result, our investors will have less visibility into this portion of our business than into the businesses of companies not subject to such restrictions.

Reputational and political factors related to our business or operations may adversely affect us.

We may experience negative publicity, reputational harm, or other adverse impacts on our business as a result of offering certain types of solutions or if we sell our solutions to countries or customers that are considered disfavored by the media or by certain political or privacy organizations, even where such activities or transactions are permissible under applicable laws. The risk of these adverse impacts may also result in lost business opportunities that impact our results of operations. These risks may grow as we grow our business and our brand following the spin-off.

We and some of our subsidiaries maintain security clearances in Israel and other countries in connection with the development, marketing, sale, and/or support of our solutions. These clearances are reviewed from time to time by these countries and could be deactivated, including for reasons that are beyond our control. If we lose our security clearances in a particular country, we may be unable to sell our solutions for secure projects in that country and might also experience greater challenges in selling such solutions even for non-secure projects in that country. Even if we are able to obtain and maintain applicable security clearances, government customers may decline to purchase our solutions if they were not developed or manufactured in that country or if they were developed or manufactured in other countries that are considered disfavored by such country.

If we are unable to establish and maintain our relationships with third parties that market and sell our products, our business and ability to grow could be materially adversely affected.

Approximately half of our sales are made through partners, including distributors, resellers, sales representatives and systems integrators. To remain successful, we must maintain our existing relationships as well as identify and establish new relationships with such parties. We must often compete with other suppliers for these relationships and our competitors often seek to establish exclusive relationships with these sales channels or to otherwise restrict others in partnering with them. 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, installation and maintenance, 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. 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, enabling, and adding to these sales channels, and if we are unable to do so, our business and ability to grow could be materially adversely affected.

For certain products, components, or services, we rely on third-party suppliers, manufacturers, and partners, which may create significant exposure for us.

Although we generally use standard parts and components in our products, we do rely on non-affiliated suppliers and OEM partners for certain non-standard products or components which may be critical to our products, including both hardware and software, and on manufacturers of assemblies that are incorporated into our products. We also purchase technology, license intellectual property rights, and oversee third-party development and localization 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 suppliers, manufacturers, and partners 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.

If any of these suppliers, manufacturers, or partners 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 supplier or partner by a competitor, we will be required to locate alternative sources of supply or manufacturing, 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 delivery delays, and negatively impact our sales. Although we endeavor to establish contractual protections with key providers, including source code escrows (where needed), 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.

We also rely on third parties to provide certain services to us or to our customers, including hosting partners and providers of other cloud-based services. We make contractual commitments to customers on the basis of these relationships and, in some cases, also entrust these providers with both our own sensitive data as well as the sensitive data of our customers. 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 customers, or other third parties, regulatory issues, and reputational harm. If it is necessary to migrate these services to other providers as a result of poor performance, security issues or considerations, or other financial or operational factors, it 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.

If we cannot retain and recruit qualified personnel, our ability to operate and grow our business may be impaired.

We depend on the continued services of our management and employees to run and grow our business. 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 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. The market for qualified personnel is competitive in the geographies in which we operate 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 or to start-ups or other emerging companies in trending market sectors. 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. If we are unable to attract and retain qualified personnel when and where they are needed, 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.

Risks Associated with the Global Nature of Our Operations

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, research and development, manufacturing, customer services and support, and administrative services. The countries in which we have our most significant operations include Israel, Cyprus, Brazil, Romania, Bulgaria and the United States. We also generate significant revenue from more than a dozen other countries, and smaller amounts of revenue from many more, including a number of emerging markets. We intend to continue to grow our business internationally.

Our global operations are, and any future growth will be, subject to a variety of risks, many of which are beyond our control, including risks associated with:

- foreign currency fluctuations;
- political, security, and economic instability or corruption;
- geopolitical risks from war, natural disasters, pandemics or other events;
- changes in and compliance with both international and local laws and regulations, including those related to trade compliance, anti-corruption, information security, data privacy and protection, tax, labor, currency restrictions and other requirements;
- differences in tax regimes and potentially adverse tax consequences of operating in foreign countries;
- product customization or localization issues;
- preferences for or policies and procedures that protect local suppliers;
- legal uncertainties regarding 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.

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 are headquartered in and have significant operations in Israel, including research and development, manufacturing, sales and support. 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 and Iran, may impede our ability to manufacture, sell and support our products or engage in research and development, or otherwise adversely affect our business or operations. Some of our employees in Israel are required to perform annual compulsory military service and are subject to being called to active duty at any time. Hostilities involving Israel may also result in the interruption or curtailment of trade between Israel and its trading partners or a significant downturn in the economic or financial condition of Israel and could materially adversely affect our results of operations.

Our commercial insurance does not cover losses that may occur as a result of an event associated with the security situation in the Middle East. Although the Israeli government is currently committed to covering the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained, or if maintained, will be sufficient to compensate us fully for damages incurred. Any losses or damages incurred by our Israeli operations could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions generally and could harm our results of operations.

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.

Regulatory, Privacy and Information Security Risks

We are subject to complex, evolving regulatory requirements that may be difficult and expensive to comply with and that could negatively impact our business.

Our business and operations are subject to a variety of regulatory requirements in the countries in which we operate or offer our solutions, including, among other things, with respect to trade compliance, anti-corruption, information security, data privacy and protection, tax, labor and government contracts. Compliance with these 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 another jurisdiction. We may also be unsuccessful in obtaining permits, licenses, or other authorizations required to operate our business, such as for the marketing or sale or import or export of our products and services.

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.

We develop technologies that are regulated, and we also depend on governmental approval of our exports and marketing.

Some of the technologies that we develop, and that we rely upon in our products, are regulated. That places greater limitations on our freedom to market certain aspects of what we develop. Due to the nature of our products, we are also subject to classification of certain information under relevant legislation and regulations, and we may therefore be limited from time to time as to the information that we may disclose to the public. Furthermore, due to the regulations to which we are subject, our international sales, as well as our international procurement of skilled human resources, technology and components, depend largely on export and marketing license approvals from the governments of Israel and other countries. If we fail to obtain material approvals in the future, or if material approvals previously obtained are revoked or expire and are not renewed due to factors such as changes in political conditions, government policies or imposition of sanctions, or if existing or future approvals are conditioned on requirements or conditions that we are unable to meet or fulfill, then our ability to sell our products and services to customers outside the country in which they are developed and our ability to obtain goods and services essential to our business could be interrupted, resulting in a material adverse effect on our business, revenues, assets, liabilities and results of operations.

Regulatory requirements, such as laws requiring telecommunications providers to facilitate the monitoring of communications by law enforcement or governing the purchase and use of security solutions like ours, may also influence market demand for some of our products and/or customer requirements for specific functionality and performance or technical standards. The domestic and international regulatory environment is subject to constant change, often based on factors beyond our control or anticipation, including political climate, budgets, and current events, which could reduce demand for our products or require us to change or redesign products to maintain compliance or competitiveness.

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, we are 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. This increased scrutiny may result in additional compliance obligations or new interpretations of existing laws and regulations. Globally, laws such as the General Data Protection Regulation in Europe, state laws in the United States on privacy, data and related technologies, such as the California Consumer Privacy 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 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), 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 may be contested or invalidated. If the mechanisms for transferring personal information from certain countries or areas, including Europe, 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 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 highly sensitive or confidential information and data, including information or data used in intelligence gathering or law enforcement activities as well as personally identifiable information. While our customers' use of our products does not provide us access to the customer's sensitive or confidential information or data (or the information or data our customers may collect), we or our partners may receive or come into contact with such information or data, including personally identifiable information, when we are asked to perform services or support for our customers. We or our partners may also receive or come into contact with such information or data in connection with our software-as-a-service ("SaaS") or other hosted or managed services offerings. Customers are also increasingly focused on the security of our products and services and we continuously work to address these concerns, including through the use of encryption, access rights, and other customary security features, which vary based on the solution in question and customer requirements. We have implemented policies and procedures, and use information technology systems, to help ensure the proper handling of such information and data, including background screening of certain services personnel, non-disclosure agreements with employees and partners, access rules, and controls on our information technology systems. 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 contracts. However, these policies, procedures, systems, and measures are designed to mitigate the risks associated with handling or processing sensitive data and cannot safeguard against all risks at all times.

There is a potential risk that we may be named as a defendant in claims made by companies in the social media sphere or by providers of communication services alleging any one of a number of claims, due to our products having been misused to obtain valuable information from users of, or participants in, those services. There is a related risk of regulatory enforcement against us due to complaints of that kind. There have also been recent claims against companies in our field of operations for supposed damages caused by government collection of information through the use of products similar to ours.

The improper handling of sensitive data, or even the perception of such mishandling (whether or not valid), or other security lapses or breaches affecting us, our partners, 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.

Our solutions may contain defects or may be vulnerable to cyber-attacks, which could expose us to both financial and non-financial damages.

Our solutions may contain defects or may develop operational problems. This risk is amplified for our more sophisticated solutions. New products and new product versions, service models such as hosting, SaaS, and managed services, and the incorporation of third-party products or services into our solutions, also give rise to the risk of defects, errors or vulnerabilities. These defects, errors or vulnerabilities may relate to the operation or the security of our products or services, including third-party components or services. If we do not discover and remedy such defects, errors, vulnerabilities or other operational or security problems until after a product has been released to customers or partners, we may incur significant costs to correct such problems and/or become liable for substantial damages for product liability claims or other liabilities.

Our solutions, including our SaaS offerings, may be vulnerable to cyber-attacks even if they do not contain defects. If there is a successful cyber-attack on one of our products or services, even absent a defect or error, it may also result in questions regarding the integrity of our products or services generally, which could cause adverse publicity and impair their market acceptance and could have a material adverse effect on our results or financial condition.

We may be subject to information technology system 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 in some cases 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. 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, 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 intellectual property, either of our own information or intellectual property 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 SaaS or other hosted or managed services offerings, research and development or production downtimes, or delays or errors in financial reporting. Information system breaches or failures at one of our partners, including hosting providers or those who support other 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 and adversely affect our results of operations or financial condition.

Intellectual Property Risks

Our intellectual property may not be adequately protected.

While much of our intellectual property is protected by patents or patent applications, we have not and cannot protect all of our intellectual property with patents or other registrations. There can be no assurance that patents we have applied for will be issued on the basis of our patent applications or that, if such patents are issued, they will be, or that our existing patents are, sufficiently broad enough to protect our technologies, products, or services. Our 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 other 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 intellectual property rights is difficult even in jurisdictions with well-established legal protections for intellectual property. It may be even more difficult to protect our intellectual property in other jurisdictions where legal protections for intellectual property rights are less established. If we are unable to adequately protect our 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 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 for any damages they suffer.

The technology industry is characterized by frequent allegations of intellectual property infringement. In the past, third parties have asserted that certain of our products or other IP have infringed on their intellectual property rights and similar claims may be made in the future. 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 intellectual property initiate legal proceedings against us, either with respect to our own intellectual property or 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 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 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 of our products contain free or open source software (together, “open source software”) and we anticipate making use of open source software in the future. 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 open source software generally provide no warranties on such software or protections in the event the open source software infringes a third party's intellectual property rights. Although we endeavor to monitor the use of 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 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.

Certain Israeli governmental grants that we received for certain of our research and development activities in Israel may restrict our ability to transfer manufacturing operations or technology outside of Israel without obtaining a pre-approval from the relevant authorities and, in certain circumstances, payment of significant amounts to the authorities.

Our Israeli-based research and development efforts have been financed in part through grants that we have received from the National Technological Innovation Authority (the "Innovation Authority"), which formerly operated as the Office of the Chief Scientist of the Ministry of Economy of the State of Israel.

We must comply with the requirements of the Israeli Encouragement of Research, Development and Technological Innovation in Industry Law, 5744-1984 (the "Innovation Law"), which is formerly known as the Encouragement of Industrial Research and Development Law, 5744-1984, and related regulations, with respect to those grants.

When a company develops know-how, technology or products using grants provided by the Innovation Authority, the terms of these grants and the Innovation Law restrict the transfer of such know-how, and the transfer of manufacturing or manufacturing rights of such products, technologies or know-how outside of Israel, including:

- *Transfer of know-how outside of Israel*. Any transfer of the know-how that was developed with the funding of the Innovation Authority, outside of Israel, requires prior approval of the Innovation Authority, and the payment of a redemption fee.
- *Local manufacturing obligation*. The terms of the grants under the Innovation Law require that the manufacturing of products resulting from Innovation Authority-funded programs be carried out in Israel, unless a prior written approval of the Innovation Authority is obtained (except for a transfer of up to 10% of the production rights, for which a notification to the Innovation Authority is sufficient).
- *Certain reporting obligations*. We, as any recipient of a grant or a benefit under the Innovation Law, are required to file reports on the progress of activities for which the grant was provided. In addition, we are required to notify the Innovation Authority of certain events detailed in the Innovation Law with respect to a grant recipient.

Therefore, if aspects of our technologies are deemed to have been developed with Innovation Authority funding, the discretionary approval of an Innovation Authority committee would be required for any transfer to third parties outside of Israel of know-how or manufacturing or manufacturing rights related to those aspects of such technologies. We may not receive those approvals. Furthermore, the Innovation Authority may impose certain conditions on any arrangement under which it permits us to transfer technology or development out of Israel.

The transfer of Innovation Authority-supported technology or know-how outside of Israel may involve the payment of significant amounts, depending upon the value of the transferred technology or know-how, the amount of Innovation Authority support, the time of completion of the Innovation Authority-supported research project and other factors. The total amount of our obligation to the Innovation Authority upon the occurrence of any such event will also include interest that has accrued annually on the grants. The consideration available to our shareholders in a transaction

involving the transfer outside of Israel of technology or know-how developed with Innovation Authority funding (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the Innovation Authority.

Risks Related to Our Finances and Capital Structure

We expect to incur indebtedness in connection with the spin-off, which will expose us to leverage risks and subject us to covenants which may adversely affect our operations. In addition, financing sources may not be available to us.

In connection with the spin-off, we have entered into revolving credit facilities under which, subject to the completion of the spin-off, we will have the ability to borrow up to $100.0 million. To the extent we draw down all or a significant portion of these facilities, this level of debt could have material consequences on our future operations, including:

- reducing the availability of our cash flows to fund working capital, capital expenditures, project development, and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- resulting in an event of default if we fail to comply with the financial and other restrictive covenants contained in our debt agreements, which event of default could result in all or a significant portion of our debt becoming immediately due and payable;
- limiting our flexibility in planning for, or reacting to, and increasing our vulnerability to, changes in our business, the industry in which we operate and the general economy; and
- placing us at a competitive disadvantage compared with our competitors that have less debt or have lower leverage ratios.

Our ability to meet payment and other obligations under such debt instruments will depend on our ability to generate significant cash flows, which, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors as well as other factors that are beyond our control. We cannot assure you that our business will generate cash flows from operations, or that future borrowings will be available to us under such facility or any future credit facilities or otherwise, in an amount sufficient to enable us to meet our payment obligations under such a debt facility and to fund other liquidity needs. If we are unable to generate sufficient cash flows to service any such debt obligations or if we experience liquidity or working capital issues generally, we may need to refinance or restructure such debt or seek to raise additional capital. There can be no assurance that we would be successful in any such refinancing or restructuring effort or that financing sources would be available to us on reasonable terms or at all.

Our financial results may be significantly impacted by changes in our tax position.

We are subject to taxes in Israel, 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 valuation allowance on deferred tax assets (including our non-U.S. 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 but not limited to the United States and Israel, 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 non-U.S. NOLs. 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 our tax attributes. 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 generally increase in that jurisdiction. Disallowance of any NOL previously utilized by the Verint group to offset the Cognyte Business income in a particular tax jurisdiction could result in a tax payment obligation.

In addition, on December 22, 2017, the 2017 Tax Act was enacted in the United States. The 2017 Tax Act significantly revised the Code and it includes fundamental changes to taxation of U.S. multinational corporations. Compliance with the 2017 Tax Act requires significant complex computations not previously required by U.S. tax law.

The key provisions of the 2017 Tax Act, which may significantly impact our current and future effective tax rates, include new limitations on the tax deductions for interest expense and executive compensation and new rules related to uses and limitations of NOL carryforwards. New international provisions add a new category of deemed income from our foreign operations, eliminate U.S. tax on foreign dividends (subject to certain restrictions), and add a minimum tax on certain payments made to foreign related parties.

Calculating our income tax rate is complex and subject to uncertainty. We currently receive Israeli government tax benefits in respect of our Israeli operations. If we do not meet several conditions for receipt of those benefits, or if the Israeli government otherwise decides to eliminate those benefits, they may be terminated or reduced, which would impact our income tax rate and increase our costs.

The computation of income taxes is complex because it is based on the laws of numerous taxing jurisdictions and requires significant judgment on the application of complicated rules governing accounting for tax provisions under GAAP. Income taxes for interim quarters are based on a forecast of our effective tax rate for the year, which includes forward-looking financial projections. Such financial projections are based on numerous assumptions, including the expectations of profit and loss by jurisdiction. It is difficult to accurately forecast various items that make up the projections, and such items may be treated as discrete accounting. Examples of items that could cause variability in our income tax rate include our mix of income by jurisdiction, changes in our uncertain tax positions, the application of transfer pricing rules and tax audits. Future events, such as changes in our business and the tax law in the jurisdictions where we do business, could also affect our rate.

One important assumption that goes into calculation of our tax rate is the tax benefit that we receive in respect of some of our operations in Israel, referred to as “Beneficial Enterprise,” under the Law for the Encouragement of Capital Investments, 5719-1959 (the “Investment Law”). Based on an evaluation of the relevant factors under the Investment Law, including the level of foreign (that is, non-Israeli) investment in our company, we have estimated that our effective tax rate to be paid with respect to all Israeli operations under these benefit programs is 10% to 23%, based on our activities at our Israeli facilities and the available level of benefits under the law. If we do not meet the requirements for maintaining these benefits, they may be reduced or cancelled and the relevant operations would be subject to the Israeli ordinary corporate tax at the standard rate, which for 2018 and onwards is set at 23%. In addition to being subject to the standard corporate tax rate, we would be required to refund any tax benefits that we have already received as adjusted by the Israeli consumer price index, plus interest or other monetary penalties. Even if we continue to meet the relevant requirements, the tax benefits that our current Beneficial Enterprise receive may not be continued in the future at their current levels or at all. If these tax benefits were reduced or eliminated, the amount of taxes that we pay would likely increase, as all of our operations would consequently be subject to corporate tax at the standard rate, which may cause our effective tax rate to be materially different than our estimates and could adversely affect our results of operations. Additionally, if we increase our activities outside of Israel, for example, via acquisitions, our increased activities may not be eligible for inclusion in Israeli tax benefit programs, and that could also adversely affect our effective tax rate and our results of operations.

The Investment Law was significantly amended several times, most recently as part of the Economic Efficiency Law on December 29, 2016 effective as of January 1, 2017 (the "2017 Amendment"). The 2017 Amendment provides new tax benefits for "Technology Enterprises," as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides, inter alia, that a technology company satisfying certain conditions will qualify as a "Preferred Technology Enterprise" and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technology Income," as defined in the Investment Law. In addition, a Preferred Technology Enterprise will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefitted Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the National Authority for Technological Innovation, or NATI.

Dividends distributed by a Preferred Technology Enterprise, paid out of Preferred Technology Income, are generally subject to withholding tax at source at the rate of 20% or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the Israel Tax Authority allowing for a reduced tax rate). However, if such dividends are paid to an Israeli company, no tax is required to be withheld. If such divided are distributed to a foreign company and other conditions are met, the withholding tax rate will be 4%.

We have examined the impact of the 2017 Amendment and the degree to which we will qualify as a Preferred Technology Enterprise and have elected to adopt it as of fiscal year end 2021 onwards in which case we will enjoy reduced corporate tax rate of 12% on income that qualifies as "Preferred Technology Income.

The Israeli government may furthermore independently determine to reduce, phase out or eliminate entirely the benefit programs under the Investment Law, regardless of whether we then qualify for benefits under those programs at the time, which would also adversely affect our effective tax rate and our results of operations.

In addition, there is growing pressure in many jurisdictions and from multinational organizations such as the Organization for Economic Cooperation and Development (the "OECD") and the European Union to amend existing international taxation rules in order to align the tax regimes with current global business practices. Specifically, in October 2015, the OECD published its final package of measures for reform of the international tax rules as a product of its Base Erosion and Profit Shifting (the "BEPS") initiative, which was endorsed by the G20 finance ministers. Many of the initiatives in the BEPS package required and resulted in specific amendments to the domestic tax legislation of various jurisdictions and to existing tax treaties. Although many of the BEPS measures have already been implemented or are currently being implemented globally (including, in certain cases, through adoption of the OECD's 'multilateral convention' to effect changes to tax treaties which entered into force on July 1, 2018 and through the European Union's Anti-Tax Avoidance Directives), it is still difficult in some cases to assess to what extent these changes would impact our tax liabilities in the jurisdictions in which we conduct our business or to what extent they may impact the way in which we conduct our business or our effective tax rate due to the unpredictability and interdependency of these potential changes. In the wake of the BEPS project, it is generally expected that tax authorities in various jurisdictions in which we operate might increase their audit activity and might seek to challenge some of the tax positions we have adopted. It is difficult to assess if and to what extent such challenges, if raised, might impact our effective tax rate.

Our internal controls over financial reporting may not prevent misstatements and material weaknesses or deficiencies could arise in the future which could lead to restatements or filing delays.

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. 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, 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.

If our goodwill or other intangible assets become impaired, our financial condition and results of operations could be negatively affected.

Because we have periodically executed business combinations, goodwill and other intangible assets represent a material portion of our assets. Goodwill and other intangible assets totaled approximately $166.0 million, or approximately 20.6% of our total assets, as of January 31, 2020. 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 external factors such as industry and economic trends, and internal factors such as changes in our business strategy or our internal forecasts. 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.

Exchange rate fluctuations between the U.S. dollar and the New Israeli Shekel and other non-U.S. currencies may negatively affect the earnings of our operations.

We report our financial results and most of our revenues are recorded in U.S. dollars. However, substantially all of the research and development expenses of our Israeli operations, as well as a portion of the cost of revenues, selling and marketing, and general and administrative expenses of our Israeli operations, are incurred in New Israeli Shekels. As a result, we are exposed to exchange rate risks that may adversely affect our financial results. If the New Israeli Shekel appreciates against the U.S. dollar or if the value of the New Israeli Shekel declines against the U.S. dollar at a time when the rate of inflation in the cost of Israeli goods and services exceeds the rate of decline in the relative value of the New Israeli Shekel, then the U.S. dollar cost of our operations in Israel would increase and our results of operations would be adversely affected. Our Israeli operations also could be adversely affected if we are unable to effectively hedge against currency fluctuations in the future. We cannot predict any future trends in the rate of inflation or deflation in Israel or the rate of appreciation or devaluation of the New Israeli Shekel against the U.S. dollar. The Israeli annual rate of inflation (deflation) amounted to 0.6%, 0.8% and 0.3% for the calendar years 2019, 2018 and 2017, respectively. The annual appreciation (devaluation) of the New Israeli Shekel in relation to the U.S. dollar amounted to 7.8%, (8.1%), and 9.8% for the calendar years 2019, 2018 and 2017, respectively.

We also have substantial revenues and expenses that are denominated in non-US currencies other than the New Israeli Shekel, particularly the Euro and the Singapore Dollar. Therefore, our operating results and cash flows are also subject to fluctuations due to changes in the relative values of the U.S. dollar and those foreign currencies. These fluctuations could negatively affect our operating results and could cause our revenues and net income or loss to vary from quarter to quarter. Furthermore, where our sales are denominated in U.S. dollars, a strengthening of the dollar against other currencies could make our products less competitive in those foreign markets and collection of receivables more difficult.

From time to time we engage in currency hedging activities. These measures, however, may not adequately protect us from material adverse effects due to the impact of inflation in Israel or from fluctuations in the relative values of the U.S. dollar and other foreign currencies in which we transact business, and may result in a financial loss.

Risks Related to the Separation from Verint and Ownership of Cognyte Shares

Risks Associated with the Spin-Off

The spin-off may not be successful and as an independent, publicly traded company, we will not enjoy the same benefits that we did as a subsidiary of Verint.

Upon completion of the spin-off, we will be a stand-alone public company. The process of becoming a stand-alone public company may distract our management from focusing on our business and strategic priorities. Further, we may not be able to issue debt or equity on terms acceptable to us or at all and we may not be able to attract and retain employees as desired. We also may not fully realize the anticipated benefits of the separation and of being a stand-alone public company, or the realization of such benefits may be delayed, if any of the risks identified in this "Risk Factors" section, or other events, were to occur.

As a separate public company, we will be a smaller and less diversified company than Verint, and we may not have access to financial and other resources comparable to those available to Verint prior to the spin-off or enjoy certain other benefits that we did as a subsidiary of Verint. We cannot predict the effect that the spin-off will have on our relationship with partners or employees or our relationship with government regulators. We may also be unable to obtain goods, technology and services at prices and on terms as favorable as those available to us prior to the spin-off. Furthermore, as a less diversified company, we may be more likely to be negatively impacted by changes in global market conditions, regulatory reforms and other industry factors, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not achieve some or all of the expected benefits of the spin-off, and the spin-off may adversely affect our business.

We may not be able to achieve some or all of the strategic, financial, operational, marketing or other benefits expected to result from the spin-off, or such benefits may be delayed or not occur at all. The spin-off is expected to provide the following benefits, among others:

- allow investors to separately invest in the Customer Engagement Business or separately invest in the Cognyte Business, which should promote investments from investors seeking to invest in one business and not the other, and allow Cognyte direct access to capital markets as a separate publicly traded company;
- improve investors' ability to value the Customer Engagement Business and the Cognyte Business based on their distinct characteristics and make more targeted investment decisions in a pure-play structure;
- create enhanced appeal to a broader set of investors suited to the strategic and financial characteristics of each company by validating inherent value and attractiveness of underlying businesses, strategies, and prospects;
- provide more specific alignment of incentives and performance indicators to more closely align employee incentive compensation opportunities with stand-alone business performance;
- allow more efficient allocation of capital to the highest and best use, tailored to the unique characteristics of each business;
- maintain a capital structure optimized to the needs and unique requirements of each business;
- create separate boards with further differentiated skillsets and experience to provide focused oversight and to support tailored strategic and financial objectives to enhance value creation; and
- allow enhanced strategic and management focus with dedicated management teams focused on their core business's distinct operational and regulatory requirements.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others:

- potential disruption to our business and operations;

- management distraction due to the significant amount of time and effort required;
- the significant one-time costs of separating the two companies;
- incremental costs on the resulting companies, including, among others, as a result of establishing separate corporate management and duplicative support functions, the costs of being a stand-alone public company, and tax inefficiencies;
- greater susceptibility to market fluctuations and other adverse events as a stand-alone company, including as a result of reduced business diversification; and
- risk that the spin-off is not consummated.

We cannot predict with certainty when the benefits expected from the spin-off will occur or the extent to which they will be achieved. If we fail to achieve some or all of the benefits expected to result from the spin-off, or if such benefits are delayed, our business, financial condition and results of operations could be adversely affected.

Our historical financial information is not necessarily representative of the results we would have achieved as a stand-alone public company and may not be a reliable indicator of our future results.

Our historical financial statements have been derived (carved out) from the Verint consolidated financial statements and accounting records. This derived information does not necessarily reflect the financial position, results of operations, and cash flows we would have achieved as a stand-alone public company during the period presented, or those that we will achieve in the future.

This is primarily because of the following factors:

- For the period covered by our combined financial statements, our business was operated within legal entities which hosted portions of other Verint businesses.
- Income taxes attributable to our business were determined using the separate return approach, under which current and deferred income taxes are calculated as if a separate tax return had been prepared in each tax jurisdiction. Actual outcomes and results could differ from these separate tax return estimates, including those estimates and assumptions related to realization of tax benefits within certain Verint tax groups.
- Our combined financial statements include an allocation and charges of expenses related to certain Verint functions such as those related to financial reporting and accounting operations, human resources, real estate and facilities services, procurement and information technology. However, the allocations and charges may not be indicative of the actual expense that would have been incurred had we operated as an independent, publicly traded company for the period presented therein.
- Our combined financial statements include an allocation from Verint of certain corporate-related general and administrative expenses that we would incur as a publicly traded company that we have not previously incurred. The allocation of these additional expenses, which are included in the combined financial statements, may not be indicative of the actual expense that would have been incurred had we operated as an independent, publicly traded company for the period presented therein.
- In connection with the spin-off, Verint expects to incur one-time costs of approximately $45.0 million during fiscal year ending January 31, 2021, of which approximately $17.0 million is attributable to the Cognyte Business.
- In connection with the completion of the spin-off, we have entered into revolving credit facilities for borrowings up to $100.0 million. Such indebtedness and the related commitment fees associated with such debt is expected to be between $0.2 million and $0.4 million per year, and are not reflected in our combined financial statements. As of the close of the transaction, we are not expected to have any borrowings outstanding under the credit facilities but this may change depending on our operating and capital expenditure requirements in the future.

Therefore, our historical financial information may not necessarily be indicative of our future financial position, results of operations or cash flows, and the occurrence of any of the risks discussed in this "Risk Factors" section, or any other event, could cause our future financial position, results of operations or cash flows to materially differ from our historical financial information.

Our ability to operate our business effectively may suffer if we do not, quickly and cost effectively, establish our own administrative and support functions necessary to operate as a stand-alone public company.

Although Verint will provide us with certain continuing services during the transitional period under the Transition Services Agreement, in connection with our separation from Verint, we are creating our own financial, administrative, corporate governance, and listed company compliance and other support systems, including for the services Verint had historically provided to us, or expect to contract with third parties to replace the Verint systems that we are not establishing internally. In addition, we are also establishing or expanding our own tax, treasury, internal audit, investor relations, corporate governance, and listed company compliance and other corporate functions. We expect this process to be complex, time consuming and costly. Any failure or significant downtime in our own financial, administrative or other support systems or in the Verint financial, administrative or other support systems during the transitional period in which Verint provides us with support could negatively impact our results of operations or our ability to perform administrative or other services on a timely basis.

Further, as a stand-alone public company, we will incur significant legal, accounting and other expenses that we did not incur as part of Verint. The provisions of SOX, as well as rules subsequently adopted by the SEC and NASDAQ, have imposed various requirements on public companies, including changes in corporate governance practices. For example, SOX requires, among other things, that we maintain and periodically evaluate our internal control over financial reporting and disclosure controls and procedures. In particular, we will, after a transitional period, have to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of SOX.

Although we currently test our internal controls over financial reporting on a regular basis, we have done so in accordance with the financial reporting practices and policies of Verint, not as a stand-alone entity. Doing so for ourselves will require our management and other personnel to devote a substantial amount of time to comply with these requirements and will also increase our legal and financial compliance costs. We cannot be certain at this time that all of our controls will be considered effective and our internal control over financial reporting may not satisfy the regulatory requirements when they become applicable to us.

Furthermore, the listing of our shares on NASDAQ will require us to comply with the listing, reporting and other regulations.

We cannot assure you that the transitional services Verint has agreed to provide us will be sufficient for our needs. In addition, we or Verint may fail to perform under various transaction agreements that will be executed as part of the spin-off, we may fail to have necessary systems and services in place when certain of the transaction agreements expire, or we may be obligated to satisfy certain indemnification obligations under such agreements.

In connection with the spin-off, we and Verint intend to enter into a Separation and Distribution Agreement and will enter into various other agreements, including the Tax Matters Agreement, Employee Matters Agreement, Transition Services Agreement, Intellectual Property Cross License Agreement and Trademark Cross License Agreement and other separation-related agreements. See "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions—Agreements Between Verint and Us." Certain of these agreements will provide for the performance of key business services by Verint for our benefit for a period of time after the spin-off. These services may not be sufficient to meet our needs and the terms of such services may not be equal to or better than the terms we may have received from unaffiliated third parties.

We will rely on Verint to satisfy its performance and payment obligations under these agreements. If Verint is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transitional agreements expire, we may not be able to operate our business effectively and this may have an adverse effect on our business, financial condition and results of operations. In addition, after our agreements with Verint expire, we may not be able to obtain these services at as favorable prices or on as favorable terms.

The parties will have certain indemnification obligations to one another under the Separation and Distribution Agreement, including an obligation on us to share in certain contingent liabilities Verint may become subject to as a result of its February 2013 acquisition of its former parent company, Comverse Technology, Inc. ("CTI").

The spin-off could result in significant tax liability to Verint and us, and in certain circumstances, we could be required to indemnify Verint for material taxes pursuant to indemnification obligations under the Tax Matters Agreement. In addition, we will agree to certain restrictions designed to preserve the tax treatment of the spin-off that may reduce our strategic and operating flexibility. Finally, in certain circumstances, Verint could determine not to proceed with the spin-off.

Verint has obtained a U.S. Tax Ruling from the IRS that certain of the requirements for tax-free treatment under Section 355 of the Code will be satisfied and that Cognyte will be treated as a domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code. Verint also expects to obtain a written opinion of Jones Day (the "Tax Opinion") to the effect that the distribution will qualify as tax-free, for U.S. federal income tax purposes, to Verint and to Verint shareholders under Section 355 of the Code.

The U.S. Tax Ruling may not be relied on if the facts or representations made by Verint about Verint's and our business and other matters are incorrect or not otherwise satisfied. Although the U.S. Tax Ruling will be generally binding on the IRS, the continuing validity of the U.S. Tax Ruling is subject to the continuing validity of the facts and representations made in the ruling request.

The Tax Opinion will be based on certain representations as to factual matters from, and certain covenants by, Verint and us. The Tax Opinion may not be relied on if any of the assumptions, representations or covenants are incorrect, incomplete or inaccurate or are violated in any material respect. Further, the Tax Opinion will not be binding on the IRS or in any court, and there can be no assurance that the relevant tax authorities will not take, or any court will not affirm, a contrary position.

If the distribution were determined not to qualify for the treatment described in the U.S. Tax Ruling, Israeli Tax Ruling or Tax Opinion, or if any conditions in the U.S. Tax Ruling, Israeli Tax Ruling or Tax Opinion are not observed, then Verint and its shareholders could suffer adverse tax consequences and, under certain circumstances, we could have an indemnification obligation to Verint with respect to some or all of the resulting tax to Verint under the Tax Matters Agreement we intend to enter into with Verint, as described in "Item 7. Major Shareholders and Related Party Transactions —7.B. Related Party Transactions—Agreements Between Verint and Us—Tax Matters Agreement."

In addition, under the Tax Matters Agreement, we will agree to certain restrictions designed to preserve the tax-free nature of the distribution for U.S. federal income tax purposes. These restrictions may limit our ability to pursue strategic transactions or engage in new businesses or other transactions that might be beneficial and could discourage or delay strategic transactions that our shareholders may consider favorable.

Verint has received the Israeli Tax Ruling from the ITA providing that, for Israeli income tax purposes, the distribution and certain internal transactions, which are part of the spin-off and the separation, are tax-free to Verint shareholders, Verint and Cognyte. Certain other internal transactions not covered by the Israeli Tax Ruling should also not result in any tax liabilities in Israel.

We agreed to conditions and restrictions set forth in the Israeli Tax Ordinance and the Israeli Tax Ruling issued by the ITA. These restrictions may also limit our ability to engage in new businesses or other transactions, and the ability of certain shareholders of Verint and Cognyte to sell or otherwise transfer their shares for a period of two years following the date the Internal Transactions are consummated.

Our share price may be volatile, including as a result of sales of our shares in connection with the spin-off.

Verint shareholders receiving our shares in the spin-off generally may sell those shares immediately in the public market. It is possible that some Verint shareholders, including some of its larger shareholders, will sell their Cognyte shares received in the spin-off if, for reasons such as our business profile or market capitalization as a stand-alone company, we do not fit their investment objectives, or they consider holding our shares to be impractical or difficult due to listing, tax or other considerations. The sales of significant amounts of our shares, or the perception in the market that this will occur, may decrease the market price of our shares.

Our share price may also be volatile for other reasons, including:

- announcements by us or our competitors regarding, among other things, strategic changes, new products, product enhancements or technological advances, acquisitions, major transactions (including our planned separation into two publicly traded companies), 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, our security solutions and customers, 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; and
- hedging or arbitrage trading activity by third parties.

A significant drop in the price of our shares 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.

The combined post-spin-off value of our shares and the Verint shares may not equal or exceed the aggregate pre-spin-off value of the Verint shares and our shares.

After the spin-off, the Verint shares will continue to be listed and traded on NASDAQ. Our shares will be traded under the symbol "CGNT" on NASDAQ. We have no current plans to apply for listing on any additional stock exchanges. As a result of the spin-off, Verint expects the trading prices of Verint shares in the "regular-way" market at market open on February 2, 2021 to be lower than the trading prices in the "regular-way" at market close on February 1, 2021, because the trading prices will no longer reflect the value of the Cognyte Business. There can be no assurance that the aggregate market value of the Verint shares and our shares following the spin-off will be higher than or equal to the market value of the Verint shares if the spin-off did not occur. This means, for example, that the combined trading prices of one Verint share and one Cognyte share after market open on February 2, 2021 may be equal to, greater than or less than the trading price of one Verint share before February 1, 2021. In addition, your Verint shares sold in the "ex-distribution" market (as opposed to the "regular-way" market) will reflect an ownership interest solely in Verint and will not include the right to receive any of our shares in the spin-off, but may not yet accurately reflect the value of such Verint shares excluding the Cognyte Business.

Risks Associated with Your Ownership of Cognyte Shares

Your percentage ownership in Cognyte may be diluted in the future.

In the future, your percentage ownership in us may be diluted because of equity issuances from acquisitions, capital markets transactions or otherwise, including equity awards that we will be granting to our directors,

officers and employees. Our employees will have rights to purchase or receive our shares after the distribution as a result of the conversion of their Verint equity awards into Cognyte equity awards and the grant of Cognyte equity awards, including restricted share units and performance share units, in each case, in order to preserve the aggregate value of the equity awards held by our employees immediately prior to the spin-off. See "Item 6. Directors, Senior Management and Employees—6.B. Compensation" for further detail on the awards that are expected to be granted in connection with the spin-off. As of the date of this Form 20-F, the exact number of our shares that will be subject to the converted and granted Cognyte awards is not determinable, and, therefore, it is not possible to determine the extent to which your percentage ownership in us could be diluted as a result. It is anticipated that the Compensation Committee of the Cognyte Board will grant additional equity awards to our employees and directors after the spin-off, from time to time, under our employee benefits plans. These additional awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our shares.

As of the date of the spin-off, we will be an FPI and, as a result, we will be subject to reporting obligations and corporate governance practices that, to some extent, are more lenient than those of a U.S. domestic public company whose shares are listed on NASDAQ.

Upon consummation of the spin-off, we will report under the Exchange Act as a non-U.S. company with FPI status. Because we qualify as an FPI under the Exchange Act and although we intend to furnish quarterly financial information to the SEC and are required to report material developments in reports furnished on Form 6-K with the SEC, we are nevertheless exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their share ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, FPIs are not required to file their annual report on Form 20-F until four months after the end of each financial year, while U.S. domestic issuers that are large accelerated filers are required to file their annual report on Form 10-K within 60 days after the end of each fiscal year. FPIs are also exempt from Regulation FD, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not FPIs.

As an FPI whose shares will be listed on NASDAQ, we are also permitted to follow certain home country corporate governance practices instead of certain requirements of the NASDAQ rules. For example, as permitted under the Companies Law, our articles of association ("Articles of Association") provide that the quorum for any meeting of shareholders is 25% of the issued and outstanding share capital, which is less than the 33.33% minimum required under NASDAQ rules. In addition, we have informed NASDAQ that we follow home country practices in Israel in lieu of compliance with the NASDAQ requirements for shareholder approval of certain significant issuances of shares pursuant to a private placement or merger/acquisition, which apply to a domestic U.S. issuer.

Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on NASDAQ may provide less protection than is accorded to investors of domestic issuers.

If at any time we cease to qualify as an FPI, we may incur significant additional legal, accounting, and other expenses in order to comply with U.S. domestic issuer requirements.

We are an emerging growth company, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make the Cognyte shares less attractive to investors.

We are an emerging growth company and have the option to utilize certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including,

but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of SOX, reduced disclosure obligations regarding executive compensation in any required periodic reports and proxy statements, and election to defer the adoption of recently issued accounting standards. We may take advantage of these reporting exemptions until we are no longer an emerging growth company.

Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with certain new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our consolidated financial statements may or may not be comparable to companies that comply with new or revised accounting pronouncements as of public companies' effective dates. Further, we may take advantage of some of the other reduced regulatory and reporting requirements that will be available to us so long as we qualify as an emerging growth company.

Among other things, this means that our independent registered public accounting firm will generally not be required to provide an attestation report on the effectiveness of our internal control over financial reporting so long as we qualify as an emerging growth company, which may increase the risk that weaknesses or deficiencies in our internal control over financial reporting go undetected. Likewise, so long as we qualify as an emerging growth company, we may elect not to provide you with certain information, including certain financial information and certain information regarding compensation of our executive officers, that we might otherwise have been required to provide in filings we make with the SEC, which may make it more difficult for investors and securities analysts to evaluate our company. As a result, investor confidence in our company and the trading price of the Cognyte shares may be adversely affected. Further, we cannot predict if investors will find Cognyte shares less attractive because we may rely on these exemptions. If some investors find Cognyte shares less attractive as a result, there may be a less active trading market for the Cognyte shares and their trading price may be more volatile.

Your rights and responsibilities as a shareholder are governed by Israeli law, which differs in some material respects from the rights and responsibilities of shareholders of U.S. corporations.

The rights and responsibilities of the holders of our shares are governed by our Articles of Association and by Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders in U.S.-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders, and to refrain from abusing its power in the company, including, among other things, in voting at a general meeting of shareholders on matters such as amendments to a company's articles of association, increases in a company's authorized share capital, mergers and acquisitions and related party transactions requiring shareholder approval. In addition, a shareholder who is aware that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company. There is limited case law available to assist us in understanding the nature of these duties or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on holders of our shares that are not typically imposed on shareholders of U.S. corporations.

Provisions of Israeli law and our Articles of Association may delay, prevent or otherwise impede a merger with, or an acquisition of, our company, which could prevent a change of control, even when the terms of such a transaction are favorable to us and our shareholders.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to such types of transactions, in each case, in ways that are different from and may be considered more burdensome than corresponding U.S. law.

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are subject to certain restrictions.

Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred.

Our Articles of Association also contain provisions that could delay or prevent changes in control or changes in our management without the consent of the Cognyte Board. These provisions include the following:

- the election of our directors on a staggered basis, such that a potential acquirer cannot readily replace the entire Cognyte Board at a single annual general shareholder meeting;
- no cumulative voting in the election of directors, which limits the ability of minority shareholders to elect director candidates;
- approval of the holders of at least 65% of the total voting power of our shareholders is generally required to remove any of our directors from office, and any amendment to that provision in our Articles of Association shall require the approval of at least 65% of the total voting power of our shareholders; and
- the exclusive right of the Cognyte Board to elect a director to fill a vacancy created by the expansion of the Cognyte Board, and the right of the Cognyte Board to fill a vacancy upon the resignation, death or removal of a director, which limits shareholders' ability to fill vacancies on the Cognyte Board.

Actions of activist shareholders 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 shares. 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 shareholders, 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 the Cognyte Board, 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 the Cognyte Board, 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 shares.

ITEM 4. INFORMATION ON THE COMPANY

4.A. HISTORY AND DEVELOPMENT OF THE COMPANY

General Corporate Information

We are incorporated under the laws of the State of Israel as a company limited by shares. We are registered under the Companies Law as Cognyte Software Ltd., and our registration number with the Israeli Registrar of Companies is 516196425. We were formed by Verint in connection with our separation from Verint, for an unlimited duration, effective as of the date of our incorporation on May 21, 2020.

We are domiciled in Israel and our registered office is currently located at 33 Maskit, Herzliya Pituach, 4673333, Israel, which also currently serves as our principal executive offices, and our telephone number is +972-9-962-2300.

General Development of Business

Our business has grown significantly over more than two decades through a combination of organic growth and small acquisitions, primarily technology tuck-ins. As we have grown, we have expanded our solution portfolio from an initial focus on products for lawful communications interception to a provider of security analytics software that empowers government agencies and enterprises with Actionable Intelligence to accelerate investigations and identify, neutralize, and prevent terror, crime and cyber threats. We have also expanded our geographical footprint, which is now global. In 2016, Verint also reorganized from three operating segments into two, allocating the situational intelligence and incident response portions of its previous Video Intelligence operating segment to us.

Principal Capital Expenditures

Our capital expenditures amounted to $21.3 million and $12.6 million during the fiscal years ended January 31, 2020 and 2019, respectively, primarily consisting of expenditures related to capitalized software development costs, internal-use software and development costs and lab equipment. Verint also expects separation-related capital expenditures of approximately $10.0 million during the fiscal year ending January 31, 2021, of which approximately $5.0 million is attributable to the Cognyte Business.

Our capital expenditures amounted to $10.3 million and $8.0 million during the six months ended July 31, 2020 and 2019, respectively, primarily consisting of expenditures related to capitalized software development costs, internal-use software and development costs and lab equipment.

Acquisitions, Dispositions and other Events

On March 31, 2014, Verint completed the acquisition of all of the outstanding shares of UTX Technologies Limited (“UTX”), a provider of certain mobile device tracking solutions for security applications, from UTX Limited. UTX Limited was the supplier of these products to the Cognyte Business prior to the acquisition. The purchase price consisted of $82.9 million of cash paid at closing, and up to $1.5 million of potential future contingent consideration payments to UTX Limited, the acquisition date fair value of which was estimated to be $1.3 million. UTX is based in the Europe, the Middle East and Africa (“EMEA”) region. For year ended January 31, 2015, Verint recorded a charge of $0.2 million within selling, general and administrative expenses to increase the fair value of the UTX contingent consideration obligation to $1.5 million, in consideration of UTX achieving certain performance targets. This amount was paid to UTX Limited prior to January 31, 2015.

On December 18, 2019, Verint completed the acquisition of two software companies under common control, WebintPro Ltd. and Deep Analytics Ltd. (collectively “WebintPro”), focused on multi source intelligence and fusion analytics that constitute a part of the Cognyte Business. The purchase price of $23.4 million consisted of $18.8 million of cash paid at closing, and up to $7.3 million of potential future contingent consideration payments to WebintPro, the acquisition date fair value of which was estimated to be $7.0 million, offset by $2.4 million of other purchase price adjustments. Refer to Note 6, “Business Combinations” to our combined financial statements included elsewhere in this Form 20-F for more detail on the acquisition of WebintPro.

The Spin-Off

Background

On December 4, 2019, Verint announced plans to separate into two independent companies: Cognyte Software Ltd., which will consist of its Cyber Intelligence Solutions business, and Verint Systems Inc., which will consist of its Customer Engagement Business. To implement the separation, pursuant to the Separation and Distribution Agreement that Verint will enter into with us prior to the spin-off and as part of the Internal Transactions, Verint will first transfer the Canadian portion of its Cyber Intelligence Solutions business to us and will enter into a binding agreement to transfer the remainder of its Cyber Intelligence Solutions business to us, will subsequently distribute all of our shares held by Verint to Verint shareholders, pro rata to their respective holdings, and immediately thereafter Verint will transfer the remainder of its Cyber Intelligence Solutions business to us pursuant to the binding commitment. The distribution is intended to be tax-free to Verint shareholders, Verint and Cognyte for U.S. federal and Israeli income tax purposes. The distribution and certain internal transactions, which are part of the spin-off and the separation, are generally tax-free to Verint shareholders, Verint and Cognyte for Israeli income tax purposes under the Israeli Tax Ruling. Certain other internal transactions not covered by the Israeli Tax Ruling should also not result in any tax liabilities in Israel.

In connection with the spin-off and concurrently with the distribution, we and Verint will also enter into Ancillary Agreements that will govern relationships between us and Verint following the distribution.

Reasons for the Spin-Off

We and Verint believe that the two independent, publicly traded companies will both benefit from the spin-off and be well-positioned to pursue their own strategies, drive opportunities to accelerate growth and extend their market leadership. The separation will make it easier for investors to evaluate and make independent investment decisions in each business. We believe that both our businesses are leaders in their respective markets and the separation will enable them to achieve better performance over the long term as a result of several factors, including having:

- allow investors to separately invest in the Customer Engagement Business or separately invest in the Cognyte Business, which should promote investments from investors seeking to invest in one business and not the other, and allow Cognyte direct access to capital markets as a separate publicly traded company;
- improve investors' ability to value the Customer Engagement Business and Cognyte Business based on their distinct characteristics and make more targeted investment decisions in a pure-play structure;
- create enhanced appeal to a broader set of investors suited to the strategic and financial characteristics of each company by validating inherent value and attractiveness of underlying businesses, strategies, and prospects;
- provide more specific alignment of incentives and performance indicators to more closely align employee incentive compensation opportunities with stand-alone business performance;
- allow more efficient allocation of capital to the highest and best use, tailored to the unique characteristics of each business;
- maintain a capital structure optimized to the needs and unique requirements of each business;
- create separate boards with further differentiated skillsets and experience to provide focused oversight and to support tailored strategic and financial objectives to enhance value creation; and
- allow enhanced strategic and management focus with dedicated management teams focused on their core business's distinct operational and regulatory requirements.

Neither we nor Verint can assure you that, following the spin-off, any of the benefits described above or otherwise in this Form 20-F will be realized to the extent or at the time anticipated or at all. See also "Item 3. Key Information—3.D. Risk Factors."

Verint and the Verint Board also considered a number of potentially negative factors in their evaluation of the potential spin-off, including the following:

- potential disruption to our business and operations;
- management distraction due to the significant amount of time and effort required;
- the significant one-time costs of separating the two companies;
- incremental costs on the resulting companies, including, among others, as a result of establishing separate corporate management and duplicative support functions, the costs of being a stand-alone public company, and tax inefficiencies;
- greater susceptibility to market fluctuations and other adverse events as a stand-alone company, including as a result of reduced business diversification; and
- risk that the spin-off is not consummated or does not achieve its intended benefits.

Verint and the Verint Board believe that the potential benefits of the spin-off outweigh these potentially negative factors. The completion of the spin-off remains subject to the satisfaction, or waiver by the Verint Board, of a number of conditions. See "—Conditions to the Spin-Off" below for additional detail.

When and How You Will Receive Cognyte Shares

Verint will distribute to holders of Verint shares, as a pro rata dividend, one Cognyte share for each Verint share such shareholders hold or have acquired and do not sell or otherwise dispose of prior to the close of business on January 25, 2021, the record date for the spin-off. The actual number of our shares that will be distributed will depend on the total number of issued Verint shares (excluding treasury shares held by Verint and its subsidiaries) as of the record date.

An application has been made to list our shares on NASDAQ under the ticker symbol "CGNT." Subject to official notice of issuance, our shares will trade and settle under ISIN code IL0011691438 and CUSIP code M25133 105.

Broadridge, as the Verint share registrar and transfer agent, will arrange for the distribution of our shares to holders of Verint shares. For purposes of and following the spin-off, Broadridge will act as our share registrar and transfer agent.

If Verint shareholders own Verint shares as of 5:00 p.m., New York City time, on the record date, the Cognyte shares that Verint shareholders are entitled to receive in the distribution will be issued electronically on the distribution date to Verint shareholders in direct registration form or to Verint shareholders' bank or brokerage firm on Verint shareholders' behalf. If a Verint shareholder is a registered holder of Verint shares, Broadridge will mail the Verint shareholder a direct registration account statement that reflects the Verint shareholder's Cognyte shares. If Verint shareholders hold their Verint shares through a bank or brokerage firm, their bank or brokerage firm will credit their account for their Cognyte shares. Direct registration form refers to a method of recording securities ownership when no physical certificates are issued, as is the case in the distribution. If Verint shareholders sell Verint shares in the "regular-way" market (as opposed to the "ex-distribution" market) up to and including the distribution date, Verint shareholders will be selling their right to receive Cognyte shares in the distribution. Investors acquiring or selling Verint shares on or around the record date in over-the-counter or other transactions not effected on NASDAQ should ensure such transactions take into account the treatment of our shares to be distributed in respect of such Verint shares in the spin-off. Please contact your bank or broker for further information if you intend to engage in any such transaction.

We will become a stand-alone public company, independent of Verint, on February 1, 2021, the "distribution date" for the spin-off, and our shares will commence trading on a stand-alone basis on NASDAQ at market open on February 2, 2021 (9:30 a.m., New York City time, on NASDAQ).

Depending on your bank or broker and whether you hold Verint shares, it is expected that your Cognyte shares will be credited to your applicable securities account either on or shortly after the distribution date and that you will be able to commence trading your Cognyte shares on NASDAQ on February 2, 2021. See also "—Listing and Trading of Cognyte Shares" below.

In the event there are any changes to the record date or the distribution date, or new material information relating to the distribution of our shares becomes available, Verint will publish any such changes or updates in a press release that will also be furnished with the SEC by Verint on a Form 8-K and by us on a Form 6-K. In addition, Verint will give at least 10 calendar days' notice of any changes to the record date to NASDAQ in accordance with NASDAQ's requirements.

We are not asking Verint shareholders to take any further action in connection with the spin-off. We are not asking you for a proxy and we request that you not send us a proxy. We are also not asking you to make any payment or surrender or exchange any of your Verint shares for Cognyte shares. Please see "—If You Hold Verint Shares—Holders of Verint Physical Share Certificates" below. The number of outstanding Verint shares will not change as a result of the spin-off.

If you hold or have acquired and do not sell or otherwise dispose of your Verint shares prior to the close of business on January 25, 2021, the record date, the Cognyte shares that you are entitled to receive in the spin-off are expected to be distributed to you as described below.

Holders of Verint shares held in book-entry form with a bank or broker. Most Verint shareholders hold their Verint shares through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank's or brokerage firm's books. If a Verint shareholder holds their Verint shares through a bank or brokerage firm, their bank or brokerage firm will credit their account for the Cognyte shares that they are entitled to receive in the distribution. If Verint shareholders have any questions concerning the mechanics of having shares held in "street name," they should contact their bank or brokerage firm.

Holders of Verint physical share certificates. In connection with the spin-off, all registered Verint shareholders holding physical share certificates will be issued Cognyte shares in book-entry form only, which means that no physical share certificates will be issued. For questions relating to the transfer or mechanics of the distribution, please contact Verint Share Registry by telephone at 1-866-232-0393 (in the United States) or 1-720-358-3597 (outside the United States) or by online inquiry at https://www.shareholder.broadridge.com. See also "Summary—The Spin-Off—Questions and Answers about the Spin-Off—Where can I get more information?"

Trading Between the Record Date and the Distribution Date

We expect that, beginning on or shortly before the record date and continuing up to and including the distribution date, there will be two markets in Verint shares on NASDAQ: a "regular-way" market and an "ex-distribution" market. Verint shares that trade in the "regular-way" market will trade with an entitlement to Cognyte shares distributed pursuant to the distribution. Verint shares that trade in the "ex-distribution" market will trade without an entitlement to Cognyte shares distributed pursuant to the distribution. Therefore, if Verint shareholders sell Verint shares in the "regular-way" market up to and including the distribution date, they will be selling their right to receive shares of our shares in the distribution.

If Verint shareholders own Verint shares at 5:00 p.m., New York City time, on the record date and sell those shares on the "ex-distribution" market up to and including the distribution date, they will receive Cognyte shares that they are entitled to receive pursuant to their ownership as of the record date of the Verint shares.

Furthermore, we expect that, beginning approximately one trading day after the record date and continuing up to the distribution date, there will be a "when-issued" market in our shares. "When-issued" trading refers to a sale

or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for our shares that will be distributed to Verint shareholders on the distribution date. If Verint shareholders owned Verint shares at 5:00 p.m., New York City time, on the record date, they would be entitled to Cognyte shares distributed pursuant to the distribution. Verint shareholders may trade this entitlement to our shares, without Verint shares they own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to Cognyte shares is expected to end, and "regular-way" trading is expected to begin. If "when-issued" trading occurs, the listing for Cognyte shares is expected to be under the trading symbol "CGNTV." If the distribution does not occur, all "when-issued" trading will be null and void.

Number of Cognyte Shares You Will Receive

You will receive one Cognyte share for each Verint share you hold or have acquired and do not sell or otherwise dispose of prior to the close of business on the record date.

Results of the Spin-Off

After the spin-off, we will be a stand-alone publicly traded company. Immediately following the spin-off, we expect to have approximately 65,773,335 Cognyte shares outstanding based on the number of issued Verint shares (excluding treasury shares held by Verint and its subsidiaries) as of January 25, 2021. The actual number of our shares that Verint will distribute in the spin-off will depend on the actual number of issued Verint shares, excluding treasury shares held by Verint and its subsidiaries, on the record date. The spin-off will not affect the number of outstanding Verint shares or any rights of holders of any outstanding Verint shares, although we expect the trading price of Verint shares immediately following the spin-off to be lower than immediately prior to the spin-off because the trading price of Verint shares will no longer reflect the value of the Cognyte Business. In addition, your Verint shares sold in the "ex-distribution" market (as opposed to the "regular-way" market) will trade without the entitlement to receive the distribution of our shares in the spin-off and will reflect an ownership interest solely in Verint, but may not yet accurately reflect the value of such Verint shares excluding the Cognyte Business.

Before our separation from Verint, we intend to enter into a Separation and Distribution Agreement and several other agreements with Verint related to the spin-off. These agreements will govern the relationship between us and Verint up to and after completion of the spin-off and allocate between us and Verint various assets, liabilities, rights and obligations, including employee benefits, intellectual property, supply of designated products and tax-related assets and liabilities. We describe these arrangements in greater detail under "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions—Agreements Between Verint and Us."

Listing and Trading of Cognyte Shares

As of the date of this Form 20-F, we are a wholly owned subsidiary of Verint. Accordingly, no public market for our shares currently exists. We intend to list our shares on NASDAQ under the symbol "CGNT." We will use a specialist firm to make a market in our shares on NASDAQ to facilitate sufficient liquidity and maintain an orderly market in our shares throughout normal NASDAQ trading hours. We anticipate that trading in our shares will begin on a "when-issued" basis approximately one trading day after the record date and will continue up to and through the distribution date and that "regular-way" trading in our shares will begin on the first trading day following the distribution date. If trading begins on a "when-issued" basis, you may purchase or sell our shares up to and through the distribution date, but your transaction will not settle until after the distribution date. We cannot predict the trading prices for our shares before, on or after the distribution date.

Broadridge will act as our share registrar and transfer agent.

We currently expect that our issued shares will be held in the following forms:

- *Shares held via DTC*. Holders may hold their entitlements to our shares in book-entry form via the DTC system through custody accounts with custodian banks or brokers that are direct participants in the DTC system. Such shares will be held in the name of DTC's nominee, Cede & Co., through Broadridge. Such holders' entitlements to our shares will be recorded in their custodian banks' or brokers' records. Such holders may effect the transfer of their entitlements to our shares through their custodian banks or brokers and will receive written confirmations of any purchase or sales of our shares and any periodic account statements from such custodian banks or brokers.
- *Directly registered shares held through Broadridge.* Holders may directly hold their ownership interests in us in the form of uncertificated shares that will be registered in the names of such holders directly on the books of Broadridge. Holders will receive periodic account statements from Broadridge evidencing their holding of our shares. Through Broadridge, holders may effect transfers of our shares to others, including to banks or brokers that are participants in the DTC Direct Registration System.

Neither we nor Verint can assure you as to the trading price of Verint shares or of Cognyte shares after the spin-off, or as to whether the combined trading prices of our shares and the Verint shares after the spin-off will be less than, equal to or greater than the trading prices of Verint shares prior to the spin-off. As a result of the spin-off, Verint expects the trading prices of Verint shares at market open on February 2, 2021 to be lower than the trading prices at market close on February 1, 2021, because the trading prices will no longer reflect the value of the Cognyte Business. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to the Separation from Verint and Ownership of Cognyte Shares" for more detail.

Subject to any restrictions on the registration of shareholdings in our share register that may be included in our Articles of Association, the Cognyte shares distributed to Verint shareholders will be freely transferable, except for shares received by individuals who are our affiliates. Individuals who may be considered our affiliates after the spin-off include individuals who control, are controlled by or are under common control with us, as those terms generally are interpreted for federal securities law purposes. These individuals may include some or all of our directors and executive officers. Individuals who are our affiliates will be permitted to sell their Cognyte shares only pursuant to an effective registration statement under the Securities Act, or an exemption from the registration requirements of the Securities Act, such as those afforded by Section 4(a)(1) of the Securities Act or Rule 144 thereunder.

Conditions to the Spin-Off

We expect that the spin-off will be effective on the distribution date, provided that the following conditions shall have been satisfied or waived by Verint:

- the consummation in all material respects of the Internal Transactions;
- all corporate and other action necessary in order to execute, deliver and perform the Separation and Distribution Agreement and to consummate the transactions contemplated thereby by each of Verint and Cognyte having been obtained;
- the receipt by Verint of the Israeli Tax Ruling from the ITA providing that, for Israeli income tax purposes, the distribution and certain internal transactions, which are part of the spin-off and the separation, are tax-free to Verint shareholders, Verint and Cognyte;
- the receipt by Verint of (1) the U.S. Tax Ruling from the IRS that certain of the requirements for tax-free treatment under Section 355 of the Code will be satisfied and that Cognyte will be treated as a domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code (the U.S. Tax Ruling has been received), and (2) a written opinion of Jones Day regarding to the effect that the distribution will qualify as tax-free to Verint and to Verint shareholders under Section 355 of the Code;

- the SEC declaring this Form 20-F effective under the Exchange Act, and no stop order suspending the effectiveness of this Form 20-F being in effect and no proceedings for that purpose being pending before or threatened by the SEC;
- copies of this Form 20-F, or a notice of internet availability thereof, having been mailed to record holders of Verint shares as of the record date for the spin-off;
- the actions necessary or appropriate under U.S. federal, U.S. state or other securities laws or blue sky laws (and comparable laws under foreign jurisdictions) having been taken or made;
- the receipt of all necessary government approvals required to consummate the spin-off having been obtained;
- no order, injunction or decree issued by any governmental authority of competent jurisdiction or other legal restraint or prohibition preventing consummation of the spin-off being in effect; and
- our shares having been accepted for listing on NASDAQ (subject to official notice of issuance).

We are not aware of any material federal, foreign or state regulatory requirements with which we must comply, other than SEC rules and regulations, or any material approvals that we must obtain, other than the approval for listing of our shares and the SEC's declaration of the effectiveness of this Form 20-F, in connection with the spin-off.

Verint may waive one or more of these conditions, at the direction of the Verint Board in its sole and absolute discretion, and the determination by the Verint Board regarding the satisfaction of these conditions will be conclusive. The fulfillment of these conditions will not create any obligation on Verint's part to effect the distribution and complete the spin-off, and Verint has reserved the right to amend, modify or abandon any and all terms of the spin-off and the related transactions at any time prior to the distribution date, at the direction of the Verint Board. Verint does not intend to notify its shareholders of any modifications to the terms or the conditions to the spin-off that, in the judgment of the Verint Board, are not material. To the extent that the Verint Board determines that any such modifications materially change the terms and conditions of the spin-off, Verint will notify its shareholders in a manner reasonably calculated to inform them of such modifications with a press release, current report on Form 8-K or other similar means.

Apax Investment

On December 4, 2019, Verint announced that Valor Parent LP (the "Apax Investor"), an affiliate of Apax Partners L.P., would make an investment in Verint in an amount of up to $400.0 million. Under the terms of the Investment Agreement, dated as of December 4, 2019, the Apax Investor initially purchased $200.0 million of Verint's Series A Convertible Perpetual Preferred Stock, par value $0.001 per share (the "Series A Preferred Stock"), which purchase closed on May 7, 2020, with an initial conversion price of $53.50. The initial conversion price represented a conversion premium of 17.1% over the volume-weighted average price per share of Verint's common stock over the 45 consecutive trading days immediately prior to the signing date of the Investment Agreement. The Series A Preferred Stock will not participate in the spin-off. Instead, the conversion price will be adjusted based on the ratio of the trading prices of Verint and Cognyte over a short period following the spin-off, subject to a collar. Shortly following the spin-off, the Apax Investor will purchase, subject to certain conditions, up to $200.0 million of Verint's Series B Convertible Perpetual Preferred Stock, par value $0.001 per share (the "Series B Preferred Stock"). The Series B Preferred Stock will be convertible at a conversion price that is 100% of the average of the volume-weighted average price per share of Verint's common stock for the 20 consecutive trading days immediately following the consummation of the spin-off, subject to a collar on the minimum and maximum enterprise value of Verint following consummation of the spin-off. While the consummation of the spin-off is a condition to the Apax Investor's obligation to purchase the Series B Preferred Stock, the completion of the Apax Investor's investment in the Series B Preferred Stock is not a condition to consummation of the spin-off. Because the Series A Preferred Stock will not participate in the spin-off and because the Series B Preferred Stock would be issued by Verint to the Apax Investor only following the spin-off, in no event will the Apax Investor have an investment in Cognyte as a result of its preferred stock investment in Verint.

Material U.S. Federal Income Tax Consequences of the Spin-Off

The following is a general summary of the United States federal income tax consequences of receipt of our shares and is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Form 20-F. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of our shares. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of our shares, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as of the date of this Form 20-F, and of any actual changes in applicable tax laws after such date.

Verint has obtained an IRS private letter ruling that certain of the requirements for tax-free treatment under Section 355 of the Code will be satisfied. However, the U.S. Tax Ruling may not be relied on if the facts or representations made by Verint about Verint's and our business and other matters are incorrect or not otherwise satisfied. Although the U.S. Tax Ruling will be generally binding on the IRS, the continuing validity of the U.S. Tax Ruling is subject to the continuing validity of the facts and representations made in the ruling request.

If the distribution were determined not to qualify for the treatment described in the U.S. Tax Ruling or the Tax Opinion, or if any conditions in the U.S. Tax Ruling or Tax Opinion are not observed, then Verint and its shareholders could suffer adverse tax consequences and, under certain circumstances, we could have an indemnification obligation to Verint with respect to some or all of the resulting tax to Verint under the Tax Matters Agreement we intend to enter into with Verint, as described in "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions—Agreements Between Verint and Us—Tax Matters Agreement."

For a more detailed description of the U.S. federal income tax consequences, please see "Item 10. Additional Information—10.E. Taxation—Material U.S. Federal Income Tax Considerations."

Material Israeli Tax Consequences of the Spin-Off

The following is a general discussion of certain Israeli tax consequences of the spin-off, and, specifically, the distribution, to our shareholders. This discussion is included for general informational purposes only, does not purport to be complete, and does not constitute and is not a tax opinion or tax advice to any particular shareholder. Verint has received the Israeli Tax Ruling from the ITA as to the Israeli income tax consequences of the spin-off and portions of the Internal Transactions. The following discussion is based on the Israeli Tax Ordinance, regulations promulgated under the Israeli Tax Ordinance, and interpretations of such authorities by the Israeli courts and the ITA, all as they exist as of the date of this Form 20-F and all of which are subject to change, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this discussion. Further, this discussion does not purport to consider all aspects of Israeli income taxation that may be relevant to our shareholders in light of their particular circumstances, nor does it apply to shareholders subject to special treatment under the Israeli income tax laws or specific rulings obtained from the ITA.

Treatment of the Spin-Off for Israeli Tax Purposes

As a consequence of the spin-off, under the Israeli Tax Ordinance and the Israeli Tax Ruling, certain registered shareholders may be subject to restriction on their ability to sell their Verint and Cognyte shares for a period of two years following the separation. This limitation is not applicable to shareholders whose shares are held through financial institutions (including holders of more than 5% of Verint and Cognyte issued capital, on whose behalf, Cognyte has to file a declaration with the ITA stating, inter alia, that each such holder holds the shares as financial investments), nor to holders of less than 5% of Verint and Cognyte issued capital. If this restriction is breached, certain transactions consummated in connection with the spin-off and as part of the separation may

become taxable under Israeli law and could result in detrimental tax consequences for Verint and companies involved in the separation.

The distribution will be tax-free to Verint under the exemption on capital gains specified in section 97(b3) of the Israeli Tax Ordinance. Under the Israeli Tax Ruling, the distribution will generally not be taxable to Verint shareholders.

Shareholders of Verint will be treated under Israeli tax laws as having received a distribution, which, depending on Verint's distributable profits as determined under Israeli law, will be classified as a dividend or return of capital, and will receive capital gains treatment to the extent the value of our shares at distribution exceeds the original price at which the shareholder purchased a Verint share. Dividends distributed by a non-Israeli company are generally taxable under Israeli law only if received by an Israeli resident. Capital gain is subject to tax in Israel (i) for an Israeli resident regardless of the residency of the distributing company; and (ii) for a non-Israeli shareholder if the shares are of an Israeli company or a non-Israeli company which is mostly, directly or indirectly, the holder of the rights to assets situated in Israel. However, such a non-Israeli shareholder may be exempt from tax if the shares in the distributing company were purchased after January 1, 2009, the gain is not attributed to a permanent establishment in Israel, the shares were not purchased from a "relative" or were purchased as part of a tax-free reorganization and if some other conditions stipulated under law are fulfilled. A non-Israeli corporation will not be entitled to the foregoing exemption from capital gains tax if Israeli residents (i) have a controlling interest of more than 25% in such non-Israeli corporation, or (ii) are the beneficiaries of or are entitled to 25% or more of the revenues or profits of such non-Israeli corporation, whether directly or indirectly. In addition, non-Israeli shareholders may be exempt from tax in Israel based on the double tax treaty between Israel and their country of residence, subject to the provisions of that treaty. The Israeli Tax Ruling confirms that the distribution will generally not be taxable on the distribution.

For the treatment of capital gains under Israeli tax law, please see "Item 10. Additional Information—10.E Taxation—Material Israeli Tax Considerations."

Reasons for Furnishing this Form 20-F

We are furnishing this Form 20-F solely to provide information to Verint shareholders who will receive our shares in the spin-off. You should not construe this Form 20-F as an inducement or encouragement to buy, hold or sell any of our securities or any securities of Verint. We believe that the information contained in this Form 20-F is accurate as of the date set forth on the cover. Changes to the information contained in this Form 20-F may occur after that date, and neither we nor Verint undertakes any obligation to update the information except in the normal course of our respective public disclosure obligations and practices.

4.B. BUSINESS OVERVIEW

Overview

Cognyte is a global leader in security analytics software that empowers governments and enterprises with Actionable Intelligence for a safer world. Our open software fuses, analyzes and visualizes disparate data sets at scale to help security organizations find the needles in the haystacks. Over 1,000 government and enterprise customers in more than 100 countries rely on Cognyte's solutions to accelerate security investigations and connect the dots to successfully identify, neutralize, and prevent national security, personal safety, business continuity and cyber threats. Our government customers consist of governments around the world, including national, regional, and local government agencies. Our enterprise customers consist of commercial customers and physical security customers.

Market Trends

We believe that the following trends are driving demand for our security analytics software:

- ***Security Threats are Becoming More Difficult to Detect and Mitigate.*** Governments and enterprise security organizations face a variety of security challenges, including threats from well-organized and well-funded entities. These threats are becoming increasingly more difficult to detect as bad actors take advantage of the latest technologies to avoid detection and mitigation. Rapid threat detection and quick mitigation are critical to security organizations. Advanced security analytics software can help security organizations find the needles in the haystacks to quickly and effectively address highly sophisticated security attacks. As a result, market demand for such advanced software is on the rise.
- ***Data is Growing Rapidly and is Highly Fragmented Across Organizations Making it Harder to Connect the Dots.*** The growing volume, types and complexity of structured and unstructured data requires new methods and more skilled resources to generate actionable insights quickly. In addition, in many organizations, data is fragmented and spread across organizational silos. Organizations are increasingly seeking holistic analytics solutions that can fuse data from many sources and connect the dots to extract valuable insights.
- ***Security Organizations Increasingly Adopt Open Software.*** Many security organizations have built proprietary solutions with the help of integrators and internal resources. Such solutions present significant limitations in terms of keeping pace with the rapid evolution of technology. More and more, security organizations are looking to deploy open software that can be easily integrated into their environments and frequently updated with the latest analytics and artificial intelligence technologies.

Our Strategy

We believe our technology and domain expertise position us to capitalize on the demand for security analytics software and our strategy is to:

- ***Empower Organizations with an Analytics Platform and Solutions to Address Ever-Growing Security Challenges.*** Our two decades of security software market leadership and experienced serving over 1,000 organizations in more than 100 countries, enable us to bring unique know-how and expertise to the development of our security analytics platform and solutions. Today, our analytics platform addresses numerous security challenges for government and enterprise security organizations. Our strategy is to enhance our Artificial Intelligence and analytics engines and empower our customers with Actionable Intelligence to address existing and evolving security challenges.
- ***Increase Adoption by Customers and Partners Through an Open Software Platform.*** Our open software strategy enables our customers to benefit from rapid technology updates and faster responses to changing needs and evolving technologies. We will continue to encourage our customers and partners to leverage our open software platform and provide them frequent updates with the latest innovative analytical technologies to drive broader adoption of our platform and solutions.
- ***Expand Our Footprint Across Government Organizations.*** Our leadership position in security analytics and our ability to address a wide range of security challenges provides us the opportunity to

grow the footprint of our solutions with both our existing and new government customers. Many government customers have built proprietary systems. Our strategy is to augment or replace such systems with our analytics platform providing customers more agile response to evolving security challenges.

- ***Leverage our Success in the Government Market to Expand our Presence Over Time in the Enterprise Market.*** We see the opportunity to further leverage our technology for enterprise security customers by expanding our sales and marketing efforts over time to drive broader enterprise adoption of our security analytics software.

Our Solutions

Governments and enterprise customers are responsible for addressing a broad range of security challenges such as crime, terror, cyber-attacks, financial crime and other threats. They seek security analytics software to transform their security operations and drive more strategic outcomes.

Our broad security analytics software portfolio is designed to help customers find the needles in the haystacks, accelerate the investigative process, and successfully identify, neutralize, and prevent terror, crime and cyber threats.

End-users for our solutions include data analysts, investigation managers, SOC operators and field unit teams. Our solutions provide them with a rich set of analytics engines, AI models, workflows, and visualization tools to address specific security challenges.

Our solutions span across three categories. Each category addresses specific security challenges with common characteristics, as follows:

Investigative Analytics

Security investigations can vary in length from several days to several years. Some investigations end without resolution due to lack of sufficient insight. More complex security investigations can also be very expensive and labor intensive as they involve data collection from many different sources and a challenging process of connecting the dots to reach quick conclusions and prevent security threats.

The stakes are high. An inability to conduct effective and timely security investigations can result in attacks that cost lives and cause significant damage and disruption to the public. Therefore, case officers, security analysts and investigative teams are constantly looking for solutions that help them shorten the investigative cycle and drive a higher percentage of conclusive outcomes.

The Cognyte investigative analytics solutions are designed to empower investigative teams with Actionable Intelligence by providing:

- the ability to effectively fuse massive amounts of data from many different sources;
- tools to analyze data through predictive and behavioral analytics and rapidly transform data into critical insights; and
- workflows to uncover vital leads and drive collaboration across investigative teams to accelerate investigations and reach faster conclusions and resolutions.

Operational Intelligence Analytics

Field security units are responsible for carrying out operational security missions and it is vital for them to receive real-time or ‘near real-time’ insights to ensure successful completion of missions. Events on the ground can change rapidly during operation and the field team’s ability to quickly adapt and respond is mission critical.

The Cognyte operational intelligence analytics solutions are designed to empower field security teams with Actionable Intelligence by providing:

- real-time or near real-time insights delivered to users through mobile devices;
- visualization tools that bring intuitive insights to the field teams; and
- the ability to adjust analytics parameters based on changing circumstances to support events on the ground.

Threat Intelligence Analytics

SOCs are used by government and enterprise organizations to detect security threats and effectively manage responses. SOC personnel are responsible for a variety of security tasks including cyber-attack mitigation, employee safety and operations continuity.

The Cognyte threat intelligence analytics solutions are designed to empower SOC teams with Actionable Intelligence by providing:

- the ability to fuse data from a variety of data sources systems and devices and provide real time situational intelligence;
- tools to analyze events, recognize anomalies, visualize insights, and drive a real time response; and
- visualization and workflows that can drive action and support collaboration across security teams responding to cyber incidents.

Our Technology

The Cognyte analytics platform is designed around an open, modular and scalable architecture to enable customers to address a broad range of security threats with fast detection and quick mitigation.

- Our platform powers our entire solution portfolio: Investigative Analytics, Operational Intelligence Analytics, and Threat Intelligence Analytics.
- Our platform easily integrates with customer data sources to enable holistic fusion of data and insights.
- Our platform easily integrates with third-party solutions to expand a customer's ecosystem.
- Our platform enables system integrators who are developing customized software and applying data science.

The platform is designed to support security users, including data analysts, investigation managers, SOC operators, as well as operational field teams. Visualization and workflows enable non-technical users to easily operate within our platform. It also enables skilled security analysts and data scientists to perform advanced data investigation by developing and implementing their own algorithms and data models for specific analytical tasks.

The Cognyte analytics platform is comprised of five key components:

- ***Data Analytics Engines.*** A diverse toolbox of engines for data analysts to develop and perform analytical investigations such as data modeling tools, and statistical analysis tools.
- ***Artificial Intelligence and Machine Learning Models.*** AI models to execute automated machine learning algorithms and to find new patterns in massive amounts of data. Also offers the flexibility to develop customer specific machine learning ("ML") models using the platform's AI/ML framework, which can then be tuned based on the aggregated data.
- ***Workflows.*** Workflows using an integrated set of graphical tools using a drag-and-drop interface with no customizations required. Flexible workflows are configurable to a customer's specific processes and procedures.

- ***Governance.*** Governance functionality to monitor and manage data availability, security, usability, and integrity. Leverages advanced technology to control privacy, audit, monitoring, and access control.
- ***Visualization.*** An advanced visualization toolbox to enable users to effectively filter and display either mass data or a single thread of information.

Our Customers

We sell our security analytics software to both government and enterprise customers around the world across more than 100 countries.

Our government customers are addressing a broad range of security challenges in their country and utilize the full breadth of our portfolio to accelerate investigations and identify, neutralize and prevent national security threats.

We typically serve multiple organizations within a country and currently serve more than 400 government customers around the world. In many cases, we serve multiple agencies or departments underlying a single governmental organization, each of which may be purchasing and using the same solutions or different solutions from our portfolio.

Our enterprise customers primarily utilize our Threat Intelligence Analytics to improve the efficiency and effectiveness of their security operations. We have more than 600 enterprise customers around the world.

For the year ended January 31, 2020, approximately 83% of our business was generated from contracts with government customers and 17% with various enterprises customers. Our customers typically do not allow us and other vendors to disclose our relationship with them and to discuss publicly the nature of the solutions they purchased. In the security market, confidentiality is critical and as a trusted partner we make it a priority to comply with our customers' confidentiality requirements.

Market Opportunity

We estimated the total addressable market ("TAM") for our analytical security software to be approximately $30 billion and its growth to be 10% per year. Approximately half of the TAM is derived from the government sector and the other half is derived from the enterprise sector.

We estimated our TAM in the government sector using spending figures published by the International Monetary Fund for the U.S. and international governments for functions relevant to security analytics software. We applied percentages to the spending figures ranging from 2% to 5% to represent the portion spent on information technology, and then applied another factor for what we estimate is addressable by our use cases. Similarly, we estimated our TAM in the enterprise sector using certain categories from IDC's Big Data Analytics Spending Guide Forecast (August 2020) and Worldwide Security Spending Guide Forecast (July 2020) and applied percentages to each category to reflect what we estimate is addressable by our use cases.

Sales

We sell globally and organize our sales force in regional teams across territories. Each regional team is responsible for both direct sales and the partner network in that territory, including sales to existing customers and adding new customers. In the years ended January 31, 2020 and January 31, 2019, respectively, we derived approximately 21%, 45%, and 34% and 25%, 37%, and 38% of our revenue from sales to end users located in the Americas, EMEA and in the Asia-Pacific ("APAC") regions, respectively.

Winning large contracts often requires a longer, high-touch sales process that may include responding to a Request for Proposal and/or delivering a Proof of Concept. We believe that our ability to demonstrate to customers the value that can be created with our differentiated solutions is critical to winning large contracts.

The majority of our orders are generated from existing customers expanding their usage of Cognyte solutions they have already deployed or the purchase of new solutions from our portfolio to be deployed in other areas of their security operations. Revenue recognized from existing customers was approximately 90% for each of the years ended January 31, 2020 and 2019 with the remainder of our revenue attributable to new customers. Our sales force provides customers with regular updates on new solutions and assists them in evaluating the benefits of such solutions to address security challenges. In many cases, a new order from an existing customer will include both an expansion as well as the addition of new solutions.

Typically, initial orders from new customers are smaller, and over time, as the customer develops trust in our partnership, they expand with larger follow-on orders.

Due to the unique nature of the terms and conditions associated with government contracts generally, our government contracts may be subject to renegotiation or termination at the discretion of a government customer under certain conditions. Some of our government customers require us to have security credentials or engage an integrator or other customer approved legal entity. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Operations" for a more detailed discussion of certain sales and distribution risks that we face.

Services

Our services include customer support, professional services and integration services.

Customer Support

Our solutions are generally sold with a customer support plan to help customers ensure the on-going, successful use of our mission-critical solutions in their environment. We offer a broad range of customer support plans with varying prices. We also offer support plans to partners where they are responsible for providing support to end users.

Professional Services

Our solutions can be implemented by our professional service organizations, by our certified partners, or by a customer's own personnel who have been trained on our solutions.

Our professional services also include user training programs to enable customers to use our solutions effectively and to maximize their value. Customer and partner training are provided at the customer site, at our training centers around the world, and/or remotely online.

Integration Services

In some cases, we deliver system integration services to integrate our solution with the customer's environment, software customization, and the purchase and deployment of third-party hardware components.

We also certify system integrator partners to enable them to sell or deliver system integration services. This provides customers with more choices and is consistent with our open solution strategy.

Seasonality

Our quarterly operating results have been, and are likely to continue to be, influenced by seasonal fluctuations due to certain purchasing patterns of some of our customers. In most years, our revenue and operating income are typically highest in the fourth quarter. Moreover, revenue and operating income in the first quarter of a new year may be lower than in the fourth quarter of the preceding year, in some years, potentially by a significant margin.

In addition, we generally receive a higher volume of orders in the last month of a quarter, with orders concentrated in the latter part of that month. While seasonal factors such as these are common in the software industry, this pattern should not be considered a reliable indicator of our future revenue or financial performance. Many other factors, including general economic conditions, also have an impact on our business and financial results. See "Item 3. Key Information—3.D. Risk Factors" for a more detailed discussion of factors which may affect our business and financial results.

Research and Development

To support our innovation, we make significant investments in R&D every year. We allocate our R&D resources in response to rapidly evolving technological and customer requirements. We believe our broad base of longstanding customers relationships provide us with valuable insights into our customers' need and allow us to focus our R&D efforts accordingly.

Our development team includes highly qualified software engineers, product managers, data scientists, and architects. In the year ended January 31, 2020 we employed approximately 1,100 people in product and R&D roles globally, primarily in Israel, Cyprus, Brazil, Bulgaria, and Romania.

Our approach to R&D focuses on technological breakthroughs, as well as incrementally enhancing the functionality of our existing solutions and providing customers with frequent software updates.

The majority of our products are developed internally. In some cases, we also acquire or license technologies, products, and applications from third parties based on timing and cost considerations. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Operations."

We have derived benefits from participation in certain government-sponsored programs, including those of the Innovation Authority, formerly the Office of the Chief Scientist of the Ministry of Economy of the State of Israel, and in other jurisdictions for the support of R&D activities conducted in those locations. The Israeli law under which our Innovation Authority grants are made limits our ability to manufacture products, or transfer technologies, developed using these grants outside of Israel without permission from the Innovation Authority.

Key Corporate Functions

In connection with the spin-off, we will create stand-alone corporate and support functions for our business and operations. Key corporate functions are expected to include tax, treasury, accounting, internal audit, investor relations, human resources, communications, legal and corporate governance, information technology, facilities, and administrative support services.

For a period of twelve months beginning on the date of the distribution (with an option to extend for up to an additional twelve months by mutual written agreement of the parties), Verint will continue to provide and/or make available various administrative services and assets to us pursuant to the Transition Services Agreement. Services to be provided by Verint to us will include services related to finance, accounting, business technology, human resources information systems, human resources, legal, corporate governance, facilities, document management and record retention, relationship management and technical and quality support. We will also provide certain services in these areas to Verint under the Transition Services Agreement. Fees payable by the parties under the agreement are intended to reimburse the service provider for its direct and indirect costs incurred in providing the services, plus a customary markup.

Intellectual Property Rights

General

Our success depends to a significant degree on the legal protection of our software and other proprietary technology. We rely on a combination of patent, trade secret, copyright, and trademark laws, and confidentiality and non-disclosure agreements with employees and third parties to establish and protect our proprietary rights.

Patents

As of the distribution date, we will have over 400 patents and patent applications worldwide. We regularly review new areas of technology related to our businesses to determine whether they can and should be patented.

Licenses

Our customer and partner license agreements prohibit the unauthorized use, copying, and disclosure of our software technology and contain customer restrictions and confidentiality terms. These agreements generally warrant that the software and proprietary hardware will materially comply with written documentation and assert that we own or have sufficient rights in the software we distribute and have not violated the intellectual property rights of others.

We license our products in a format that does not permit users to change the software code. See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Operations” for more detail.

Trademarks and Service Marks

We use registrations to protect many of the trademarks used in our business. We also claim common law protections for other marks we use in our business. Competitors and other companies could adopt similar marks or try to prevent us from using our marks, consequently impeding our ability to build brand identity and possibly leading to customer confusion.

See “Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Operations” in this Form 20-F for a more detailed discussion regarding the risks associated with the protection of our intellectual property.

Competition

There are many data analytics software vendors that offer horizontal solutions and tools across many industries, including in the security analytics market. We also face competition from many point solutions vendors addressing only one or few specific security challenges. In addition, our competition includes system integrators that assemble technology components from multiple vendors, as well as the internal IT departments of our customer organizations developing special purpose solutions.

We believe that our deep security domain expertise and our ability to effectively address a broad range of complex security challenges differentiates us from horizontal analytics vendors, such as Palantir and IBM Watson, and from point solution vendors such as FireEye.

When facing competition from our customers’ own IT departments, we differentiate our solutions based on deep domain expertise, successful track record in operational deployments and our significant R&D investment over many years. In some cases, customers are looking for specific customizations and the open and modular nature of our solutions enables the customer (or their system integrator of choice) to add such customizations to our solutions.

Over the years we have established a unique security analytics expertise and a strong brand reputation which has enabled us to expand within our existing customer base and win competitive deals with new customers.

In addition, consolidation is common in our markets and has in the past and may in the future improve the position of our competitors. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Operations" for a more detailed discussion of the competitive risks we face.

Government Regulations

Export Regulations

We and our subsidiaries are subject to applicable export control regulations in countries from which we export goods and services. These controls may apply by virtue of the country in which the products are located or by virtue of the origin of the content contained in the products. If the controls of a particular country apply, the level of control generally depends on the nature of the goods and services in question. Where controls apply, the export of our products generally requires an export license or authorization or that the transaction qualify for a license exception or the equivalent, and may also be subject to corresponding reporting requirements.

Israel's defense export policy regulates the sale of many of the systems and products that we develop in Israel. Current Israeli policy encourages exports to approved customers of defense systems and products such as ours, as long as the export is consistent with Israeli government policy. Subject to certain exemptions, a license is required to initiate marketing activities for such systems and products. We also must receive a specific export license for defense related hardware, software, services and know-how exported from Israel. Israeli law also regulates export of "dual use" items (items that are typically sold in the commercial market but that also may be used in the defense market), typically to a lesser extent than defense-related items.

Countries in the European Union, such as Cyprus, Germany, Bulgaria and Romania, as well as the United Kingdom and Brazil, in which our foreign subsidiaries operate, impose similar export controls on our systems and products. The controls relate to the defense-related and "dual use" nature of our systems and products, and require that we obtain specific permits and/or licenses in order to import or export our systems and products to or from those jurisdictions.

Israeli Security-Related Regulations and Requirements

The Israeli Defense Entities Law (Protection of Defense Interests)—2006 provides for certain restrictions on the operations of, investments in, or transfers of control of any entity that is determined to be an Israeli "defense entity" under the terms of the law. Designation as a "defense entity" may potentially occur through an order that may be issued jointly by the Israeli Prime Minister, Defense Minister and Economy Minister. No such order has been issued for Cognyte nor are we aware that any is planned, however, based on the nature of our business, such an order could be issued in the future.

An order relating to a defense entity may, among other matters: (1) impose restrictions on the ability of non-Israelis to hold "means of control" or to be able to "substantially influence" defense entities; (2) require that senior officers of defense entities have appropriate Israeli security clearances; (3) require that a defense entity's headquarters be located in Israel; and/or (4) require that a defense entity's entry into international joint ventures and transfer of certain technology receive the approval of the Israeli Ministry of Defense. In the case of a publicly traded company like us, such an order may also include a requirement that Israeli government approval will be required for acquisition by any person of a certain level of ownership of the voting securities that provide a "means of control" of the company.

On October 30, 2019, the Israeli cabinet decided to establish a committee that will oversee foreign investments in Israel. At this stage there is no indication whether this committee will impose any restrictions or conditions and/or the nature of any such restrictions or conditions on Cognyte.

In light of the nature of our solutions and customers (some of which are security government agencies), there are also various other Israeli security classification and data protection measures that are applicable to us and our global operations under relevant legislation or contractual obligations.

Israeli Tax Considerations and Government Programs

Tax regulations also have a material impact on our business and results of operations, particularly in Israel where we are organized and have our headquarters. The following is a summary of certain aspects of the current tax structure applicable to companies in Israel, with special reference to its effect on us (and our operations, in particular). The following also contains a discussion of the Israeli government programs benefiting us. To the extent that the discussion is based on new tax legislation that has not been subject to judicial or administrative interpretation, we cannot assure you that the tax authorities or the courts will accept the views expressed in this discussion. This discussion does not address all of the Israeli tax provisions that may be relevant to our company. For a discussion of the Israeli tax consequences related to the ownership of our capital stock, please see "Item 10. Additional Information—10.E. Taxation—Material Israeli Tax Considerations.

Corporate Tax in Israel—General

Israeli resident companies are generally subject to corporate tax on their taxable income at the rate of 23%. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise, Beneficial Enterprise or a Preferred Technology Enterprise (as discussed below) may be considerably lower. Capital gains derived by an Israeli resident company are subject to tax at the ordinary corporate tax rate.

A company's income that is attributed to its Beneficial Enterprise is subject to a lower tax rate. These tax benefits are available to us provided that we meet various conditions. These tax benefits may be terminated or reduced in the future, which could increase our costs and taxes. In 2018, Verint obtained a ruling from the ITA providing that the Cognyte Business, subject to certain conditions, shall continue benefiting from the tax benefits applicable to the Beneficial Enterprise.

Law for the Encouragement of Industry (Taxes), 1969

The Law for the Encouragement of Industry (Taxes), 1969 (the "Industry Encouragement Law"), provides certain tax benefits for an "Industrial Company." The Industry Encouragement Law defines an "Industrial Company" as an Israeli resident company incorporated in Israel, of which 90% or more of its income in any tax year, other than income from certain government loans, is derived from an "Industrial Enterprise" owned by it and located in Israel or in the "Area," in accordance with the definition in the Section 3a of the Israeli Tax Ordinance. An "Industrial Enterprise" is defined as an enterprise which is held by an Industrial Company whose principal activity in any given tax year is industrial production.

Some of tax benefits available to Industrial Companies include:

- amortization over an eight-year period of the cost of patents and rights to use a patent and know-how that were purchased in good faith and are used for the development or advancement of the Industrial Enterprise, commencing from the tax year in which the Industrial Enterprise began to use them;
- under certain conditions, the right to elect to file consolidated tax returns with Israeli Industrial Companies controlled by it; and
- expenses related to a public offering are deductible in equal amounts over three years commencing in the year of a company's initial public offering.

Tax Benefits under the Law for the Encouragement of Capital Investments, 1959

The Investment Law provides certain incentives for capital investments in production facilities (or other eligible assets). Pursuant to the 2005 Amendment, tax benefits granted in accordance with the provisions of the Investment Law prior to its revision by the 2005 Amendment remain in force, but any benefits granted subsequently are subject to the provisions of the amended Investment Law. Similarly, the 2011 Amendment introduced new benefits to replace those granted in accordance with the provisions of the Investment Law in

effect prior to the 2011 Amendment. However, companies entitled to benefits under the Investment Law as in effect prior to January 1, 2011 were entitled to choose to continue to enjoy such benefits, provided that certain conditions are met, or elect instead, irrevocably, to forego such benefits and have the benefits of the 2011 Amendment apply. The 2017 Amendment introduced new benefits for Technological Enterprises (as defined in the 2017 Amendment), alongside the existing tax benefits.

Tax Benefits Subsequent to the 2005 Amendment

The 2005 Amendment applies to new investment programs and investment programs commencing after 2004. We do not have investment programs preceding the 2005 Amendment. In order to receive the tax benefits, the 2005 Amendment states that a company must make an investment which meets all of the conditions, including exceeding a minimum investment amount specified in the Investment Law. Such investment allows a company to receive "Beneficial Enterprise" status, and may be made over a period of no more than three years from the end of the year in which the company requested to have the tax benefits apply to its Beneficial Enterprise. Where the company requests to apply the tax benefits to an expansion of existing facilities, only the expansion will be considered to be a Beneficial Enterprise and the company's effective tax rate will be the weighted average of the applicable rates. In that case, the minimum investment required in order to qualify as a Beneficial Enterprise is required to exceed a certain percentage of the value of the company's production assets before the expansion.

The extent of the tax benefits available under the 2005 Amendment to qualifying income of a Beneficial Enterprise depend on, among other things, the geographic location in Israel of the Beneficial Enterprise. The location will also determine the period for which tax benefits are available. Such tax benefits include an exemption from corporate tax on income that is not distributed to the shareholders as a dividend for a period of between two to ten years, depending on the geographic location of the Beneficial Enterprise in Israel, and a reduced corporate tax rate of between 10% to 25% for the remainder of the benefits period, depending on the percentage of non-Israeli ownership and investment in the company each year. A company qualifying for tax benefits under the 2005 Amendment that pays a dividend out of income derived by its Beneficial Enterprise during the tax exemption period will be subject to corporate tax in respect of the gross amount of the dividend at the otherwise applicable rate of 25%, or a lower rate depending of the percentage of non-Israeli shareholding. Dividends paid out of income attributed to a Beneficial Enterprise are generally subject to withholding tax at source at the rate of 15% or such lower rate as may be provided in an applicable tax treaty (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate).

The benefits available to a Beneficial Enterprise are subject to the fulfillment of conditions stipulated in the Investment Law and its regulations. If a company does not meet those conditions, it may be required to refund the amount of tax benefits, as adjusted by the Israeli consumer price index, and interest, or other monetary penalties.

The benefit period begins in the year in which taxable income is first earned, limited to 12 years from the "Year of Election."

Tax Benefits under the 2011 Amendment

The 2011 Amendment introduced new tax benefits for income generated by a "Preferred Company" through its "Preferred Enterprise" (as such terms are defined in the Investment Law) as of January 1, 2011. The definition of a Preferred Company includes a company incorporated in Israel that is not fully owned by a governmental entity, and that has, among other things, Preferred Enterprise status and is controlled and managed from Israel.

A Preferred Company is entitled to a reduced corporate tax rate with respect to the income attributed to the Preferred Enterprise, at the following rates:

Tax Year	Development Region "A"	Other Areas within Israel
2011-2012	10%	15%
2013	7%	12.5%
2014-2016	9%	16%
2017 onwards(1)	7.5%	16%

(1) In December 2016, the Israeli Parliament (the Knesset) approved an amendment to the Investment Law pursuant to which the tax rate applicable to Preferred Enterprises in Development Region "A" would be reduced to 7.5% as of January 1, 2017.

The classification of income generated from the provision of usage rights in know-how or software that was developed in the Preferred Enterprise, as well as royalty income received with respect to such usage, as Preferred Enterprise income is subject to the issuance of a pre-ruling from the ITA that stipulates that such income is associated with the productive activity of the Preferred Enterprise in Israel.

Dividends distributed from income which is attributed to a "Preferred Enterprise" will be subject to withholding tax at source at the following rates: (i) Israeli resident corporations will be subject to a rate of 0%, (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, withholding tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate)); (ii) Israeli resident individuals will be subject to a rate of 20%; and (iii) non-Israeli residents (individuals and corporations) will be subject to a rate of 20%, subject to a reduced tax rate under the provisions of an applicable double tax treaty (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate).

New Tax Benefits under the 2017 Amendment that Became Effective on January 1, 2017

The 2017 Amendment provides, inter alia, new tax benefits for "Technology Enterprises," as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a "Preferred Technology Enterprise" and will thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "Preferred Technology Income," as defined in the Investment Law. In addition, a Preferred Technology Company will enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "Benefitted Intangible Assets" (as defined in the Investment Law) to a related foreign company if the Benefitted Intangible Assets were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the Innovation Authority.

Dividends distributed by a Preferred Technology Enterprise, paid out of Preferred Technology Income, are subject to withholding tax at source at the rate of 20%, and if non-Israeli ownership is at least 90% then the withholding tax rate on dividends distributed to a foreign company will be 4%. These rates also apply under certain circumstances in case Cognyte distributes dividends sourced to the Preferred Technological Income of a subsidiary of its which is a Preferred Technological Enterprise.

4.C. ORGANIZATIONAL STRUCTURE

Organizational Structure

We are currently a wholly owned subsidiary of Verint. Following the spin-off, we will be a separate, stand-alone company independent of Verint. Verint will not retain any ownership interest in us. See "—4.B. Business Overview" for additional information.

Significant Subsidiaries

Below is a list of subsidiaries that will have total assets exceeding 10% of our combined assets, or sales and operating revenues in excess of 10% of our combined sales, immediately following the spin-off:

Name	Country of Incorporation	% of Equity Interest
Syborg Informationsysteme b.h. OHG	Germany	100
Cognyte Software LP (formerly Verint Security Intelligence Inc.)	Delaware, USA	100
Cognyte Technologies Israel Ltd. (formerly Verint Systems Limited)	Israel	100

4.D. PROPERTY, PLANTS AND EQUIPMENT

Our corporate headquarters is located in Israel. The principal office for our international operations, which is also our registered office, is located in Israel.

We believe that our current manufacturing and production facilities have adequate capacity for our medium-term needs. To ensure that we have sufficient manufacturing capacity to meet future production needs, we regularly review the capacity and utilization of our manufacturing facilities.

Major Facilities

The following table sets forth our most significant facilities:

Location	Size of Site (in square feet)	Held	Lease Term	Major Activity
Herzliya, Israel	166,717	Leased	2025	Administrative, research and development, sales, marketing and support services
Florianopolis, Brazil	21,640	Leased	2024	Research and development, sales and support services
Borovo, Bulgaria	21,943	Leased	2024	Research and development
Limassol, Cyprus	41,582	Leased	2021	Research and development and support services
Bucharest, Romania	11,808	Leased	2024	Research and development

We believe that we have satisfactory title to our plants and facilities in accordance with standards generally accepted in our industry. We believe that all of our production facilities are in good operating condition. As of July 31, 2020, the combined net book value of our property, plant and equipment was $42.1 million.

4.E. UNRESOLVED STAFF COMMENTS

Not Applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5.A. OPERATING RESULTS

This operating and financial review should be read together with the section captioned "Selected Financial Data," "Item 4, Information on the Company —4.B. Business Overview" and the combined financial statements of the Cognyte Business and the related notes to those statements included elsewhere in this Form 20-F. Among other things, those financial statements include more detailed information regarding the basis of preparation for the following information. The combined financial statements of the Cognyte Business have been prepared in accordance with GAAP. This discussion contains forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under "Risk Factors" and elsewhere in this Form 20-F, our actual results may differ materially from those anticipated in these forward-looking statements. Please see "Special Note About Forward-Looking Statements" in this Form 20-F.

Proposed Separation from Verint

On December 4, 2019, Verint announced plans to separate into two independent companies: Cognyte Software Ltd., which will consist of its Cyber Intelligence Solutions business, and Verint Systems Inc., which will consist of its Customer Engagement Business. To implement the separation, pursuant to the Separation and Distribution Agreement that Verint will enter into with us prior to the spin-off and as part of the Internal Transactions, Verint will first transfer the Canadian portion of its Cyber Intelligence Solutions business to us and will enter into a binding agreement to transfer the remainder of its Cyber Intelligence Solutions business to us, will subsequently distribute all of our shares held by Verint to Verint shareholders, pro rata to their respective holdings, and immediately thereafter Verint will transfer the remainder of its Cyber Intelligence Solutions business to us pursuant to the binding commitment. The distribution is intended to be tax-free to Verint shareholders, Verint and Cognyte for U.S. federal and Israeli income tax purposes. The distribution and certain internal transactions, which are part of the spin-off and the separation, are generally tax-free to Verint shareholders, Verint and Cognyte for Israeli income tax purposes under the Israeli Tax Ruling. Certain other internal transactions not covered by the Israeli Tax Ruling should also not result in any tax liabilities in Israel.

In connection with the spin-off and concurrently with the distribution, we and Verint will also enter into the Ancillary Agreements that will govern relationships between us and Verint following the distribution.

We believe the two independent, publicly traded companies will both benefit from the separation and be well-positioned to pursue their own strategies, drive opportunities to accelerate growth and extend their market leadership. The separation will make it easier for investors to evaluate and make independent investment decisions in each business. We believe that both our businesses are leaders in their respective markets and the separation will enable them to achieve better performance over the long term as a result of several factors, including having:

- separate boards with further differentiated skillsets to support tailored strategic plans;
- enhanced strategic and management focus;
- more efficient allocation of capital tailored to the unique characteristics of each business;
- direct access to capital markets as a separate publicly traded company;
- enhanced appeal to a broader set of investors suited to the strategic and financial characteristics of each company; and
- more specific alignment of incentives with performance objectives.

The process of completing the proposed separation has been and is expected to continue to be time-consuming and involves significant costs and expenses. Due to the scale of our respective businesses and our respective global footprints (among other factors), the separation process is extremely complex and requires effort and attention from employees throughout our and Verint's organizations. For example, shared service functions and related systems, such as finance, human resources, operations, legal, and IT, must be separated or established, and in many places, employees must be assigned to new legal entities and new payrolls and benefit plans put in

place. Outside the organization, Verint must notify and establish separation readiness among customers, business partners and suppliers so that business relationships all over the world may continue seamlessly following the completion of the separation. For more information on the risks involved in the separation process, see "Item 3.D. Risk Factors—Risks Related to the Separation from Verint and Ownership of Cognyte Shares."

Verint expects to incur future separation costs of approximately $45.0 million during fiscal year ending January 31, 2021, of which approximately $17.0 million is attributable to the Cognyte Business. These costs include developing stand-alone information systems and related IT costs, third-party advisory, consulting, legal and professional services, as well as other items that are incremental and one-time in nature that are related to the spin-off. Verint also expects separation-related capital expenditures of approximately $10.0 million during the fiscal year ending January 31, 2021, of which approximately $5.0 million is attributable to the Cognyte Business. The majority of these costs are expected to be paid during the fiscal year ending January 31, 2021 and are expected to be financed through ongoing operations and existing cash, cash equivalents and short-term investments. We currently expect to complete the spin-off shortly after the end of this fiscal year ending January 31, 2021, though this timeline may be impacted by the current business environment brought on by the COVID-19 pandemic.

Additionally, following the spin-off, we must maintain independent corporate overhead. Due to the loss of economies of scale and the necessity of establishing independent functions for each company, the separation from Verint into two independent companies is expected to result in total dis-synergies of approximately $15.0 million to Cognyte annually, which costs are primarily associated with corporate functions such as finance, legal, information technology and human resources.

Basis of Presentation

Stand-alone financial statements have not been historically prepared for our business. Our combined financial statements have been derived from the consolidated financial statements and accounting records of Verint as if it operated on its own during the periods presented and were prepared in accordance with GAAP. The primary basis for presenting consolidated financial statements is when one entity has a controlling financial interest in another entity. As there is no controlling financial interest present between or among the entities that comprise our business, we are preparing our financial statements on a combined basis. Verint's investment in our business is shown in lieu of equity attributable to Cognyte as there is no consolidated entity in which Verint holds an equity interest. Verint's investment represents its interest in the recorded net assets of Cognyte.

Our combined statements of operations include all revenue and costs directly attributable to Cognyte, including costs for facilities, functions and services used by Cognyte. The combined statements of operations also reflect allocations of general corporate expenses from Verint including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement, and other shared services. These allocations were made on a direct usage basis when identifiable, with the remainder allocated on the basis of revenue as a relevant measure. Management of Cognyte and Verint consider these allocations to be a reasonable reflection of the utilization of services by, or the benefits provided to, Cognyte. The allocations may not, however, reflect the expense we would have incurred as a stand-alone company for the period presented. Actual costs that may have been incurred if we had been a stand-alone company would depend on a number of factors, including the chosen organizational structure, what functions were outsourced or performed by employees and strategic decisions made in areas such as information technology and infrastructure.

For further information on the basis of presentation of the combined financial statements see "Note 1. Organization, Operations and Basis of Presentation" to our combined financial statements included elsewhere in this Form 20-F.

Items You Should Consider When Evaluating Our Combined Financial Statements and Assessing Our Future Prospects

Our results of operations, financial position, and cash flows could differ from those that would have resulted if we operated autonomously or as an entity independent of Verint in the periods for which combined financial

statements are included in this Form 20-F, and such information may not be indicative of our future operating results or financial performance. As a result, you should consider the following facts when evaluating our historical results of operations and assessing our future prospects:

Recent Developments

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The outbreak has reached all of the regions in which we do business, and governmental authorities around the world have implemented numerous measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, border closings, quarantines, shelter-in-place orders, shutdowns, limitations or closures of non-essential businesses, and social distancing requirements. Companies around the world, including us, our customers, partners, and vendors, have implemented actions in response, including among others, office closings, site restrictions, and employee travel restrictions. Notwithstanding the loosening of these restrictions in certain countries in certain periods since the onset of the pandemic, the global spread of COVID-19 and actions taken in response have negatively affected us, our customers, partners, and vendors and caused significant economic and business disruption the extent and duration of which is not currently known. In response to these challenges, we quickly adjusted our operations to work from home and we believe our business continuity plan is working well. We are monitoring and assessing the impact of the COVID-19 pandemic daily, including recommendations and orders issued by government and public health authorities. We continue to work to help our customers meet their business continuity needs and help keep the world safe during this difficult time and are managing our operations with a view to resuming normal business activity as soon as possible.

During the six months ended July 31, 2020, our revenue was negatively impacted by delays and reduced spending attributed to the impact of the COVID-19 pandemic on our customers' operational priorities and as a result of cost containment measures they have implemented. Due to the pandemic, we have seen a reduction or delay in large customer contracts, and we have been unable to conduct face-to-face meetings with existing or prospective customers and partners, present in-person demonstrations of our solutions, or host or attend in-person trade shows and conferences. Limitations on access to the facilities of our customers have also impacted our ability to deliver some of our products, complete certain implementations, and provide in-person consulting and training services, negatively impacting our ability to recognize revenue. While our visibility for the near term has improved compared to earlier in the year, our ability to predict how the pandemic will impact our results in future periods is limited, including the extent to which customers may delay or miss payments, customers may defer, reduce, or refrain from placing orders or renewing subscriptions or support arrangements, or to which travel restrictions and site access restrictions may remain necessary.

In light of the adverse impact of COVID-19 on global economic conditions and our revenue, along with the uncertainty associated with the extent and timing of a potential recovery, we have implemented several cost-reduction actions of varying durations, some of which remain in place and some of which have concluded. Such actions have included but are not limited to, reducing our discretionary spending, substantially decreasing capital expenditures, extending days payable outstanding, considering the optimal uses of our cash and other capital resources, and reducing workforce-related costs. These actions may have an adverse impact on us, particularly if they remain in place for an extended period. Where we have resumed investments or other spending, these actions may need to be reassessed depending on how the facts and circumstances surrounding the pandemic evolve. We continue to evaluate and may decide to implement further cost control strategies to help us mitigate the impact of the pandemic.

The ultimate impact of the COVID-19 pandemic and the effects of the operational alterations we have made in response on our business, financial condition, liquidity and financial results cannot be predicted at this time.

Market Trends

In addition to the impact of the COVID-19 pandemic discussed above, we see the following business trends and factors which may impact our performance:

- *Security Threats are Becoming More Difficult to Detect and Mitigate*. Governments and enterprise security organizations face a variety of security challenges, including threats from well-organized and well-funded entities. These threats are becoming increasingly more difficult to detect as bad actors take advantage of the latest technologies to avoid detection and mitigation. Rapid threat detection and quick mitigation are critical to security organizations. Advanced security analytics software can help security organizations find the needles in the haystacks to quickly and effectively address highly sophisticated security attacks. As a result, market demand for such advanced software is on the rise.
- *Data is Growing Rapidly and is Highly Fragmented Across Organizations Making it Harder to Connect the Dots.* The growing volume, types and complexity of structured and unstructured data requires new methods and more skilled resources to generate actionable insights quickly. In addition, in many organizations, data is fragmented and spread across organizational silos. Organizations are increasingly seeking holistic analytics solutions that can fuse data from many sources and connect the dots to extract valuable insights.
- *Security Organizations Increasingly Adopt Open Software*. Many security organizations have built proprietary solutions with the help of integrators and internal resources. Such solutions present significant limitations in terms of keeping pace with the rapid evolution of technology. More and more, security organizations are looking to deploy open software that can be easily integrated into their environments and frequently updated with the latest analytics and artificial intelligence technologies.

Critical Accounting Policies and Significant Estimates

An appreciation of our critical accounting policies is necessary to understand our financial results. The accounting policies outlined below are considered to be critical because they can materially affect our operating results and financial condition, as these policies may require us to make difficult and subjective judgments regarding uncertainties. The accuracy of these estimates and the likelihood of future changes depend on a range of possible outcomes and a number of underlying variables, many of which are beyond our control, and there can be no assurance that our estimates are accurate.

Revenue Recognition

We derive and report our revenue in three categories: (a) software revenue, including the sale of subscription (i.e., term-based) or perpetual licenses, and appliances that include software that is essential to the product's functionality, (b) software service revenue, including support revenue and revenue from cloud-based SaaS subscriptions, and (c) professional service and other revenue, including revenue from installation and integration services, customer specific development work, the resale of third-party hardware, and consulting and training services.

We account for revenue in accordance with Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." Our revenue recognition policies require us to make significant judgments and estimates. In applying our revenue recognition policy, we must determine which portions of our revenue are recognized at a point in time (generally software revenue, and the resale of third-party hardware) and which portions must be deferred and recognized over time (generally software service revenue and professional service revenue). We analyze various factors including, but not limited to, the selling price of undelivered services when sold on a stand-alone basis, our pricing policies, the creditworthiness of our customers, and contractual terms and conditions in helping us to make such judgments about revenue recognition. Changes in judgment on any of these factors could materially impact the timing and amount of revenue recognized in a given period.

Our contracts with customers often include promises to transfer multiple products and services to a customer. In contracts with multiple performance obligations, we identify each performance obligation and evaluate whether the promised goods or services are distinct within the context of the contract at contract inception. Promised goods or services that are not distinct at contract inception are combined. Contracts that include software customization and development services may result in the combination of the customization and development services with the software license as one distinct performance obligation. The transaction price is generally in the form of a fixed fee at contract inception, and excludes taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by us from a customer.

We allocate the transaction price to each distinct performance obligation based on the estimated stand-alone selling price ("SSP") for each performance obligation. Judgment is required to determine the SSP for each distinct performance obligation. In instances where SSP is not directly observable, such as when we do not sell the product or service separately, we estimate the SSP of each performance obligation based on either an adjusted market assessment approach or a cost-plus margin approach. We may have more than one SSP for individual products and services due to the stratification of those products and services by customers and circumstances. In these instances, we may use information such as the size of the customer and geographic region in determining the SSP.

We then look to how control transfers to the customer in order to determine the timing of revenue recognition. Software revenue is typically recognized when the software is delivered and/or made available for download as this is the point the user of the software can direct the use of, and obtain substantially all of the remaining benefits from the functional intellectual property. We do not recognize software revenue related to the renewal of software licenses earlier than the beginning of the renewal period. Subscription license revenue is recognized when the software is delivered to the customer over the term of the subscription period. In contracts that include customer substantive acceptance, we recognize revenue when we have delivered the software and received customer acceptance. We recognize support revenue, which includes software updates on a when-and-if-available basis, telephone support, and bug fixes or patches, over the term of the customer support agreement, which is typically between one to three years. Revenue related to professional services is typically recognized over time as the services are performed. Revenue related to the resale of third-party hardware is typically recognized at the point in time control transfers to the customer, generally upon shipment or delivery.

Some of our customer contracts require specific customer development work to meet the particular requirements of the customer. The contract pricing is stated as a fixed amount and generally results in the transfer of control of the applicable performance obligation over time. We recognize revenue based on the proportion of labor hours expended to the total hours expected to complete the performance obligation. The determination of the total labor hours expected to complete the performance obligation on fixed fee contracts involves significant judgment. We incorporate revisions to hour and cost estimates when the causal facts become known. We measure our estimate of completion on fixed-price contracts, which in turn determines the amount of revenue we recognize, based primarily on actual hours incurred to date and our estimate of remaining hours necessary to complete the contract.

Our products are generally not sold with a right of return and credits have been minimal in both amount and frequency. Shipping and handling activities that are bundled in the total sell price billed to customers and occur after control over a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of revenue. Historically, these expenses have not been material.

Accounting for Business Combinations

We allocate the purchase price of acquired companies to the tangible and intangible assets acquired, including in-process research and development assets, and liabilities assumed, based upon their estimated fair values at the acquisition date. These fair values are typically estimated with assistance from independent valuation specialists.

The purchase price allocation process requires us to make significant estimates and assumptions, especially at the acquisition date with respect to intangible assets, contractual support obligations assumed, contingent consideration arrangements, and pre-acquisition contingencies.

Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Examples of critical estimates in valuing certain of the intangible assets we have acquired or may acquire in the future include but are not limited to:

- future expected cash flows from software license sales, support agreements, consulting contracts, other customer contracts, and acquired developed technologies;
- expected costs to develop in-process research and development into commercially viable products and estimated cash flows from the projects when completed;
- the acquired company's brand and competitive position, as well as assumptions about the period of time the acquired brand will continue to be used in the combined company's product portfolio;
- cost of capital and discount rates; and
- estimating the useful lives of acquired assets as well as the pattern or manner in which the assets will amortize.

In connection with the purchase price allocations for applicable acquisitions, we estimate the fair value of the contractual support obligations we are assuming from the acquired business. The estimated fair value of the support obligations is determined utilizing a cost build-up approach, which determines fair value by estimating the costs related to fulfilling the obligations plus a reasonable profit margin. The estimated costs to fulfill the support obligations are based on the historical direct costs related to providing the support services. The sum of these costs and operating profit represents an approximation of the amount that we would be required to pay a third party to assume the support obligations.

Goodwill and Other Acquired Intangible Assets

Goodwill is the excess of the aggregate purchase price paid over the fair value of the net tangible and identifiable intangible assets acquired. Goodwill is not amortized and is tested for impairment at least annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We have determined that we operate as one reporting unit and have selected November 1 as the date to perform our annual impairment test. In the valuation of our goodwill, we must make assumptions regarding estimated future cash flows to be derived from our business. If these estimates or their related assumptions change in the future, we may be required to record impairment for these assets.

In testing for goodwill impairment, we may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount. If we elect to bypass a qualitative assessment, or if our qualitative assessment indicates that goodwill impairment is more likely than not, we perform quantitative impairment testing. If our quantitative testing determines that the carrying value of our reporting unit exceeds its fair value, goodwill impairment is recognized in an amount equal to that excess, limited to the total goodwill allocated to the reporting unit. There was no impairment of goodwill recorded for the years ended January 31, 2020 and 2019.

For all of our goodwill impairment reviews, the assumptions and estimates used in the process are complex and often subjective. They can be affected by a variety of factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy or our internal forecasts. Although we believe the assumptions, judgments, and estimates we have used in our assessments are reasonable and appropriate, a material change in any of our assumptions or external factors could lead to future goodwill or other intangible asset impairment charges.

Acquired identifiable intangible assets include identifiable acquired technologies, customer relationships, trade names, distribution networks, and non-competition agreements. We amortize the cost of finite-lived identifiable intangible assets over their estimated useful lives, which are periods of ten years or less. Amortization is based on the pattern in which the economic benefits of the intangible asset are expected to be realized, which typically is on a straight-line basis. The fair values assigned to identifiable intangible assets acquired in business combinations are determined primarily by using the income approach, which discounts expected future cash flows attributable to these assets to present value using estimates and assumptions determined by management. The acquired identifiable finite-lived intangible assets are being amortized primarily on a straight-line basis, which we believe approximates the pattern in which the assets are utilized, over their estimated useful lives.

Income Taxes

The tax provision is presented on a separate company basis as if we were a separate filer. A portion of our operations have historically been included in the tax returns filed by certain Verint entities for which our business is a part of. The effects of tax adjustments and settlements from taxing authorities are presented in our combined financial statements in the period to which they relate as if we were a separate filer. Our current obligations for taxes are settled with our parent on an estimated basis and adjusted in later periods as appropriate. All income taxes due to or due from our parent that have not been settled or recovered by the end of the period are reflected in net parent investment within the combined financial statements. The tax provision has been calculated as if the business was operating on a stand-alone basis and filed separate tax returns in the jurisdictions in which it operates. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of the actual tax balances had the business been a stand-alone company during the periods presented.

We account for income taxes under the asset and liability method which includes the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our combined financial statements. Under this approach, deferred taxes are recorded for the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus deferred taxes. Deferred taxes result from differences between the financial statement and tax bases of our assets and liabilities, and are adjusted for changes in tax rates and tax laws when changes are enacted. The effects of future changes in income tax laws or rates are not anticipated.

We are subject to income taxes in the United States, Israel and numerous foreign jurisdictions. The calculation of our income tax provision involves the application of complex tax laws and requires significant judgment and estimates. We evaluate the realizability of our deferred tax assets for each jurisdiction in which we operate at each reporting date, and establish valuation allowances when it is more likely than not that all or a portion of our deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income of the same character and in the same jurisdiction. We consider all available positive and negative evidence in making this assessment, including, but not limited to, the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. In circumstances where there is sufficient negative evidence indicating that our deferred tax assets are not more-likely-than-not realizable, we establish a valuation allowance.

We use a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate tax positions taken or expected to be taken in a tax return by assessing whether they are more-likely-than-not sustainable, based solely on their technical merits, upon examination and including resolution of any related appeals or litigation process. The second step is to measure the associated tax benefit of each position as the largest amount that we believe is more-likely-than-not realizable. Differences between the amount of tax benefits taken or expected to be taken in our income tax returns and the amount of tax benefits recognized in our financial statements represent our unrecognized income tax benefits, which we either record as a liability or as a reduction of deferred tax assets. Our policy is to include interest (expense and/or income) and penalties related to unrecognized income tax benefits as a component of the provision for income taxes.

Accounting for Stock-Based Compensation

Certain employees participate in stock-based compensation plans sponsored by Verint. Awards granted under the plans are based on Verint's common shares and, as such, are included in net parent investment. We recognize the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of the award. We recognize the fair value of the award as compensation expense over the period during which an employee is required to provide service in exchange for the award.

Restricted stock units, including performance-based restricted stock units, are the predominant stock-based payment award. The fair value of these awards is equivalent to the market value of Verint's common stock on the grant date.

Changes in assumptions can materially affect the estimate of fair value of stock-based compensation and, consequently, the related expense recognized. The assumptions used in calculating the fair value of stock-based payment awards represent best estimates, which involve inherent uncertainties and the application of judgment. As a result, if factors change and different assumptions are used, stock-based compensation expense could be materially different in the future.

Loss Contingencies

We are subject to the possibility of various loss contingencies arising in the ordinary course of business. We consider the likelihood of loss or impairment of an asset, or the incurrence of a liability, as well as our ability to reasonably estimate the amount of loss, in determining loss contingencies. An estimated loss contingency is accrued when it is probable that an asset has been impaired, or a liability has been incurred and the amount of loss can be reasonably estimated. If we determine that a loss is possible, and the range of the loss can be reasonably determined, then we disclose the range of the possible loss. We regularly evaluate current information available to us to determine whether an accrual is required, an accrual should be adjusted, or a range of possible loss should be disclosed.

Concentration of Credit Risk and Significant Customers

We grant credit terms to our customers in the ordinary course of business. Concentrations of credit risk with respect to trade accounts receivable and contract assets are generally limited due to the large number of customers comprising our customer base and their dispersion across different industries and geographic areas. We have both direct and indirect contracts with two governments outside the United States that combined accounted for $51.7 million and $84.3 million of our aggregated accounts receivable and contract assets at January 31, 2020 and 2019, respectively. We believe our contracts with these governments present insignificant credit risk.

For the years ended January 31, 2020 and 2019, we had two government customers that collectively represented approximately 29%, and 27%, respectively, of our total revenue. These customers are governmental organizations that act on behalf of multiple agencies or departments, each of which generally makes its own independent purchasing decisions, and the customers typically enter into separate contracts with us for each order. We believe these government customers present insignificant credit risk. These contracts are entered into in the ordinary course of our business and contain customary terms and conditions for government contracts of this kind, including a right for the customer to terminate the applicable contract with or without cause upon notice. We believe that the loss of one or more of these contracts (which are separately terminable) would not have a material adverse effect on our financial results, especially over the long-term, and that we would be able to reallocate our internal resources to other opportunities, including within our remaining performance obligations, within a reasonably short time frame.

In making this determination of significant customers, we define a customer as an organization from which we have recognized revenue in a reporting period. In situations where a governmental organization acts on behalf of multiple agencies or departments, we treat that organization as the customer for reporting purposes notwithstanding that each of the underlying agencies or departments is generally making its own independent purchasing decisions.

Functional Currency and Financial Statements in U.S. Dollars

Our reporting currency is the U.S. dollar, which is also the functional currency for most of our combined operations. A majority of our revenue occurs outside of Israel in non-Israeli currencies, mainly U.S. dollars, euros, and Singapore dollars. A majority of our purchases of materials and components are denominated in U.S. dollars. A significant portion of our expenses, mainly labor costs, are in New Israeli Shekels. Some of our subsidiaries have functional currencies in Brazilian reals, Singapore dollars and other currencies. Transactions and balances originally denominated in U.S. dollars are presented in their original amounts. Transactions and balances in currencies other than U.S. dollars are remeasured in U.S. dollars according to the principles set forth in Financial Accounting Standards Board Accounting Standards Codification ("ASC") 830, "Foreign Currency Matters." Exchange gains and losses arising from remeasurement are reflected in other income (expense), net, in the combined statements of operations.

Components of Results of Operations

Impact of Inflation and Currency Fluctuations on Results of Operations, Liabilities and Assets

Our financial results, which are reported in U.S. dollar, are affected by changes in foreign currency. Most of our revenue and expenses, primarily labor expenses, are denominated in U.S. dollars, euros, New Israeli Shekels, and Singapore dollars. Additionally, certain assets, especially cash, trade receivables and other accounts receivables, as well as part of our liabilities are denominated in U.S. dollars, New Israeli Shekels, euros, and Singapore dollars. As a result, fluctuations in rates of exchange between the U.S. dollar and non-U.S. dollar currencies may affect our operating results and financial condition. The U.S. dollar cost of our operations in Israel may be adversely affected by the appreciation of the New Israeli Shekel against the U.S. dollar. In addition, the value of our non-U.S. dollar revenue could be adversely affected by the depreciation of the U.S. dollar against such currencies.

Conditions in Israel

We are incorporated under the laws of, and our principal executive offices and manufacturing and research and development facilities are located in, the State of Israel. See "Item 3. Key Information—3.D. Risk Factors—Risks Related to Our Business and Operations" for a description of governmental, economic, fiscal, monetary and political policies or factors that have materially affected or could materially affect our operations.

Results of Operations for the Six Months Ended July 31, 2020 and 2019

Overview of Operating Results

The following table sets forth a summary of certain key financial information for the six months ended July 31, 2020 and 2019:

	Six Months Ended July 31,	
(in thousands)	2020	2019
Revenue	$ 206,459	$ 221,033
Operating income	$ 7,996	$ 10,066
Net income attributable to Cognyte Business of Verint Systems Inc.	$ 2,029	$ 10,430

Our revenue decreased approximately $14.5 million, or 7%, from $221.0 million in the six months ended July 31, 2019 to $206.5 million in the six months ended July 31, 2020. The decrease consisted of a $16.9 million decrease in professional service and other revenue and a $4.7 million decrease in software revenue, partially offset by a $7.1 million increase in software service revenue. For additional details on our revenue, see "—Software Revenue, Software Service Revenue, and Professional Service and Other Revenue." Revenue from end users

located in the Americas, EMEA and APAC represented approximately 20%, 38% and 42% of our total revenue, respectively, in the six months ended July 31, 2020, compared to approximately 20%, 46% and 34%, respectively, in the six months ended July 31, 2019.

Operating income was $8.0 million in the six months ended July 31, 2020 compared to $10.1 million in the six months ended July 31, 2019. This decrease in operating income was primarily due to a $3.3 million increase in operating expenses, partially offset by a $1.2 million increase in gross profit. The $3.3 million increase in operating expenses primarily consisted of a $5.6 million increase in net research and development expenses and a $0.4 million increase in amortization of acquired technology intangible assets, partially offset by a $2.7 million decrease in selling, general and administrative expenses.

Net income attributable to the Cognyte Business was $2.0 million in the six months ended July 31, 2020, compared to net income attributable to the Cognyte Business of $10.4 million in the six months ended July 31, 2019. The decrease in net income attributable to the Cognyte Business in the six months ended July 31, 2020 was primarily due to a $5.1 million increase in our provision for income taxes, a $2.0 million decrease in operating income, as described above, and a $1.3 million decrease in total other income, net.

A portion of our business is conducted in currencies other than the U.S. dollar, and therefore our revenue and operating expenses are affected by fluctuations in applicable foreign currency exchange rates. When comparing average exchange rates for the six months ended July 31, 2020 to average exchange rates for the six months ended July 31, 2019, the U.S. dollar strengthened relative to the euro, Brazilian real, and Singapore dollar resulting in an overall decrease in our revenue, cost of revenue, and operating expenses on a U.S. dollar-denominated basis. For the six months ended July 31, 2020, had foreign exchange rates remained unchanged from rates in effect for the six months ended July 31, 2019, our revenue would have been approximately $2.8 million higher and our cost of revenue and operating expenses on a combined basis would have been approximately $0.2 million higher, which would have resulted in a $2.6 million increase in operating income.

As of July 31, 2020, we employed approximately 2,000 professionals, including part-time employees and certain contractors, compared to approximately 2,100 at July 31, 2019.

Revenue

Volume and Price

We sell products in multiple configurations, and the price of any particular product varies depending on the configuration of the product sold. Due to the variety of customized configurations for each product we sell, we are unable to quantify the amount of any revenue changes attributable to a change in the price of any particular product and/or a change in the number of products sold.

Software Revenue, Software Service Revenue, and Professional Service and Other Revenue

We derive and report our revenue in three categories: (a) software revenue, including the sale of subscription (i.e., term-based) or perpetual licenses, and appliances that include software that is essential to the product's functionality, (b) software service revenue, including support revenue and revenue from cloud-based SaaS subscriptions, and (c) professional service and other revenue, including revenue from installation and integration services, customer specific development work, the resale of third-party hardware, and consulting and training services.

The following table sets forth revenue for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020	2019	% Change 2020 - 2019
Software revenue	$ 86,545	$ 91,248	(5)%
Software service revenue	91,843	84,728	8%
Professional service and other revenue	28,071	45,057	(38)%
Total revenue	**$ 206,459**	**$ 221,033**	**(7)%**

Software Revenue

Software revenue decreased approximately $4.7 million, or 5%, from $91.2 million for the six months ended July 31, 2019 to $86.5 million for the six months ended July 31, 2020. The decrease in software revenue was primarily due to a decrease in software and appliance deliveries due to delays attributed to the impact of COVID-19, as our customers shifted their attention to addressing operational challenges associated with the pandemic, partially offset by an increase in revenue from subscription licenses.

Software Service Revenue

Software service revenue increased approximately $7.1 million, or 8%, from $84.7 million for the six months ended July 31, 2019 to $91.8 million for the six months ended July 31, 2020 resulting primarily from an increase in our SaaS subscription revenue and an increase in support revenue due to an increase in our customer installed base.

Professional Service and Other Revenue

Professional service and other revenue decreased approximately $17.0 million, or 38%, from $45.1 million for the six months ended July 31, 2019 to $28.1 million for the six months ended July 31, 2020. The decrease was primarily due to an $8.4 million decrease in customer specific development work as we continue our productization process, a $6.5 million reduction in deployment activities due to COVID-19 restrictions, and a $2.1 million decrease in third-party hardware reselling activity as a result of our ongoing software model transition.

Cost of Revenue

The following table sets forth cost of revenue by software, software service and professional service and other, as well as amortization of acquired technology for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020	2019	% Change 2020 - 2019
Cost of software revenue	$ 15,851	$ 16,042	(1)%
Cost of software service revenue	22,128	22,431	(1)%
Cost of professional service and other revenue	26,074	40,142	(35)%
Amortization of acquired technology	492	1,682	(71)%
Total cost of revenue	**$ 64,545**	**$ 80,297**	**(20)%**

Cost of Software Revenue

Cost of software revenue primarily consists of costs related to the essential appliance and royalties due to third parties for software components that are embedded in our solutions. Cost of software revenue also includes

amortization of capitalized software development costs and personnel related expenses for resources dedicated to product delivery. In addition, our cost of software revenue includes stock-based compensation expenses and overhead allocations such as facility costs, IT cost, and other overhead expenses. In accordance with GAAP and our accounting policy, the cost of software revenue related to materials and royalties is generally expensed upon shipment and cost of software revenue related to personnel and related expenses is generally expensed as incurred in the period in which the personnel related services are performed.

Some of our software products require essential appliances, which tend to have lower gross margins than our pure software offerings, and therefore the mix of products we sell in a particular period can have a significant impact on our gross margins in that period.

Cost of software revenue decreased approximately $0.1 million, or 1%, from $16.0 million for the six months ended July 31, 2019 to $15.9 million for the six months ended July 31, 2020, primarily due to a corresponding decrease in software revenue due to delays attributed to the impact of COVID-19. Software revenue gross margins remained the same at 82% in the six months ended July 31, 2019 and 2020.

Cost of Software Service Revenue

Cost of software service revenue primarily consists of personnel costs and related expenses and travel expenses relating to provision of support and maintenance services. Cost of software service revenue also includes costs and royalties paid to third-party SaaS providers. In addition, our cost of software service revenue includes stock-based compensation expenses and overhead allocations, such as facility costs, IT cost, and other overhead expenses. In accordance with GAAP and our accounting policy, the cost of software service revenue is generally expensed as incurred in the period in which the services are performed.

Cost of software service revenue decreased approximately $0.3 million, or 1%, from $22.4 million in the six months ended July 31, 2019 to $22.1 million in the six months ended July 31, 2020. The decrease was primarily due to a decrease in personnel costs and related expenses due to cost reduction initiatives we implemented related to COVID-19. Our software service gross margins increased from 74% in the six months ended July 31, 2019 to 76% in the six months ended July 31, 2020 primarily due to a more efficient support cost structure, including savings in personnel costs and travel expenses, and an improved product mix for SaaS subscriptions.

Cost of Professional Service and Other Revenue

Cost of professional service and other revenue consists of personnel costs and related expenses, travel expenses associated with provision of installation, training, consulting and development services resources dedicated to project management and hardware material costs of third-party resale hardware revenue. Cost of professional service and other revenue also includes stock-based compensation expenses and allocation of overhead costs, such as facility, IT, operations costs, and other overhead expenses. In accordance with GAAP and our accounting policy, the cost of professional service revenue is generally expensed as incurred in the period in which the services are performed. Costs related to third-party hardware are expensed at the point in time that control is transferred to the customer.

Cost of professional service and other revenue decreased approximately $14.0 million, or 35%, from $40.1 million in the six months ended July 31, 2019 to $26.1 million in the six months ended July 31, 2020. The decrease was primarily due to a decrease in personnel costs and travel related expenses as a result of a decrease in deployment services due to COVID-19 restrictions, as well as a reduction in third-party hardware reselling as a result of our ongoing software model transition. Our professional service and other gross margins decreased from 11% in the six months ended July 31, 2019 to 7% in the six months ended July 31, 2020, primarily due to lower professional services revenue due to COVID-19, which resulted in revenue decreasing at a faster rate than professional service costs.

Amortization of Acquired Technology

Amortization of acquired technology decreased approximately $1.2 million, or 71%, from $1.7 million in the six months ended July 31, 2019 to $0.5 million in the six months ended July 31, 2020. The decrease was attributable to acquired technology intangible assets from historical business combinations becoming fully amortized during the six months ended July 31, 2020, partially offset by amortization expense of acquired technology-based intangible assets associated with recent business combinations.

Further discussion regarding our business combinations appears in Note 6, "Business Combinations" to our condensed combined financial statements included elsewhere in this Form 20-F.

Research and Development, Net

Research and development expenses consist primarily of personnel costs and related expenses, facility costs, and other allocated overhead, net of certain software development costs that are capitalized, as well as reimbursements under government programs. Software development costs are capitalized upon the establishment of technological feasibility and continue to be capitalized through the general release of the related software product.

The following table sets forth research and development, net for the six months ended July 31, 2020 and 2019:

	Six Months Ended July 31,		% Change
(in thousands)	2020	2019	2020 - 2019
Research and development, net	$ 60,256	$ 54,672	10%

Research and development, net increased approximately $5.6 million, or 10%, from $54.7 million in the six months ended July 31, 2019 to $60.3 million in the six months ended July 31, 2020. The increase primarily reflects the investment we are making to further productize our portfolio as a result of our ongoing software model transition. The investment includes adding personnel with new skills as well as reallocating existing engineering resources from custom development work.

Selling, General and Administrative Expenses

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

The following table sets forth selling, general and administrative expenses for the six months ended July 31, 2020 and 2019:

	Six Months Ended July 31,		% Change
(in thousands)	2020	2019	2020 - 2019
Selling, general and administrative	$ 73,022	$ 75,743	(4)%

Selling, general and administrative expenses decreased approximately $2.7 million, or 4%, from $75.7 million in the six months ended July 31, 2019 to $73.0 million in the six months ended July 31, 2020. This decrease was primarily attributable to cost reduction initiatives we implemented in response to the COVID-19 pandemic, which resulted in a $3.5 million decrease in travel and entertainment expenses and a $0.8 million decrease in marketing related expenses due to the cancellation of certain sales and marketing events. Certain selling, general and administrative costs that were temporarily reduced due to COVID-19 cost-saving initiatives were restored in the latter part of our fiscal second quarter. Additionally, there was a $1.9 million decrease in agent commission expenses and a $1.1 million decrease in legal expenses. These decreases were partially offset by a $3.6 million increase in expenses related to the planned

separation of our business from Verint and a $1.0 million increase due to the change in the fair value of our obligations under contingent consideration arrangements from a net benefit of $2.3 million in the six months ended July 31, 2019 to a net benefit of $1.3 million in the six months ended July 31, 2020.

The impact of contingent consideration arrangements on our operating results can vary over time as we revise our outlook for achieving the performance targets underlying the arrangements. This impact on our operating results may be more significant in some periods than in others, depending on a number of factors, including the magnitude of the change in the outlook for each arrangement separately as well as the number of contingent consideration arrangements in place, the liabilities requiring adjustment in that period, and the net effect of those adjustments.

Amortization of Other Acquired Intangible Assets

Amortization of other acquired intangible assets consists of amortization of certain intangible assets acquired in connection with business combinations, including customer relationships, distribution networks, trade names and non-compete agreements.

The following table sets forth amortization of other acquired intangible assets for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020	Six Months Ended July 31, 2019	% Change 2020 - 2019
Amortization of other acquired intangible assets	$ 640	$ 255	100%

Amortization of other acquired intangible assets increased approximately $0.3 million, or 100%, from $0.3 million in the six months ended July 31, 2019 to $0.6 million in the six months ended July 31, 2020. The increase was attributable to amortization expense from acquired intangible assets from recent business combinations, partially offset by acquired customer-related intangible assets from historical business combinations becoming fully amortized during the six months ended July 31, 2020.

Further discussion regarding our business combinations appears in Note 6, “Business Combinations” to our condensed combined financial statements included elsewhere in this Form 20-F.

Other Income, Net

The following table sets forth total other income, net for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020	Six Months Ended July 31, 2019	% Change 2020 - 2019
Interest income	$ 953	$ 2,022	(53)%
Interest expense	(84)	(246)	(66)%
Other income (expense):			
Foreign currency losses	(375)	(91)	*
Gains on derivatives	413	645	(36)%
Other, net	97	(22)	*
Other income, net	135	532	(75)%
Total other income, net	**$ 1,004**	**$ 2,308**	**(56)%**

* Percentage is not meaningful.

Total other income, net, decreased by $1.3 million from $2.3 million in the six months ended July 31, 2019 to $1.0 million in the six months ended July 31, 2020.

Interest income decreased from $2.0 million in the six months ended July 31, 2019 to $1.0 million in the six months ended July 31, 2020 primarily due to declining interest rates during the period.

We recorded $0.4 million of net foreign currency losses in the six months ended July 31, 2020 compared to $0.1 million of net foreign currency losses in the six months ended July 31, 2019. Our foreign currency losses are primarily the result of the fluctuation of the U.S. dollar relative to other foreign currencies, mainly the New Israeli Shekel, euro, and Singapore dollar.

Net gains on derivative financial instruments (not designated as hedging instruments) were $0.4 million and $0.6 million for the six months ended July 31, 2020 and 2019, respectively. The net gains primarily reflected gains on contracts executed to hedge movements in the exchange rate between the U.S. dollar and the Singapore dollar.

Provision for Income Taxes

The following table sets forth our provision for income taxes for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020	2019	% Change 2020 - 2019
Provision for income taxes	$ 3,406	$ (1,767)	(293)%

Our effective income tax rate was 37.8% for the six months ended July 31, 2020, compared to a negative effective income tax rate of 14.3% for the six months ended July 31, 2019. The effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the impact of U.S. taxation of certain Non-US activities, offset by lower statutory rates in several Non-US jurisdictions. The result was an income tax provision of $3.4 million on pre-tax income of $9.0 million, which represented an effective income tax rate of 37.8%.

For the six months ended July 31, 2019, the effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to a net tax benefit of $5.9 million recorded in relation to changes in unrecognized income tax benefits and other items as a result of an audit settlement in a Non-US jurisdiction and the impact of U.S. taxation of certain Non-US activities, offset by lower statutory rates in several Non-US jurisdictions. The result was an income tax benefit of $1.8 million on pre-tax income of $12.4 million, which represented a negative effective income tax rate of 14.3%. Excluding the income tax benefit attributable to the audit settlement, the result was an income tax provision of $4.1 million and an effective tax rate of 33.1%.

Results of Operations for the Years Ended January 31, 2020 and 2019

Overview of Operating Results

The following table sets forth a summary of certain key financial information for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019
Revenue	$ 457,109	$ 433,460
Operating income	$ 27,313	$ 18,689
Net income attributable to Cognyte Business of Verint Systems Inc.	$ 20,191	$ 8,728

Our revenue increased approximately $23.6 million, or 5%, from $433.5 million in the year ended January 31, 2019 to $457.1 million in the year ended January 31, 2020. The increase consisted of a $13.7 million increase in software service revenue, and a $10.4 million increase in software revenue, partially offset by a $0.5 million decrease in professional service and other revenue. For additional details on our revenue, see "—Software Revenue, Software Service Revenue, and Professional Service and Other Revenue." Revenue from end users located in the Americas, EMEA and APAC represented approximately 21%, 45% and 34% of our total revenue, respectively, in the year ended January 31, 2020, compared to approximately 25%, 37% and 38%, respectively, in the year ended January 31, 2019.

Operating income was $27.3 million in the year ended January 31, 2020 compared to $18.7 million in the year ended January 31, 2019. This increase in operating income was primarily due to a $36.4 million increase in gross profit, offset by a $27.8 million increase in operating expenses, which primarily consisted of a $16.6 million increase in selling, general and administrative expenses and an $11.3 million increase in net research and development expenses, offset by a $0.1 million decrease in amortization of acquired technology intangible assets.

Net income attributable to the Cognyte Business was $20.2 million in the year ended January 31, 2020, compared to net income attributable to the Cognyte Business of $8.7 million in the year ended January 31, 2019. The increase in net income attributable to the Cognyte Business in the year ended January 31, 2020 was primarily due to an $8.6 million increase in operating income, as described above, a $5.1 million decrease in our provision for income taxes, and a $1.3 million increase in total other income, net, partially offset by a $3.6 million increase in net income attributable to our noncontrolling interests.

A portion of our business is conducted in currencies other than the U.S. dollar, and therefore our revenue and operating expenses are affected by fluctuations in applicable foreign currency exchange rates. When comparing average exchange rates for the year ended January 31, 2020 to average exchange rates for the year ended January 31, 2019, the U.S. dollar strengthened relative to the euro, Brazilian real, and Singapore dollar resulting in an overall decrease in our revenue, cost of revenue, and operating expenses on a U.S. dollar-denominated basis. For the year ended January 31, 2020, had foreign exchange rates remained unchanged from rates in effect for the year ended January 31, 2019, our revenue would have been approximately $4.4 million higher and our cost of revenue and operating expenses on a combined basis would have been approximately $2.1 million higher, which would have resulted in a $2.3 million increase in operating income.

As of January 31, 2020, we employed approximately 2,100 professionals, including part-time employees and certain contractors, compared to approximately 2,000 at January 31, 2019.

Revenue

Software Revenue, Software Service Revenue, and Professional Service and Other Revenue

The following table sets forth revenue for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	Year Ended January 31, 2019	% Change 2020 - 2019
Software revenue	$201,487	$191,062	5%
Software service revenue	171,866	158,146	9%
Professional service and other revenue	83,756	84,252	(1)%
Total revenue	**$457,109**	**$433,460**	**5%**

Software Revenue

Software revenue increased approximately $10.4 million, or 5%, from $191.1 million for the year ended January 31, 2019 to $201.5 million for the year ended January 31, 2020 resulting from an increase in demand for our products, including subscription licenses.

Software Service Revenue

Software service revenue increased approximately $13.8 million, or 9%, from $158.1 million for the year ended January 31, 2019 to $171.9 million for the year ended January 31, 2020 resulting primarily from an increase in support revenue due to an increase in our customer installed base.

Professional Service and Other Revenue

Professional service and other revenue decreased approximately $0.5 million, or 1%, from $84.3 million for the year ended January 31, 2019 to $83.8 million for the year ended January 31, 2020 resulting from a decrease in third-party hardware reselling activity as we continue our software model transition, partially offset by an increase in professional services revenue.

Cost of Revenue

The following table sets forth cost of revenue by software, software service and professional service and other, as well as amortization of acquired technology for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019	% Change 2020-2019
Cost of software revenue	$ 36,071	$ 34,144	6%
Cost of software service revenue	45,012	51,237	(12)%
Cost of professional service and other revenue	80,517	83,975	(4)%
Amortization of acquired technology	2,405	7,416	(68)%
Total cost of revenue	**$164,005**	**$176,772**	**(7)%**

Cost of Software Revenue

Cost of software revenue increased approximately $2.0 million, or 6%, from $34.1 million for the year ended January 31, 2019 to $36.1 million for the year ended January 31, 2020, primarily due to a corresponding increase in our software revenue. Software revenue gross margins remained unchanged at 82% in the years ended January 31, 2019 and January 31, 2020.

Cost of Software Service Revenue

Cost of software service revenue decreased approximately $6.2 million, or 12%, from $51.2 million in the year ended January 31, 2019 to $45.0 million in the year ended January 31, 2020. The decrease was primarily due to a decrease in personnel costs and related expenses. Our software service gross margins increased from 68% in the year ended January 31, 2019 to 74% in the year ended January 31, 2020 primarily due to an increase in support revenue and a more effective cost structure.

Cost of Professional Service and Other Revenue

Cost of professional service and other revenue decreased approximately $3.5 million, or 4%, from $84.0 million in the year ended January 31, 2019 to $80.5 million in the year ended January 31, 2020. The decrease was

primarily due to a reduction in third-party hardware reselling, partially offset by a slight increase in professional service implementation expenses. Our professional service and other gross margins increased from 0% in the year ended January 31, 2019 to 4% in the year ended January 31, 2020, primarily due to a decrease in hardware and personnel costs.

Amortization of Acquired Technology

Amortization of acquired technology decreased approximately $5.0 million, or 68%, from $7.4 million in the year ended January 31, 2019 to $2.4 million in the year ended January 31, 2020. The decrease was attributable to acquired technology intangible assets from historical business combinations becoming fully amortized during the year ended January 31, 2020, partially offset by amortization expense of acquired technology-based intangible assets associated with recent business combinations.

Further discussion regarding our business combinations appears in Note 6, "Business Combinations" to our combined financial statements included elsewhere in this Form 20-F.

Research and Development, Net

The following table sets forth research and development, net for the year ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	Year Ended January 31, 2019	% Change 2020 - 2019
Research and development, net	$111,297	$100,006	11%

Research and development, net increased approximately $11.3 million, or 11%, from $100.0 million in the year ended January 31, 2019 to $111.3 million in the year ended January 31, 2020. The increase was primarily due to a $6.5 million increase in personnel costs and related expenses and a $6.0 million increase in R&D subcontractor costs, which were to support our investments to further productize our portfolio, a $1.4 million increase in stock-based compensation expenses under Verint's stock plans, as a result of a change in R&D employee bonus payment structure, and a $0.8 million increase in software subscription costs related to internal-use software, partially offset by a $4.4 million increase in capitalized software development costs in the year ended January 31, 2020 compared to the year ended January 31, 2019.

Selling, General and Administrative Expenses

The following table sets forth selling, general and administrative expenses for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	Year Ended January 31, 2019	% Change 2020 - 2019
Selling, general and administrative	$153,901	$137,342	12%

Selling, general and administrative expenses increased approximately $16.6 million, or 12%, from $137.3 million in the year ended January 31, 2019 to $153.9 million in the year ended January 31, 2020. This increase was primarily attributable to a $7.4 million increase in employee compensation expenses due to increased headcount and sales commissions, a $3.4 million increase in stock-based compensation expenses under Verint's stock plans, primarily due to an increase in year-over-year Verint stock price, a $2.3 million increase in the use of contractors for corporate support activities, a $1.2 million increase in depreciation expenses on fixed assets used for general administration purposes, a $1.2 million increase in agent commission expenses and an increase in various other costs to a lower extent. These increases were partially offset by a $1.2 million decrease due to the change in the

fair value of our obligations under contingent consideration arrangements from a net benefit of $4.2 million in the year ended January 31, 2019 to a net benefit of $5.4 million during the year ended January 31, 2020, as a result of revised outlooks for achieving the performance targets under several unrelated contingent consideration arrangements.

The impact of contingent consideration arrangements on our operating results can vary over time as we revise our outlook for achieving the performance targets underlying the arrangements. This impact on our operating results may be more significant in some periods than in others, depending on a number of factors, including the magnitude of the change in the outlook for each arrangement separately as well as the number of contingent consideration arrangements in place, the liabilities requiring adjustment in that period, and the net effect of those adjustments.

Amortization of Other Acquired Intangible Assets

The following table sets forth amortization of other acquired intangible assets for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019	% Change 2020 - 2019
Amortization of other acquired intangible assets	$ 593	$ 651	(9)%

Amortization of other acquired intangible assets decreased approximately $0.1 million, or 9%, from $0.7 million in the year ended January 31, 2019 to $0.6 million in the year ended January 31, 2020 as a result of acquired customer-related intangible assets from historical business combinations becoming fully amortized during the year ended January 31, 2020, partially offset by an increase in amortization expense from acquired intangible assets from recent business combinations.

Further discussion regarding our business combinations appears in Note 6, “Business Combinations” to our combined financial statements included elsewhere in this Form 20-F.

Other Income, Net

The following table sets forth total other income, net for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019	% Change 2020 - 2019
Interest income	$ 3,509	$ 3,165	11%
Interest expense	(481)	(499)	(4)%
Other income (expense):			
Foreign currency losses	(728)	(2,094)	(65)%
Gains on derivatives	395	726	(46)%
Other, net	(71)	(46)	54%
Other expense, net	(404)	(1,414)	(71)%
Total other income, net	**$ 2,624**	**$ 1,252**	**110%**

Total other income, net, increased by $1.3 million from $1.3 million in the year ended January 31, 2019 to $2.6 million in the year ended January 31, 2020.

We recorded $0.7 million of net foreign currency losses in the year ended January 31, 2020, compared to $2.1 million of net foreign currency losses in the year ended January 31, 2019. Our foreign currency gains and losses are primarily the result of the fluctuation of the U.S. dollar relative to other foreign currencies, mainly the New Israeli Shekel, euro, and Singapore dollar.

Net gains on derivative financial instruments (not designated as hedging instruments) were $0.4 million and $0.7 million for the years ended January 31, 2020 and 2019, respectively. The net gains primarily reflected gains on contracts executed to hedge movements in the exchange rate between the U.S. dollar and the Singapore dollar.

Provision for Income Taxes

The following table sets forth our provision for income taxes for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019	% Change 2020 - 2019
Provision for income taxes	$ 2,567	$ 7,620	(66)%

Our effective income tax rate was 8.6% for the year ended January 31, 2020, compared to an effective income tax rate of 38.2% for the year ended January 31, 2019. For the year ended January 31, 2020, our effective income tax rate was lower than the U.S. federal statutory income tax rate of 21.0% primarily due to a net tax benefit of $13.3 million recorded in relation to changes in unrecognized income tax benefits and other items as a result of an audit settlement in a non-U.S. jurisdiction, partially offset by the mix and levels of income and losses among taxing jurisdictions and the impact of U.S. taxation of certain non-U.S. activities.

For the year ended January 31, 2019, our effective income tax rate was higher than the U.S. federal statutory income tax rate of 21.0% due to the impacts of U.S. taxation of certain non-U.S. operations and the mix and levels of income and losses among taxing jurisdictions, which was partially offset by changes in unrecognized income tax benefits and other items as a result of an audit settlement in a non-U.S. jurisdiction and deductions in non-U.S. jurisdictions for income tax purposes not recorded under GAAP.

5.B. LIQUIDITY AND CAPITAL RESOURCES

Overview

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

Our primary recurring use of cash is payment of our operating costs, which consist primarily of employee-related expenses, such as compensation and benefits, as well as general operating expenses for travel, marketing, facilities and overhead costs, and capital expenditures. Cash generated from operations, along with our existing cash, cash equivalents, and short-term investments, are our primary sources of operating liquidity, and we believe that our operating liquidity is sufficient to support our current business operations, and capital expenditure requirements.

We have historically expanded our business in part by investing in strategic growth initiatives, including acquisitions of products, technologies, and businesses. We have used cash as consideration for all of our historical business acquisitions, including approximately $18.7 million and $3.8 million of net cash expended for business acquisitions during the years ended January 31, 2020 and 2019, respectively. We did not complete any business acquisitions during the six months ended July 31, 2020 and 2019, respectively.

We continually examine our options with respect to terms and sources of existing and future short-term and long-term capital resources to enhance our operating results and to ensure that we retain financial flexibility. We have not historically raised capital through the issuance of equity or the incurrence of debt, however may do so in the future.

Cash balances that are restricted pursuant to the terms of various agreements are classified as restricted cash and included in restricted cash and cash equivalents, and restricted bank time deposits, and other assets in our combined balance sheets. These restricted balances primarily represent deposits to secure bank guarantees in connection with customer sales contracts. The amounts of these deposits can vary depending upon the terms of the underlying contracts and were not available for general operating use. As of July 31, 2020 and January 31, 2020 we held $53.3 million and $69.4 million, respectively, of restricted cash, cash equivalents, and restricted bank time deposits (including long-term portions).

Based on past performance and current expectations, we believe that our cash, cash equivalents, short-term investments and cash generated from operations will be sufficient to meet anticipated operating costs, working capital needs, ordinary course capital expenditures, research and development spending, and other commitments for at least the next twelve months.

Our liquidity could be negatively impacted by a decrease in demand for our products and service and support, including the impact of changes in customer buying behavior due to circumstances over which we have no control. If we determine to make additional business acquisitions or otherwise require additional funds, we may need to raise additional capital, which could involve the issuance of equity or debt securities or entry into or expansion of a credit facility.

Cash Flow Activity for the Six Months Ended July 31, 2020 and 2019

The following table summarizes our total cash, cash equivalents, restricted cash, cash equivalents, and bank time deposits, and short-term investments, as of July 31, 2020 and 2019:

	July 31,	
(in thousands)	2020	2019
Cash and cash equivalents	$ 188,065	$ 218,665
Restricted cash and cash equivalents, and restricted bank time deposits (excluding long term portions)	31,616	24,239
Short-term investments	18,238	20,944
Total cash, cash equivalents, restricted cash and cash equivalents, restricted bank time deposits, and short-term investments	**$ 237,919**	**$ 263,848**

A summary of the sources and uses of cash, cash equivalents, restricted cash and restricted cash equivalents is as follows:

	Six Months Ended July 31,	
(in thousands)	2020	2019
Net cash provided by operating activities	$ 15,343	$ 24,361
Net cash (used in) provided by investing activities	(5,697)	1,021
Net cash used in financing activities	(21,844)	(61,774)
Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash, and restricted cash equivalents	(1,433)	(472)
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	**$ (13,631)**	**$ (36,864)**

Our operating activities generated $15.3 million of cash during the six months ended July 31, 2020, which was offset by $27.5 million of net cash used in combined investing and financing activities during this period. Further discussion of these items appears below.

Capital Allocation Framework

As noted above, after cash utilization required for working capital, capital expenditures and required debt services for our credit facilities, we expect that our primary usage of cash for the foreseeable future will be for business combinations.

Operating Activities

Net cash provided by operating activities is driven primarily by our net income or loss, as adjusted for non-cash items, and working capital changes. Operating activities generated $15.3 million of net cash during the six months ended July 31, 2020, compared to $24.4 million generated during the six months ended July 31, 2019. Our decreased operating cash flow in the current year was primarily due to lower net income and the net effect of non-cash items, partially offset by the net effect of changes in operating assets and liabilities, as compared to the prior year.

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

Investing Activities

During the six months ended July 31, 2020, our investing activities used $5.7 million of net cash, including $11.3 million of net purchases of short-term investments and $10.3 million of payments for property, equipment, and capitalized software development costs. The cash used by these investing activities was partially offset by a $15.5 million decrease in restricted bank time deposits during the period and $0.4 million of proceeds from settlements of our derivative financial instruments not designated as hedges. Restricted bank time deposits are typically deposits, which do not qualify as cash equivalents, used to secure bank guarantees in connection with sales contracts, the amounts of which will fluctuate from period to period.

During the six months ended July 31, 2019, our investing activities generated $1.0 million of net cash, including $7.1 million of net maturities and sales of short-term investments and $1.7 million decrease in restricted bank time deposits during the period, partially offset by $8.0 million of payments for property, equipment, and capitalized software development costs.

We had no significant commitments for capital expenditures at July 31, 2020.

Financing Activities

For the six months ended July 31, 2020, our financing activities used $21.8 million of net cash, the most significant portions of which were $18.1 million for net parent transfers and $3.4 million for the financing portion of payments under contingent consideration arrangements related to prior business combinations.

For the six months ended July 31, 2019, our financing activities used $61.8 million of net cash, the most significant portions of which were $58.8 million for net parent transfers and $2.9 million for the financing portion of payments under contingent consideration arrangements related to prior business combinations.

Cash Flow Activity for the Years Ended January 31, 2020 and 2019

The following table summarizes our total cash, cash equivalents, restricted cash, cash equivalents, and bank time deposits, and short-term investments, as of January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Cash and cash equivalents	$ 201,090	$ 240,192
Restricted cash and cash equivalents, and restricted bank time deposits (excluding long term portions)	43,813	42,262
Short-term investments	6,603	31,061
Total cash, cash equivalents, restricted cash and cash equivalents, restricted bank time deposits, and short-term investments	**$ 251,506**	**$ 313,515**

A summary of the sources and uses of cash, cash equivalents, restricted cash and restricted cash equivalents is as follows:

(in thousands)	Year Ended January 31, 2020	2019
Net cash provided by operating activities	$ 67,186	$ 53,735
Net cash used in investing activities	(29,541)	(68,339)
Net cash (used in) provided by financing activities	(85,973)	6,057
Effect of foreign currency exchange rate changes on cash, cash equivalents, restricted cash, and restricted cash equivalents	(985)	(544)
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	**$(49,313)**	**$ (9,091)**

Our operating activities generated $67.2 million of cash during the year ended January 31, 2020, which was offset by $115.5 million of net cash used in combined investing and financing activities during this period. Further discussion of these items appears below.

Capital Allocation Framework

As noted above, after cash utilization required for working capital, capital expenditures and required debt services for our credit facilities, we expect that our primary usage of cash for the foreseeable future will be for business combinations.

Operating Activities

Net cash provided by operating activities is driven primarily by our net income or loss, as adjusted for non-cash items, and working capital changes. Operating activities generated $67.2 million of net cash during the year ended January 31, 2020, compared to $53.7 million generated during the year ended January 31, 2019. Our improved operating cash flow in the current year was primarily due to the net effect of changes in operating assets and liabilities and higher net income, partially offset by the net effect of non-cash items and higher net income tax payments, as compared to the prior year.

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

Investing Activities

During the year ended January 31, 2020, our investing activities used $29.5 million of net cash, including $21.3 million of payments for property, equipment, and capitalized software development costs, $18.7 million for business acquisitions, and a $14.2 million increase in restricted bank time deposits during the period. Restricted bank time deposits are typically deposits, which do not qualify as cash equivalents, used to secure bank guarantees in connection with sales contracts, the amounts of which will fluctuate from period to period. The cash used by these investing activities was partially offset by $24.6 million of net maturities and sales of short-term investments and proceeds from settlements of our derivative financial instruments not designated as hedges.

During the year ended January 31, 2019, our investing activities used $68.3 million of net cash, including $29.5 million of net purchases of short-term investments, $21.8 million increase in restricted bank time deposits during the period, $12.6 million of payments for property, equipment, and capitalized software development costs, and $3.8 million for business acquisitions.

We had no significant commitments for capital expenditures at January 31, 2020.

Financing Activities

For the year ended January 31, 2020, our financing activities used $86.0 million of net cash, the most significant portions of which were $72.1 million for net parent transfers, $6.0 million for repayments of borrowings from parent, $4.3 million of dividends to the noncontrolling interest holders in our joint venture, and $3.4 million for the financing portion of payments under contingent consideration arrangements related to prior business combinations.

For the year ended January 31, 2019, our financing activities provided $6.1 million of net cash, the most significant portions of which were $7.0 million of proceeds from borrowings from parent and $6.5 million from net parent transfers. The cash provided by these financing activities was partially offset by dividend payments of $4.4 million to the noncontrolling interest holders in our joint venture, $2.0 million for the financing portion of payments under contingent consideration arrangements related to prior business combinations, and $1.0 million for repayments of borrowings from parent.

Debt

We had related party notes payable of $7.0 million and $13.0 million, which are presented in current maturities of note to parent within the combined balances sheets as of January 31, 2020 and 2019, respectively. Additionally, we incurred interest expense for related party notes payable of $0.4 million, and $0.5 million for the years ended January 31, 2020 and 2019, respectively.

Foreign Currency, Derivatives, and Hedging

From time to time, we enter into foreign currency forward contracts in an effort to reduce the volatility of cash flows primarily related to forecasted payroll and payroll-related expenses denominated in New Israeli Shekels. These contracts are generally limited to durations of approximately twelve months or less. We have also periodically entered into foreign currency forward contracts to manage exposures resulting from forecasted customer collections denominated in currencies other than the respective entity's functional currency and exposures from cash, cash equivalents, and short-term investments and accounts payable denominated in currencies other than the applicable functional currency.

During the years ended January 31, 2020 and 2019, we recorded $0.4 million and $0.7 million of net gains on foreign currency forward contracts not designated as hedges for accounting purposes. We had $0.7 million of net

unrealized gains on outstanding foreign currency forward contracts as of January 31, 2020, with notional amounts totaling $89.0 million. We had $1.3 million of net unrealized losses on outstanding foreign currency forward contracts as of January 31, 2019, with notional amounts totaling $113.0 million.

The counterparties to our foreign currency forward contracts are major commercial banks. While we believe the risk of counterparty nonperformance is not material, past disruptions in the global financial markets have impacted some of the financial institutions with which we do business. A sustained decline in the financial stability of financial institutions as a result of disruption in the financial markets could affect our ability to secure creditworthy counterparties for our foreign currency hedging programs.

5.C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

Our research and development spending totaled $112.7 million and $101.7 million for the years ended January 31, 2020 and 2019, respectively. As described in the "Risk Factors" section and elsewhere in this Form 20-F, government regulations and policies can make developing or marketing new technologies expensive or uncertain due to various restrictions on trade and technology transfers. See "Item 3. Key Information—3.D. Risk Factors" and "Item 4. Information on the Company—4.B. Business Overview—Government Regulations." For further information on our research and development policies and additional product information, see "Item 4. Information on the Company—4.B. Business Overview."

5.D. TREND INFORMATION

Recent Operating Results (Preliminary and Unaudited)

Set forth below are preliminary estimates of selected unaudited financial results for the nine months ended October 31, 2020 and 2019. The following information reflects our preliminary estimates based on currently available information and is subject to change. See "Item 3. Key Information—3.D. Risk Factors," "Item 5. Operating and Financial Review and Prospects," and "Special Note About Forward-Looking Statements" for additional information regarding factors that could result in differences of certain of our financial results and operating data presented below and the actual financial results we will report for the nine months ended October 31, 2020 and 2019.

The preliminary recent estimates presented below have been prepared by, and are the responsibility of, management. Deloitte & Touche LLP has not audited, reviewed, compiled or performed any procedures with respect to such preliminary information. Accordingly, Deloitte & Touche LLP does not express an opinion or any other form of assurance with respect thereto.

	Nine Months Ended October 31 (unaudited)	
(in thousands)	2020	2019
Revenue:		
Software	$ 131,429	$ 141,481
Software service	139,604	126,688
Professional service and other	48,405	59,795
Total revenue	**319,438**	**327,964**
Cost of revenue:		
Software	22,527	24,462
Software service	33,569	33,342
Professional service and other	38,442	58,036
Amortization of acquired technology	718	2,043
Total cost of revenue	**95,256**	**117,883**
Gross profit	**224,182**	**210,081**
Operating expenses:		
Research and development, net	92,177	83,045
Selling, general and administrative	113,230	109,105
Amortization of other acquired intangible assets	913	380
Total operating expenses	**206,320**	**192,530**
Operating income	**$ 17,862**	**$ 17,551**

5.E. OFF-BALANCE SHEET ARRANGEMENTS

As of July 31, 2020, we did not have any off-balance sheet arrangements that we believe have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenue or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to investors.

5.F. AGGREGATE CONTRACTUAL OBLIGATIONS

The following table summarizes our contractual obligations and other commercial commitments as of January 31, 2020 as well as the effect these obligations and commitments are expected to have on our liquidity and cash flow in future periods:

	Payments Due by Period				
(in thousands)	Total	< 1 year	1-3 years	3-5 years	> 5 years
Purchase obligations	$ 65,571	$ 60,088	$ 4,911	$ 572	$ —
Operating lease obligations	34,791	7,779	13,439	11,073	2,500
Finance lease obligations	3,480	749	1,515	1,216	—
Total contractual obligations	**$ 103,842**	**$ 68,616**	**$ 19,865**	**$ 12,861**	**$ 2,500**

We entered into leases for infrastructure equipment that qualify as finance leases during the year ended January 31, 2020.

Our purchase obligations are associated with agreements for purchases of goods or services generally including agreements that are enforceable and legally binding and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transactions. Agreements to purchase goods or services that have cancellation provisions with no penalties are excluded from these purchase obligations.

Our combined balance sheet at January 31, 2020 included $6.9 million of non-current tax reserves, net of related benefits (including interest and penalties of $0.9 million) for uncertain tax positions. However, these amounts are not included in the table above because we are unable to reasonably estimate the timing of payments for these obligations. We do not expect to make any significant payments for these uncertain tax positions within the next twelve months.

Contingent Payments Associated with Business Combinations

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

For the year ended January 31, 2020, we made $3.4 million of payments under contingent consideration arrangements. As of January 31, 2020, potential future cash payments under contingent consideration arrangements, including consideration earned in completed performance periods which is still to be paid, total $44.2 million, the estimated fair value of which was $11.5 million, including $5.9 million reported in accrued expenses and other current liabilities, and $5.6 million reported in other liabilities. The performance periods associated with these potential payments extend through January 31, 2022.

For other contingencies, see “Item 8. Financial Information—8.A. Combined Statements and Other Financial Information” and “Note 16. Commitments and Contingencies” to our combined financial statements included elsewhere in this Form 20-F.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

We are currently a wholly owned subsidiary of Verint. Following the consummation of the spin-off, the Cognyte Board will be comprised of seven seats. At the time of the spin-off, a majority of the members of the Cognyte Board will be independent and non-U.S. persons.

The following table sets forth information regarding the directors who will serve on the Cognyte Board. The Cognyte Board will consist of seven members.

Name	Age
Elad Sharon, Chief Executive Officer	45
Dan Bodner	62
Earl Shanks	64
Richard Nottenburg	67
Dafna Gruber	55
Zvika Naggan	62
Karmit Shilo	59

Elad Sharon, Chief Executive Officer and Director

Mr. Sharon serves as our Chief Executive Officer and is a member of the Cognyte Board. Previously, he served as the President of Verint's Cyber Intelligence Solutions business since February 2016.

Since joining Verint in 1997, Mr. Sharon held a broad range of management positions in the Cyber Intelligence Solutions business, including Senior Vice President of Products, R&D and Delivery, Senior Vice President of Strategic Programs, and Chief Operating Officer.

Under Mr. Sharon's leadership, we achieved significant revenue growth and margin expansion, driven by strong innovation and a market-leading portfolio of Actionable Intelligence solutions.

Dan Bodner, Chairman of the Board

Mr. Bodner will serve as our non-executive Chairman of the Cognyte Board. He also serves as Chief Executive Officer and Chairman of the Board of Verint. Since Verint's founding in 1994, Mr. Bodner has served as its President / Chief Executive Officer and a director, and assumed the role of Verint's Chairman of the Board in August 2017. Under Mr. Bodner's leadership over the last 25 years, Verint grew from a young start up, completed a successful IPO in 2002, and achieved market leadership and scale, with revenues exceeding $1.3 billion in the fiscal year ended January 31, 2020.

Dafna Gruber, Director

Ms. Gruber will serve as a member of the Cognyte Board. Ms. Gruber has served as Chief Financial Officer of Aqua Security Ltd. since February 2019. Previously, she served as Chief Financial Officer of Landa Corporation Ltd. from 2017 to 2018, of Clal Industries Ltd. from 2015 to 2017, of Nice Systems Ltd. from 2007 to 2015, and of Alvarion from 1999 to 2007. Ms. Gruber currently serves as an external director and/or independent director, and an audit committee and/or compensation committee member of several public companies, including Nova Measuring Instruments Ltd., Tufin Software Technology Ltd., and TAT Industries Ltd.

Zvika Naggan, Director

Mr. Naggan will serve as a member of the Cognyte Board. Mr. Naggan served as a Managing Partner at Red Dot Capital Partners from 2016 to 2019, as Executive Director at Team 8 – Cyber Security Foundry from 2015 to 2016.

Previously, Mr. Naggan served as Chief Information Officer at Bank Hapoalim from 2011 to 2014, in several senior management positions at Amdocs, culminating in President of the Product Business Group, from 2005 to 2010, as President and CEO of Cimatron from 2003 to 2005, and in multiple executives roles at Comverse from 1992 to 2002. Mr. Naggan has served as a director of several companies including Migdal Funds, Claroty, Global E, and Celeno.

Richard Nottenburg, Director

Dr. Nottenburg will serve as a member of the Cognyte Board. Dr. Nottenburg also serves as a director of Verint. Dr. Nottenburg is currently an Executive Partner at OceanSoundPartners LP, a private equity firm, and an investor in various early stage technology companies. Previously, Dr. Nottenburg served as President and Chief Executive Officer and a member of the board of directors of Sonus Networks, Inc. from 2008 through 2010. From 2004 until 2008, Dr. Nottenburg was an officer with Motorola, Inc., ultimately serving as its Executive Vice President, Chief Strategy Officer and Chief Technology Officer. Dr. Nottenburg is currently a member of the board of directors of Sequans Communications S.A., where he serves as a member of the compensation committee and the audit committee. Dr. Nottenburg previously served on the board of directors of PMC-Sierra Inc., Aeroflex Holding Corp., Anaren, Inc., Comverse Technology, Inc. and Violin Memory, Inc.

Earl Shanks, Director

Mr. Shanks will serve as a member of the Cognyte Board. Mr. Shanks currently serves as a director of Verint but intends to resign as a Verint director effective upon the completion of the spin-off. Since March 2017, Mr. Shanks has served as a director of Gaming & Leisure Properties, Inc. From November 2015 until May 2017, Mr. Shanks served as the Chief Financial Officer of Essendant Inc. Previously, Mr. Shanks served as the Chief Financial Officer at Convergys Corporation, and held various financial leadership roles with NCR Corporation, ultimately serving as its Chief Financial Officer.

Karmit Shilo, Director

Ms. Shilo will serve as a member of the Cognyte Board. From 2000 to 2019, Ms. Shilo served in various management roles at Amdocs, including Global Head of HR (from 2010 to 2019), Vice President of Products, Vice President of Consulting and Learning Services, and Director of Business Consulting Corporate Sales. Since 2017, Ms. Shilo has been a private investor in NEOME – Women Investment Club, while also serving as an advisor to various non-profit organizations.

Senior Management

The following table sets forth information regarding our senior management as of the date of this Form 20-F.

Name	Age
Elad Sharon, Chief Executive Officer	45
David Abadi, Chief Financial Officer	47
Miki Migdal, Chief Business Officer	60
Amit Daniel, Chief Marketing Officer	49
Ziv Levi, Chief Legal Officer	52
Marom Ben Menahem, Chief Revenue Officer	50
Rini Karlin, Chief People Officer	49
Sharon Chouli, Chief Customer Officer	51

David Abadi, Chief Financial Officer

Mr. Abadi serves as our Chief Financial Officer. Previously, he served as the Chief Financial Officer of Verint's Cyber Intelligence Solutions division since 2012.

Mr. Abadi has more than two decades of finance and accounting experience. Prior to joining Verint, he served as the EMEA Finance Controller for Polycom in Netherlands and as Senior Finance Manager for Polycom in Israel. He also spent over five years in various capacities at PricewaterhouseCoopers in its New York and Israel offices.

Miki Migdal, Chief Business Officer

Mr. Migdal serves as our Chief Business Officer, leading our global product organization. Mr. Migdal is a veteran software industry executive, with over three decades of experience and expertise in Enterprise Software, Big-Data, and Artificial Intelligence. Prior to joining the Cognyte business in 2020, Mr. Migdal was the President of NICE Enterprise and NICE Israel, Senior Vice President of Products and R&D at SAP Global, President of SAP Labs Israel, and CEO of SAP Israel.

Amit Daniel, Chief Marketing Officer

Ms. Daniel serves as our Chief Marketing Officer. Previously, she served as the Senior Vice President of Marketing and Strategy of Verint's Cyber Intelligence Solutions business since 2015. Ms. Daniel has two decades of experience as a marketing leader in global high-tech companies. Prior to joining the Cognyte Business, Ms. Daniel was EVP Marketing and Products at cVidya (now an Amdocs company) and VP Marketing, Business Development and Products at Starhome (now TOMIA).

Ziv Levi, Chief Legal Officer

Mr. Levi serves as our Chief Legal Officer. Previously, he served as the General Counsel, and later Senior Vice President and General Counsel, of Verint's Cyber Intelligence Solutions business since 2009. Mr. Levi is a seasoned attorney with over 20 years of experience in a range of technology companies. Prior to joining the Cognyte Business, Mr. Levi held in-house legal positions at Lumenis and at Elta Systems, a subsidiary of Israel Aerospace Industries (IAI).

Marom Ben Menahem, Chief Revenue Officer

Mr. Ben Menahem serves as our Chief Revenue Officer. Previously, he served as the Senior Vice President of Global Sales of Verint's Cyber Intelligence Solutions business since 2019. Mr. Ben Menahem brings over two decades of experience driving business growth and success for global technology companies, with a track record for building strong sales organizations. Prior to joining the Cognyte Business, Mr. Ben Menahem held a series of roles in finance and sales, most recently, as Executive Vice President of global sales at Starhome Mach.

Rini Karlin, Chief People Officer

Ms. Karlin serves as our Chief People Officer. Previously, she served as the Senior Vice President of Human Resources of Verint's Cyber Intelligence Solutions business since the end of 2018. Ms. Karlin is a seasoned HR executive with over two decades of experience in global HR management in technology companies, who brings a strategic approach to leadership and talent development, scaling employee experience, culture transformation and reward planning. Prior to joining the Cognyte Business, Ms. Karlin was Senior Vice President at Perion Network and Vice President Human Resources at Comverse.

Sharon Chouli, Chief Customer Officer

Mr. Chouli serves as our Chief Customer Officer. Since joining Verint in 1997, Mr. Chouli held a broad range of management positions in the Cyber Intelligence Solutions business, culminating in the position of Senior Vice President, Head of Global Customer Operations. Mr. Chouli is an accomplished leader with over two decades of experience in information technology and software. Prior to joining the Cognyte Business, Mr. Chouli held roles in Telrad Networks and in the Israel Aerospace Industries R&D unit.

Arrangements Concerning Election of Directors; Family Relationships

We are not a party to, and are not aware of, any arrangements pursuant to which any of our senior management members or directors was selected as such. In addition, there are no family relationships among our senior management members or directors.

6.B. COMPENSATION

Because we are a newly incorporated entity, we have not previously provided any compensation to our directors or senior management. Upon the consummation of the spin-off, we expect that a portion of the compensation paid to our directors and senior management will be equity-based.

For further information on the share ownership of our senior management, see "—6.E. Share Ownership."

Certain of the directors who will serve on the Cognyte Board previously served as directors of Verint. All of the members of our senior management team previously served as executives of the Cyber Intelligence Solutions business unit of Verint. The following table presents, in the aggregate, all compensation that Verint paid to those of our directors who served as directors of Verint (in their capacities as directors), and our senior management team members who served in the Cyber Intelligence Solutions business unit at Verint, for the year ended January 31, 2020. The table does not include any amounts that Verint paid to reimburse any of such persons for costs incurred in providing it with services during that period.

(in thousands)	Salary and Related Benefits	Pension, Retirement and Other Similar Benefits	Share Based Compensation
All directors and senior management as a group, consisting of 14 persons	$ 1,878	$ 423	$ 5,362

Following the spin-off, as an independent public company, Cognyte will compensate our directors and senior management team in accordance with the recommendation of our Compensation Committee and, generally, subject to the approval of the Cognyte Board and our shareholders. That compensation will generally need to be consistent with the terms of our compensation policy, which will require periodic approval, in accordance with the requirements of the Companies Law (as described below under "—6.C. Board Practices—Compensation Committee—Compensation Policy under the Companies Law"). Therefore, the future compensation practices of Cognyte may differ from the historical practices of Verint.

In accordance with the Companies Law, beginning with our first annual general meeting of shareholders that takes place following the spin-off, when we are considered a public company under the Companies Law, we will be required to disclose the compensation paid to our five most highly compensated officers on an individual basis for the previous fiscal year. Consequently, we will be required to include that information in all annual reports on Form 20-F that we file with the SEC commencing at that time.

6.C. BOARD PRACTICES

General

The Cognyte Board will consist of seven members, including, if subsequently applicable to Cognyte, two external directors who may be required to be appointed under the Companies Law. Our Articles of Association provide that the number of board members (including external directors, if applicable) shall be set by the Cognyte Board from time to time, provided that it will consist of not less than three and not more than eleven members. Pursuant to the Companies Law, the management of our business is vested in the Cognyte Board. The Cognyte Board may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by the Cognyte Board. Our chief executive officer is appointed by, and

serves at the discretion of, the Cognyte Board, subject to the employment agreement that we have entered into with him. All other executive officers are appointed by our chief executive officer. Their terms of employment are subject to the approval of the Compensation Committee of the Cognyte Board and of the Cognyte Board, and are subject to the terms of any applicable employment agreements that we may enter into with them.

The Cognyte Board may, subject to the provisions of the Companies Law, delegate any or all of its powers to committees of the Board, and it may, from time to time, revoke such delegation or alter the composition of any such committees, subject to certain limitations. Unless otherwise expressly provided by the Cognyte Board, the committees shall not be empowered to further delegate such powers. The composition and duties of our Audit Committee and Compensation Committee are described below.

The Cognyte Board oversees how management monitors compliance with our risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by us. The Cognyte Board is assisted in its oversight role by an internal audit department. The internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to our Audit Committee.

Board Structure

Under our Articles of Association to be effective upon the consummation of the spin-off, our directors will be divided into three classes with staggered three-year terms. Each class of directors will consist, as nearly as possible, of one-third of the total number of directors constituting the entire Cognyte Board. At each annual general meeting of our shareholders, the election or re-election of directors following the expiration of the term of office of the directors of that class of directors will be for a term of office that expires on the third annual general meeting following such election or re-election.

Our directors will be divided among the three classes as follows:

- the Class I directors will be Mr. Nottenburg, Mr. Naggan and Ms. Shilo;
- the Class II directors will be Mr. Bodner and Ms. Gruber; and
- the Class III directors will be Mr. Shanks and Mr. Sharon.

Any amendment to the foregoing structure of the Cognyte Board, or to the authorized range of number of directors set forth in our Articles of Association, requires the approval of at least 65% of the total voting power of our shareholders.

Nomination, Election and Removal of Directors

Each of the directors shall be elected by a vote of the holders of a majority of the voting power present and voting at that meeting (excluding abstentions), provided that in the event of a contested election, the method of calculation of the votes and the manner in which the resolutions for election of directors will be presented to the meeting shall be determined by the Cognyte Board in its discretion. Each director will hold office until the annual general meeting of our shareholders for the year in which his or her term expires, unless the tenure of such director expires earlier pursuant to the Companies Law or unless he or she is removed from office as described below.

Under our Articles of Association to be effective upon the consummation of the spin-off, the approval of the holders of at least 65% of the total voting power of our shareholders will generally be required to remove any of our directors from office, and any amendment to that provision shall require the approval of at least 65% of the total voting power of our shareholders. In addition, vacancies on the Cognyte Board may be filled exclusively by a vote of a simple majority of the directors then in office, or, if determined by the board, by a vote of our

shareholders. A director so appointed will hold office until the next annual general meeting of our shareholders for the class in respect of which the vacancy was created, or in the case of a vacancy due to the number of directors being less than the maximum number of directors stated in the Articles of Association, until the next annual general meeting of our shareholders at which the class to which he or she has been assigned by the Cognyte Board is subject to election. The approval of at least 65% of the total voting power of our outstanding shares is required in order to amend this Articles provision concerning the filling of vacancies on the board.

Under the Companies Law, any shareholder holding at least one percent of our outstanding voting power may nominate a director. However, any such shareholder may make such a nomination only if a written notice of such shareholder's intent to make such nomination has been given to the Cognyte Board. Any such notice must include certain information, including the consent of the proposed director nominee to serve as our director if elected, and a declaration that the nominee signed declaring that he or she possess the requisite skills and has the availability to carry out his or her duties. Additionally, the nominee must provide details of such skills, and demonstrate an absence of any limitation under the Companies Law that may prevent his or her election, and affirm that all of the required election-information is provided to us, pursuant to the Companies Law. Any such shareholder notice (and related documentation) must be delivered to our registered Israeli office within seven days after we publish notice of our upcoming annual general meeting (or within 14 days after we publish a preliminary notification of an upcoming annual general meeting).

Chairman of the Board

The Cognyte Board may elect one director to serve as the chairman of the Cognyte Board to preside at the meetings of the Cognyte Board, and may also remove that director as chairman. Pursuant to the Companies Law, neither the chief executive officer nor any of his or her relatives is permitted to serve as the chairman of the Cognyte Board, and a company may not vest the chairman or any of his or her relatives with the chief executive officer's authorities. In addition, a person who reports, directly or indirectly, to the chief executive officer may not serve as the chairman of the Cognyte Board; the chairman may not be vested with authorities of a person who reports, directly or indirectly, to the chief executive officer; and the chairman may not serve in any other position in the company or a controlled company, but he or she may serve as a director or chairman of a controlled company. However, the Companies Law permits a company's shareholders to determine, for a period not exceeding three years from each such determination, that the chairman or his or her relative may serve as chief executive officer or be vested with the chief executive officer's authorities, and that the chief executive officer or his or her relative may serve as chairman or be vested with the chairman's authorities. Such determination of a company's shareholders requires either: (1) the approval of at least a majority of the shares of those shareholders present and voting on the matter (other than controlling shareholders and those having a personal interest in the determination) (shares held by abstaining shareholders shall not be considered); or (2) that the total number of shares opposing such determination does not exceed 2% of the total voting power in the company. Currently, we have a separate chairman and chief executive officer.

External Directors

We have elected, upon the effectiveness of the spin-off, to be governed by an exemption under the Companies Law regulations that exempts us from appointing external directors and from complying with the Companies Law requirements related to the composition of the Audit Committee and Compensation Committee of the Cognyte Board. Our eligibility for that exemption is conditioned upon: (i) the continued listing of our shares on NASDAQ (or one of a few select other non-Israeli stock exchanges); (ii) there not being a controlling shareholder (generally understood to be a 25% or greater shareholder) of our company under the Companies Law; and (iii) our compliance with the NASDAQ listing rules requirements as to the composition of (a) the Cognyte Board—which requires that we maintain a majority of independent directors (as defined under the NASDAQ listing rules) on the Cognyte Board and (b) the Audit Committee and Compensation Committees of the Cognyte Board (which require that such committees consist solely of independent directors (at least three and two members, respectively), as described under the NASDAQ listing rules). At the time that it determined to

exempt Cognyte from the external director requirement, the Cognyte Board affirmatively determined that we met the conditions for exemption from the external director requirement, including that a majority of the members of the Cognyte Board, along with each of the members of the Audit Committee and Compensation Committee of the Cognyte Board, are independent under the NASDAQ listing rules.

Our election to exempt our company from compliance with the external director requirement can be reversed at any time by the Cognyte Board, in which case we would need to hold a shareholder meeting to once again appoint external directors, whose election would be for a three-year term. The election of each external director would require a majority vote of the shares present and voting at a shareholders meeting, provided that either:

- the majority voted in favor of election includes a majority of the shares held by non-controlling shareholders who do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, which we refer to as a disinterested majority; or
- the total number of shares held by non-controlling, disinterested shareholders (as described in the previous bullet point) voted against the election of the director does not exceed two percent (2%) of the aggregate voting rights in Cognyte.

The term "controlling shareholder" is defined in the Companies Law (for purposes of the voting requirements for the election of external directors) as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder.

An "office holder" is defined in the Companies Law as a chief executive officer (referred to as a general manager), chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of such person's title, a director and any other manager directly subordinate to the general manager. Each person listed in the tables in "—6.A. Directors and Senior Management" is an office holder under the Companies Law.

Committees of the Cognyte Board

The Cognyte Board will establish three standing committees, the Audit Committee, the Compensation Committee, and the Nominating and Governance Committee.

Audit Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint an audit committee. The audit committee must be comprised of at least three directors. Because we have opted out from the external director requirement under the Companies Law, we need not comply with this composition requirement for our Audit Committee under the Companies Law (so long as we comply with the corresponding NASDAQ requirement).

Listing Requirements

Under the NASDAQ corporate governance rules, we are required to maintain an audit committee consisting of at least three independent directors, each of whom is financially literate and one of whom has accounting or related financial management expertise.

Following the listing of our shares on NASDAQ, our Audit Committee will consist of Mr. Shanks, Ms. Gruber and Mr. Naggan. Mr. Shanks will serve as the chairman of the Audit Committee. All members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and the NASDAQ

corporate governance rules. The Cognyte Board has determined that each of Mr. Shanks and Ms. Gruber is an "audit committee financial expert" as defined by the SEC rules and has the requisite financial experience as defined by the NASDAQ corporate governance rules.

The Cognyte Board has determined that each member of our Audit Committee is "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act, which is different from the general test under NASDAQ rules for independence of board and committee members.

Audit Committee Role

The Cognyte Board has adopted an audit committee charter setting forth the responsibilities of the Audit Committee consistent with the Companies Law, the SEC rules and the NASDAQ corporate governance rules, which include:

- retaining and terminating our independent auditors, subject to the ratification of the Cognyte Board, and in the case of retention, to that of our shareholders;
- pre-approving of audit and non-audit services and related fees and terms, to be provided by the independent auditors;
- overseeing the accounting and financial reporting processes of our company and audits of our financial statements, the effectiveness of our internal control over financial reporting and making such reports as may be required of an audit committee under the rules and regulations promulgated under the Exchange Act;
- reviewing with management and our independent auditor our annual and quarterly financial statements prior to publication or filing (or submission, as the case may be) to the SEC;
- recommending to the Cognyte Board the retention and termination of the head internal auditor, and the head internal auditor's engagement fees and terms, in accordance with the Companies Law as well as approving the yearly or periodic work plan proposed by the internal audit department;
- reviewing with our general counsel and/or external counsel, as deemed necessary, legal and regulatory matters that could have a material impact on the financial statements;
- identifying irregularities in our business administration, inter alia, by consulting with the head internal auditor or with the independent auditor, and suggesting corrective measures to the Cognyte Board;
- reviewing policies and procedures with respect to transactions (other than transactions related to the compensation or terms of services) between the Company and officers and directors, or affiliates of officers or directors, or transactions that are not in the ordinary course of the Company's business and deciding whether to approve such acts and transactions if so required under the Companies Law; and
- establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

Compensation Committee

Companies Law Requirements

Under the Companies Law, the board of directors of a public company must appoint a compensation committee, which generally must be comprised of at least three directors. Because we have opted out from the external director requirement under the Companies Law, we need not comply with this composition requirement for our Compensation Committee under the Companies Law (so long as we comply with the corresponding NASDAQ requirement).

Listing Requirements

Under the NASDAQ corporate governance rules, we are required to maintain a compensation committee consisting of at least two independent directors.

Following the listing of our shares on NASDAQ, our Compensation Committee will consist of Mr. Nottenburg, Mr. Naggan and Ms. Shilo. Mr. Nottenburg will serve as chairman of the Compensation Committee. The Cognyte Board has determined that each member of our Compensation Committee is independent under the NASDAQ rules, including the additional independence requirements applicable to the members of a compensation committee.

Compensation Committee Role

In accordance with the Companies Law, the roles of our Compensation Committee are, among others, as follows:

- recommending to the Cognyte Board with respect to the approval of the compensation policy for office holders and, once every three years, regarding any extensions to a compensation policy that was adopted for a period of more than three years;
- reviewing the implementation of the compensation policy and periodically recommending to the Cognyte Board with respect to any amendments or updates of the compensation policy;
- resolving whether or not to approve arrangements with respect to the terms of office and employment of office holders; and
- exempting, under certain circumstances, a transaction with our chief executive officer from the approval of the general meeting of our shareholders.

The Cognyte Board has adopted a compensation committee charter setting forth the responsibilities of the committee consistent with the NASDAQ rules, which include among others:

- recommending to the Cognyte Board for its approval a compensation policy in accordance with the requirements of the Companies Law as well as other compensation policies, incentive-based compensation plans and equity-based compensation plans, and overseeing the development and implementation of such policies and recommending to the Cognyte Board any amendments or modifications the committee deems appropriate, including as required under the Companies Law;
- reviewing and approving the granting of options and other incentive awards to our chief executive officer and other executive officers, including reviewing and approving corporate goals and objectives relevant to the compensation of our chief executive officer and other executive officers, including evaluating their performance in light of such goals and objectives;
- approving and exempting certain transactions regarding office holders' compensation pursuant to the Companies Law; and
- administering our equity-based compensation plans, including without limitation, recommending to the Cognyte Board the adoption and/or amendment of such plans, interpreting such plans and the awards and agreements issued pursuant thereto, and approving and recommending to the Cognyte Board the approval of awards to eligible persons under the plans and the terms of such awards.

Compensation Policy under the Companies Law

In general, under the Companies Law, a public company must have a compensation policy approved by the company's board of directors after receiving and considering the recommendations of its compensation committee. In addition, a compensation policy must be approved at least once every three years, first, by the company's board of directors, upon recommendation of the compensation committee, and second, by a simple majority of the shares present, in person or by proxy, and voting at a shareholders meeting, provided that either:

- such majority includes at least a majority of the shares held by shareholders who are not controlling shareholders and shareholders who do not have a personal interest in such compensation policy and who are present, in person or by proxy, and voting (excluding abstentions); or

- the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation policy and who vote against the policy does not exceed two percent (2%) of the aggregate voting rights in the company.

Under special circumstances, the company's board of directors may approve the compensation policy despite the objection of its shareholders on the condition that the compensation committee and then the board of directors decide, on the basis of detailed grounds and after discussing again the compensation policy, that approval of the compensation policy, despite the objection of shareholders, is for the benefit of the company.

If a company such as ours that initially offers or distributes its securities to the public adopts a compensation policy in advance of its initial public offering/distribution, and describes it in its prospectus (or similar document, such as this registration statement) for such offering/distribution, then that compensation policy shall be deemed a validly adopted policy in accordance with the Companies Law requirements described above. Furthermore, that compensation policy will remain in effect for a term of five years from the date on which that company becomes a public company.

The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment in respect of employment or engagement. The compensation policy must be determined and later reevaluated according to certain factors, including: the advancement of the company's objectives, business plan and long-term strategy; the creation of appropriate incentives for office holders, while considering, among other things, the company's risk management policy; the size and the nature of the company's operations; and with respect to variable compensation, the contribution of the office holder towards the achievement of the company's long-term goals and the maximization of its profits, all with a long-term objective and according to the position of the office holder. The compensation policy must furthermore consider the following additional factors:

- the education, skills, experience, expertise and accomplishments of the relevant office holder;
- the office holder's position, responsibilities and prior compensation agreements with him or her;
- the ratio between the cost of the terms of employment of an office holder and the cost of the employment of other employees of the company, including employees employed through contractors who provide services to the company, in particular the ratio between such cost to the average and median salary of such employees of the company, as well as the impact of disparities between them on the work relationships in the company;
- if the terms of employment include variable components—the possibility of reducing variable components at the discretion of the board of directors and the possibility of setting a limit on the value of non-cash variable equity-based components; and
- if the terms of employment include severance compensation—the term of employment or office of the office holder, the terms of his or her compensation during such period, the company's performance during such period, his or her individual contribution to the achievement of the company goals and the maximization of its profits and the circumstances under which he or she is leaving the company.

The compensation policy must also include, among other features:

- with regards to variable components:
  - with the exception of office holders who report directly to the chief executive officer, determining the variable components on long-term performance basis and on measurable criteria; however, the company may determine that an immaterial part of the variable components of the compensation package of an office holder shall be awarded based on non-measurable criteria, if such amount is not higher than three monthly salaries per annum, while taking into account such office holder's contribution to the company; and

- the ratio between variable and fixed components, as well as the limit of the values of variable components at the time of their payment, or in the case of equity-based compensation, at the time of grant;
- a condition under which the office holder will return to the company, according to conditions to be set forth in the compensation policy, any amounts paid as part of his or her terms of employment, if such amounts were paid based on information later discovered to be wrong, and such information was restated in the company's financial statements;
- the minimum holding or vesting period of variable equity-based components to be set in the terms of office or employment, as applicable, while taking into consideration long-term incentives; and
- a limit to retirement grants.

Our compensation policy, which will become effective immediately upon the closing of the spin-off, is designed to promote retention and motivation of directors and executive officers, incentivize superior individual excellence, align the interests of our directors and executive officers with our long-term performance and provide a risk management tool. To that end, a portion of our executive officer compensation package is targeted to reflect our short and long-term goals, as well as the executive officer's individual performance. On the other hand, our compensation policy includes measures designed to reduce the executive officer's incentives to take excessive risks that may harm us in the long-term, such as limits on the value of cash bonuses and equity-based compensation, limitations on the ratio between the variable and the total compensation of an executive officer and minimum vesting periods for equity-based compensation.

Our compensation policy also addresses our executive officers' individual characteristics (such as the officer's respective position, education, scope of responsibilities and contribution to the attainment of our goals) as the basis for compensation variation among our executive officers and considers the internal ratios between compensation of our executive officers and directors and other employees. Pursuant to our compensation policy, the compensation that may be granted to an executive officer may include: base salary, annual bonuses and other cash bonuses (such as a signing bonus and special bonuses with respect to any special achievements, such as outstanding personal achievement, outstanding personal effort or outstanding company performance or a unique company transaction), equity-based compensation, benefits and retirement and termination of service arrangements. All cash bonuses are limited to a maximum amount linked to the executive officer's base salary.

An annual cash bonus may be awarded to executive officers upon the attainment of pre-set periodic objectives and individual targets. The annual cash bonus that may be granted to our executive officers other than our chief executive officer will be based on performance objectives and a discretionary evaluation of the executive officer's overall performance by our chief executive officer and subject to minimum thresholds. The annual cash bonus that may be granted to executive officers other than our chief executive officer may alternatively be based entirely on a discretionary evaluation. Furthermore, our chief executive officer will be entitled to approve performance objectives for executive officers who report to him.

The measurable performance objectives of our chief executive officer will be determined annually by our Compensation Committee and the Cognyte Board. A non-material portion of the chief executive officer's annual cash bonus may be based on a discretionary evaluation of the chief executive officer's overall performance by the Compensation Committee and the Cognyte Board, based on quantitative and qualitative criteria.

The equity-based compensation under our compensation policy for our executive officers (including members of the Cognyte Board) is designed in a manner consistent with the underlying objectives in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the executive officers' interests with our long-term interests and those of our shareholders and to strengthen the retention and the motivation of executive officers in the long term. Our compensation policy provides for executive officer compensation in the form of share options or other equity-based awards, such as restricted shares and time or

performance based restricted share units, in accordance with our share incentive plan then in place. Equity-based incentives granted to executive officers are generally subject to vesting periods in order to promote long-term retention of the awarded executive officers. The equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the executive officer.

In addition, our compensation policy contains compensation recovery provisions which allow us under certain conditions to recover bonuses paid in excess. The policy also enables our chief executive officer to approve an immaterial change in the terms of employment of an executive officer who reports directly him (provided that the changes of the terms of employment are in accordance with our compensation policy) and allows us to exculpate, indemnify and insure our executive officers and directors to the maximum extent permitted by Israeli law, subject to certain limitations set forth therein.

Our compensation policy also provides for compensation to the members of the Cognyte Board either (i) in accordance with the amounts provided in the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director) of 2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel) of 2000, as such regulations may be amended from time to time, or (ii) in accordance with the amounts determined in our compensation policy. Pursuant to our compensation policy, the compensation that may be granted to a director may include: an initial "welcome" equity grant for new board members, an annual equity grant, an annual cash retainer, annual cash fees for service on board committees or in board leadership roles, and an annual cash supplement for international directors (who reside outside of Israel).

Our compensation policy will be approved by the Cognyte Board and shareholders, and will become effective upon the consummation of the spin-off.

Nominating and Governance Committee

Companies Law Requirements

The Companies Law does not require that the Cognyte Board appoint a nominating committee or governance committee to address director nominations or corporate governance requirements. We have nevertheless elected to comply with the NASDAQ requirement to appoint such a committee, as described below, rather than to rely upon home country practice.

Listing Requirements

Under the NASDAQ corporate governance rules, we are required to maintain a nominating committee consisting of at least two independent directors.

Following the listing of our shares on NASDAQ, our Nominating and Governance Committee will consist of Mr. Shanks, Ms. Gruber, and Ms. Shilo. Mr. Shanks will serve as chairman of the Nominating and Governance Committee. The Cognyte Board has determined that each member of our Nominating and Governance Committee is independent under the NASDAQ rules.

Nominating and Governance Committee Role

The Cognyte Board has a nominating and governance committee charter that sets forth the responsibilities of the Nominating and Governance Committee, which include, among other things:

- evaluating and making recommendations to the Cognyte Board concerning the structure, composition and functioning of the Cognyte Board and all board committees;

- recommending to the board for its approval criteria for Cognyte Board and committee membership, including a description of any specific and minimum qualifications that the Nominating and Governance Committee believes must be met by a committee-recommended nominee;
- identifying and evaluating individuals, including individuals proposed by our shareholders, qualified to serve as members of the Cognyte Board, consistent with criteria established by the committee, a new director candidate evaluation process and the qualification requirements set forth under the Companies Law and NASDAQ corporate governance rules;
- recommending to the board candidates for election or reelection by the Cognyte Board at each annual general meeting of shareholders;
- establishing procedures for annual performance evaluations of the members of the Cognyte Board on an individual basis, and the Cognyte Board and committees of the Cognyte Board on a collective basis;
- reviewing Cognyte Board meeting procedures, including the appropriateness and adequacy of the information supplied to directors prior to and during Cognyte Board meetings;
- establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to the board a set of corporate governance guidelines applicable to our company; and
- assisting the Cognyte Board in fulfilling its oversight responsibilities relating to corporate responsibility and environmental, social and governance matters.

Internal Auditor

Under the Companies Law, the board of directors of an Israeli public company must also appoint an internal auditor nominated by the audit committee. Our Internal Auditor is Protiviti Inc.

The role of the internal auditor is to examine, among other things, whether a company's actions comply with the law and proper business procedure. The Audit Committee is required to oversee the activities, and to assess the performance of the internal auditor as well as to review the internal auditor's work plan. An internal auditor may not be an interested party or office holder, or a relative of any interested party or office holder, and may not be a member of the company's independent accounting firm or its representative. The Companies Law defines an interested party as a holder of 5% or more of the outstanding shares or voting rights of a company, any person or entity that has the right to nominate or appoint at least one director or the general manager of the company or any person who serves as a director or as the general manager of a company. Our Internal Auditor is not our employee, but rather a firm which specializes in internal auditing.

Fiduciary Duties of Office Holders

The Companies Law imposes a duty of care and a duty of loyalty on all office holders of a company.

The duty of care requires an office holder to act with the level of care with which a reasonable office holder in the same position would have acted under the same circumstances. The duty of care of an office holder includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for such office holder's approval or performed by him or her by virtue of his or her position; and
- all other important information pertaining to these actions.

The duty of loyalty of an office holder requires an office holder to act in good faith and for the benefit of the company, and includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties in the company and his or her performance of his or her other duties or personal affairs;

- refrain from any action that is competitive with the company's business;
- refrain from exploiting any business opportunity of the company to receive a personal gain for such office holder or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder has received due to his or her position as an office holder.

Approval of Related Party Transactions under Israeli Law

General

Under the Companies Law, we may approve an action by an office holder from which the office holder would otherwise have to refrain, as described above, if:

- the office holder acts in good faith and the act or its approval does not cause harm to the company; and
- the office holder disclosed the nature of his or her interest in the transaction (including any significant fact or document) to the company at a reasonable time before the company's approval of such matter.

Disclosure of Personal Interests of an Office Holder

The Companies Law requires that an office holder disclose to the company, promptly, and, in any event, not later than the board meeting at which the transaction is first discussed, any direct or indirect personal interest that he or she may have and all related material information known to him or her relating to any existing or proposed transaction by the company. If the transaction is an extraordinary transaction, the office holder must also disclose any personal interest held by:

- the office holder's relatives; or
- any corporation in which the office holder or his or her relatives holds 5% or more of the shares or voting rights, serves as a director or general manager or has the right to appoint at least one director or the general manager.

Under the Companies Law, an extraordinary transaction is a transaction:

- not in the ordinary course of business;
- not on market terms; or
- that is likely to have a material effect on the company's profitability, assets or liabilities.

The Companies Law does not specify to whom within Cognyte nor the manner in which required disclosures are to be made. We require our office holders to make such disclosures to the Cognyte Board.

Under the Companies Law, once an office holder complies with the above disclosure requirement, the board of directors may approve a transaction between the company and an office holder, or a third party in which an office holder has a personal interest, unless the articles of association provide otherwise and provided that the transaction is in the company's interest. If the transaction is an extraordinary transaction in which an office holder has a personal interest, first the audit committee and then the board of directors, in that order, must approve the transaction. Under specific circumstances, shareholder approval may also be required. A director who has a personal interest in an extraordinary transaction, which is considered at a meeting of the board of directors or the audit committee, may not be present at that meeting or vote on that matter, unless a majority of the board of directors or the audit committee, as the case may be, has a personal interest. If a majority of the board of directors has a personal interest, then shareholder approval is generally also required.

Under the Companies Law, all arrangements as to compensation of office holders require approval of the compensation committee and board of directors, and compensation of office holders who are directors must be also approved, subject to certain exceptions, by the shareholders, in that order. Where the director is also a controlling shareholder, the requirements for approval of transactions with controlling shareholders apply.

Disclosure of Personal Interests of a Controlling Shareholder

Under the Companies Law, the disclosure requirements that apply to an office holder also apply to a controlling shareholder of a public company. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, including a private placement in which a controlling shareholder has a personal interest, as well as transactions for the provision of services whether directly or indirectly by a controlling shareholder or his or her relative, or a company such controlling shareholder controls, and transactions concerning the terms of engagement of a controlling shareholder or a controlling shareholder's relative, whether as an office holder or an employee, require the approval of the audit committee or the compensation committee, as the case may be, the board of directors and a majority of the shares voted by the shareholders of the company participating and voting on the matter in a shareholders' meeting. In addition, the shareholder approval must fulfill one of the following requirements:

- at least a majority of the shares held by shareholders who have no conflict of interest (referred to under the Companies Law as a "personal interest") in the transaction and are voting at the meeting must be voted in favor of approving the transaction, excluding abstentions; or
- the shares voted by shareholders who have no personal interest in the transaction who vote against the transaction represent no more than 2% of the voting rights in the company.

In addition, any extraordinary transaction with a controlling shareholder or in which a controlling shareholder has a personal interest with a term of more than three years requires the above-mentioned approval every three years; however, such transactions not involving the receipt of services or compensation can be approved for a longer term, provided that the audit committee determines that such longer term is reasonable under the circumstances.

The Companies Law requires that every shareholder that participates, in person, by proxy or by voting instrument, in a vote regarding a transaction with a controlling shareholder, must indicate in advance (via the proxy card or voting instruction form) or in the ballot whether or not that shareholder has a personal interest in the vote in question. Failure to so indicate will result in the invalidation of that shareholder's vote.

The term "controlling shareholder" is defined in the Companies Law as a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint the majority of the directors of the company or its chief executive officer. In the context of a transaction involving a shareholder of the company, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated.

Duties of Shareholders

Under the Companies Law, a shareholder has a duty to refrain from abusing its power in the company and to act in good faith and in an acceptable manner in exercising its rights and performing its obligations toward the company and other shareholders, including, among other things, voting at general meetings of shareholders (and at shareholder class meetings) on the following matters:

- amendment of the articles of association;
- increase in the company's authorized share capital;

- merger; and
- the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from oppressing other shareholders.

The remedies generally available upon a breach of contract will also apply to a breach of the above mentioned duties, and in the event of oppression of other shareholders, additional remedies are available to the injured shareholder.

In addition, any controlling shareholder, any shareholder that knows that its vote can determine the outcome of a shareholder vote and any shareholder that, under a company's articles of association, has the power to appoint or prevent the appointment of an office holder, or has another power with respect to a company, is under a duty to act with fairness towards the company. The Companies Law does not describe the substance of this duty except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness, taking the shareholder's position in the company into account.

Code of Conduct and Business Ethics

Prior to the spin-off, the Cognyte Board will adopt a written Code of Business Conduct and Ethics reinforcing our guiding principles to act with the highest level of integrity and ethical standards and setting forth our expectations regarding personal and corporate conduct for all of our directors, officers, employees and representatives.

Exculpation, Indemnification and Insurance of Directors and Officers

Exculpation of Office Holders

Under the Companies Law, an Israeli company may not exempt an office holder from his or her liability for a breach of the duty of loyalty to the company, but may exempt an office holder, in advance, from his or her liability, in whole or in part, for a breach of his or her duty of care to the company (except with regard to distributions), if the articles of association so provide. Our Articles of Association permit us to exempt our office holders, retroactively or in advance, from his or her liability, in whole or in part, for a breach of his or her duty of care to the company, up to the highest amount permitted by law.

Office Holders' Insurance

As permitted by the Companies Law, our Articles of Association provide that, subject to the provisions of the Companies Law, we may enter into a contract for the insurance of the liability of any of our office holders concerning an act performed by him or her in his or her capacity as an office holder for:

- a breach of his or her duty of care to us or to another person;
- a breach of his or her duty of loyalty to us, provided that the office holder acted in good faith and had reasonable cause to assume that his or her act would not prejudice our interests;
- a financial liability imposed upon him or her in favor of another person;
- expenses he or she incurs as a result of administrative proceedings that may be instituted against him or her under Israeli securities laws, if applicable, and payments made to injured persons under specific circumstances thereunder;
- expenses he or she incurs as a result of administrative proceedings that may be instituted against him or her, including reasonable litigation expenses; and
- any other matter in respect of which it is permitted or will be permitted under applicable law to insure the liability of an office holder in Cognyte.

Indemnification of Office Holders

As permitted by the Companies Law, our Articles of Association provide that we may indemnify any of our office holders for an act performed in his or her capacity as an office holder, retroactively (after the liability has been incurred) or in advance against the following:

- a financial liability incurred by, or imposed on, him or her in favor of another person by any judgment, including a settlement or an arbitration award approved by a court; provided that our undertaking to indemnify with respect to such events on a prospective basis is, according to the Companies Law, limited to events that the Cognyte Board believes are foreseeable in light of our actual operations at the time of providing the undertaking and to a sum or standard that the Cognyte Board determines to be reasonable under the circumstances, and further provided that such events and amount or criteria are set forth in the undertaking to indemnify;
- reasonable litigation expenses, including attorney's fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him or her or concluded with the imposition of a financial liability in lieu of criminal proceedings with respect to a criminal offense that does not require proof of criminal intent, all according to the law, or in connection with a financial sanction;
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or charged to him or her by a court, resulting from the following: proceedings we institute against him or her or instituted on our behalf or by another person; a criminal indictment from which he or she was acquitted; or a criminal indictment in which he or she was convicted for a criminal offense that does not require proof of intent;
- expenses he or she incurs as a result of administrative proceedings that may be instituted against him or her under Israeli securities laws, if applicable, and payments made to injured persons under specific circumstances thereunder;
- expenses paid in connection with the administrative proceeding which was instituted against him or her, including reasonable litigation expenses, such as attorneys' fees; and
- any other matter in respect of which it is permitted or will be permitted under applicable law to indemnify an office holder in Cognyte.

Limitations on Exculpation, Insurance and Indemnification

The Companies Law provides that a company may not indemnify an office holder nor exculpate an office holder nor enter into an insurance contract which would provide coverage for any monetary liability incurred as a result of any of the following:

- a breach by the office holder of his or her duty of loyalty, unless with respect to indemnification and insurance, the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach by the office holder of his or her duty of care if the breach was committed intentionally or recklessly, unless it was committed only negligently;
- any act or omission committed with the intent to derive an illegal personal benefit; or
- any fine levied against the office holder.

In addition, under the Companies Law, exculpation of, an undertaking to indemnify or indemnification of, and procurement of insurance coverage for, our office holders must be approved by our Compensation Committee and the Cognyte Board and, in specified circumstances, such as if the office holder is a director, is generally required to be approved by our shareholders.

We expect to enter into agreements with each of our directors and executive officers to indemnify them to the fullest extent permitted by law, subject to limited exceptions. The maximum aggregate amount of indemnification that we may pay to our directors and executive officers based on such indemnification agreements is, generally, in any five year-period, the greatest of:

- twenty-five percent (25%) of our total shareholders' equity based on our most recent financial statements as of the time of the actual payment of indemnification;
- $200.0 million;
- ten percent (10%) of our total market capitalization (determined based on the average closing price of our shares over the 30 trading days prior to the actual payment of indemnification multiplied by the total number of our issued and outstanding shares as of the date of actual payment); and
- in connection with or arising out of a public offering of our securities, the aggregate amount of proceeds from the sale by us and/or any shareholder of ours, securities in that offering.

We also plan to obtain a directors' and officers' liability insurance policy with an aggregate coverage limit that will not exceed the greater of $50.0 million or 50% of our shareholders equity, based on our most recent financial statements at the time of approval by our Compensation Committee. The annual premiums that we pay under that policy will reflect current market conditions and will not materially affect our profitability, assets or liabilities.

6.D. EMPLOYEES

As of January 31, 2020, we employed approximately 2,100 professionals, including certain contractors, with approximately, 66%, 19%, 10% and 5% of our employees and contractors located in Israel, EMEA, Americas and APAC, respectively.

We consider our relationship with our employees to be good and a critical factor in our success. Our employees in Israel are not covered by any collective bargaining agreements although certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Laborers in Israel) and the Coordinating Bureau of Economic Organizations (including the Manufacturers' Association of Israel) are applicable to our Israeli employees by virtue of expansion orders of the Israeli Ministry of Industry, Trade and Labor. In some cases, our employees outside Israel are automatically subject to certain protections negotiated by organized labor in those countries directly with the government or trade unions, or are automatically entitled to severance or other benefits mandated under local laws. Although in certain countries we have works councils and statutory employee representation obligations, our employees are generally not represented by labor unions on an ongoing basis. We have never experienced a work stoppage.

The table below sets forth the breakdown of the total year-end number of our full-time equivalent employees by main category of activity for the past three years.

	As of January 31,		
	2020	2019	2018
	(full-time equivalents)		
Management and G&A	256	237	196
Product Delivery	190	171	144
Research & Development	1,010	988	700
Sales & Marketing	334	283	231
Service & Support	329	318	257
Total	**2,119**	**1,997**	**1,528**

6.E. SHARE OWNERSHIP

The following sets forth the total amount of Verint shares directly or indirectly owned by Cognyte's current directors and executive officers based on 65,400,173 Verint shares outstanding as of July 31, 2020.

Holder	Verint Shares	Percentage Ownership
Directors:		
Dan Bodner	675,713	1.0%
Elad Sharon	40,441	*
Earl Shanks	34,412	*
Richard Nottenburg	6,163	*
Dafna Gruber	—	*
Zvika Naggan	—	*
Karmit Shilo	—	*
Senior Management:		
David Abadi	21,469	*
Sharon Chouli	20,926	*
Ziv Levi	7,318	*
Rini Karlin	1,583	*
Marom Ben Menahem	1,333	*
Amit Daniel	—	*
Miki Migdal	—	*

* Less than 1%

All of the Cognyte shares are currently held by Verint. In the spin-off, each Verint shareholder will receive one Cognyte share for each Verint share they held as of the record date for the distribution. Accordingly, following the spin-off, each director and executive officer would own one Cognyte share for every Verint share held prior to the spin-off.

Share Incentive Plan

The following sets forth certain information with respect to the Cognyte share incentive plan that will be effective upon the consummation of the spin-off. The following description is only a summary of the plan and is qualified in its entirety by reference to the full text of the plan, which serves as an exhibit to this registration statement.

Upon the expiration of our share incentive plan, no further grants may be made thereunder, although any existing awards will continue in full force in accordance with the terms under which they were granted.

2021 Share Incentive Plan

We expect to adopt a new 2021 share incentive plan (the "2021 Plan"), prior to the consummation of the spin-off, under which we will be able to grant equity-based incentive awards to attract, motivate and retain the talent for which we compete.

Subject to the terms and conditions of the 2021 Plan, the maximum number of shares available for issuance under the 2021 Plan will be equal to the sum of (i) 9,500,000 shares, plus (ii) such number of shares equal to the number of Verint shares that were issued upon the exercise or vesting of awards granted pursuant to the Verint

Systems Inc. Amended and Restated 2015 Long-Term Stock Incentive Plan or Verint Systems Inc. 2019 Long-Term Stock Incentive Plan (collectively, the "Verint Plans") under Section 102 of the Israeli Tax Ordinance, and which Verint shares, as of the effectiveness of the consummation of the spin-off, are held by a trustee appointed in accordance with Section 102 of the Israeli Tax Ordinance, plus (iii) such number of shares that are underlying the awards originally granted to our employees under the Verint Plans that will be adjusted in accordance with the exchange ratio set forth in the Employee Matters Agreement and issued under the 2021 Plan upon the effectiveness of the spin-off (excluding any awards included in sub-clause (ii) above); provided, however, that no more than 5,000,000 shares may be issued upon the exercise of incentive stock options.

The 2021 Plan provides for granting awards under various tax regimes, including, without limitation, in compliance with Section 102 of the Israeli Tax Ordinance, and Section 3(i) of the Israeli Tax Ordinance and for awards granted to our United States employees or service providers, including those who are deemed to be residents of the United States for tax purposes, Section 422 of the Code and Section 409A of the Code.

Section 102 of the Israeli Tax Ordinance allows employees, directors and officers who are not controlling shareholders and are considered Israeli residents to receive favorable tax treatment for compensation in the form of shares or options, subject to the terms and conditions set forth in the Israeli Tax Ordinance. Our non-employee service providers and controlling shareholders may only be granted options under Section 3(i) of the Israeli Tax Ordinance, which does not provide for similar tax benefits.

The 2021 Plan provides for the grant of stock options (including incentive stock options and nonqualified stock options), ordinary shares, restricted shares, restricted share units and other share-based awards. Grants may be evidenced by award agreements, other contractual arrangements and/or resolutions of the Compensation Committee of the Cognyte Board. Options granted under the 2021 Plan to our employees who are U.S. residents may qualify as "incentive stock options" within the meaning of Section 422 of the Code, or may be non-qualified stock options.

In the event of termination of a grantee's employment or service with the company or any of its affiliates (other than by reason of death or permanent disability), all vested and exercisable awards held by such grantee as of the date of termination may be exercised within three months after such date of termination, unless otherwise determined by the administrator. After such three-month period, all unexercised awards will terminate.

In the event of termination of a grantee's employment or service with the company or any of its affiliates due to such grantee's death or permanent disability, all vested and exercisable awards held by such grantee as of the date of termination may be exercised by the grantee or the grantee's legal guardian, estate, or by a person who acquired the right to exercise the award by bequest or inheritance, as applicable, within twelve months after such date of termination, unless otherwise provided by the administrator. Any awards which are unvested as of the date of such termination or which are vested but not then exercised within the twelve-month period following such date will terminate.

Notwithstanding any of the foregoing, if a grantee commits an act during the course of the grantee's employment or services with the company or any of its affiliates that constitutes or would have constituted "cause," as defined in the 2021 Plan, the Compensation Committee of the Cognyte Board may provide for cancellation or forfeiture of all outstanding awards (whether vested or unvested).

Director and Executive Officer Share Ownership Guidelines

Prior to the completion of the spin-off, the Verint Board may adopt share ownership guidelines that will apply to Cognyte's non-employee directors and officers. Those guidelines are intended to ensure the confluence of the interests of our directors and officers with those of our shareholders, by ensuring that our directors and officers maintain minimum levels of equity holdings in our company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. MAJOR SHAREHOLDERS

The information below describes the beneficial ownership of our shares prior to and immediately after completion of the spin-off by each person or entity that we know beneficially owns or immediately following the spin-off will (based on the assumptions described below), beneficially own 5% or more of our shares.

We based the share amounts on such person's beneficial ownership of Verint shares on July 31, 2020 according to the Verint share register and certain ownership disclosure notifications received by Verint, giving effect to a distribution ratio of one Cognyte share for each Verint share held by such person as of the close of business on January 25, 2021, the record date for the spin-off. Immediately following the spin-off, we estimate that approximately 65,773,335 Cognyte shares will be issued and outstanding.

The following sets forth the beneficial ownership of Verint shares by each person or entity that we know beneficially owns 5% or more of our shares based on 65,400,173 Verint shares outstanding as of July 31, 2020.

Holder	Verint Shares	Cognyte Shares	Percentage Cognyte Ownership
The Vanguard Group, Inc.(1)	6,873,326	6,873,326	10.5%
BlackRock, Inc.(2)	4,904,623	4,904,623	7.5%
Apax Partners, L.P.(3)	3,738,317	—	—
Clal Insurance Enterprises Holdings Ltd.(4)	3,271,013	3,271,013	5.0%

(1) As reported in the Schedule 13G filed with the SEC on February 12, 2020 by The Vanguard Group, Inc. ("Vanguard"), Vanguard has sole voting power over 136,208 shares of Verint common stock, shared voting power over 12,734 shares of Verint common stock, sole dispositive power over 6,733,164 shares of Verint common stock, and shared dispositive power over 140,162 shares of Verint common stock.

(2) As reported in the Schedule 13G filed with the SEC on February 6, 2020 by BlackRock, Inc. ("BlackRock"), BlackRock has sole voting power over 4,765,539 shares of Verint common stock, and sole dispositive power over 4,904,623 shares of Verint common stock.

(3) Represents the number of Verint shares underlying 200,000 shares of Series A Convertible Perpetual Preferred Stock issued by Verint as of June 12, 2020, assuming a conversion price of $53.50. Under the terms of the Investment Agreement between Verint and the Apax Partners, L.P. affiliate that acted as the investor in such transaction (the "Apax Investor"), the convertible preferred stock held by the Apax Investor will not participate in the distribution of our shares in the spin-off transaction.

(4) As reported in the Schedule 13G filed with the SEC on April 6, 2020 by Clal Insurance Enterprises Holdings Ltd. ("Clal"), Clal has shared voting and dispositive power over 3,271,013 shares of Verint common stock, 64,550 shares of which are beneficially held for its own account, and 3,206,463 shares of which are held for members of the public through, among others, provident funds and/or pension funds and/or insurance policies, which are managed by subsidiaries of Clal, which subsidiaries operate under independent management and make independent voting and investment decisions.

To the extent our directors, officers and employees own Verint shares as of the close of business on the record date, they will participate in the spin-off on the same terms as other holders of Verint shares.

Except as otherwise noted, each person or entity identified above (including nominees) has sole voting and investment or dispositive power with respect to the securities they hold. Other than with respect to the rights of Verint's Series A Convertible Perpetual Preferred shareholders, Verint major shareholders do not have different voting rights from other shareholders.

Prior to the spin-off, 100% of our issued share capital is owned by Verint.

As of July 31, 2020, based on the Verint share register and excluding treasury shares, approximately 98.4% of our outstanding shares are expected to be held of record by residents of the United States immediately following the spin-off.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that such person has the right to acquire within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

We are not aware of any arrangement that may, at a subsequent date, result in a change of our control.

7.B. RELATED PARTY TRANSACTIONS

Agreements Between Verint and Us

Following the spin-off, we and Verint will operate separately, each as an independent public company. We will enter into a Separation and Distribution Agreement with Verint related to the separation and distribution, and we intend to enter into several other agreements with Verint prior to completion of the spin-off to effect the separation and provide a framework for our relationship with Verint after the spin-off. These agreements will govern the relationship between Verint and us subsequent to the completion of the spin-off and will provide for the separation of the assets, employees, liabilities and obligations (including investments, property and employee benefits and tax liabilities) of Verint and its subsidiaries that constitute the Cognyte Business and are attributable to periods prior to, at and after the separation. In addition to the Separation and Distribution Agreement (which contains many of the key provisions related to our separation from Verint and the distribution of our shares to holders of Verint shares), these agreements include:

- 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.

The material agreements described below are filed as exhibits to this Form 20-F and the summaries below set forth the terms of the agreements that we believe are material. These summaries are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this Form 20-F.

The terms of the agreements described below that will be in effect following the spin-off have not yet been finalized. Changes to these agreements, some of which may be material, may be made prior to the spin-off.

Separation and Distribution Agreement

We will enter into the Separation and Distribution Agreement with Verint. The Separation and Distribution Agreement sets forth our agreements with Verint regarding the principal actions to be taken in connection with the separation and distribution.

Transfer of Assets and Assumption of Liabilities. The Separation and Distribution Agreement identifies the assets to be transferred, liabilities to be assumed and contracts to be assigned to each of us and Verint, including as part of the Internal Transactions to be effected prior to the distribution, the purpose of which is to ensure that, at the time of the spin-off, each of us and Verint holds the assets which it requires to operate, in our case, the Cognyte Business and, in the case of Verint, the Customer Engagement Business, and retains or assumes (as applicable)

liabilities, including pending and future claims, which primarily relate to such business or such assets (whether arising prior to, at or after the date of execution of the Separation and Distribution Agreement).

The Separation and Distribution Agreement provides for when and how such transfers, assumptions and assignments will occur (to the extent that such transfers, assumptions and assignments have not already occurred prior to the parties' entry into the Separation and Distribution Agreement). The Separation and Distribution Agreement further sets forth the basis on which individual assets and liabilities (or any part thereof), the transfer of which is subject to a third-party consent or notification which has not been obtained or if the transfer thereof cannot for regulatory reasons occur by the date on which implementation of the separation occurs in the relevant jurisdiction, will, subject to certain exceptions, continue to be held by the relevant transferor for the use, benefit or burden of, and at the cost of, the relevant transferee.

Conditions. The Separation and Distribution Agreement also provides that several conditions must be satisfied, or waived by Verint, before the spin-off can occur. For further information about these conditions, see "Item 4. Information on the Company—4.A. History and Development of the Company—The Spin-Off—Conditions to the Spin-Off."

The Distribution. The Separation and Distribution Agreement governs the rights and obligations of the parties with respect to the distribution and certain actions that must occur prior to the distribution. Verint will have sole and absolute discretion, to determine whether, when and on what basis to proceed with all or part of the distribution. On the distribution date, Verint will distribute to its shareholders that hold Verint common stock as of the record date all of our issued and outstanding shares on a pro rata basis.

Representations and Warranties. We and Verint each provide customary representations and warranties as to our respective capacity to enter into the Separation and Distribution Agreement. Except as expressly set forth in the Separation and Distribution Agreement or any Ancillary Agreement, neither we nor Verint will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. Except as expressly set forth in the Separation and Distribution Agreement and the Ancillary Agreements, all assets will be transferred on an "as is," "where is" basis.

Release of Claims. We and Verint each agree to release the other and its affiliates, successors and assigns, and all persons that prior to completion of the spin-off have been the shareholders, directors, officers, agents or employees of the other or its affiliates, and their respective heirs, executors, administrators, successors and assigns, from any claims against any of them that arise out of or relate to liabilities arising from (i) the transactions and activities to implement the separation and distribution, and (ii) our respective businesses or liabilities. These releases will be subject to limited exceptions set forth in the Separation and Distribution Agreement.

Indemnification. We and Verint each agree to indemnify the other and each of the other's affiliates and past, present, or future directors, officers, agents and employees and each of the heirs, executors, successors and assigns of any of the foregoing against certain liabilities incurred in connection with the spin-off and related to our and Verint's respective businesses. The amount of either Verint or our indemnification obligations will be reduced by any insurance proceeds the party being indemnified receives or other amounts actually recovered (including pursuant to any indemnity from a third party).

Management of Certain Litigation Matters. Subject to certain exceptions, we will direct the defense of any litigation or claims that constitute only our liabilities or our assets and certain actions specified at the time of signing the Separation and Distribution Agreement. Verint will direct the defense of any litigation or claims that constitute only Verint liabilities or Verint assets and certain actions specified at the time of signing the Separation and Distribution Agreement. In the case of any litigation or claim that constitutes only our liabilities or our assets, but Verint or an affiliate is named as a party thereto, we will use commercially reasonable efforts to

have Verint or such Verint affiliate removed as a party. In the case of any litigation or claim that constitutes only Verint liabilities or Verint assets, but we or an affiliate are named as a party thereto, Verint will use commercially reasonable efforts to have us or such affiliate removed as a party. We and Verint will jointly manage (whether as co-defendants or as co-plaintiffs) certain actions specified at the time of signing the Separation and Distribution Agreement and any litigation or claims that constitute both our liability and a Verint liability or both our assets and Verint's assets.

Dispute Resolution. For any disputes between us and Verint arising out of the Separation and Distribution Agreement or the Ancillary Agreements, such disputes will initially be considered for informal dispute resolution by a committee comprised of two of our representatives and two Verint representatives on a steering committee. If the dispute is not resolved within 15 days of submission to the steering committee, we or Verint may submit the dispute for non-binding mediation. If negotiation and any mediation fails, we and Verint will resolve the dispute in a court of competent jurisdiction located in New York, New York. However, we or Verint may seek preliminary or injunctive relief from a court without first complying with the dispute resolution procedures if such action is reasonably necessary to avoid irreparable damage.

Term / Termination. Prior to the distribution, Verint will have the unilateral right to terminate the Separation and Distribution Agreement and all Ancillary Agreements at any time without our approval or consent. The Separation and Distribution Agreement may not be terminated following the completion of the distribution unless the parties mutually agree in writing to terminate it.

Expenses. We and Verint will each bear our own expenses in connection with the separation and distribution.

Other Matters Governed by the Separation and Distribution Agreement. Other matters governed by the Separation and Distribution Agreement include, without limitation, mutual non-compete and non-solicitation obligations, insurance arrangements, confidentiality, further assurances, treatment of outstanding guarantees and similar credit support, record retention and the exchange of and access to certain information, books and records.

Internal Transactions. Upon the terms and conditions set forth in the Separation and Distribution Agreement, we and Verint will effect the Internal Transactions steps set forth in the schedules to the Separation and Distribution Agreement. The purpose of the Internal Transactions is to ensure that, at the time of the spin-off, each of us and Verint holds the assets which it requires to operate, in our case, the Cognyte Business and, in the case of Verint, the Customer Engagement Business, and retains or assumes (as applicable) liabilities, including pending and future claims, which primarily relate to such business or such assets (whether arising prior to, at or after the date of execution of the Separation and Distribution Agreement).

Tax Matters Agreement

On the date of the spin-off, we will enter into a tax matters agreement (the "Tax Matters Agreement") with Verint under which Verint and we each will share the obligation to pay any taxes as shown on tax returns filed by Verint (or any member of its group), on one hand, and us (or any member of our group), on the other hand, such that we will be primarily responsible for any taxes related to, or arising in connection with, the Cognyte Business, and Verint will be responsible for any taxes related to, or arising in connection with, the Customer Engagement Business, regardless of which party prepares and files any such tax return and whether such taxes arise prior to or after the spin-off. We and Verint will also share responsibility for preparing relevant tax returns, which responsibility will depend on the type of a tax return and the period for which such tax return is being filed. We and Verint indemnify each other under the Tax Matters Agreement for certain actions or inactions that cause the distribution of our stock to fail to qualify as tax-free for U.S. federal income and Israeli tax purposes. If the distribution fails to qualify as tax-free due to no fault of either Verint or us, Verint and we will jointly be responsible for any resulting tax. We and Verint agree generally to cooperate in preparing and filing tax returns and will retain and make available tax records to the other party. Contests with taxing authorities are generally controlled by whichever of us or Verint bears the potential liability for the contested tax. However, with respect to certain income tax returns of Verint group, Verint has an exclusive right to control any contest with taxing

authorities regarding tax liabilities in connection with such income tax returns, even if we are allocated all or a portion of such taxes under the terms of the Tax Matters Agreement. If any tax contest relates to a failure of the spin-off to qualify as tax-free due to the fault of Verint or us, then the party at fault will control such tax contest. If neither party is at fault, Verint and we will jointly control any tax contest relating to the failure of the distribution to qualify as tax-free for U.S. federal income or Israeli tax purposes. Disputes among the parties to the Tax Matters Agreement will be referred to independent tax counsel in the event the parties are unable to resolve such disputes in a timely manner without the engagement of independent tax counsel.

Employee Matters Agreement

On the date of the spin-off, we will enter into an employee matters agreement (the "Employee Matters Agreement") with Verint which will set forth our agreements with Verint regarding the allocation of liabilities and responsibilities with respect to employees, employment matters, compensation, benefit plans, and other related matters in connection with the separation and distribution.

Allocation of Employment Liabilities. The general principle for the allocation of employment-related liabilities will be that (i) we will assume (or retain) all such liabilities relating to our employees as well as former employees of the CES Group (as defined in the Separation and Distribution Agreement) who worked wholly or substantially in the Cognyte Business as of the date immediately prior to the termination of their employment ("former Cognyte employees") and (ii) Verint will assume (or retain) all such liabilities relating to all other current and former employees of the CES Group, in each case, regardless of when such liabilities arise. In addition, we will assume (or retain) all liabilities set forth in offer letters extended to prospective employees ultimately hired by us (or any member of our group), and Verint will assume (or retain) all liabilities set forth in offer letters extended to prospective employees ultimately hired by the CES Group, in each case, including any promises to recommend equity grants.

We will cooperate in good faith with Verint to identify our employees, and we will indemnify Verint for any liabilities (including severance) relating to the transfer of employment to Cognyte, the termination of any our employees following the date of the spin-off, and any other liabilities assumed by us under the Employee Matters Agreement.

Terms and Conditions of Cognyte Employees. Prior to and for a period of twelve months following the date of the spin-off, if it is determined that it is in the mutual best interests of the parties to transfer either an individual classified as a Verint employee to us, or an individual classified as one of our employees to Verint, then the parties will use commercially reasonable efforts to ensure that such employees are transferred accordingly, and such subsequently transferring employees will continue to be classified as either Verint employees or our employees, as applicable, until the date of such transfer.

Employee Benefit and Bonus Plans. As of the date of the spin-off, we will adopt or continue in effect our benefit plans that were in effect prior to the distribution date, including a new equity incentive plan, which will be adopted prior to the date of the spin-off. We will be responsible for all cash bonus payments to our employees, and any bonuses that our employees have elected to receive in the form of equity under Verint's stock bonus program will be settled in shares of our common stock.

Collective Bargaining Agreements. As of the date of the spin-off, we will retain or assume each collective bargaining agreement covering any of our employees and will assume all liabilities arising under such collective bargaining agreements.

Severance and Unemployment Compensation. As of the date of the spin-off, we will retain or assume all severance and unemployment compensation liabilities relating to our employees or former Cognyte employees, or reimburse Verint for any such expenses it incurs in connection with the separation.

Incentive Equity Awards. As of the date of the spin-off, outstanding Verint incentive equity awards, both inside and outside of the United States, will be separated into either (1) adjusted awards over Verint common stock for

those employees who will remain with Verint, or (2) converted and adjusted awards over our common stock for those employees who will remain with us following the separation and distribution. Outstanding phantom awards tied to the value of Verint equity will receive the same treatment as the incentive equity awards described in the previous sentence but will be settled in cash.

Transition Services Agreement

On the date of the spin-off, we will enter into a transition services agreement (the "Transition Services Agreement") with Verint under which we and Verint will provide and/or make available various administrative services and assets to each other for a given period based on each individual service, with an option to extend certain services after the first year. In no case will services be provided for more than 24 months after the spin-off. Services to be provided by Verint to us will include certain services related to finance, accounting, business technology, human resources information systems, human resources, facilities, document management and record retention and technical support. Services to be provided by us to Verint will include certain services related to finance, accounting, legal, information technology, human resources and document management and record retention. In consideration for such services, we and Verint will each pay fees to the other for the services provided, and those fees will generally be in amounts intended to allow the party providing services to recover all of its direct and indirect costs incurred in providing those services, plus a standard markup, and subject to a mutually agreed upon increase following an extension of the initial service term. The fees charged for the first year of services will be fixed. Fees for services provided by third-party suppliers will be on a straight pass-through basis. The personnel performing services under the Transition Services Agreement will be employees and/or independent contractors of the party providing the service and will not be under the direction or control of the party to whom the service is being provided. Subject to certain exceptions, the liability of each party under the Transition Services Agreement for the services it provides will generally be limited to the aggregate fees paid or payable to such party in connection with the provision of such services. The Transition Services Agreement also provides that the provider of a service will not be liable to the recipient of such service for any special, indirect, punitive, incidental, or consequential damage, including loss of profits, diminution in value, business interruptions, and claims of customers. The Transition Services Agreement will also contain customary mutual indemnification provisions.

Intellectual Property Cross License Agreement

On the date of the spin-off, we will enter into an Intellectual Property Cross License Agreement with Verint under which each party and its affiliates will grant reciprocal licenses to the other party for certain patents and other non-trademark intellectual property ("patents and other IP"). The reciprocal licenses will permit each party's affiliates to practice the patents and other IP either directly or by way of a sublicense. The Intellectual Property Cross License Agreement will continue until the parties mutually agree to terminate it or a party terminates it for uncured breach by, or bankruptcy or insolvency of, the other party.

Trademark Cross License Agreement

On the date of the spin-off, we will enter into a trademark cross license agreement (the "Trademark Cross License Agreement") with Verint under which Verint and its affiliates will grant to us, and we may sublicense to our affiliates, and we and our affiliates grant to Verint and its affiliates a non-exclusive, worldwide, non-transferable license to use certain Verint or Cognyte trademarks for which each party retains ownership in connection with the separation, solely for uses of the licensed trademarks as such marks are used in the respective business as of the date of the spin-off and/or for the purposes of transitioning Cognyte and Verint to separate businesses. All licenses granted under the Trademark Cross License Agreement will terminate at the end of the 12-month transition period that begins on the date of the spin-off. The Trademark Cross License Agreement may be terminated earlier than the 12-month transition period if the parties mutually agree to terminate it or a party terminates it for uncured breach by, or bankruptcy or insolvency of, the other party.

7.C. INTERESTS OF EXPERTS AND COUNSEL

Not Applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. COMBINED STATEMENTS AND OTHER FINANCIAL INFORMATION

Please refer to pages F-1 through F-77 of this Form 20-F.

Legal Proceedings

In March 2009, one of our former employees, Ms. Orit Deutsch, commenced legal actions in Israel against our primary Israeli subsidiary, Cognyte Technologies Israel Ltd. (formerly known as Verint Systems Limited or "VSL") (Case Number 4186/09) and against our former affiliate Comverse Technology, Inc. (Case Number 1335/09). Also, in March 2009, a former employee of Comverse Limited (CTI's primary Israeli subsidiary at the time), Ms. Roni Katriel, commenced similar legal actions in Israel against Comverse Limited (Case Number 3444/09). In these actions, the plaintiffs generally sought to certify class action suits against the defendants on behalf of current and former employees of VSL and Comverse Limited who had been granted stock options in Verint and/or CTI and who were allegedly damaged as a result of a suspension on option exercises during an extended filing delay period that is discussed in Verint's and CTI's historical public filings. On June 7, 2012, the Tel Aviv District Court, where the cases had been filed or transferred, allowed the plaintiffs to consolidate and amend their complaints against the three defendants: VSL, CTI, and Comverse Limited.

On October 31, 2012, CTI distributed all of the outstanding shares of common stock of Comverse, Inc., its principal operating subsidiary and parent company of Comverse Limited, to CTI's shareholders (the "Comverse Share Distribution"). In the period leading up to the Comverse Share Distribution, CTI either sold or transferred substantially all of its business operations and assets (other than its equity ownership interests in Verint and in its then-subsidiary, Comverse, Inc.) to Comverse, Inc. or to unaffiliated third parties. As the result of these transactions, Comverse, Inc. became an independent company and ceased to be affiliated with CTI, and CTI ceased to have any material assets other than its equity interests in Verint. Prior to the completion of the Comverse Share Distribution, the plaintiffs sought to compel CTI to set aside up to $150.0 million in assets to secure any future judgment, but the District Court did not rule on this motion. In February 2017, Mavenir Inc. became successor-in-interest to Comverse, Inc.

On February 4, 2013, Verint acquired the remaining CTI shell company in a merger transaction (the "CTI Merger"). As a result of the CTI Merger, Verint assumed certain rights and liabilities of CTI, including any liability of CTI arising out of the foregoing legal actions. However, under the terms of a Distribution Agreement entered into in connection with the Comverse Share Distribution, Verint, as successor to CTI, is entitled to indemnification from Comverse, Inc. (now Mavenir) for any losses Verint may suffer in its capacity as successor to CTI related to the foregoing legal actions. Under the Separation and Distribution Agreement we will enter into with Verint in connection with the spin-off, we will agree to indemnify Verint for our share of any losses Verint may suffer related to the foregoing legal actions either in its capacity as successor to CTI to the extent not indemnified by Mavenir or due to its former ownership of us and VSL.

Following an unsuccessful mediation process, on August 28, 2016, the District Court (i) denied the plaintiffs' motion to certify the suit as a class action with respect to all claims relating to Verint stock options and (ii) approved the plaintiffs' motion to certify the suit as a class action with respect to claims of current or former employees of Comverse Limited (now part of Mavenir) or of VSL who held unexercised CTI stock options at the time CTI suspended option exercises. The court also ruled that the merits of the case would be evaluated under New York law.

As a result of this ruling (which excluded claims related to Verint stock options from the case), one of the original plaintiffs in the case, Ms. Deutsch, was replaced by a new representative plaintiff, Mr. David Vaaknin. CTI appealed portions of the District Court's ruling to the Israeli Supreme Court. On August 8, 2017, the Israeli Supreme Court partially allowed CTI's appeal and ordered the case to be returned to the District Court to determine whether a cause of action exists under New York law based on the parties' expert opinions.

Following two unsuccessful rounds of mediation in mid to late 2018 and in mid-2019, the proceedings resumed. On April 16, 2020, the District Court accepted plaintiffs' application to amend the motion to certify a class action and set deadlines for filing amended pleadings by the parties. CTI submitted a motion to appeal the District Court's decision to the Supreme Court, as well as a motion to stay the proceedings in the District Court pending the resolution of the appeal. On July 6, 2020, the Supreme Court granted the motion for a stay. On July 27, 2020, the plaintiffs filed their response on the merits of the motion for leave to appeal, and the parties are waiting for further instructions or decisions from the Supreme Court.

We are a party to various litigation matters and claims that arise from time to time in the ordinary course of our business. While we believe that the ultimate outcome of any such current matters will not have a material adverse effect on us, their outcomes are not determinable and negative outcomes may adversely affect our financial position, liquidity, or results of operations.

In addition, under the Separation and Distribution Agreement we will enter into with Verint in connection with the spin-off, the parties have agreed to certain other indemnification arrangements with respect to litigation claims and liabilities allocated in the spin-off. Our liabilities in this regard are reflected on our historical Combined Balance Sheets as of January 31, 2020 and 2019. For more information, see "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions."

8.B. SIGNIFICANT CHANGES

A discussion of significant changes in our business can be found under Item 4.A. "Information on the Company—History and Development of the Company," Item 4.B. "Information on the Company—Business Overview" and Item 5.A. "Operating and Financial Review and Prospects—Results of Operations."

ITEM 9. THE OFFER AND LISTING

9.A. OFFER AND LISTING DETAILS

We are distributing our ordinary shares, no par value. Our shares do not have any price history.

9.B. PLAN OF DISTRIBUTION

Not Applicable.

9.C. MARKETS

It is expected that our shares will be listed for trading on NASDAQ under the symbol “CGNT” and the ISIN code IL0011691438 and CUSIP code M25133 105.

9.D. SELLING SHAREHOLDERS

Not Applicable.

9.E. DILUTION

Not Applicable.

9.F. EXPENSES OF THE ISSUE

Not Applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. SHARE CAPITAL

Upon consummation of the spin-off, our authorized share capital will consist of 300,000,000 ordinary shares, no par value, of which approximately 65,773,335 ordinary shares will be issued and outstanding. No additional shares will be issued in connection with this Form 20-F.

All of our outstanding shares have been validly issued, fully paid and non-assessable.

We currently have only one class of issued and outstanding shares, which have identical rights in all respects and rank equally with one another.

For further information on our shares, see "—Item 10.B. Memorandum and Articles of Association."

10.B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Set out below is a description of certain provisions of our Articles of Association that are relevant to your ownership of our shares, as well as related provisions of the Companies Law (as currently in effect). This description is only a summary and does not purport to be complete and is qualified by reference to the full text of the articles, which is incorporated by reference as an exhibit to this Form 20-F.

Purposes and Objects of Cognyte

We are a public company registered under the Companies Law as Cognyte Software Ltd. Our registration number with the Israeli Registrar of Companies is 516196425. Pursuant to our Articles of Association, our objective is to engage in any lawful activity as determined from time to time by the Cognyte Board.

Powers of the Directors

Under the provisions of the Companies Law and our Articles of Association, a director generally cannot participate in a meeting nor vote on a proposal, arrangement or contract in which he or she is personally interested. In addition, our directors generally cannot approve compensation for themselves or for any other directors without the prior approval of our Compensation Committee and subsequent approval of our shareholders at a general meeting. See "Item 6. Directors, Senior Management and Employees—6.C. Board Practices—Approval of Related Party Transactions Under Israeli Law."

The authority of our directors to enter into borrowing arrangements on our behalf is not limited, except in the same manner as any other transaction by us.

Under our Articles of Association, the retirement of directors from office is not triggered by any age threshold and our directors are not required to own shares in Cognyte in order to qualify to serve as directors.

Rights Attached to Shares

Our authorized share capital consists of 300,000,000 ordinary shares, no par value. The shares do not entitle their holders to preemptive rights.

Dividend Rights

Subject to any preferential, deferred or other rights or restrictions attached to any special class of shares with regard to dividends, the profits of Cognyte available for dividend and resolved to be distributed shall be applied in payment of dividends upon the shares of Cognyte in the same manner with respect to all of the shares granting

a right to receive dividends on the date that resolution is adopted (or on later date, as determined by the Cognyte Board). The Cognyte Board may declare dividends only out of profits legally available for distribution, in accordance with the provisions of the Companies Law.

The Cognyte Board is entitled to invest or utilize any unclaimed amount of dividend in any manner to our benefit until it is claimed. We are not obligated to pay interest or linkage on an unclaimed dividend.

Voting Rights

Holders of our shares have one vote for each Cognyte share held on all matters submitted to a vote of shareholders. Such voting rights may be affected by the grant of any special voting rights to the holders of a class of shares with preferential rights that may be authorized in the future.

The Companies Law and our Articles of Association require that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our Articles of Association;
- appointment or termination of our auditors;
- appointment of directors and appointment and dismissal of external directors;
- approval of acts and transactions involving related parties, as defined by the Companies Law or pursuant to our amended articles;
- director compensation;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of the Cognyte Board's powers by a general meeting, if the Cognyte Board is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

Rights to Share in Profits

Our shareholders have the right to share in our profits distributed as a dividend and any other permitted distribution.

Rights to Share in Surplus in the Event of Liquidation

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of Cognyte shares in proportion to the nominal value of their holdings. This right may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Liability for Capital Calls by Us

Under our Articles of Association as well as the Companies Law, the liability of our shareholders is limited to the unpaid amount of the purchase price that such shareholder (or its predecessor) initially undertook to pay for the shares issued thereto.

Changing Rights Attached to Shares

The rights attached to any class of shares (unless otherwise provided by the terms of issuance of the shares of that class) may be modified via an approval at a separate meeting of the holders of the shares of just that class by a majority of the voting rights of such class represented at the meeting in person or by proxy and voting thereon.

Under our Articles of Association, unless otherwise provided by the conditions of issuance, the enlargement of an existing class of shares, or the issuance of additional shares thereof, shall not be deemed to modify or abrogate the rights attached to the previously issued shares of such class or of any other class.

Shareholders Meetings

The Companies Law and our Articles of Association provide that the Cognyte Board must convene an annual meeting of shareholders at least once every calendar year, within fifteen months of the last annual meeting. An extraordinary meeting of shareholders may be convened by the Cognyte Board, as it decides, and must be convened upon the written request of (i) any two of our directors or one-quarter of the Cognyte Board or (ii) due to a request by a 5% shareholder, as described under "—Shareholder Proposals" below. Under the Companies Law and our Articles of Association, our shareholders are not permitted to take action via written consent in lieu of a meeting.

Shareholder Proposals

The Companies Law generally allows shareholders who hold at least 1% of the outstanding shares of a public company to submit (a) a proposal for inclusion on the agenda of a general meeting of the company's shareholders, or (b) the nomination of a candidate for director for an upcoming annual general meeting of shareholders. Such a submission must be made (together with certain documentation required under the Companies Law and our Articles of Association) to our registered executive offices in Israel within seven days after we publish notice of our upcoming annual general meeting (or within 14 days after we publish a preliminary notification of an upcoming annual general meeting).

Under the Companies Law, shareholders who hold at least 5% of the outstanding shares of our company may furthermore request the convening of an extraordinary meeting of shareholders.

Notice of Meeting; Record Date

In accordance with our Articles of Association, shareholders meetings require notice in the manner prescribed by the Companies Law. Under the Companies Law, shareholders meetings generally require prior notice of not less than 21 days or, with respect to appointment or removal of directors, the approval of transactions with office holders or interested or related parties, or an approval of a merger, not less than 35 days. Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders that will be entitled to participate and vote at general meetings are the shareholders of record on a date decided by the Cognyte Board, which may be between four and 40 days prior to the date of the meeting.

Quorum Requirements

The quorum required at any meeting of shareholders consists of at least two shareholders present in person or represented by proxy, within half an hour from the time appointed for holding the meeting, who hold or represent, in the aggregate, at least 25% of the total voting rights in Cognyte. A meeting adjourned for lack of a quorum generally is adjourned to the same day in the following week at the same time and place or any time and place as the directors designate in a notice to the shareholders. At such adjourned meeting, any two shareholders present in person or by proxy shall constitute a quorum.

Vote Requirements

Under our Articles of Association, all shareholder resolutions require approval by a majority of the voting rights represented at the meeting in person or by proxy and voting thereon, except for (i) the election of director nominees in a contested election (for which the method of calculation of the votes and the manner in which the resolutions will be presented to the meeting will be determined by the Cognyte Board in its discretion), (ii) the

removal of a director (which requires approval by at least 65% of the voting power of our issued and outstanding shares) (other than an external director, if we are then required to elect external directors) and (iii) an amendment to our Articles of Association that modifies any of (a) our staggered board structure, (b) the authorized range of number of directors on the Cognyte Board, (c) the Cognyte Board's exclusive right to fill vacancies on the board or to delegate that right to our shareholders, (d) the special majority of 65% of our outstanding shares required for the removal of a director or (e) the Cognyte Board's discretion to determine the method of calculation of the votes and the manner in which the election of directors is handled in the event of a contested election, which in each case requires a special majority of at least 65% of the voting power of our issued and outstanding shares.

Further exceptions to the simple majority vote requirement under the Companies Law are the approval of the compensation terms of the chief executive officer and the approval of the simultaneous service of one individual as both the chief executive officer and chairman of the board (for up to three years at a time), which require a special majority of disinterested, non-controlling shareholders, and a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of holders of 75% of the voting rights represented at the meeting, in person or by proxy and voting on the resolution.

Election of Directors

Pursuant to our Articles of Association, our directors are divided into three classes that are elected on a staggered basis, over the course of three years, at our annual general meetings of shareholders, by a vote of the holders of a majority of the voting power represented and voting at such meeting. In the case of a contested election of directors at our annual meeting, the method of calculation of the votes and the manner in which the resolutions for election of directors will be presented to the meeting shall be determined by the Cognyte Board in its discretion. For additional details regarding the election of our directors, see "Item 6. Directors, Senior Management and Employees—6.C. Board Practices—Board Structure."

Provisions Restricting Change in Control of Our Company

Articles of Association Antitakeover Provisions

Certain provisions of our Articles of Association would have an effect of delaying, deferring or preventing a change in control of Cognyte. Those provisions include: the classified manner in which our directors are elected; the required approval by the holders of at least 65% of the total voting power of our shareholders to remove any of our directors from office; the provision that a vacancy on the Cognyte Board may only be filled by a vote of a simple majority of the directors then in office, or, if determined by the board, by our shareholders; and the special majority of at least 65% of the voting power of our issued and outstanding shares required for certain amendments to the Articles of Association (as described under "—Vote Requirements" above. Beyond those provisions of our Articles of Association, certain provisions of the Companies Law may also have the effect of preventing a takeover of Cognyte.

Merger Approval

The Companies Law includes provisions that allow a merger transaction and requires that each company that is a party to the merger have the transaction approved by its board of directors and a vote of the majority of its shares. For purposes of the shareholder vote of each party, unless a court rules otherwise, the merger requires approval by shares representing a majority of the voting power present at the shareholders meeting and which are not held by the other party to the merger (or by any person who holds 25% or more of the voting power or the right to appoint 25% or more of the directors of the other party). Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that as a result of the merger the surviving company will be unable to satisfy the obligations of any of the parties to the merger. In addition, a merger may not be completed unless at least (1) 50 days have passed from the time

that the requisite proposals for approval of the merger were filed with the Israeli Registrar of Companies by each merging company and (2) 30 days have passed since the merger was approved by the shareholders of each merging company.

Special Tender Offer

The Companies Law also provides that an acquisition of shares in a public company must be made by means of a "special" tender offer if as a result of the acquisition (1) the purchaser would become a 25% or greater shareholder of the company, unless there is already another 25% or greater shareholder of the company or (2) the purchaser would become a holder of more than 45% of the outstanding shares of the company, unless there is already a shareholder holding more than 45% of the outstanding shares of the company. These requirements do not apply if, in general, the acquisition (1) was made in a private placement that received shareholder approval, (2) was from a 25% or greater shareholder of the company which resulted in the acquirer becoming a 25% or greater shareholder of the company, or (3) was from a holder of more than 45% of the outstanding shares of the company which resulted in the acquirer becoming a holder of more than 45% of the outstanding shares of the company. A "special" tender offer must be extended to all shareholders, but the offeror is not required to purchase more than 5% of the company's outstanding shares, regardless of how many shares are tendered by shareholders. In general, the tender offer may be consummated only if (1) at least 5% of the company's outstanding shares will be acquired by the offeror and (2) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

Full Tender Offer

If, as a result of an acquisition of shares, the acquirer will hold more than 90% of a company's outstanding shares, the acquisition must be made by means of a tender offer for all of the outstanding shares. In general, if less than 5% of the outstanding shares are not tendered in the tender offer and more than half of the offerees who have no personal interest in the offer tendered their shares, all the shares that the acquirer offered to purchase will be transferred to it. Shareholders may request appraisal rights in connection with a full tender offer for a period of six months following the consummation of the tender offer, but the acquirer is entitled to stipulate that tendering shareholders will forfeit such appraisal rights.

Israeli Tax Provisions Related to Mergers

Israeli tax law treats some acquisitions, such as stock-for-stock exchanges between an Israeli company and a foreign company, less favorably than U.S. tax laws. For example, Israeli tax law may, under certain circumstances, subject a shareholder who exchanges his or her shares for shares in another corporation to taxation prior to the sale of the shares received in such stock-for-stock swap.

Changes in Our Capital

Changes in our capital, such as an increase of authorized share capital or creation of another class of shares, are subject to the approval of the shareholders by a simple majority. See "—Shareholders Meetings" above.

Private Placements

The Companies Law requires that certain types of significant private placements require the approval of the board of directors and the shareholders of the company. Under regulations that apply to a company such as Cognyte whose shares will be traded on NASDAQ, we will not be required to obtain those approvals. We have also elected, as an FPI, not to be governed by the NASDAQ listing rules that require shareholder approval for certain types of significant private placements, including private placements of shares which (together with shares sold by our officers, directors or 5% shareholders) exceed 20% or more of the number of our outstanding shares, at a price that is lower than the lower of (i) the previous day's closing price or (ii) the average closing price for the five trading days immediately preceding the private placement.

We will, however, be required under the Companies Law to seek shareholder approval for private placements with an existing controlling shareholder or that transform an existing shareholder into a 25% or greater-than-45% shareholder (when there are no existing 25% or greater-than-45% shareholders).

10.C. MATERIAL CONTRACTS

For information concerning our material contracts, see "Item 4. Information on the Company," "Item 5. Operating and Financial Review and Prospects" and "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions."

10.D. EXCHANGE CONTROLS

Israeli law and regulations do not impose any material foreign exchange restrictions on non-Israeli holders of our shares. There are currently no Israeli currency control restrictions on payments of dividends or other distributions with respect to our shares or the proceeds from the sale of the shares, except for the obligation of Israeli residents to file reports with the Bank of Israel regarding certain transactions. However, legislation remains in effect pursuant to which currency controls can be imposed by administrative action at any time.

The ownership or voting of our shares by non-residents of Israel, except with respect to citizens of countries which are in a state of war with Israel, is not restricted in any way by our Articles of Association or by the laws of the State of Israel.

10.E. TAXATION

Material U.S. Federal Income Tax Considerations

The following summary of United States federal income tax consequences is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Form 20-F. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the descriptions and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of our shares. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of our shares. Each prospective holder is urged to consult its own tax adviser as to the particular tax consequences to such holder of the receipt, ownership, and disposition of our shares, including the applicability and effect of any other tax laws or tax treaties, of pending or proposed changes in applicable tax laws as of the date of this Form 20-F, and of any actual changes in applicable tax laws after such date.

The following summarizes certain U.S. federal income tax considerations relating to the distribution of our shares in connection with the spin-off to U.S. Holders (as defined below). This summary applies only to U.S. Holders that hold our shares as capital assets (generally, property held for investment) and that have the U.S. dollar as their functional currency.

This summary is based on the Code, Treasury regulations promulgated thereunder and on judicial and administrative interpretations of the Code and the Treasury regulations, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This summary does not purport to be a complete description of the consequences of the transactions described in this registration statement, nor does it address the application of estate, gift or non-income U.S. federal tax laws or any state, local or foreign tax laws. The tax treatment of a holder of our shares may vary depending upon that holder's particular situation. Moreover, this summary does not address certain holders that may be subject to special rules not discussed below, such as (but not limited to):

- persons that are not U.S. Holders (as defined below);
- persons that are subject to alternative minimum taxes;

- insurance companies;
- tax-exempt entities;
- banks and other financial institutions;
- real estate investment companies and regulated investment companies;
- U.S. expatriates;
- broker-dealers;
- partnerships (or other entities classified as partnerships for U.S. federal income tax purposes) and other pass-through entities and persons that hold our shares through partnerships (or other entities classified as pass-through entities for U.S. federal income tax purposes);
- a U.S. Holder that owns shares through a non-U.S. broker or other non-U.S. intermediary;
- holders whose functional currency is not the U.S. dollar;
- persons that actually or constructively own 10% or more of the total combined voting power of all classes of our voting stock;
- traders in securities that elect to apply a mark-to-market method of accounting, holders that hold our shares as part of a "hedge," "straddle," "conversion," or other risk reduction transaction for U.S. federal income tax purposes; and
- individuals who receive our shares upon the exercise of compensatory options or otherwise as compensation.

HOLDERS AND PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE RECEIPT, OWNERSHIP AND DISPOSITION OF OUR SHARES.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of our shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons for all substantial decisions or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or other entity taxable as a partnership for U.S. federal income tax purposes) holds our shares, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership holding our shares, you should consult your tax advisor.

THIS DISCUSSION IS ONLY A SUMMARY OF THE MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION OF COGNYTE'S SECURITIES. EACH HOLDER OF COGNYTE'S SECURITIES IS URGED TO CONSULT ITS OWN TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF THE ACQUISITION,

OWNERSHIP, AND DISPOSITION OF COGNYTE'S SECURITIES, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL AND NON-U.S. TAX LAWS, AS WELL AS U.S. FEDERAL TAX LAWS AND APPLICABLE TAX TREATIES.

Tax Ruling and Tax Opinion

Verint has obtained a U.S. Tax Ruling that certain of the requirements for tax-free treatment under Section 355 of the Code will be satisfied and that Cognyte will be treated as a domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code. Verint also expects to obtain a Tax Opinion to the effect that the distribution will qualify as tax-free, for U.S. federal income tax purposes, to Verint and to Verint shareholders under Section 355 of the Code. However, the U.S. Tax Ruling may not be relied on if any of the facts or representations upon which such ruling is based are incorrect, incomplete or inaccurate in any material respect and the Tax Opinion may not be relied on if any of the facts, assumptions, representations or covenants upon which such ruling and opinion are based are incorrect, incomplete or inaccurate or are violated in any material respect.

The U.S. Tax Ruling is based on the facts and representations made by Verint regarding the past and future conduct of Verint's and our businesses and other matters. As such, the U.S. Tax Ruling will be generally binding on the IRS unless (1) the transaction is not effectuated consistent with the description in the U.S. Tax Ruling, or (2) the facts, and representations made by Verint about Verint's and our businesses and other matters are incorrect or not otherwise satisfied. In such case, Verint may not be able to rely on the U.S. Tax Ruling. Further, the U.S. Tax Ruling will only cover certain aspects of the transaction's qualification under Section 355 of the Code, and cannot be relied upon as with respect to the tax consequences of any aspect of any transaction or item discussed or referenced except as expressly provided in the U.S. Tax Ruling. If the distribution were determined not to qualify for the treatment described in the U.S. Tax Ruling or the Tax Opinion, or if any conditions in the U.S. Tax Ruling or the Tax Opinion are not observed, then Verint and its shareholders could suffer adverse tax consequences and, under certain circumstances, we could have an indemnification obligation to Verint with respect to some or all of the resulting tax to Verint under the Tax Matters Agreement we intend to enter into with Verint, as described in "Item 7. Major Shareholders and Related Party Transactions—7.B. Related Party Transactions—Agreements Between Verint and Us—Tax Matters Agreement."

Similarly, the Tax Opinion will be based on the facts, assumptions, representations, and covenants made by Verint. As such, if any of those facts, assumptions, representations, and covenants change, are incorrect or are not otherwise satisfied, the analysis in the Tax Opinion may not be relied upon. The Tax Opinion will not be binding on the IRS or on any court, and there can be no assurance that the IRS will not take, or a court will not affirm, a contrary position.

Section 7874 Rules Regarding Residency of a Corporation

Entities organized outside of the United States would generally be classified as non-U.S. corporations or partnerships, and therefore as non-U.S. tax residents, under the general rules of U.S. federal income taxation. However, Section 7874 of the Code may cause a corporation organized outside the United States to be treated as a U.S. corporation for U.S. federal income tax purposes (and, therefore, taxable in the United States) unless one or more exceptions apply. Pursuant to Section 7874 of the Code, even though we are organized as an Israeli limited company, Cognyte is expected to be treated as a U.S. domestic corporation (that is, as a U.S. tax resident) for all purposes of the Code and thus subject to tax as if it were a U.S. domestic corporation for U.S. federal income tax purposes. As a result, Cognyte is subject to U.S. federal income tax on substantially all its income.

Under section 7874 of the Code, a corporation and certain partnerships created or organized outside the U.S. (each such, a "Non-U.S. Entity") will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes (and, therefore, a U.S. tax resident and subject to U.S. federal income tax on its worldwide income) if each of the following three conditions are met:

- The Non-U.S. Entity acquires, directly or indirectly, substantially all of the assets held, directly or indirectly, or is treated as acquiring under the applicable Treasury Regulations, by a U.S. corporation;

- After the acquisition, the former stockholders of the acquired U.S. corporation hold at least 80% (by vote or value) of the shares of the Non-U.S. Entity by reason of holding shares of the U.S. acquired corporation (the "80% Ownership Test"); and
- After the acquisition, the Non-U.S. Entity's expanded affiliated group does not have substantial business activities in the Non-U.S. Entity's country of organization or incorporation when compared to the expanded affiliated group's total business activities (the "Substantial Business Activities Test").

For this purpose, "expanded affiliated group" means a group of corporations where (i) the Non-U.S. Entity owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an "expanded affiliated group" includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

For the Substantial Business Activities Test, Treasury Regulations section 1.7874-3 provides that an expanded affiliated group will be treated as having substantial business activities in the relevant foreign country when compared to its total business activities if, in general, at least 25% of the expanded affiliated group's employees (by number and compensation), asset value and gross income are based, located and derived, respectively, in the relevant foreign country. Specifically, (i) the number of "group employees" (generally, individuals employed by members of the group) based in the relevant foreign country must be at least 25% of the total number of group employees on the "applicable date," which is either the date of the closing of the transaction or the last day of the month immediately preceding the closing of the transaction (to be applied consistently for purposes of the Substantial Business Activities Test), (ii) the "employee compensation" (generally, amounts incurred directly relating to services performed by employees) incurred with respect to group employees based in the relevant foreign country must be at least 25% of the total employee compensation incurred with respect to all group employees during the "testing period," which is the one-year period ending on the applicable date (as described in clause (i) above), (iii) the value of the "group assets" (generally, tangible and real property, including certain leases thereof, used in trade or business) located in the relevant foreign country must be at least 25% of the total value of all group assets on the applicable date, and (iv) the "group income" (generally, gross income from unrelated customers) derived in the relevant foreign country must be at least 25% of the total group income during the testing period.

We believe that, as a result of the separation and distribution, Cognyte should satisfy all three Section 7874's conditions (i.e., (1) acquisition by a non-U.S. Entity of substantially all of the assets of a U.S. corporation or an entity treated as a U.S. corporation for U.S. federal tax purposes, (2) satisfaction of the 80% Ownership Test, and (3) failure of the Substantial Business Activities Test). The U.S. Tax Ruling received by Verint provides that Cognyte will be treated as a domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code. Therefore, Section 7874 of the Code will apply to us. Because we will be treated as a U.S. corporation for U.S. federal income tax purposes, we will be subject to U.S. corporate income tax on our worldwide income and the income of our non-U.S. subsidiaries would be subject to U.S. tax when deemed recognized under the U.S. federal income tax rules for controlled foreign subsidiaries.

U.S. Holders

In General

Assuming that the distribution will qualify as tax-free to Verint and to Verint shareholders under Section 355 of the Code, in general:

- No gain or loss will be recognized by, and no amount will be included in the income of, U.S. Holders of Verint common stock upon the receipt of our common stock in the transaction;
- The aggregate tax basis of the shares of our common stock distributed to a U.S. Holder in the transaction will be determined by allocating the aggregate tax basis such U.S. Holder has in the shares

of Verint common stock immediately before such distribution between such Verint common stock and our common stock in proportion to the relative fair market value of each immediately following the distribution;

- The holding period of any shares of our common stock received by a U.S. Holder of Verint common stock in the distribution will include the holding period of the Verint common stock held by such U.S. Holder prior to the distribution; and

U.S. Holders that have acquired different blocks of Verint common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate tax basis in, and the holding period of, our common stock distributed with respect to such blocks of Verint common stock.

In general, even if the distribution were to otherwise qualify as tax-free under Section 355 of the Code, the distribution will be taxable to Verint under Section 355(e) of the Code if 50% or more of either the total voting power or the total fair market value of the stock of Verint or our common stock is acquired as part of a plan or series of related transactions that includes this distribution. For this purpose, any acquisitions of Verint's or our common stock within the period beginning two years before the distribution and ending two years after the distribution are presumed to be part of such a plan, although Verint may be able to rebut that presumption. If Section 355(e) of the Code applies as a result of such acquisition, Verint will recognize taxable gain as described above, but the distribution will still qualify as tax-free to Verint's and our shareholders.

Information Reporting

U.S. Treasury regulations generally require U.S. Holders who own at least 5% of the total outstanding stock of Verint (by vote or value) and who receive our common stock pursuant to the distribution to attach to their U.S. federal income tax return for the year in which the distribution occurs a detailed statement setting forth certain information relating to the generally tax-free nature of the distribution. Verint and/or we will provide the appropriate information to each U.S. Holder upon request, and each such U.S. Holder is required to retain permanent records of this information.

Material Israeli Tax Considerations

We describe below some Israeli tax consequences to persons owning our shares. This summary does not discuss all aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or certain types of investors subject to special treatment under Israeli law. Examples of this kind of investor include traders in securities or persons that own, directly or indirectly, 10% or more of our outstanding voting capital, all of whom are subject to special tax regimes not covered in this discussion. Some parts of this discussion are based on tax legislation which has not been subject to judicial or administrative interpretation. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

SHAREHOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE ISRAELI TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR SHARES.

Capital Gains

This discussion is limited to investors for whom disposition of our shares is treated as a capital gain within the meaning of Part E of the Israeli Tax Ordinance (generally, disposition of an asset held for passive investment). Further, this discussion does not purport to consider all aspects of Israeli income taxation that may be relevant to shareholders in light of their particular circumstances. Israeli capital gain tax is imposed on the disposal of assets by an Israeli resident, and on the disposal of such assets by a non-Israel resident if those assets are either (i) located in Israel, (ii) are shares or a right to a share in an Israeli resident corporation, or (iii) represent, directly or indirectly, rights to assets located in Israel, unless a tax treaty between Israel and the seller's country of

residence provides otherwise. The Israeli Tax Ordinance distinguishes between "Real Capital Gain" and the "Inflationary Surplus." Real Capital Gain is the excess of the total capital gain over Inflationary Surplus computed generally on the basis of the increase in the Israeli Consumer Price Index between the date of purchase and the date of disposal.

The Real Capital Gain accrued by individuals on the sale of our shares (that were purchased after January 1, 2012, whether listed on a stock exchange or not) will be taxed at the rate of 25%. However, if such shareholder is a "Controlling Shareholder" (i.e., a person who holds, directly or indirectly, alone or together with such person's relative or another person who collaborates with such person on a permanent basis, 10% or more of one of the Israeli resident company's means of control) at the time of sale or at any time during the preceding twelve (12) months period and/or claims a deduction for interest and linkage differences expenses in connection with the purchase and holding of such shares, such gain will be taxed at the rate of 30%.

The Real Capital Gain derived by corporations will be generally subject to the ordinary corporate tax (23% in 2018 and thereafter).

An individual shareholder dealing in securities, or to whom such income is otherwise taxable as ordinary business income, is taxed in Israel at the marginal tax rates applicable to business income (up to 47% in 2020).

Notwithstanding the foregoing, capital gain derived from the sale of our shares by a non-Israeli resident (whether an individual or a corporation) shareholder may be exempt under the Israeli Tax Ordinance from Israeli taxation provided that the following cumulative conditions are met: (i) the shares were purchased upon or after Verint was listed for trading on NASDAQ (this condition will not apply to shares purchased on or after January 1, 2009), provided, among other things (ii) such gains were not derived from a permanent business or business activity that the non-Israeli resident maintains in Israel, and (iii) neither such shareholders nor the particular gain are not subject to the Israeli Income Tax Law (Inflationary Adjustments) 5745-1985 (this condition will not apply to shares purchased on or after January 1, 2009). These provisions dealing with capital gain are not applicable to a person whose gains from selling or otherwise disposing of the shares are deemed to be business income. However, non-Israeli corporations will not be entitled to the foregoing exemptions if an Israeli resident (i) has a controlling interest of more than 25% in such non-Israeli corporation or (ii) is the beneficiary of or is entitled to 25% or more of the revenue or profits of such non-Israeli corporation, whether directly or indirectly.

In addition, the sale of shares may be exempt from Israeli capital gain tax under the provisions of an applicable tax treaty (subject to the receipt in advance of a valid certificate from the ITA allowing for an exemption). For example, the U.S.-Israel Double Tax Treaty exempts a U.S. resident holding the shares as a capital asset who is entitled to claim the benefits afforded to such a resident by the U.S.-Israel Double Tax Treaty from Israeli capital gain tax in connection with such sale, provided that (i) the U.S. resident owned, directly or indirectly, less than 10% of an Israeli resident company's voting power at any time within the twelve-month period preceding such sale, subject to certain conditions; (ii) the seller, being an individual, is present in Israel for a period or periods of less than 183 days in the aggregate in the taxable year; (iii) the capital gain from the sale, exchange or disposition was not derived through a permanent establishment that the U.S. resident maintains in Israel; (iv) the capital gains arising from such sale, exchange or disposition is not attributed to real estate located in Israel or (v) the capital gains arising from such sale, exchange or disposition is not attributed to royalties; and (vi) the shareholder is a U.S. resident (for purposes of the U.S.-Israel Double Tax Treaty) who is holding the shares as a capital asset. If any of the above conditions is not met, the sale, exchange or disposition of our shares would be subject to Israeli tax, to the extent applicable.

In some instances where our shareholders may be liable for Israeli tax on the sale of their shares, the payment of the consideration may be subject to withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale. Specifically, in transactions involving a sale of all of the shares of an Israeli resident company, in the form of a merger or otherwise, the ITA may require from shareholders who are not liable for Israeli tax to

sign declarations in forms specified by this authority or obtain a specific exemption from the ITA to confirm their status as non-Israeli residents, and, in the absence of such declarations or exemptions, may require the purchaser of the shares to withhold taxes at source.

Either the purchaser or the Israeli stockbroker or financial institution through which the shares are held is obliged, subject to the above-mentioned exemptions, to withhold tax upon the sale of securities from the amount of the consideration paid upon the sale of the securities at the rate of 25% in respect of an individual, or at a rate of corporate tax, in respect of a corporation (23% currently).

Upon the sale of securities traded on a stock exchange, a detailed return, including a computation of the tax due, must be filed and an advance payment must be paid on January 31 and July 31 of every tax year in respect of sales of securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Israeli Tax Ordinance and regulations promulgated thereunder, the aforementioned return need not be filed and no advance payment must be paid. Capital gain is also reportable in the annual income tax return.

Dividends

A distribution of dividends from income, which is not attributed to a Beneficial Enterprise or a Preferred Enterprise, to an Israeli resident individual, will generally be subject to income tax at a rate of 25%. However, a 30% tax rate will apply if the dividend recipient is a "Controlling Shareholder" (as defined above) at the time of distribution or at any time during the preceding twelve-month period.

Distribution of dividends from income attributed to a Beneficial Enterprise is generally subject to a tax rate of 15% and a distribution of dividend from income attributed to a Preferred Enterprise is generally subject to a tax rate of 20%. We cannot assure you that we will designate the profits that we may distribute in a way that will reduce shareholders' tax liability. If the recipient of the dividend is an Israeli resident corporation, such dividend will be exempt from income tax, provided the income from which such dividend is distributed was derived or accrued within Israel and is not attributed to exempt profits of a Beneficial Enterprise.

The Israeli Tax Ordinance generally provides that a non-Israeli resident (either individual or corporation) is subject to Israeli income tax on dividends at the rate of 25% (30% if the dividend recipient is a "Controlling Shareholder" at the time of distribution or at any time during the preceding twelve-month period); those rates are subject to a reduced tax rate under the provisions of an applicable double tax treaty (subject to the receipt in advance of a valid certificate from the ITA allowing for a reduced tax rate).

For example, under the U.S.-Israel Double Tax Treaty, the following rates will apply in respect of dividends distributed by an Israeli resident company to a Treaty U.S. Resident: (i) if the Treaty U.S. Resident is a corporation which holds during that portion of the taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any), at least 10% of the outstanding voting shares of the Israeli resident paying corporation and not more than 25% of the gross income of the Israeli resident paying corporation for such prior taxable year (if any) consists of certain type of interest or dividends—the tax rate of withholding is 12.5% and could be 15% if the dividend is distributed by an Approved Enterprise, and (ii) in all other cases, the tax rate is 25%, or the domestic rate (if such is lower). The aforementioned rates under the U.S.-Israel Double Tax Treaty will not apply if the dividend income was derived through a permanent establishment that the Treaty U.S. Resident maintains in Israel. U.S. residents who are subject to Israeli withholding tax on a dividend may be entitled to a credit or deduction for United States federal income tax purposes in the amount of the taxes withheld, subject to detailed rules contained in U.S. tax legislation.

A non-Israeli resident that receives dividend income derived from or accrued from Israel, from which the full amount of tax was withheld at source, is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that (i) such income was not generated from a business conducted in Israel by

the taxpayer, (ii) the taxpayer has no other taxable sources of income in Israel with respect to which a tax return is required to be filed, and (iii) the taxpayer is not obliged to pay excess tax (as further explained below).

Intermediary payers of dividends on our shares, including the financial institution through which the securities are held, are generally required, subject to (i) any of the foregoing exemptions, (ii) reduced tax rates, or (iii) the demonstration of a shareholder of his, her or its foreign residency, to withhold taxes upon the distribution of dividends at a rate of 25%, provided that the shares are registered with a nominee company (for corporations and individuals).

Excess Tax

Individuals who are subject to tax in Israel are also subject to an additional tax at a rate of 3% on annual income exceeding a certain threshold (NIS 651,600 for 2020 which amount is linked to the annual change in the Israeli consumer price index), including, but not limited to income derived from dividends, interest and capital gains.

Estate and Gift Tax

Israeli law presently does not impose estate or gift taxes.

10.F. DIVIDENDS AND PAYING AGENTS

We have never declared or paid cash dividends to our shareholders. Currently, we do not intend to pay cash dividends. We intend to reinvest any earnings in developing and expanding our business. Any future determination relating to our dividend policy will be at the discretion of the Cognyte Board and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, applicable Israeli law and other factors that the Cognyte Board may deem relevant. Accordingly, we have not appointed any paying agent.

10.G. STATEMENT BY EXPERTS

The combined financial statements of the Cognyte Business of Verint Systems Inc. as of January 31, 2020 and 2019 and for the years then ended have been audited by Deloitte & Touche LLP, independent registered public accounting firm, as stated in their report appearing herein.

10.H. DOCUMENTS ON DISPLAY

Any statement in this Form 20-F about any of our contracts or other documents is not necessarily complete. If the contract or document is filed as an exhibit to the Form 20-F, the contract or document is deemed to modify the description contained in this Form 20-F. You must review the exhibits themselves for a complete description of the contract or document.

Upon completion of the spin-off, we will become subject to the informational requirements of the Exchange Act. Accordingly, we will be required to file reports and other information with the SEC, including annual reports on Form 20-F and periodic reports on Form 6-K. The SEC maintains an Internet website that contains reports and other information about issuers, like us, that file electronically with the SEC. The address of that website is *www.sec.gov*. In addition, as of the first day of listing of our shares on NASDAQ, copies of all information and documents pertaining to press releases, media conferences, investor updates and presentations at analyst and investor presentation conferences can be downloaded from our website, which will be operational at or prior to the spin-off. The information that will be contained on our website is not a part of this Form 20-F.

As an FPI, we will be exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are

exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish or make available to our shareholders annual reports containing our combined financial statements prepared in accordance with GAAP. Our annual report will contain an "Operating and Financial Review and Prospects" section for the relevant periods.

10.I. SUBSIDIARY INFORMATION

Not Applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The major financing risks faced by us will be managed by our treasury function. For information about the effects of currency and interest rate fluctuations and how we manage currency and interest risk, see "Item 5. Operating and Financial Review and Prospects—5.B. Liquidity and Capital Resources." Please also see the information set forth under "Note 13. Derivative Financial Instruments" on pages F-40 to F-41 of our combined financial statements and "Note 12. Derivative Financial Instruments" on pages F-72 to F-74 of our condensed combined financial statements and related notes included elsewhere in this Form 20-F.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A. DEBT SECURITIES

Not Applicable.

12.B. WARRANTS AND RIGHTS

Not Applicable.

12.C. OTHER SECURITIES

Not Applicable.

12.D. AMERICAN DEPOSITARY SHARES

Not Applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not Applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not Applicable.

ITEM 15. CONTROLS AND PROCEDURES

Not Applicable.

ITEM 16. [RESERVED]

Not Applicable.

16.A. AUDIT COMMITTEE AND FINANCIAL EXPERT

Not Applicable.

16.B. CODE OF ETHICS

Not Applicable.

16.C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Not Applicable.

16.D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not Applicable.

16.E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Not Applicable.

16.F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

16.G. CORPORATE GOVERNANCE

Not Applicable.

16.H. MINE SAFETY DISCLOSURE

Not Applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Historical Combined Financial Statements

Please refer to pages F-1 through F-77 of this Form 20-F.

Unaudited Pro Forma Combined Financial Information

Please refer to pages 17 through 23 of this Form 20-F.

ITEM 18. FINANCIAL STATEMENTS

Not Applicable.

ITEM 19. EXHIBITS

We have filed the following documents as exhibits to this Form 20-F:

Exhibit Number	Description
1.1	Articles of Association of Cognyte Software Ltd.*
2.1	Specimen of Share Certificate for Cognyte's Ordinary Shares*
2.2	Form of Separation and Distribution Agreement
4.1	Form of Tax Matters Agreement
4.2	Form of Employee Matters Agreement
4.3	Form of Transition Services Agreement
4.4	Form of Intellectual Property Cross License Agreement
4.5	Form of Trademark Cross License Agreement
4.6	Form of Cognyte Software Ltd. 2021 Share Incentive Plan*
4.7	Form of Indemnification Agreement*
4.8	Form of Compensation Policy for Executive Officers and Directors
4.9	Credit Facility, dated December 27, 2020, among Cognyte Technologies Israel Ltd., as borrower, Cognyte Software Ltd., as guarantor, and Bank Leumi Le-Israel B.M., as lender
4.10	Credit Facility, dated December 27, 2020, among Cognyte Technologies Israel Ltd., as borrower or guarantor, Cognyte Software Ltd., as borrower or guarantor, and Bank Hapoalim B.M., as lender
8.1	List of Subsidiaries
15.1	Consent of Deloitte & Touche LLP
99.1	Form of Notice of Internet Availability of Materials

* Previously filed.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this registration statement on its behalf.

COGNYTE SOFTWARE LTD.

By: /s/ Ziv Levi
Name: Ziv Levi
Title: Authorized Representative

By: /s/ David Abadi
Name: David Abadi
Title: Authorized Representative

Date: January 13, 2021

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Verint Systems Inc.
Melville, New York

Opinion on the Financial Statements

We have audited the accompanying combined balance sheets of the Cognyte Business of Verint Systems Inc. and subsidiaries (the "Company") as of January 31, 2020 and 2019, and the related combined statements of operations, comprehensive income, equity, and cash flows for each of the two years in the period ended January 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, such combined financial statements present fairly, in all material respects, the financial position of the Company as of January 31, 2020 and 2019, and the results of their operations and their cash flows for each of the two years in the period ended January 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Emphasis of a Matter

As described in Note 1 to the combined financial statements, the accompanying combined financial statements have been derived from the separate records maintained by Verint Systems Inc. The combined financial statements also include expense allocations for certain corporate functions historically provided by Verint Systems Inc. These allocations may not be reflective of the actual expenses that would have been incurred had the Company operated as a separate entity apart from Verint Systems Inc. A summary of transactions with related parties is included in Note 3 to the combined financial statements.

/s/ DELOITTE & TOUCHE LLP

New York, New York
September 24, 2020

We have served as the Company's auditor since 2020.

Cognyte Business of Verint Systems Inc.
Combined Balance Sheets

(in thousands)	January 31, 2020	January 31, 2019
Assets		
Current Assets:		
Cash and cash equivalents	$ 201,090	$ 240,192
Restricted cash and cash equivalents, and restricted bank time deposits	43,813	42,262
Short-term investments	6,603	31,061
Accounts receivable, net of allowance for doubtful accounts of $4.1 million and $2.9 million, respectively	180,441	156,262
Contract assets	28,873	46,559
Inventories	14,893	16,750
Prepaid expenses and other current assets	36,486	36,458
Total current assets	**512,199**	**569,544**
Property and equipment, net	41,579	34,761
Operating lease right-of-use assets	34,152	—
Goodwill	158,143	147,154
Intangible assets, net	7,868	6,445
Deferred income taxes	2,015	7,503
Other assets	49,155	39,940
Total assets	**$ 805,111**	**$ 805,347**
Liabilities and Equity		
Current Liabilities:		
Accounts payable	$ 43,389	$ 45,719
Accrued expenses and other current liabilities	85,947	69,917
Contract liabilities	143,695	139,753
Current maturities of note to parent	7,025	13,025
Total current liabilities	**280,056**	**268,414**
Long-term contract liabilities	23,305	17,767
Operating lease liabilities	24,446	—
Deferred income taxes	4,732	3,207
Other liabilities	17,401	40,641
Total liabilities	**349,940**	**330,029**
Commitments and Contingencies		
Equity:		
Net parent investment	458,467	481,069
Accumulated other comprehensive loss	(13,923)	(13,462)
Total Cognyte Business of Verint Systems Inc. equity	**444,544**	**467,607**
Noncontrolling interest	10,627	7,711
Total equity	**455,171**	**475,318**
Total liabilities and equity	**$ 805,111**	**$ 805,347**

See notes to combined financial statements.

Cognyte Business of Verint Systems Inc.
Combined Statements of Operations

(in thousands)	Year Ended January 31, 2020	2019
Revenue:		
Software	$ 201,487	$ 191,062
Software service	171,866	158,146
Professional service and other	83,756	84,252
Total revenue	**457,109**	**433,460**
Cost of revenue:		
Software	36,071	34,144
Software service	45,012	51,237
Professional service and other	80,517	83,975
Amortization of acquired technology	2,405	7,416
Total cost of revenue	**164,005**	**176,772**
Gross profit	**293,104**	**256,688**
Operating expenses:		
Research and development, net	111,297	100,006
Selling, general and administrative	153,901	137,342
Amortization of other acquired intangible assets	593	651
Total operating expenses	**265,791**	**237,999**
Operating income	**27,313**	**18,689**
Other income (expense), net:		
Interest income	3,509	3,165
Interest expense	(481)	(499)
Other expense, net	(404)	(1,414)
Total other income, net	**2,624**	**1,252**
Income before provision for income taxes	**29,937**	**19,941**
Provision for income taxes	2,567	7,620
Net income	**27,370**	**12,321**
Net income attributable to noncontrolling interest	7,179	3,593
Net income attributable to Cognyte Business of Verint Systems Inc.	**$ 20,191**	**$ 8,728**

See notes to combined financial statements.

Cognyte Business of Verint Systems Inc.
Combined Statements of Comprehensive Income

(in thousands)	Year Ended January 31, 2020	2019
Net income	**$ 27,370**	**$ 12,321**
Other comprehensive loss, net of reclassification adjustments:		
Foreign currency translation adjustments	(1,876)	(1,549)
Net increase (decrease) from foreign exchange contracts designated as hedges	1,561	(3,935)
(Provision) benefit for income taxes on net (decrease) increase from foreign exchange contracts designated as hedges	(156)	393
Other comprehensive loss	**(471)**	**(5,091)**
Comprehensive income	**26,899**	**7,230**
Comprehensive income attributable to noncontrolling interest	7,169	3,537
Comprehensive income attributable to Cognyte Business of Verint Systems Inc.	**$ 19,730**	**$ 3,693**

See notes to combined financial statements.

Cognyte Business of Verint Systems Inc.
Combined Statements of Equity

(in thousands)	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Cognyte Business of Verint Systems Inc. Equity	Noncontrolling Interest	Total Equity
Balances as of February 1, 2018	**$430,788**	**$ (8,427)**	**$ 422,361**	**$ 8,583**	**$ 430,944**
Cumulative effect of adoption of ASU No. 2014-09	9,147	—	9,147	—	**9,147**
Adjusted balances, beginning of period	**439,935**	**(8,427)**	**431,508**	**8,583**	**440,091**
Net income	8,728	—	8,728	3,593	**12,321**
Other comprehensive loss	—	(5,035)	(5,035)	(56)	**(5,091)**
Dividends to noncontrolling interest	—	—	—	(4,409)	**(4,409)**
Net transfers from parent	32,406	—	32,406	—	**32,406**
Balances as of January 31, 2019	**481,069**	**(13,462)**	**467,607**	**7,711**	**475,318**
Net income	20,191	—	20,191	7,179	**27,370**
Other comprehensive loss	—	(461)	(461)	(10)	**(471)**
Dividends to noncontrolling interest	—	—	—	(4,253)	**(4,253)**
Net transfers to parent	(42,793)	—	(42,793)	—	**(42,793)**
Balances as of January 31, 2020	**$458,467**	**$ (13,923)**	**$ 444,544**	**$ 10,627**	**$ 455,171**

See notes to combined financial statements.

Cognyte Business of Verint Systems Inc.
Combined Statements of Cash Flows

(in thousands)	Year Ended January 31, 2020	2019
Cash flows from operating activities:		
Net income	$ 27,370	$ 12,321
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,325	21,021
Provision for doubtful accounts	1,355	1,937
Stock-based compensation, excluding cash-settled awards	31,028	25,536
Provision for deferred income taxes	5,603	9,003
Non-cash gains on derivative financial instruments, net	(395)	(726)
Other non-cash items, net	(3,645)	(3,792)
Changes in operating assets and liabilities, net of effects of business combinations:		
Accounts receivable	(24,140)	(44,137)
Contract assets	17,658	21,621
Inventories	(392)	(3,616)
Prepaid expenses and other assets	7,032	1,556
Accounts payable and accrued expenses	1,307	(7,750)
Contract liabilities	9,321	29,998
Other liabilities	(20,847)	(10,202)
Other, net	(1,394)	965
Net cash provided by operating activities	**67,186**	**53,735**
Cash flows from investing activities:		
Cash paid for business combinations, including adjustments, net of cash acquired	(18,693)	(3,811)
Purchases of property and equipment	(13,691)	(9,923)
Purchases of investments	(29,099)	(57,735)
Maturities and sales of investments	53,527	28,243
Settlements of derivative financial instruments not designated as hedges	212	126
Cash paid for capitalized software development costs	(7,638)	(2,687)
Change in restricted bank time deposits, including long-term portion	(14,159)	(21,773)
Other investing activities	—	(779)
Net cash used in investing activities	**(29,541)**	**(68,339)**
Cash flows from financing activities:		
Net transfers (to) from parent	(72,057)	6,538
Proceeds from parent borrowings	—	7,025
Repayments of parent borrowings	(6,000)	(1,000)
Dividends paid to noncontrolling interest	(4,253)	(4,409)
Payments of contingent consideration for business combinations (financing portion)	(3,419)	(2,016)
Other financing activities	(244)	(81)
Net cash (used in) provided by financing activities	**(85,973)**	**6,057**
Foreign currency effects on cash, cash equivalents, restricted cash, and restricted cash equivalents	(985)	(544)
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	**(49,313)**	**(9,091)**
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of year	**282,722**	**291,813**
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of year	**$233,409**	**$ 282,722**
Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period to the combined balance sheets:		
Cash and cash equivalents	$201,090	$ 240,192
Restricted cash and cash equivalents included in restricted cash and cash equivalents, and restricted bank time deposits	24,513	40,152
Restricted cash and cash equivalents included in other assets	7,806	2,378
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	**$233,409**	**$ 282,722**

See notes to combined financial statements.

Cognyte Business of Verint Systems Inc.
Notes to Combined Financial Statements

1. ORGANIZATION, OPERATIONS AND BASIS OF PRESENTATION

Background

On December 4, 2019, Verint announced plans to separate into two independent companies: Cognyte Software Ltd. (the "Company," "Cognyte," "we," "us" and "our"), which will consist of its Cyber Intelligence Solutions™ business (referred to herein as the "Cognyte Business of Verint Systems Inc.") and Verint Systems Inc. ("Verint"), which will consist of its Customer Engagement Business. To implement the separation, pursuant to the Separation and Distribution Agreement that Verint will enter into with us prior to the spin-off transaction ("the Spin-off"), Verint will first transfer the Canadian portion of its Cyber Intelligence Solutions business to us and will enter into a binding agreement to transfer the remainder of its Cyber Intelligence Solutions business to us, will subsequently distribute all of our shares held by Verint to Verint shareholders, pro rata to their respective holdings, and immediately thereafter Verint will transfer the remainder of its Cyber Intelligence Solutions business to us pursuant to the binding commitment. The distribution is intended to be tax-free to Verint shareholders. Verint and Cognyte for U.S. federal and Israeli income tax purposes. The distribution and certain internal transactions, which are part of the spin-off and the separation, are generally tax-free to Verint shareholders, Verint and Cognyte for Israeli income tax purposes under the Israeli Tax Ruling. Certain other internal transactions not covered by the Israeli Tax Ruling should also not result in any tax liabilities in Israel. In connection with the Spin-off, Verint is being treated as the accounting spinnor, consistent with the legal form of the transaction.

We expect the transaction to be completed during the Company's first quarter of fiscal year 2022. The completion of the Spin-off is subject to certain conditions, including effectiveness of the appropriate filings with the Securities and Exchange Commission ("SEC") and final approval by Verint's Board of Directors. There are no assurances as to when the planned Spin-off will be completed, if at all.

Description of Business

Cognyte is a global provider in security analytics software that empowers governments and enterprises with Actionable Intelligence for a safer world. Our open software fuses, analyzes and visualizes disparate data sets at scale to help security organizations find the needles in the haystacks. Over 1,000 government and enterprise customers in more than 100 countries rely on Cognyte's solutions to accelerate security investigations and connect the dots to identify, neutralize, and prevent national security, personal safety, business continuity and cyber threats.

Basis of Presentation

The Company has not published stand-alone financial statements in the past. As a result, these combined financial statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented as historically managed within Verint. The combined financial statements have been derived (carved-out) from the consolidated financial statements and accounting records of Verint and have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP").

The primary basis for presenting consolidated financial statements is when one entity has a controlling financial interest in another entity. As there is no controlling financial interest present between or among the entities that comprise our business, we are preparing our financial statements on a combined basis. Verint's investment in our business is shown in lieu of equity attributable to Cognyte as there is no consolidated entity for which Verint holds an equity interest in. Verint's investment represents its interest in the recorded net assets of Cognyte. The accompanying combined financial statements also include a joint venture in which we hold a 50% equity interest. The joint venture is a variable interest entity in which we are the primary beneficiary as we have the power to direct the activities that are most significant to the VIE. The joint venture's activities primarily include promoting

transactions with end customers as well as negotiating their commercial terms, providing local technical support and interfacing with customers. The noncontrolling interest in the less than wholly owned subsidiary is reflected within equity in our combined balance sheets, but separately from our equity.

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

All internal transactions have been eliminated. As described in Note 3, “Related Party Transactions with Verint,” all significant transactions between the Company and Verint have been included in these combined financial statements.

Verint generally uses a decentralized approach to cash management and financing of its operations. The majority of the cash generated by a legal entity remains with that entity and is used to fund that entity’s operations and/or investing activities. For those entities legally owned by the Cyber Intelligence Solutions business, the associated cash has been attributed to the combined balance sheets for each period presented. For certain entities, the entity’s cash is transferred to a cash pooling entity and the cash pooling entity funds the business’s operating and investing activities as needed. These cash pooling arrangements are not reflective of the manner in which the business would have been able to finance its operations had it been a stand-alone business separate from Verint during the periods presented. Transfers of cash relating to these cash pooling arrangements are included as components of net parent investment on the combined statements of equity.

The preparation of the combined financial statements requires management to make certain estimates and assumptions, either at the balance sheet date or during the year that affects the reported amounts of assets and liabilities as well as expenses. Actual outcomes and results could differ from those estimates and assumptions. The following paragraphs describe the significant estimates and assumptions applied by management in the preparation of these combined financial statements.

These combined financial statements include the assets and liabilities of the Verint subsidiaries that are attributable to the Company’s business and exclude the assets and liabilities of the Verint subsidiaries that are not attributable to the Company’s business. Third-party debt obligations of Verint and the corresponding financing costs related to those debt obligations, specifically those that relate to senior notes, term loans, and revolving credit facilities, have not been attributed to the Company, as the Company was not the legal obligor on the debt.

During the periods presented, the Company functioned as part of the larger group of companies controlled by Verint. Accordingly, Verint performed certain corporate overhead functions for the Company. Therefore, certain corporate costs, including compensation costs for corporate employees supporting the Company, have been allocated from Verint. These allocated costs are for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, internal audit and other shared services, which were not historically provided at the Company level. Where possible, these costs were specifically identified to the Company, with the remainder primarily allocated on the basis of revenue as a relevant measure. The combined financial statements do not necessarily include all the expenses that would have been incurred or held by the Company had it been a separate, stand-alone company and we expect to incur additional expenses as a separate, stand-alone publicly-traded company. It is not practicable to estimate actual costs that would have been incurred had the Company been a separate stand-alone company during the periods presented. Allocations for management costs and corporate support services provided to the Company totaled $81.8 million and $72.6 million for the years ended January 31, 2020 and 2019, respectively. The Company and Verint consider the allocations to be a reasonable reflection of the benefits received by the Company. Going forward, the Company may perform these functions using its own resources or outsourced services. For a period following the Spin-off, however, some of these functions will continue to be provided by Verint under a transition services agreement.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The outbreak has reached all of the regions in which we do business, and governmental authorities around the world have implemented numerous measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, border closings, quarantines, shelter-in-place orders, shutdowns, limitations or closures of non-essential businesses, and social distancing requirements. Companies around the world, including us, our customers, partners, and vendors, have implemented actions in response, including among others, office closings, site restrictions, and employee travel restrictions. Notwithstanding the loosening of these restrictions in certain countries in certain periods since the onset of the pandemic, the global spread of COVID-19 and actions taken in response have negatively affected us, our customers, partners, and vendors and caused significant economic and business disruption the extent and duration of which is not currently known. In response to these challenges, we quickly adjusted our operations to work from home and we believe our business continuity plan is working well. We are monitoring and assessing the impact of the COVID-19 pandemic daily, including recommendations and orders issued by government and public health authorities. We continue to work to help our customers meet their business continuity needs and help keep the world safe during this difficult time and are managing our operations with a view to resuming normal business activity as soon as possible.

See Note 18, “Subsequent Events”, for additional information regarding the impact of the COVID-19 pandemic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions, which may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments having an original maturity of three months or less.

Restricted Cash and Cash Equivalents, and Restricted Bank Time Deposits

Restricted cash and cash equivalents, and restricted bank time deposits are mainly pledged as collateral for performance guarantees.

Investments

Our investments generally consist of bank time deposits with remaining maturities in excess of 90 days at the time of purchase. We held no marketable debt securities at January 31, 2020 and 2019. Investments with maturities in excess of one year are included in other assets.

Accounts Receivable, net

Trade accounts receivable are comprised of invoiced amounts due from customers for which we have an unconditional right to collect and are not interest-bearing. Credit is extended to customers based on an evaluation of their financial condition and other factors. We generally do not require collateral or other security to support accounts receivable.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents, bank time deposits, short-term investments, trade accounts receivable, and contract assets. We

invest our cash in bank accounts and bank time deposits. By policy, we seek to limit credit exposure on investments through diversification and by restricting our investments to highly rated securities.

We grant credit terms to our customers in the ordinary course of business. Concentrations of credit risk with respect to trade accounts receivable and contract assets are generally limited due to the large number of customers comprising our customer base and their dispersion across different industries and geographic areas. We have both direct and indirect contracts with two governments outside the United States, that combined accounted for $51.7 million and $84.3 million of our aggregated accounts receivable and contract assets, at January 31, 2020 and 2019, respectively. We believe our contracts with these governments present insignificant credit risk.

Allowance for Doubtful Accounts

We estimate the collectability of our accounts receivable balances each accounting period and adjust our allowance for doubtful accounts accordingly. Considerable judgment is required in assessing the collectability of accounts receivable, including consideration of the creditworthiness of each customer, their collection history, and the related aging of past due accounts receivable balances. We evaluate specific accounts when we learn that a customer may be experiencing a deteriorating financial condition due to lower credit ratings, bankruptcy, or other factors that may affect its ability to render payment. We write-off an account receivable and charge it against its recorded allowance at the point when it is considered uncollectible.

The following table summarizes the activity in our allowance for doubtful accounts for the years ended January 31, 2020 and 2019:

	Year Ended January 31,	
(in thousands)	**2020**	**2019**
Allowance for doubtful accounts, beginning of year	$ 2,911	$ 1,763
Provisions charged to expense	1,355	1,937
Amounts written off	(152)	(744)
Other, including fluctuations in foreign exchange rates	(29)	(45)
Allowance for doubtful accounts, end of year	**$ 4,085**	**$ 2,911**

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the weighted-average method of inventory accounting. The valuation of our inventories requires us to make estimates regarding excess or obsolete inventories, including making estimates of the future demand for our products. Although we make every effort to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand, price, or technological developments could have a significant impact on the value of our inventory and reported operating results. Charges for excess and obsolete inventories are included within cost of revenue.

Property and Equipment, net

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method based over the estimated useful lives of the assets. The vast majority of equipment, furniture and other is depreciated over periods ranging from three to five years. Software is typically depreciated over periods ranging from three to four years. Buildings are depreciated over twenty-five years. Leasehold improvements are amortized over the shorter of their estimated useful lives or the related lease term. Finance leased assets are amortized over the related lease term.

The cost of maintenance and repairs of property and equipment is charged to operations as incurred. When assets are retired or disposed of, the cost and accumulated depreciation or amortization thereon are removed from the combined balance sheet and any resulting gain or loss is recognized in the combined statement of operations.

Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the enterprise's chief operating decision maker ("CODM"), or decision making group, in deciding how to allocate resources and in assessing performance. We evaluated segment reporting in accordance with Accounting Standards Codification ("ASC") Topic 280, Segment Reporting. We concluded that we operate in a single operating segment and a single reportable segment based on the operating results available and evaluated regularly by the CODM to make decisions about resource allocation and performance assessment. The CODM makes operational performance assessments and resource allocation decisions on a combined basis, inclusive of all of the Company's products.

Goodwill and Other Acquired Intangible Assets

For business combinations, the purchase prices are allocated to the tangible assets and intangible assets acquired and liabilities assumed based on their estimated fair values on the acquisition dates, with the remaining unallocated purchase prices recorded as goodwill.

We test goodwill for impairment at the reporting unit level on an annual basis as of November 1, or more frequently if changes in facts and circumstances indicate that impairment in the value of goodwill may exist.

We operate as one reporting unit. In testing for goodwill impairment, we may elect to utilize a qualitative assessment to evaluate whether it is more likely than not that the fair value of our reporting unit is less than its carrying amount. If we elect to bypass a qualitative assessment, or if our qualitative assessment indicates that goodwill impairment is more likely than not, we perform quantitative impairment testing. If our quantitative testing determines that the carrying value of the reporting unit exceeds its fair value, goodwill impairment is recognized in an amount equal to that excess, limited to the total goodwill allocated to our reporting unit.

We utilize some or all of three primary approaches to assess the fair value of a reporting unit: (a) an income-based approach, using projected discounted cash flows, (b) a market-based approach, using valuation multiples of comparable companies, and (c) a transaction-based approach, using valuation multiples for recent acquisitions of similar businesses made in the marketplace. Our estimate of fair value of our reporting unit is based on a number of subjective factors, including: (a) appropriate consideration of valuation approaches (income approach, comparable public company approach, and comparable transaction approach), (b) estimates of future growth rates, (c) estimates of our future cost structure, (d) discount rates for our estimated cash flows, (e) selection of peer group companies for the public company and the market transaction approaches, (f) required levels of working capital, (g) assumed terminal value, and (h) time horizon of cash flow forecasts.

Acquired identifiable intangible assets include identifiable acquired technologies, customer relationships, trade names, distribution networks, and non-competition agreements. We amortize the cost of finite-lived identifiable intangible assets over their estimated useful lives, which are periods of ten years or less. Amortization is based on the pattern in which the economic benefits of the intangible asset are expected to be realized, which typically is on a straight-line basis. The fair values assigned to identifiable intangible assets acquired in business combinations are determined primarily by using the income approach, which discounts expected future cash flows attributable to these assets to present value using estimates and assumptions determined by management. The acquired identifiable finite-lived intangible assets are being amortized primarily on a straight-line basis, which we believe approximates the pattern in which the assets are utilized, over their estimated useful lives.

Fair Value Measurements

Accounting guidance establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. An instrument's categorization

within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. This fair value hierarchy consists of three levels of inputs that may be used to measure fair value:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
- Level 3: unobservable inputs that are supported by little or no market activity.

We review the fair value hierarchy classification of our applicable assets and liabilities at each reporting period. Changes in the observability of valuation inputs may result in transfers within the fair value measurement hierarchy. We did not identify any transfers between levels of the fair value measurement hierarchy during the years ended January 31, 2020 and 2019.

Fair Values of Financial Instruments

Our recorded amounts of cash and cash equivalents, restricted cash and cash equivalents, and restricted bank time deposits, accounts receivable, contract assets, investments, and accounts payable approximate fair value, due to the short-term nature of these instruments. We measure certain financial assets and liabilities at fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

Derivative Financial Instruments

As part of our risk management strategy, when considered appropriate, we use derivative financial instruments including foreign currency forward contracts to hedge against certain foreign currency exposure. Our intent is to mitigate gains and losses caused by the underlying exposures with offsetting gains and losses on the derivative contracts. By policy, we do not enter into speculative positions with derivative instruments.

We record all derivatives as assets or liabilities on our combined balance sheets at their fair values. Gains and losses from the changes in values of these derivatives are accounted for based on the use of the derivative and whether it qualifies for hedge accounting.

The counterparties to our derivative financial instruments consist of two major financial institutions. We regularly monitor the financial strength of these institutions. While the counterparties to these contracts expose us to credit-related losses in the event of a counterparty's non-performance, the risk would be limited to the unrealized gains on such affected contracts. We do not anticipate any such losses.

Revenue Recognition

We account for revenue in accordance with Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which was adopted on February 1, 2018, using the modified retrospective transition method. For further discussion of our accounting policies related to revenue, see Note 4, "Revenue Recognition."

Cost of Revenue

Our cost of revenue includes costs of materials, compensation and benefit costs for operations and service personnel, subcontractor costs, royalties and license fees related to third-party software included in our products

and third-party SaaS providers, cloud infrastructure costs, depreciation of equipment used in operations and service, amortization of capitalized software development costs and certain purchased intangible assets, travel expenses associated with provision of installation, training, consulting and development services resources dedicated to project management and an allocation of overhead costs, such as facility, IT, operations costs, and other overhead expenses. Costs that relate to materials and royalties are generally expensed upon shipment and costs related to travel, subcontractors, and personnel and related expenses are generally expensed as incurred in the period in which the personnel related services are performed. Refer to Note 4, "Revenue Recognition" under the heading "Costs to Obtain and Fulfill Contracts" for further details regarding customer contract costs.

Research and Development, net

With the exception of certain software development costs, all research and development costs are expensed as incurred, and consist primarily of personnel and consulting costs, travel, depreciation of research and development equipment, and related overhead and other costs associated with research and development activities.

We receive non-refundable grants from the Israeli Innovation Authority ("IIA") that fund a portion of our research and development expenditures. We currently only enter into non-royalty-bearing arrangements with the IIA which do not require us to pay royalties. Funds received from the IIA are recorded as a reduction to research and development expense. Royalties, to the extent paid, are recorded as part of our cost of revenue.

We also periodically derive benefits from participation in certain government-sponsored programs in other jurisdictions, for the support of research and development activities conducted in those locations.

Software Development Costs

Costs incurred to acquire or develop software to be sold, leased or otherwise marketed are capitalized after technological feasibility is established, and continue to be capitalized through the general release of the related software product. Amortization of capitalized costs begins in the period in which the related product is available for general release to customers and is recorded on a straight-line basis, which approximates the pattern in which the economic benefits of the capitalized costs are expected to be realized, over the estimated economic lives of the related software products, generally four years.

Internal-Use Software

We capitalize costs associated with software that is acquired, internally developed or modified solely to meet our internal needs. Capitalization begins when the preliminary project stage has been completed and management with the relevant authority authorizes and commits to the funding of the project. These capitalized costs include external direct costs utilized in developing or obtaining the applications and expenses for employees who are directly associated with the development of the applications. Capitalization of such costs continues until the project is substantially complete and is ready for its intended purpose. Capitalized costs of computer software developed for internal use are generally amortized over estimated useful lives of four years on a straight-line basis, which best represents the pattern of the software's use.

Income Taxes

The tax provision is presented on a separate company basis as if we were a separate filer. A portion of our operations have historically been included in the tax returns filed by certain Verint entities for which our business is a part of. The effects of tax adjustments and settlements from taxing authorities are presented in our combined financial statements in the period to which they relate as if we were a separate filer. Our current obligations for taxes are settled with our parent on an estimated basis and adjusted in later periods as appropriate. All income taxes due to or due from our parent that have not been settled or recovered by the end of the period are reflected

in net parent investment within the combined financial statements. The tax provision has been calculated as if the business was operating on a stand-alone basis and filed separate tax returns in the jurisdictions in which it operates. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of the actual tax balances had the business been a stand-alone company during the periods presented.

We account for income taxes under the asset and liability method which includes the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in our combined financial statements. Under this approach, deferred taxes are recorded for the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid. The provision for income taxes represents income taxes paid or payable for the current year plus deferred taxes. Deferred taxes result from differences between the financial statement and tax bases of our assets and liabilities, and are adjusted for changes in tax rates and tax laws when changes are enacted. The effects of future changes in income tax laws or rates are not anticipated.

We are subject to income taxes in the United States, Israel and numerous foreign jurisdictions. The calculation of our income tax provision involves the application of complex tax laws and requires significant judgment and estimates. We evaluate the realizability of our deferred tax assets for each jurisdiction in which we operate at each reporting date, and establish valuation allowances when it is more likely than not that all or a portion of our deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income of the same character and in the same jurisdiction. We consider all available positive and negative evidence in making this assessment, including, but not limited to, the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. In circumstances where there is sufficient negative evidence indicating that our deferred tax assets are not more-likely-than-not realizable, we establish a valuation allowance.

We use a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate tax positions taken or expected to be taken in a tax return by assessing whether they are more-likely-than-not sustainable, based solely on their technical merits, upon examination and including resolution of any related appeals or litigation process. The second step is to measure the associated tax benefit of each position as the largest amount that we believe is more-likely-than-not realizable. Differences between the amount of tax benefits taken or expected to be taken in our income tax returns and the amount of tax benefits recognized in our financial statements represent our unrecognized income tax benefits, which we either record as a liability or as a reduction of deferred tax assets. Our policy is to include interest (expense and/or income) and penalties related to unrecognized income tax benefits as a component of the provision for income taxes.

Functional Currencies and Foreign Currency Transaction Gains and Losses

Our functional currency, and the functional currency of most of our subsidiaries, is the U.S. dollar, although we have some subsidiaries with functional currencies that are their local currency.

Transactions denominated in currencies other than a functional currency are converted to the functional currency on the transaction date, and any resulting assets or liabilities are further translated at each reporting date and at settlement. Gains and losses recognized upon such translations are included within other income (expense), net in the combined statements of operations. We recorded net foreign currency losses of $0.7 million and $2.1 million for the years ended January 31, 2020 and 2019, respectively.

For combined reporting purposes, in those instances where a subsidiary has a functional currency other than the U.S. dollar, revenue and expenses are translated into U.S. dollars using average exchange rates for the reporting period, while assets and liabilities are translated into U.S. dollars using period-end rates. The effects of foreign currency translation adjustments are included in stockholders' equity as a component of accumulated other comprehensive loss in the accompanying combined balance sheets.

Stock-Based Compensation

Certain Company employees participate in stock-based compensation plans sponsored by Verint. Awards granted under the plans are based on Verint's common shares and, as such, are included in net parent investment. We recognize the cost of employee services received in exchange for awards of equity instruments based on the grant-date fair value of the award. We recognize the fair value of the award as compensation expense over the period during which an employee is required to provide service in exchange for the award.

Leases

We determine if an arrangement is a lease at inception. Operating lease assets are presented as operating lease right-of-use ("ROU") assets, and corresponding operating lease liabilities are presented within accrued expenses and other current liabilities (current portions), and as operating lease liabilities (long-term portions), on our combined balance sheets. Finance lease assets are included in property and equipment, and corresponding finance lease liabilities are included within accrued expenses and other current liabilities (current portions), and other liabilities (long-term portions), on our combined balance sheets.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the remaining lease payments over the lease term at commencement date. Our leases do not provide an implicit interest rate. We calculate the incremental borrowing rate to reflect the interest rate that we would have to pay to borrow on a collateralized basis an amount equal to the lease payments in a similar economic environment over a similar term, and consider our historical borrowing activities and market data in this determination. The operating lease ROU asset also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

We have lease agreements with lease and non-lease components, which we account for as a single lease component. Some of our leases contain variable lease payments, which are expensed as incurred unless those payments are based on an index or rate. Variable lease payments based on an index or rate are initially measured using the index or rate in effect at lease commencement and included in the measurement of the lease liability; thereafter, changes to lease payments due to rate or index updates are recorded as rent expense in the period incurred. We have elected not to recognize ROU assets and lease liabilities for short-term leases that have a term of twelve months or less. The effect of short-term leases on our ROU assets and lease liabilities was not material. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. In addition, we do not have any related party leases and our sublease transactions are de minimis.

Recent Accounting Pronouncements

New Accounting Pronouncements Recently Adopted

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 supersedes the requirements in Topic 840, *Leases*, and requires lessees to recognize ROU assets and liabilities for leases with lease terms of more than twelve months. We adopted ASU No. 2016-02 as of February 1, 2019 using the modified retrospective transition method of applying the new standard at the adoption date. Results for reporting periods beginning on or after February 1, 2019 are presented under the new guidance, while prior periods amounts are not adjusted and continue to be reported in accordance with previous guidance. Disclosures required under the new standard will not be provided for dates and periods before February 1, 2019.

The new standard provided a number of optional practical expedients in transition. We elected the transition package of practical expedients available in the standard, which permits us not to reassess under the new standard our prior conclusions about lease identification, lease classification, and initial direct costs and the practical

expedient to not account for lease and non-lease components separately. We did not elect the use-of-hindsight or the practical expedient pertaining to land easements; the latter not being applicable to us.

The adoption of ASU No. 2016-02 resulted in the recognition of ROU assets of approximately $34.1 million and lease liabilities for operating leases of approximately $31.6 million on our combined balance sheet as of February 1, 2019 with no material impact to our combined statements of operations. The ROU assets are higher than the operating lease liabilities primarily because of previously recorded prepayment rent balances reclassified into the ROU assets. There was no impact to our net parent investment upon adoption of the standard. The adoption of the new standard also resulted in significant additional disclosures regarding our leasing activities. Refer to Note 15, “Leases” for further details.

In February 2018, the FASB issued ASU No. 2018-02, *Income Statement-Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, which provides companies the option to reclassify from accumulated other comprehensive income to retained earnings the stranded tax effects resulting from the Tax Cuts and Jobs Act of 2017. The stranded tax effect represents the difference between the amount previously recorded in other comprehensive income at the historical U.S. federal tax rate that remains in accumulated other comprehensive loss at the time the 2017 Tax Act was effective and the amount that would have been recorded using the newly enacted rate. We adopted this guidance on February 1, 2019, and the adoption did not have an impact on our combined financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718)—Improvements to Nonemployee Share-Based Payment Accounting*, to simplify the accounting for nonemployee share-based payment transactions by expanding the scope of ASC Topic 718, *Compensation—Stock Compensation*, to include share-based payment transactions for acquiring goods and services from nonemployees. Under the new standard, most of the guidance on stock compensation payments to nonemployees would be aligned with the requirements for share-based payments granted to employees. Adoption of this standard had an immaterial impact on our combined financial statements.

New Accounting Pronouncements Not Yet Effective

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging —Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity*, which simplifies the accounting for convertible instruments by eliminating the requirement to separate embedded conversion features from the host contract when the conversion features are not required to be accounted for as derivatives under Topic 815, *Derivatives and Hedging*, or that do not result in substantial premiums accounted for as paid-in capital. By removing the separation model, a convertible debt instrument will be reported as a single liability instrument with no separate accounting for embedded conversion features. This new standard also removes certain settlement conditions that are required for contracts to qualify for equity classification and simplifies the diluted earnings per share calculations by requiring that an entity use the if-converted method and that the effect of potential share settlement be included in diluted earnings per share calculations. This new standard will be effective for us in fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. We are currently assessing the impact of adopting this standard on the combined financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which affects general principles within Topic 740, Income Taxes and is meant to simplify and reduce the cost of accounting for income taxes. This standard is effective for annual reporting periods beginning after December 15, 2021, and interim reporting periods within annual reporting periods beginning after December 15, 2022. We are currently reviewing this standard but do not expect that it will have a material impact on our combined financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires customers in a hosting arrangement that is a service contract to follow existing internal-use software guidance to determine which implementation costs to capitalize and which costs to expense. This standard is effective for annual reporting periods beginning after December 15, 2020, and interim reporting periods within annual reporting periods beginning after December 15, 2021 with early adoption permitted. We adopted this guidance prospectively to eligible costs incurred on or after February 1, 2020 and the implementation did not have a material impact on our combined financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to The Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements. This standard is effective for annual reporting periods beginning after December 15, 2019, including interim reporting periods within those annual reporting periods, with early adoption permitted. Since the standard affects only disclosure requirements, we do not expect the adoption of the standard to have an impact on our combined financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments.* This new standard changes the impairment model for most financial assets and certain other instruments. Entities will be required to use a model that will result in the earlier recognition of allowances for losses for trade and other receivables, held-to-maturity debt securities, loans, and other instruments. For available-for-sale debt securities with unrealized losses, the losses will be recognized as allowances rather than as reductions in the amortized cost of the securities. The new standard is effective for annual periods, and for interim periods within those annual periods, beginning after December 15, 2020, with early adoption permitted. A modified retrospective adoption method is required, with a cumulative-effect adjustment to the opening retained earnings balance in the period of adoption. We adopted this guidance on February 1, 2020, and the adoption did not have a material impact on our combined financial statements.

3. RELATED PARTY TRANSACTIONS WITH VERINT

The combined financial statements have been prepared on a stand-alone basis and are derived from the consolidated financial statements and accounting records of Verint.

Verint provided certain services, such as but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, internal audit and other shared services, on behalf of the Company. Where possible, these costs were specifically identified to the Company, with the remainder primarily allocated on the basis of revenue as a relevant measure. The Company and Verint both consider the allocations to be a reasonable reflection of the benefits received by the Company. During the years ended January 31, 2020 and 2019, the Company was allocated $81.8 million, and $72.6 million, respectively, of corporate expenses incurred by Verint and such amounts are included in the combined statements of operations. As certain expenses reflected in the combined financial statements include allocations of corporate expenses from Verint, these statements could differ from those that would have been prepared had the Company operated on a stand-alone basis.

The components of the costs of services allocated to the Company for the years ended January 31, 2020 and 2019 are as follows:

(in thousands)	Year Ended January 31, 2020	2019
Software—cost of revenue	$ 1,871	$ 688
Software service—cost of revenue	1,639	2,460
Professional service and other—cost of revenue	4,654	2,919
Research and development, net	19,139	17,805
Selling, general and administrative	54,452	48,774
Total allocated corporate expenses	**$ 81,755**	**$ 72,646**

All significant internal transactions between the Company and Verint have been included in these combined financial statements and are considered to have been effectively settled or are expected to be settled for cash. The total net effect of the settlement of these internal transactions is reflected in the combined statements of cash flows as a financing activity and in the combined balance sheets as net parent investment.

Certain legal entities of the Company have interest-bearing notes under contractual agreements to Verint. The purpose of these notes is to provide funds for certain working capital or other capital and operating requirements of the business. Net interest expense on these notes with Verint is recorded in interest expense in the combined statements of operations and was $0.4 million, and $0.5 million for the years ended January 31, 2020 and 2019, respectively. These notes have fixed and variable interest rates of 2.1% fixed rate and 2.5% plus three-month average LIBOR variable rate, with maturities of the earliest of five years, or on demand, and four years, respectively. The Company had related party notes payable, current of $7.0 million and $13.0 million which is presented in current maturities of note to parent within the combined balance sheets as of January 31, 2020 and 2019, respectively.

Net transfers to and from Verint are included within net parent investment on the combined statements of equity. The components of the net transfers to and from Verint as of January 31, 2020 and 2019 are as follows:

(in thousands)	Year Ended January 31, 2020	2019
Cash pooling and general financing activities	$(133,666)	$ (45,192)
Corporate allocations	81,755	72,646
Income taxes	9,118	4,952
Total net transfers (to) from parent per combined statements of equity	**(42,793)**	**32,406**
Stock-based compensation—equity classified awards and issuances	(29,264)	(25,868)
Total net transfers (to) from parent per combined statements of cash flows	**$ (72,057)**	**$ 6,538**

4. REVENUE RECOGNITION

We account for revenue in accordance with ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606*), which we adopted on February 1, 2018, using the modified retrospective method applied to those contracts that were not completed as of February 1, 2018. We recognize revenue at a point in time or over time depicting the transfer of promised goods and services to our customers in an amount that reflects the consideration to

which we expect to be entitled in exchange for those good or services. We follow the five-step model for revenue recognition as summarized below:

1) Identify the contract(s) with a customer

A contract with a customer exists when (i) we enter into an enforceable contract with the customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services, (ii) the contract has commercial substance, and (iii) we determine that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. We apply judgment in determining the customer's ability and intention to pay, which is based on a variety of factors including the customer's historical payment experience or in the case of a new customer, published credit and financial information pertaining to the customer. Our customary business practice is to enter into legally enforceable written contracts with our customers, which set forth the general terms and conditions between the parties. Typically, our customers also submit a purchase order to specify the different goods and services, and the associated prices. Multiple contracts with a single counterparty entered into at or near the same time are evaluated to determine if the contracts should be combined and accounted for as a single contract.

2) Identify the performance obligations in the contract

Performance obligations promised in a contract are identified based on the goods or services that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the goods or services either on its own or together with other resources that are readily available from third parties or from us, and are distinct in the context of the contract, whereby the transfer of the goods or services is separately identifiable from other promises in the contract. To the extent a contract includes multiple promised goods or services, we must apply judgment to determine whether promised goods or services are capable of being distinct and are distinct in the context of the contract. If these criteria are not met the promised goods or services are accounted for as a combined performance obligation. Generally, our contracts do not include non-distinct performance obligations, but certain contracts require design, development, or significant customization of our products to meet the customer's specific requirements, in which case the products and services are combined into one distinct performance obligation. Additionally, our subscription license offerings provide customers with access to and the right to utilize ongoing support to ensure our software is continuously up-to-date with the latest cyber security capabilities. We consider our software subscription licenses and access to critical support to be a single performance obligation.

3) Determine the transaction price

The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer. We assess the timing of transfer of goods and services to the customer as compared to the timing of payments to determine whether a significant financing component exists. As a practical expedient, we do not assess the existence of a significant financing component when the difference between payment and transfer of deliverables is a year or less, which is the case in the majority of our customer contracts. The primary purpose of our invoicing terms is not to receive or provide financing from or to customers. Certain contracts may require an advance payment to encourage customer commitment to the project and protect us from early termination of the contract. To the extent the transaction price includes variable consideration, we estimate the amount of variable consideration that should be included in the transaction price utilizing either the expected value method or the most likely amount method depending on the nature of the variable consideration. Variable consideration is included in the transaction price, if we assessed that a significant future reversal of cumulative revenue under the contract will not occur. Typically, our contracts do not provide our customers with any right of return or refund, and we do not constrain the contract price as it is probable that there will not be a significant revenue reversal due to a return or refund.

4) Allocate the transaction price to the performance obligations in the contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. However, if a series of distinct goods or services that are substantially the same qualifies as a single performance obligation in a contract with variable consideration, we must determine if the variable consideration is attributable to the entire contract or to a specific part of the contract. We allocate the variable amount to one or more distinct performance obligations but not all or to one or more distinct services that forms a part of a single performance obligation, when the payment terms of the variable amount relate solely to our efforts to satisfy that distinct performance obligation and it results in an allocation that is consistent with the overall allocation objective of ASU No. 2014-09. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative stand-alone selling price basis unless the transaction price is variable and meets the criteria to be allocated entirely to a performance obligation or to a distinct good or service that forms part of a single performance obligation. We determine stand-alone selling price ("SSP") based on the price at which the performance obligation is sold separately. If the SSP is not observable through past transactions, we estimate the SSP taking into account available information such as market conditions, including geographic or regional specific factors, competitive positioning, internal costs, profit objectives, and internally approved pricing guidelines related to the performance obligation.

5) Recognize revenue when (or as) the entity satisfies a performance obligation

We satisfy performance obligations either over time or at a point in time depending on the nature of the underlying promise. Revenue is recognized at the time the related performance obligation is satisfied by transferring a promised good or service to a customer. In certain contracts that include customer substantive acceptance criteria, revenue is not recognized until we can objectively conclude that the product or service meets the agreed-upon specifications in the contract.

We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for the goods or services we transfer to our customers. Revenue is measured based on consideration specified in a contract with a customer, and excludes taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by us from a customer.

Shipping and handling activities that are billed to the customer and occur after control over a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of revenue. Historically, these expenses have not been material.

Nature of Goods and Services

We derive and report our revenue in three categories: (a) software revenue, including the sale of subscription (i.e., term-based) or perpetual licenses, and appliances that include software that is essential to the product's functionality, (b) software service revenue, including support revenue and revenue from cloud-based software-as-a-service subscriptions ("SaaS"), and (c) professional service and other revenue, including revenue from installation and integration services, customer specific development work, the resale of third-party hardware, and consulting and training services.

Our software licenses either provide our customers a perpetual right to use our software or the right to use our software for only a fixed term, in most cases between a one- and three-year time frame. Generally, our contracts do not provide significant services of integration and customization and installation services are not required to be purchased directly from us. For the majority of our software licenses, we have concluded that the licenses are distinct as our customers can benefit from the software on its own. Software revenue is typically recognized when the software is delivered or made available for download to the customer. Our subscription software licenses are not distinct from our support services as the utility of the software to the customer will significantly degrade during the license term. Subscription license revenue is recognized over the term of the subscription

period beginning when the software is delivered to the customer. We rarely sell our software licenses on a stand-alone basis and as a result SSP is not directly observable and must be estimated. We apply the adjusted market assessment approach, considering both market conditions and entity specific factors such as assessment of historical data of bundled sales of software licenses with other promised goods and services in order to maximize the use of observable inputs. Software SSP is established based on an appropriate discount from our established list price, taking into consideration whether there is certain stratification of the population with different pricing practices.

Software service revenue is derived from cloud-based SaaS revenue and, providing technical support services, bug fixes and unspecified software updates to customers on a when-and-if-available basis. Each of these performance obligations provide benefit to the customer on a stand-alone basis and are distinct in the context of the contract. Each of these distinct performance obligations represent a stand ready obligation to provide service to a customer, which is concurrently delivered and has the same pattern of transfer to the customer, which is why we account for these support services as a single performance obligation. We recognize support services ratably over the contractual term, which typically is one year, and develop SSP for support services based on stand-alone renewal contracts.

Our solutions are generally sold with warranties that typically range from 90 days to 3 years. These warranties do not represent an additional performance obligation as services beyond assuring that the software license and hardware comply with agreed-upon specifications are not provided.

Professional service revenues primarily consist of fees for installation and integration, deployment and optimization services, as well as consulting and training, and are generally recognized over time as the customer simultaneously receives and consumes the benefits of the professional service as the services are performed. For contracts billed on a fixed price basis, revenue is recognized over time using an input method based on labor hours expended to date relative to the total labor hours expected to be required to satisfy the related performance obligation. Additionally, other revenues consist of the resale of third-party hardware including servers, laptops and communication equipment, and are recognized at a point in time generally upon shipment or delivery. We rarely sell professional services and third-party hardware on a stand-alone basis and as a result SSP is not directly observable and must be estimated. We apply the adjusted market assessment approach, considering both market conditions and entity specific factors such as assessment of historical data of bundled sales of professional services and resale of third-party hardware with other promised goods and services in order to maximize the use of observable inputs. Professional services SSP and resale of third-party hardware SSP is established based on an appropriate discount from our established list price, taking into consideration whether there is certain stratification of the population with different pricing practices.

Certain contracts require us to significantly customize our software and these contracts are generally recognized over time as we perform because our performance does not create an asset with an alternative use and we have an enforceable right to payment plus a reasonable profit for performance completed to date. Revenue is recognized over time based on the extent of progress towards completion of the performance obligation. We use labor hours incurred to measure progress for these contracts because it best depicts the transfer of the asset to the customer. Under the labor hours incurred measure of progress, the extent of progress towards completion is measured based on the ratio of labor hours incurred to date to the total estimated labor hours at completion of the distinct performance obligation. Due to the nature of the work performed in these arrangements, the estimation of total labor hours at completion is complex, subject to many variables and requires significant judgment. If circumstances arise that change the original estimates of revenues, costs, or extent of progress toward completion, revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in revenue on a cumulative catch-up basis in the period in which the circumstances that gave rise to the revision become known. We use the expected cost plus a margin approach or an appropriate discount from our established list price, taking into consideration whether there is certain stratification of the population with different pricing practices, to estimate the SSP of our significantly customized solutions.

Disaggregation of Revenue

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

- Recurring revenue primarily consists of initial and renewal support, subscription software licenses, and SaaS in certain transactions.
- Nonrecurring revenue primarily consists of our perpetual licenses, appliances, custom development, installation and integration services, consulting and training, and the resale of third-party hardware.

	Year Ended January 31,	
(in thousands)	2020	2019
Revenue by recurrence:		
Recurring revenue	$ 192,578	$ 165,265
Nonrecurring revenue	264,531	268,195
Total revenue	**$ 457,109**	**$ 433,460**

Contract Balances

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

	January 31,	
(in thousands)	2020	2019
Accounts receivable, net	$ 180,441	$ 156,262
Contract assets	$ 28,873	$ 46,559
Long-term contract assets (included in other assets)	$ 937	$ —
Contract liabilities	$ 143,695	$ 139,753
Long-term contract liabilities	$ 23,305	$ 17,767

We receive payments from customers based upon contractual billing schedules, and accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are rights to consideration in exchange for goods or services that we have transferred to a customer when that right is conditional on something other than the passage of time. The majority of our contract assets represent unbilled amounts related to arrangements where our right to consideration is subject to the contractually agreed upon billing schedule. We expect billing and collection of a majority of our contract assets to occur within the next twelve months and had no asset impairment related to contract assets in the period. During the years ended January 31, 2020 and 2019, we transferred $36.1 million and $59.3 million, respectively, to accounts receivable from contract assets recognized at the beginning of each period, as a result of the right to the transaction consideration becoming unconditional. We recognized $17.6 million and $45.5 million of contract assets during the years ended January 31, 2020 and 2019, respectively. There are two customers that accounted for a combined $51.7 million and $84.3 million of our aggregated accounts receivable and contract assets at January 31, 2020 and 2019, respectively. These amounts result from both direct and indirect contracts with governments outside of the U.S. which we believe present insignificant credit risk.

Contract liabilities represent consideration received or consideration which is unconditionally due from customers prior to transferring goods or services to the customer under the terms of the contract. Revenue

recognized during the years ended January 31, 2020 and 2019 from amounts included in contract liabilities at the beginning of each period was $106.8 million and $96.6 million, respectively.

Remaining Performance Obligations

Transaction price allocated to remaining performance obligations ("RPO") represents contracted revenue that has not yet been recognized, which includes contract liabilities and non-cancelable amounts that will be invoiced and recognized as revenue in future periods. The majority of our arrangements are for periods of up to three years, with a significant portion being one year or less.

The timing and amount of revenue recognition for our RPO is influenced by several factors, including timing of support renewals, and the revenue recognition for certain projects can extend over longer periods of time, delivery under which, for various reasons, may be delayed, modified, or canceled. Therefore, the amount of remaining obligations may not be a meaningful indicator of future results.

The following table provides information about our RPO:

(in thousands)	January 31, 2020	2019
RPO:		
Expected to be recognized within 1 year	$ 356,677	$ 302,703
Expected to be recognized in more than 1 year	225,056	267,436
Total RPO	**$ 581,733**	**$ 570,139**

Costs to Obtain and Fulfill Contracts

We capitalize commissions paid to internal sales personnel and agent commissions that are incremental to obtaining customer contracts. We have determined that these commissions are in fact incremental and would not have occurred absent the customer contract. Our sales and agent commissions paid on annual renewals of support are commensurate with the commission paid on the initial contract. Capitalized sales and agent commissions are amortized on a straight-line basis over the period the goods or services are transferred to the customer to which the assets relate.

Total capitalized costs to obtain contracts were $8.3 million as of January 31, 2020, of which $4.9 million is included in prepaid expenses and other current assets and $3.4 million is included in other assets on our combined balance sheet. Total capitalized costs to obtain contracts were $9.3 million as of January 31, 2019, of which $5.3 million is included in prepaid expenses and other current assets and $4.0 million is included in other assets on our combined balance sheet. During the years ended January 31, 2020 and 2019, we expensed $28.2 million and $25.0 million, respectively, of sales and agent commissions, which are included in selling, general and administrative expenses and there was no impairment loss recognized for these capitalized costs.

We capitalize costs incurred to fulfill our contracts when the costs relate directly to the contract and are expected to generate resources that will be used to satisfy the performance obligation under the contract and are expected to be recovered through revenue generated under the contract. Costs to fulfill contracts are expensed to cost of revenue as we satisfy the related performance obligations. Total capitalized costs to fulfill contracts were $7.6 million as of January 31, 2020, of which $7.1 million is included in prepaid expenses and other current assets and $0.5 million is included in other assets on our combined balance sheet. Total capitalized costs to fulfill contracts were $11.3 million as of January 31, 2019, of which $10.1 million is included in prepaid expenses and other current assets and $1.2 million is included in other assets on our combined balance sheet. Deferred cost of revenue is classified in its entirety as current or long-term based on whether the related revenue will be recognized within twelve months of the origination date of the arrangement. The amounts capitalized primarily

relate to prepaid third-party cloud costs. During the years ended January 31, 2020 and 2019, we amortized $11.8 million and $16.7 million, respectively, of contract fulfillment costs.

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

The following tables summarize our cash, cash equivalents, and short-term investments as of January 31, 2020 and 2019:

	January 31, 2020			
(in thousands)	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and cash equivalents:				
Cash and bank time deposits	$ 201,090	$ —	$ —	$ 201,090
Total cash and cash equivalents	**$ 201,090**	**$ —**	**$ —**	**$ 201,090**
Short-term investments:				
Bank time deposits	$ 6,603	$ —	$ —	$ 6,603
Total short-term investments	**$ 6,603**	**$ —**	**$ —**	**$ 6,603**

	January 31, 2019			
(in thousands)	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and cash equivalents:				
Cash and bank time deposits	$ 240,192	$ —	$ —	$ 240,192
Total cash and cash equivalents	**$ 240,192**	**$ —**	**$ —**	**$ 240,192**
Short-term investments:				
Bank time deposits	$ 31,061	$ —	$ —	$ 31,061
Total short-term investments	**$ 31,061**	**$ —**	**$ —**	**$ 31,061**

Bank time deposits which are reported within short-term investments consist of deposits held outside of the U.S. with maturities of greater than 90 days. All other bank deposits are included within cash and cash equivalents.

During the years ended January 31, 2020 and 2019, proceeds from maturities and sales of short-term bank time deposits were $53.5 million, and $28.2 million, respectively.

6. BUSINESS COMBINATIONS

Year Ended January 31, 2020

On December 18, 2019, we completed the acquisition of two software companies under common control, WebintPro Ltd. and Deep Analytics Ltd. (collectively “WebintPro”), focused on multi source intelligence and fusion analytics.

The purchase price of $23.4 million consisted of (i) $18.8 million of combined cash paid at closing, funded by cash on hand, partially offset by $0.1 million of cash acquired, resulting in net cash consideration at closing of $18.7 million; and (ii) the $7.0 million fair value of the $7.3 million contingent consideration arrangement described below; offset by (iii) $2.4 million of other purchase price adjustments. We agreed to make potential

additional cash payments to the respective former shareholders aggregating up to approximately $7.3 million, contingent upon the achievement of certain performance targets over periods extending through June 2021, the fair value of which was estimated to be $7.0 million at the acquisition date.

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

Among the factors contributing to the recognition of goodwill as a component of the WebintPro purchase price allocation were synergies in products and technologies, and the addition of a skilled, assembled workforce. The $11.6 million of goodwill is not deductible for income tax purposes.

Transaction and related costs directly related to the acquisition of WebintPro, consisting primarily of professional fees and integration expenses, totaled $0.3 million for the year ended January 31, 2020 and were expensed as incurred and are included in selling, general and administrative expenses.

Revenue and net income attributable to WebintPro included in our combined statement of operations for the year ended January 31, 2020 was not material. Pro-forma information is not provided due to immateriality.

The purchase price allocation for WebintPro has been prepared on a preliminary basis and changes to allocations may occur as additional information becomes available during the measurement period (up to one year from the acquisition date). Fair values still under review include values assigned to identifiable intangible assets, goodwill, deferred income taxes, and reserves for uncertain income tax positions.

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

(in thousands)	Amount
Components of Purchase Price:	
Cash	$18,843
Fair value of contingent consideration	7,023
Other purchase price adjustments	(2,418)
Total purchase price	**$23,448**
Allocation of Purchase Price:	
Net tangible assets (liabilities):	
Accounts receivable	$ 1,944
Other current assets, including cash acquired	7,496
Other assets	2,757
Current and other liabilities	(2,936)
Contract liabilities—current and long-term	(554)
Deferred income taxes	(1,342)
Net tangible assets	**7,365**

(in thousands)	Amount
Identifiable intangible assets:	
Customer relationships	1,452
Developed technology	1,360
Trademarks and trade names	367
Non-compete agreements	1,307
Total identifiable intangible assets	**4,486**
Goodwill	**11,597**
Total purchase price allocation	**$23,448**

The acquired customer relationships, developed technology, trademarks and trade names, and non-compete agreements were assigned estimated useful lives of five years, five years, three years, and three years, respectively, the weighted average of which is approximately 4.4 years. The acquired identifiable intangible assets are being amortized on a straight-line basis, which we believe approximates the pattern in which the assets are utilized, over their estimated useful lives.

Year Ended January 31, 2019

On November 8, 2018, we completed the acquisition of a business for a purchase price of approximately $13.1 million, which included $2.2 million related to the acquisition date fair value of our approximately 19% previously held equity interest. We paid $3.9 million of cash at closing, funded by cash on hand, and we agreed to make potential additional cash payments to the former shareholders aggregating up to approximately $18.5 million, contingent upon the achievement of certain performance targets over periods extending through January 2021. The fair value of this contingent consideration obligation was estimated to be $7.0 million at the acquisition date.

The purchase price was attributed mainly to goodwill (approximately $10.8 million) and the acquired customer relationships and developed technology were assigned estimated useful lives of seven years and three years, respectively, the weighted average of which is approximately 4.1 years. Included among the factors contributing to the recognition of goodwill in this transaction were synergies in products and technologies, and the addition of skilled, assembled workforces. The $10.8 million of goodwill is not deductible for income tax purposes.

Revenue and net income attributable to this business combination for the year ended January 31, 2019 were not material. Pro-forma information is not provided due to immateriality.

Transaction and related costs, consisting primarily of professional fees and integration expenses, directly related to this business combination, totaled $0.3 million and $0.2 million for the years ended January 31, 2020 and 2019, respectively. All transaction and related costs were expensed as incurred and are included in selling, general and administrative expenses.

Other Business Combination Information

The acquisition date fair values of contingent consideration obligations associated with business combinations are estimated based on probability adjusted present values of the consideration expected to be transferred using significant inputs that are not observable in the market. Key assumptions used in these estimates include probability assessments with respect to the likelihood of achieving the performance targets and discount rates consistent with the level of risk of achievement. At each reporting date, we revalue the contingent consideration obligations to their fair values and record increases and decreases in fair value within selling, general and administrative expenses in our combined statements of operations. Changes in the fair value of the contingent

consideration obligations result from changes in discount periods and rates, and changes in probability assumptions with respect to the likelihood of achieving the performance targets.

For the years ended January 31, 2020 and 2019, we recorded benefits of $5.4 million and $4.2 million, respectively, within selling, general and administrative expenses for changes in the fair values of contingent consideration obligations associated with business combinations. The aggregate fair value of the remaining contingent consideration obligations associated with business combinations was $11.5 million at January 31, 2020, of which $5.9 million was recorded within accrued expenses and other current liabilities, and $5.6 million was recorded within other liabilities.

Payments of contingent consideration earned under these agreements were $3.4 million and $2.0 million for the years ended January 31, 2020 and 2019, respectively.

7. INTANGIBLE ASSETS AND GOODWILL

Acquisition-related intangible assets consisted of the following as of January 31, 2020 and 2019:

	January 31, 2020		
(in thousands)	Cost	Accumulated Amortization	Net
Intangible assets with finite lives:			
Customer relationships	$ 6,586	$ (3,882)	$2,704
Acquired technology	75,765	(72,542)	3,223
Trade names	1,231	(563)	668
Distribution network	2,000	(2,000)	—
Non-competition agreements	1,307	(34)	1,273
Total intangible assets	**$86,889**	**$ (79,021)**	**$7,868**

	January 31, 2019		
(in thousands)	Cost	Accumulated Amortization	Net
Intangible assets with finite lives:			
Customer relationships	$ 5,418	$ (3,628)	$1,790
Acquired technology	78,207	(73,939)	4,268
Trade names	926	(539)	387
Distribution network	2,000	(2,000)	—
Total intangible assets	**$86,551**	**$ (80,106)**	**$6,445**

Total amortization expense recorded for acquisition-related intangible assets was $3.0 million and $8.1 million for the years ended January 31, 2020 and 2019, respectively. The reported amount of net acquisition-related intangible assets can fluctuate from the impact of changes in foreign currency exchange rates on intangible assets not denominated in U.S. dollars.

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

(in thousands) Years Ending January 31,	Amount
2021	$2,219
2022	2,090
2023	1,876
2024	807
2025	683
Thereafter	193
Total	**$7,868**

No impairments of acquired intangible assets were recorded during the years ended January 31, 2020 and 2019.

Goodwill activity for the years ended January 31, 2020 and 2019 was as follows:

(in thousands)	Amount
Year Ended January 31, 2019:	
Goodwill, gross, at February 1, 2018	$ 148,028
Accumulated impairment losses through February 1, 2018	(10,822)
Goodwill, net, at February 1, 2018	137,206
Business combination	10,810
Foreign currency translation and other	(862)
Goodwill, net, at January 31, 2019	**$ 147,154**
Year Ended January 31, 2020:	
Goodwill, gross, at January 31, 2019	$ 157,976
Accumulated impairment losses through January 31, 2019	(10,822)
Goodwill, net, at January 31, 2019	147,154
Business combination	11,597
Foreign currency translation and other	(608)
Goodwill, net, at January 31, 2020	**$ 158,143**
Balance at January 31, 2020	
Goodwill, gross, at January 31, 2020	$ 168,965
Accumulated impairment losses through January 31, 2020	(10,822)
Goodwill, net, at January 31, 2020	**$ 158,143**

We operate as one reporting unit. Therefore, goodwill is tested for impairment by comparing the fair value of the reporting unit with its carrying value. Based on our November 1, 2019 quantitative goodwill impairment review, we concluded that the estimated fair value of our reporting unit exceeded its carrying value. Based on our November 1, 2018 goodwill impairment qualitative review of our reporting unit, we determined that it is more likely than not that the fair value of our reporting unit substantially exceeded its carrying value. Accordingly, there was no indication of impairment and a quantitative goodwill impairment test was not performed.

No changes in circumstances or indicators of potential impairment were identified between November 1 and January 31 in each of the years ended January 31, 2020 and 2019. Additionally, we evaluated whether there has been a change in circumstances as of the date of this filing in response to the economic impacts seen globally from COVID-19. The valuation methodology to determine the fair value of our reporting unit is sensitive to management's forecasts of future revenue, profitability and market conditions. At this time, the impact of COVID-19 on our forecasts is uncertain and increases the subjectivity that will be involved in evaluating goodwill for potential impairment. We do expect declines in our reporting unit fair value as a result of delayed or reduced demand for our products and services, driving lower revenue and operating income across our businesses. However, given the significant difference between our reporting unit fair value and its carrying value in the most recent quantitative analyses completed as of November 1, 2019, as well as expected long-term recovery within our reporting unit, management does not believe that these events were severe enough to result in an impairment trigger. We will continue to monitor the environment to determine whether the impacts to our reporting unit represents an event or change in circumstances that may trigger a need to assess for impairment.

No goodwill impairment was identified for the years ended January 31, 2020 and 2019.

8. SUPPLEMENTAL COMBINED FINANCIAL STATEMENT INFORMATION

Combined Balance Sheets

Inventories consisted of the following as of January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Raw materials	$ 7,461	$ 8,920
Work-in-process	4,674	5,524
Finished goods	2,758	2,306
Total inventories	**$ 14,893**	**$ 16,750**

Property and equipment, net consisted of the following as of January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Land and buildings	$ 2,854	$ 2,838
Leasehold improvements	13,592	12,931
Software	29,870	30,428
Equipment, furniture, and other	92,236	76,463
Total cost	138,552	122,660
Less: accumulated depreciation and amortization	(96,973)	(87,899)
Total property and equipment, net	**$ 41,579**	**$ 34,761**

Depreciation expense on property and equipment was $11.8 million, and $10.6 million, in the years ended January 31, 2020 and 2019, respectively.

Prepaid expenses and other current assets consisted of the following as of January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Prepaid expenses	$23,906	$23,562
Deferred cost of revenue	7,067	10,058
Income tax receivables	2,030	992
Other	3,483	1,846
Total prepaid expenses and other current assets	**$36,486**	**$36,458**

Other assets consisted of the following as of January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Long-term restricted cash and time deposits	$25,606	$22,443
Capitalized software development costs, net	11,679	6,076
Deferred commissions	3,394	3,984
Long-term security deposits	1,373	2,727
Long-term deferred cost of revenue	527	1,216
Other	6,576	3,494
Total other assets	**$49,155**	**$39,940**

Accrued expenses and other current liabilities consisted of the following as of January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Compensation and benefits	$37,963	$32,649
Distributor and agent commissions	10,097	11,445
Income taxes	6,403	4,717
Operating lease obligations—current portion	6,061	10
Contingent consideration—current portion	5,941	2,752
Taxes other than income taxes	717	1,050
Fair value of derivatives—current portion	132	2,086
Other	18,633	15,208
Total accrued expenses and other current liabilities	**$85,947**	**$69,917**

Other liabilities consisted of the following as of January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Contingent consideration—long-term portion	$ 5,568	$ 10,559
Unrecognized tax benefits, including interest and penalties	6,930	25,289
Finance lease obligations—long-term portion	2,510	192
Obligations for severance compensation	2,389	2,370
Other	4	2,231
Total other liabilities	**$ 17,401**	**$ 40,641**

Combined Statements of Operations

Other income (expense), net consisted of the following for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019
Gains on derivative financial instruments, net	$ 395	$ 726
Foreign currency losses, net	(728)	(2,094)
Other, net	(71)	(46)
Total other expense, net	**$(404)**	**$(1,414)**

Combined Statements of Cash Flows

The following table provides supplemental information regarding our combined cash flows for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019
Cash paid for interest	$ 23	$ 24
Cash payments of income taxes, net	$9,622	$7,602
Non-cash investing and financing transactions:		
Liabilities for contingent consideration in business combinations	$7,023	$6,975
Finance leases of property and equipment	$3,117	$ —
Accrued but unpaid purchases of property and equipment	$3,399	$2,352
Leasehold improvements funded by lease incentives	$ 250	$ —
Inventory transfers to property and equipment	$ 825	$1,699

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

The following table summarizes changes in the components of our accumulated other comprehensive loss for the years ended January 31, 2020 and 2019:

(in thousands)	Unrealized Gains (Losses) on Derivative Financial Instruments Designated as Hedges	Foreign Currency Translation Adjustments	Total
Accumulated other comprehensive income (loss) at February 1, 2018	**$ 2,733**	**$ (11,160)**	**$ (8,427)**
Other comprehensive loss before reclassifications	(6,669)	(1,493)	(8,162)
Amounts reclassified out of accumulated other comprehensive loss	(3,127)	—	(3,127)
Net other comprehensive loss	(3,542)	(1,493)	(5,035)
Accumulated other comprehensive loss at January 31, 2019	**(809)**	**(12,653)**	**(13,462)**
Other comprehensive income (loss) before reclassifications	1,755	(1,866)	(111)
Amounts reclassified out of accumulated other comprehensive loss	350	—	350
Net other comprehensive income (loss)	1,405	(1,866)	(461)
Accumulated other comprehensive income (loss) at January 31, 2020	**$ 596**	**$ (14,519)**	**$(13,923)**

All amounts presented in the table above are net of income taxes, if applicable. The accumulated net losses in foreign currency translation adjustments primarily reflect the strengthening of the U.S. dollar against the Brazilian real, which has resulted in lower U.S. dollar-translated balances of Brazilian real.

The amounts reclassified out of accumulated other comprehensive loss into the combined statements of operations, with presentation location, for the years ended January 31, 2020 and 2019, were as follows:

(in thousands)	Year Ended January 31, 2020	Year Ended January 31, 2019	Financial Statement Location
Unrealized gains (losses) on derivative financial instruments:			
Foreign currency forward contracts	$ 54	$ (28)	Cost of software revenue
	(42)	(203)	Cost of software service revenue
	61	(387)	Cost of professional service and other revenue
	208	(1,735)	Research and development, net
	108	(1,128)	Selling, general and administrative
	389	**(3,481)**	**Total, before income taxes**
	(39)	354	(Provision) benefit for income taxes
	$ 350	**$(3,127)**	**Total, net of income taxes**

10. RESEARCH AND DEVELOPMENT, NET

Our gross research and development expenses for the years ended January 31, 2020 and 2019, were $112.7 million, and $101.7 million, respectively. Reimbursements from the IIA and other government grant programs amounted to $1.4 million, and $1.7 million, for the years ended January 31, 2020 and 2019, respectively, which were recorded as reductions of gross research and development expenses.

We capitalize certain costs incurred to develop our commercial software products, and we then recognize those costs within cost of software revenue as the products are available for sale. Activity for our capitalized software development costs for the years ended January 31, 2020 and 2019, was as follows:

(in thousands)	Year Ended January 31, 2020	2019
Capitalized software development costs, net, beginning of year	$ 6,076	$ 5,117
Software development costs capitalized during the year	7,638	2,687
Amortization of capitalized software development costs	(2,023)	(1,730)
Foreign currency translation and other	(12)	2
Capitalized software development costs, net, end of year	**$11,679**	**$ 6,076**

There were no material impairments of such costs during the years ended January 31, 2020 and 2019.

11. INCOME TAXES

The components of income (loss) before provision for income taxes for the years ended January 31, 2020 and 2019 were as follows:

(in thousands)	Year Ended January 31, 2020	2019
U.S.	$ (10,116)	$ (3,769)
Non-U.S.	40,053	23,710
Total income before provision for income taxes	**$ 29,937**	**$ 19,941**

The provision for income taxes for the years ended January 31, 2020 and 2019 consisted of the following:

(in thousands)	Year Ended January 31, 2020	2019
Current (benefit) provision for income taxes:		
U.S. Federal	$ (884)	$ 1,702
U.S. State	(164)	69
Non-U.S.	(1,988)	(3,154)
Total current benefit for income taxes	**(3,036)**	**(1,383)**
Deferred provision for income taxes:		
U.S. Federal	372	1,848
U.S. State	89	420
Non-U.S.	5,142	6,735
Total deferred provision for income taxes	**5,603**	**9,003**
Total provision for income taxes	**$ 2,567**	**$ 7,620**

The reconciliation of the U.S. federal statutory rate to our effective tax rate on income before provision for income taxes for the years ended January 31, 2020 and 2019 was as follows:

(dollars in thousands)	Year Ended January 31, 2020	2019
U.S. federal statutory income tax rate	21.0%	21.0%
Income tax provision at the U.S. federal statutory rate	$ 6,287	$ 4,189
U.S. State income tax (benefit) provision	(45)	436
Non-U.S. tax rate differential	6,734	2,477
Tax incentives	(1,292)	(305)
Valuation allowances	(898)	1,761
Non-deductible expenses	1,677	(1,787)
Tax contingencies	(13,254)	(3,584)
U.S. tax effects of non-U.S. operations	3,268	4,273
Other, net	90	160
Total provision for income taxes	**$ 2,567**	**$ 7,620**
Effective income tax rate	**8.6%**	**38.2%**

Our operations in Israel have been granted “Approved Enterprise” (“AE”) status by the Investment Center of the Israeli Ministry of Industry, Trade and Labor, which makes us eligible for tax benefits under the Israeli Law for Encouragement of Capital Investments, 1959. Under the terms of the program, income attributable to an approved enterprise is exempt from income tax for a period of two years and is subject to a reduced income tax rate for the subsequent five to eight years (generally 10%—23%, depending on the percentage of non-Israeli investment in the company). Our AE status expires between January 31, 2020 and January 31, 2021. Based on the current law, the company qualifies for an alternative tax incentive program as a Preferred Technological Enterprise (“PTE”). Pursuant to Amendment 73 to the Investment Law adopted in 2017, a company located in the Center of Israel that meets the conditions for PTE is subject to a 12% tax rate on eligible income. Income not eligible for PTE benefits is taxed at the regular corporate rate of 23%, excluding income derived from manufacturing activity which is entitled to tax benefits according to the “Preferred Enterprise” regime. Income eligible for tax benefits under the Preferred Enterprise regime is taxed at 16%. In addition, certain operations in Cyprus qualify for favorable tax treatment under the Cypriot Intellectual Property Regime (“IP Regime”). This legislation exempts 80% of income and gains derived from patents, copyrights, and trademarks from taxation. These tax incentives decreased our effective tax rate by 4.3% and 1.5% for the years ended January 31, 2020 and 2019, respectively.

Deferred tax assets and liabilities consisted of the following at January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Deferred tax assets:		
Accrued expenses	$ —	$ 567
Loss carryforwards	8,416	8,161
Accrued compensation	1,158	1,060
Operating lease liabilities	457	—
Capitalized research and development expenses	—	5,624
Total deferred tax assets	**10,031**	**15,412**
Deferred tax liabilities:		
Deferred cost of revenue	(2,733)	(2,060)
Goodwill and other intangible assets	(1,147)	(942)
Exchange differences	(719)	(520)
Accrued expenses	(448)	—
Depreciation of property and equipment	(1,017)	(534)
Operating lease right-of-use assets	(363)	—
Other, net	(620)	(245)
Total deferred tax liabilities	**(7,047)**	**(4,301)**
Valuation allowance	(5,701)	(6,815)
Net deferred tax (liabilities) assets	**$ (2,717)**	**$ 4,296**
Recorded as:		
Deferred tax assets	$ 2,015	$ 7,503
Deferred tax liabilities	(4,732)	(3,207)
Net deferred tax (liabilities) assets	**$ (2,717)**	**$ 4,296**

We had non-U.S. NOL carryforwards of approximately $78.6 million. At January 31, 2020, all but $5.7 million of these non-U.S. loss carryforwards had indefinite carryforward periods. The $5.7 million expires in various years ending from January 31, 2021 to January 31, 2030.

We currently intend to continue to indefinitely reinvest the earnings of our non-U.S. subsidiaries to finance non-U.S. activities to the extent distributions would result in an incremental tax cost. We have not provided tax on the outside basis difference of non-U.S. subsidiaries nor have we provided for any additional withholding or other tax that may be applicable should a future distribution be made from any unremitted earnings of non-U.S. subsidiaries. Due to complexities in the laws of the non-U.S. jurisdictions and the assumptions that would have to be made, it is not practicable to estimate the total amount of income and withholding taxes that would have to be provided on such earnings.

As required by the authoritative guidance on accounting for income taxes, we evaluate the realizability of deferred tax assets on a jurisdictional basis at each reporting date. Accounting for income taxes guidance requires that a valuation allowance be established when it is more likely than not that all or a portion of the deferred tax assets will not be realized. In circumstances where there is sufficient negative evidence indicating that the

deferred tax assets are not more likely than not realizable, we establish a valuation allowance. We have recorded valuation allowances in the amounts of $5.7 million and $6.8 million at January 31, 2020 and 2019, respectively.

Activity in the recorded valuation allowance consisted of the following for the years ended January 31, 2020 and 2019:

	Year Ended January 31,	
(in thousands)	2020	2019
Valuation allowance, beginning of year	$(6,815)	$(4,039)
Income tax benefit (provision)	898	(1,761)
Adoption of ASU No. 2014-09	—	28
Business combinations	—	(1,043)
Currency translation adjustment and other	216	—
Valuation allowance, end of year	**$(5,701)**	**$(6,815)**

In accordance with the authoritative guidance on accounting for uncertainty in income taxes, differences between the amount of tax benefits taken or expected to be taken in our income tax returns and the amount of tax benefits recognized in our financial statements, determined by applying the prescribed methodologies of accounting for uncertainty in income taxes, represent our unrecognized income tax benefits, which we either record as a liability or as a reduction of deferred tax assets.

For the years ended January 31, 2020 and 2019 the aggregate changes in the balance of gross unrecognized tax benefits were as follows:

	Year Ended January 31,	
(in thousands)	2020	2019
Gross unrecognized tax benefits, beginning of year	$ 24,755	$ 32,147
Increases related to tax positions taken during the current year	1,889	6,018
Increases as a result of business combinations	286	61
Increases related to tax positions taken during prior years	—	6,141
Increases (decreases) related to foreign currency exchange rates	1,073	(1,782)
Reductions for tax positions of prior years	(13,623)	(15,284)
Reductions for settlements with tax authorities	(4,133)	(1,111)
Lapses of statutes of limitations	(1,505)	(1,435)
Gross unrecognized tax benefits, end of year	**$ 8,742**	**$ 24,755**

As of January 31, 2020, we had $8.7 million of unrecognized tax benefits, all of which, if recognized, would impact the effective income tax rate in future periods. We recorded $1.8 million and $0.5 million of net tax benefit for interest and penalties related to uncertain tax positions in our provision for income taxes for the years ended January 31, 2020 and 2019, respectively. Accrued liabilities for interest and penalties were $0.9 million and $2.6 million at January 31, 2020 and 2019, respectively. Interest and penalties (expense and/or benefit) are recorded as a component of the provision for income taxes in the combined financial statements.

Our income tax returns are subject to ongoing tax examinations in several jurisdictions in which we operate. In Israel, we are no longer subject to income tax examination for years prior to January 31, 2018. In the U.S., our federal returns are no longer subject to income tax examination for years prior to January 31, 2017.

We regularly assess the adequacy of our provisions for income tax contingencies. As a result, we may adjust the reserves for unrecognized tax benefits for the impact of new facts and developments, such as changes to interpretations of relevant tax law, assessments from taxing authorities, settlements with taxing authorities, and lapses of statutes of expiration. We believe that it is reasonably possible that the total amount of unrecognized tax benefits at January 31, 2020 could decrease by approximately $1.5 million in the next twelve months as a result of settlement of certain tax audits or lapses of statutes of limitation. Such decreases may involve the payment of additional taxes, the adjustment of certain deferred taxes including the need for additional valuation allowances and the recognition of tax benefits.

12. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our assets and liabilities measured at fair value on a recurring basis consisted of the following as of January 31, 2020 and 2019:

	January 31, 2020		
	Fair Value Hierarchy Category		
(in thousands)	Level 1	Level 2	Level 3
Assets:			
Foreign currency forward contracts	$ —	$ 812	$ —
Total assets	**$ —**	**$ 812**	**$ —**
Liabilities:			
Foreign currency forward contracts	$ —	$ 132	$ —
Contingent consideration—business combinations	—	—	11,509
Total liabilities	**$ —**	**$ 132**	**$ 11,509**

	January 31, 2019		
	Fair Value Hierarchy Category		
(in thousands)	Level 1	Level 2	Level 3
Assets:			
Foreign currency forward contracts	$ —	$ 753	$ —
Total assets	**$ —**	**$ 753**	**$ —**
Liabilities:			
Foreign currency forward contracts	$ —	$2,086	$ —
Contingent consideration—business combinations	—	—	13,311
Total liabilities	**$ —**	**$2,086**	**$ 13,311**

The following table presents the changes in the estimated fair values of our liabilities for contingent consideration measured using significant unobservable inputs (Level 3) for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019
Fair value measurement, beginning of year	$ 13,311	$ 12,553
Contingent consideration liabilities recorded for business combinations	7,023	6,975
Changes in fair values, recorded in operating expenses	(5,392)	(4,201)
Payments of contingent consideration	(3,433)	(2,016)
Fair value measurement, end of year	**$ 11,509**	**$ 13,311**

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

There were no transfers between levels of the fair value measurement hierarchy during the years ended January 31, 2020 and 2019.

Fair Value Measurements

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

Contingent Consideration Asset or Liability—Business Combinations—The fair value of the contingent consideration related to business combinations is estimated using a probability-adjusted discounted cash flow model. These fair value measurements are based on significant inputs not observable in the market. The key internally developed assumptions used in these models are discount rates and the probabilities assigned to the milestones to be achieved. We remeasure the fair value of the contingent consideration at each reporting period, and any changes in fair value resulting from either the passage of time or events occurring after the acquisition date, such as changes in discount rates, or in the expectations of achieving the performance targets, are recorded within selling, general, and administrative expenses. Increases or decreases in discount rates would have inverse impacts on the related fair value measurements, while favorable or unfavorable changes in expectations of achieving performance targets would result in corresponding increases or decreases in the related fair value measurements. We utilized discount rates ranging from 2.1% to 4.5% in our calculations of the estimated fair values of our contingent consideration liabilities as of January 31, 2020. We utilized discount rates ranging from 3.5% to 5.5% in our calculations of the estimated fair values of our contingent consideration liabilities as of January 31, 2019.

Other Financial Instruments

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

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

In addition to assets and liabilities that are measured at fair value on a recurring basis, we also measure certain assets and liabilities at fair value on a nonrecurring basis. Our non-financial assets, including goodwill, intangible

assets, operating lease ROU assets, and property, plant and equipment, are measured at fair value when there is an indication of impairment and the carrying amount exceeds the asset's projected undiscounted cash flows. These assets are recorded at fair value only when an impairment charge is recognized. Further details regarding our regular impairment reviews appear in Note 2, "Summary of Significant Accounting Policies".

As of January 31, 2020 and 2019, the carrying amount of our noncontrolling equity investments in privately-held companies without readily determinable fair values was $1.8 million. There were no observable price changes in our investments in privately-held companies and we did not recognize any impairments or other adjustments during the years ended January 31, 2020 and 2019.

13. DERIVATIVE FINANCIAL INSTRUMENTS

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

Foreign Currency Forward Contracts

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

We held outstanding foreign currency forward contracts with notional amounts of $89.0 million and $113.0 million as of January 31, 2020 and 2019, respectively.

Fair Values of Derivative Financial Instruments

The fair values of our derivative financial instruments and their classifications in our combined balance sheets as of January 31, 2020 and 2019 were as follows:

(in thousands)	Balance Sheet Classification	January 31, 2020	January 31, 2019
Derivative assets:			
Foreign currency forward contracts:			
Designated as cash flow hedges	Prepaid expenses and other current assets	$ 710	$ 738
Not designated as hedging instruments	Prepaid expenses and other current assets	102	15
Total derivative assets		**$ 812**	**$ 753**
Derivative liabilities:			
Foreign currency forward contracts:			
Designated as cash flow hedges	Accrued expenses and other current liabilities	$ 16	$ 1,830
Not designated as hedging instruments	Accrued expenses and other current liabilities	116	256
Total derivative liabilities		**$ 132**	**$ 2,086**

Derivative Financial Instruments in Cash Flow Hedging Relationships

The effects of derivative financial instruments designated as cash flow hedges on accumulated other comprehensive loss ("AOCL") and on the combined statement of operations for the years ended January 31, 2020 and 2019, were as follows:

(in thousands)	Year Ended January 31, 2020	2019
Net gains (losses) recognized in AOCL:		
Foreign currency forward contracts	$1,950	$(7,410)
Net gains (losses) reclassified from AOCL to the combined statements of operations:		
Foreign currency forward contracts	$ 389	$(3,481)

For information regarding the line item locations of the net gains (losses) on derivative financial instruments reclassified out of AOCL into the combined statements of operations, see Note 9, "Accumulated Other Comprehensive Loss".

Effective with our February 1, 2018 adoption of ASU No. 2017-12, ineffectiveness of cash flow hedges is no longer recognized. All of the foreign currency forward contracts underlying the $0.6 million of net unrealized gains recorded in our accumulated other comprehensive loss at January 31, 2020 mature within twelve months, and therefore we expect all such gains to be reclassified into earnings within the next twelve months.

Derivative Financial Instruments Not Designated as Hedging Instruments

Gains recognized on derivative financial instruments not designated as hedging instruments in our combined statements of operations for the years ended January 31, 2020 and 2019, were as follows:

(in thousands)	Classification in Combined Statements of Operations	Year Ended January 31, 2020	2019
Foreign currency forward contracts	Other expense, net	$ 395	$ 726

14. STOCK-BASED COMPENSATION AND OTHER BENEFIT PLANS

Verint maintains stock-based compensation plans for the benefit of its officers, directors and employees. The following disclosures represent stock-based compensation expenses attributable to Cognyte based on the awards and terms previously granted under Verint's stock-based compensation plans to Cognyte employees and an allocation of Verint's corporate and shared functional employee stock-based compensation expenses. Accordingly, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that Cognyte would have experienced as an independent company for the periods presented. The Cognyte employees' stock-based compensation expenses were specifically identified whereas Verint's corporate and shared functional employees' stock-based compensation expenses were specifically identified to the extent possible with the remainder allocated on the basis of revenue.

Stock-Based Compensation Expense

We recognized stock-based compensation expense in the following line items on the combined statements of operations for the years ended January 31, 2020 and 2019:

	Year Ended January 31, 2020		
(in thousands)	Cognyte employees	Other allocations	Total
Component of income before provision for income taxes:			
Cost of revenue—software	$ 90	$ 552	$ 642
Cost of revenue—software service	259	377	636
Cost of revenue—professional service and other	330	1,311	1,641
Research and development, net	1,272	5,026	6,298
Selling, general and administrative	1,508	20,308	21,816
Total stock-based compensation expense	**3,459**	**27,574**	**31,033**
Income tax benefits related to stock-based compensation (before consideration of valuation allowances)	454	3,946	4,400
Total stock-based compensation, net of taxes	**$ 3,005**	**$ 23,628**	**$26,633**

	Year Ended January 31, 2019		
(in thousands)	Cognyte employees	Other allocations	Total
Component of income before provision for income taxes:			
Cost of revenue—software	$ 25	$ 308	$ 333
Cost of revenue—software service	356	346	702
Cost of revenue—professional service and other	218	992	1,210
Research and development, net	858	3,997	4,855
Selling, general and administrative	1,841	16,607	18,448
Total stock-based compensation expense	**3,298**	**22,250**	**25,548**
Income tax benefits related to stock-based compensation (before consideration of valuation allowances)	503	3,199	3,702
Total stock-based compensation, net of taxes	**$ 2,795**	**$ 19,051**	**$21,846**

The following table summarizes stock-based compensation expense by type of award for the years ended January 31, 2020 and 2019:

	Year Ended January 31, 2020		
(in thousands)	Cognyte employees	Other allocations	Total
Restricted stock units and restricted stock awards	$ 3,014	$ 20,399	$23,413
Stock bonus program and bonus share program	445	7,170	7,615
Total equity-settled awards	**3,459**	**27,569**	**31,028**
Phantom stock units (cash-settled awards)	—	5	5
Total stock-based compensation expense	**$ 3,459**	**$ 27,574**	**$31,033**

(in thousands)	Year Ended January 31, 2019		
	Cognyte employees	Other allocations	Total
Restricted stock units and restricted stock awards	$ 2,907	$ 17,892	$20,799
Stock bonus program and bonus share program	391	4,346	4,737
Total equity-settled awards	**3,298**	**22,238**	**25,536**
Phantom stock units (cash-settled awards)	—	12	12
Total stock-based compensation expense	**$ 3,298**	**$ 22,250**	**$25,548**

Awards under Verint's stock bonus and bonus share programs are accounted for as liability-classified awards, because the obligations are based predominantly on fixed monetary amounts that are generally known at inception of the obligation, to be settled with a variable number of shares of Verint common stock.

Stock-Based Awards Granted by Verint

Verint periodically awards RSUs to directors, officers, and other employees. The fair value of these awards is equivalent to the market value of Verint common stock on the grant date. RSUs are not shares of Verint common stock and do not have any of the rights or privileges thereof, including voting or dividend rights. On the applicable vesting date, the holder of an RSU becomes entitled to a share of Verint common stock. RSUs are subject to certain restrictions and forfeiture provisions prior to vesting.

Verint periodically awards PSUs to executive officers and certain employees that vest upon the achievement of specified performance goals or market conditions. We separately recognize compensation expense for each tranche of a PSU award as if it were a separate award with its own vesting date. For certain PSUs, an accounting grant date may be established prior to the requisite service period.

Once a performance vesting condition has been defined and communicated, and the requisite service period has begun, our estimate of the fair value of PSUs requires an assessment of the probability that the specified performance criteria will be achieved, which we update at each reporting date and adjust our estimate of the fair value of the PSUs, if necessary. All compensation expense for PSUs with market conditions is recognized if the requisite service period is fulfilled, even if the market condition is not satisfied.

RSUs and PSUs that are expected to settle with cash payments upon vesting, if any, are reflected as liabilities on our combined balance sheets. Such RSUs and PSUs were insignificant at January 31, 2020, and 2019.

The following table ("Award Activity Table") summarizes activity for RSUs, PSUs, and other stock awards to Company personnel that reduce available plan capacity under the plans for the years ended January 31, 2020 and 2019:

(in thousands, except grant date fair values)	Year Ended January 31,			
	2020		2019	
	Shares or Units	Weighted-Average Grant-Date Fair Value	Shares or Units	Weighted-Average Grant-Date Fair Value
Beginning balance	705	$ 41.45	691	$ 41.40
Granted	361	$ 59.76	475	$ 43.68
Released	(333)	$ 40.70	(361)	$ 44.44
Forfeited	(64)	$ 46.69	(100)	$ 40.92
Ending balance	**669**	**$ 51.35**	**705**	**$ 41.45**

Other Benefit Plans

401(k) Plan and Other Retirement Plans

We maintain a 401(k) Plan for our full-time employees in the United States. The plan allows eligible employees who attain the age of 21 beginning with the first of the month following their date of hire to elect to contribute up to 60% of their annual compensation, subject to the prescribed maximum amount. We match employee contributions at a rate of 50%, up to a maximum annual matched contribution of $2,000 per employee. Employee contributions are always fully vested, while our matching contributions for each year vest on the last day of the calendar year provided the employee remains employed with us on that day.

Our matching contribution expenses for our 401(k) Plan were $0.2 million, and $0.2 million for the years ended January 31, 2020 and 2019, respectively.

We provide retirement benefits for non-U.S. employees as required by local laws or to a greater extent as we deem appropriate through plans that function similar to 401(k) plans. Funding requirements for programs required by local laws are determined on an individual country and plan basis and are subject to local country practices and market circumstances.

Severance Pay

We are obligated to make severance payments for the benefit of certain employees of Israel and our foreign subsidiaries. Severance payments made to Israeli employees are considered significant compared to all other subsidiaries with severance payment arrangements. Under Israeli law, we are obligated to make severance payments to certain employees of our Israeli subsidiaries, subject to certain conditions. In most cases, our liability for these severance payments is fully provided for by regular deposits to funds administered by insurance providers and by an accrual for the amount of our liability which has not yet been deposited.

Severance expenses for our Israeli employees for the years ended January 31, 2020 and 2019 were $7.3 million, and $6.4 million, respectively.

15. LEASES

We have entered into operating leases primarily for corporate offices, research and development facilities, and automobiles. Our finance leases primarily relate to infrastructure equipment. Our leases have remaining lease terms of 1 year to 6 years. As of January 31, 2020, assets recorded under finance leases were $3.5 million. However, these assets have not been placed in service as of January 31, 2020, and therefore there is no accumulated depreciation associated with finance leases.

The components of lease expenses for the year ended January 31, 2020 were as follows:

(in thousands)	Year Ended January 31, 2020
Operating lease expenses	**$ 10,016**
Finance lease expenses:	
Amortization of right-of-use assets (1)	—
Interest on lease liabilities	22
Total finance lease expenses	**22**
Variable lease expenses	2,996
Short-term lease expenses	205
Sublease income	—
Total lease expenses	**$ 13,239**

(1) The assets subject to finance leases have not been placed in service as of January 31, 2020, and therefore there is no amortization of right-of-use assets.

Other information related to leases was as follows:

(dollars in thousands)	Year Ended January 31, 2020
Supplemental cash flow information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 7,861
Operating cash flows from finance leases	$ 22
Financing cash flows from finance leases	$ 244
Right-of-use assets obtained in exchange for lease obligations:	
Operating leases	$ 4,629
Finance leases	$ 3,117
Weighted average remaining lease terms	
Operating leases	4 years
Finance leases	5 years
Weighted average discount rates	
Operating leases	5.2 %
Finance leases	4.6 %

Maturities of lease liabilities as of January 31, 2020 were as follows:

(in thousands)	January 31, 2020 Operating Leases	Finance Leases
Year Ending January 31,		
2021	$ 7,779	$ 749
2022	6,985	767
2023	6,454	748
2024	6,014	694
2025	5,059	522
Thereafter	2,500	—
Total future minimum lease payments	**34,791**	**3,480**
Less imputed interest	(4,284)	(348)
Total	**$ 30,507**	**$ 3,132**
Reported as of January 31, 2020:		
Accrued expenses and other current liabilities	$ 6,061	$ 622
Operating lease liabilities	24,446	—
Other liabilities	—	2,510
Total	**$ 30,507**	**$ 3,132**

As of January 31, 2020, we have additional operating leases for office facilities that have not yet commenced with future lease obligations of $5.0 million. These operating leases will commence during the year ending January 31, 2021 with lease terms of between 2 years and 6 years.

Future minimum lease payments for non-cancelable operating leases under the previous lease accounting standard, as of January 31, 2019 were as follows:

(in thousands)	Operating Leases	Capital Leases
Years Ending January 31,		
2020	$ 6,917	$ 74
2021	6,408	74
2022	5,449	74
2023	5,127	55
2024	4,880	—
Thereafter	7,709	—
Total	**$ 36,490**	**277**
Less: amount representing interest and other charges		(20)
Present value of minimum lease payments		**$ 257**

16. COMMITMENTS AND CONTINGENCIES

Unconditional Purchase Obligations

In the ordinary course of business, we enter into certain unconditional purchase obligations, which are agreements to purchase goods or services that are enforceable, legally binding, and that specify all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Our purchase orders are based on current needs and are typically fulfilled by our vendors within a relatively short time horizon. As of January 31, 2020, our unconditional purchase obligations totaled approximately $65.6 million.

Licenses and Royalties

We license certain technology and pay royalties under such licenses and other agreements entered into in connection with research and development activities.

As discussed in Note 2, “Summary of Significant Accounting Policies”, we receive non-refundable grants from the IIA that fund a portion of our research and development expenditures. The Israeli law under which the IIA grants are made limits our ability to manufacture products, or transfer technologies, developed using these grants outside of Israel. If we were to seek approval to manufacture products, or transfer technologies, developed using these grants outside of Israel, we could be subject to royalty requirements or be required to pay certain redemption fees. If we were to violate these restrictions, we could be required to refund any grants previously received, together with interest and penalties, and may be subject to criminal penalties.

Off-Balance Sheet Risk

In the normal course of business, we provide certain customers with financial performance guarantees, which are generally backed by bank guarantees and, in certain cases, by standby letters of credit. In general, we would only be liable for the amounts of these guarantees in the event that our nonperformance permits termination of the related contract by our customer, which we believe is remote. At January 31, 2020, we had approximately $94.2 million of outstanding bank guarantees and letters of credit relating primarily to these performance guarantees. As of January 31, 2020, we believe we were in compliance with our performance obligations under all contracts for which there is a financial performance guarantee, and the ultimate liability, if any, incurred in connection with these guarantees will not have a material adverse effect on our combined results of operations, financial position, or cash flows. Our historical non-compliance with our performance obligations has been insignificant.

Indemnifications

In the normal course of business, we provide indemnifications of varying scopes to customers against claims of intellectual property infringement made by third parties arising from the use of our products. Historically, costs related to these indemnification provisions have not been significant and we are unable to estimate the maximum potential impact of these indemnification provisions on our future results of operations.

To the extent permitted under Israeli law or other applicable law, we indemnify our directors, officers, employees, and agents against claims they may become subject to by virtue of serving in such capacities for us. We also have contractual indemnification agreements with our directors, officers, and certain senior executives. The maximum amount of future payments we could be required to make under these indemnification arrangements and agreements is potentially unlimited; however, we have insurance coverage that limits our exposure and enables us to recover a portion of any future amounts paid. We are not able to estimate the fair value of these indemnification arrangements and agreements in excess of applicable insurance coverage, if any.

Legal Proceedings

In March 2009, one of our former employees, Ms. Orit Deutsch, commenced legal actions in Israel against our primary Israeli subsidiary, Verint Systems Limited ("VSL") (Case Number 4186/09) and against our former affiliate CTI (Case Number 1335/09). Also in March 2009, a former employee of Comverse Limited (CTI's primary Israeli subsidiary at the time), Ms. Roni Katriel, commenced similar legal actions in Israel against Comverse Limited (Case Number 3444/09). In these actions, the plaintiffs generally sought to certify class action suits against the defendants on behalf of current and former employees of VSL and Comverse Limited who had been granted stock options in Verint and/or CTI and who were allegedly damaged as a result of a suspension on option exercises during an extended filing delay period that is discussed in Verint's and CTI's historical public filings. On June 7, 2012, the Tel Aviv District Court, where the cases had been filed or transferred, allowed the plaintiffs to consolidate and amend their complaints against the three defendants: VSL, CTI, and Comverse Limited.

On October 31, 2012, CTI distributed of all of the outstanding shares of common stock of Comverse, Inc., its principal operating subsidiary and parent company of Comverse Limited, to CTI's shareholders (the "Comverse Share Distribution"). In the period leading up to the Comverse Share Distribution, CTI either sold or transferred substantially all of its business operations and assets (other than its equity ownership interests in Verint and in its then-subsidiary, Comverse, Inc.) to Comverse, Inc. or to unaffiliated third parties. As the result of these transactions, Comverse, Inc. became an independent company and ceased to be affiliated with CTI, and CTI ceased to have any material assets other than its equity interests in Verint. Prior to the completion of the Comverse Share Distribution, the plaintiffs sought to compel CTI to set aside up to $150.0 million in assets to secure any future judgment, but the District Court did not rule on this motion. In February 2017, Mavenir Inc. became successor-in-interest to Comverse, Inc.

On February 4, 2013, Verint acquired the remaining CTI shell company in a merger transaction (the "CTI Merger"). As a result of the CTI Merger, Verint assumed certain rights and liabilities of CTI, including any liability of CTI arising out of the foregoing legal actions. However, under the terms of a Distribution Agreement entered into in connection with the Comverse Share Distribution, Verint, as successor to CTI, is entitled to indemnification from Comverse, Inc. (now Mavenir) for any losses Verint may suffer in its capacity as successor to CTI related to the foregoing legal actions. Under the Separation and Distribution Agreement we will enter into with Verint in connection with the spin-off, we will agree to indemnify Verint for our share of any losses Verint may suffer related to the foregoing legal actions either in its capacity as successor to CTI to the extent not indemnified by Mavenir or due to its former ownership of us and VSL.

Following an unsuccessful mediation process, on August 28, 2016, the District Court (i) denied the plaintiffs' motion to certify the suit as a class action with respect to all claims relating to Verint stock options and (ii) approved the plaintiffs' motion to certify the suit as a class action with respect to claims of current or former employees of Comverse Limited (now part of Mavenir) or of VSL who held unexercised CTI stock options at the time CTI suspended option exercises. The court also ruled that the merits of the case would be evaluated under New York law.

As a result of this ruling (which excluded claims related to Verint stock options from the case), one of the original plaintiffs in the case, Ms. Deutsch, was replaced by a new representative plaintiff, Mr. David Vaaknin. CTI appealed portions of the District Court's ruling to the Israeli Supreme Court. On August 8, 2017, the Israeli Supreme Court partially allowed CTI's appeal and ordered the case to be returned to the District Court to determine whether a cause of action exists under New York law based on the parties' expert opinions.

Following two unsuccessful rounds of mediation in mid to late 2018 and in mid-2019, the proceedings resumed. On April 16, 2020, the District Court accepted plaintiffs' application to amend the motion to certify a class action and set deadlines for filing amended pleadings by the parties. CTI submitted a motion to appeal the District Court's decision to the Supreme Court, as well as a motion to stay the proceedings in the District Court pending the resolution of the appeal. On July 6, 2020, the Supreme Court granted the motion for a stay. On July 27, 2020,

the plaintiffs filed their response on the merits of the motion for leave to appeal, and the parties are waiting for further instructions or decisions from the Supreme Court.

From time to time we or our subsidiaries may be involved in legal proceedings and/or litigation arising in the ordinary course of our business. While the outcome of these matters cannot be predicted with certainty, we do not believe that the outcome of any current claims will have a material adverse effect on our combined financial position, results of operations, or cash flows.

17. GEOGRAPHIC AND SIGNIFICANT CUSTOMER INFORMATION

Geographic Information

Revenue by major geographic region is based on the location of our contracting subsidiary, which may differ from the geographic location of the customer.

The information below summarizes revenue from unaffiliated customers by geographic area for the years ended January 31, 2020 and 2019:

(in thousands)	Year Ended January 31, 2020	2019
EMEA:		
Israel	$ 277,605	$ 263,540
Germany	77,540	73,065
Other	22,775	17,170
Total EMEA	377,920	353,775
Americas:		
United States	53,354	56,839
Other	10,359	10,514
Total Americas	63,713	67,353
APAC	15,476	12,332
Total revenue	**$ 457,109**	**$ 433,460**

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

Property and equipment, net by geographic area consisted of the following as of January 31, 2020 and 2019:

(in thousands)	January 31, 2020	2019
Israel	$ 30,586	$ 27,539
United States	4,293	1,125
Other countries	6,700	6,097
Total property and equipment, net	**$ 41,579**	**$ 34,761**

Significant Customers

The Company's largest customers accounted for the following percentage of total revenue:

	Year Ended January 31,	
	2020	2019
Customer A	15.6%	14.7%
Customer B	12.9%	12.6%

In making this determination of significant customers, we define a customer as an organization from which we have recognized revenue in a reporting period. In situations where a governmental organization acts on behalf of multiple agencies or departments, we treat that organization as the customer for reporting purposes notwithstanding that each of the underlying agencies or departments is generally making its own independent purchasing decisions.

18. SUBSEQUENT EVENTS

The combined financial statements of the Company are derived from the consolidated financial statements of Verint, which issued its financial statements for the year ended January 31, 2020 on March 31, 2020. Accordingly, the Company has evaluated transactions or other events for consideration as recognized subsequent events in the annual financial statements through March 31, 2020. Additionally, the Company has evaluated transactions and other events through the issuance of these combined financial statements, September 24, 2020, for purposes of disclosure of unrecognized subsequent events.

During the six months ended July 31, 2020, our revenue was negatively impacted by delays and reduced spending attributed to the impact of the COVID-19 pandemic on our customers' operational priorities and as a result of cost containment measures they have implemented. Due to the pandemic, we have seen a reduction or delay in large customer contracts and we have been unable to conduct face-to-face meetings with existing or prospective customers and partners, present in-person demonstrations of our solutions, or host or attend in-person trade shows and conferences. Limitations on access to the facilities of our customers have also impacted our ability to deliver some of our products, complete certain implementations, and provide in-person consulting and training services, negatively impacting our ability to recognize revenue. We cannot predict how the pandemic will impact our results in future periods, including to the extent that customers delay or miss payments, customers defer, reduce, or refrain from placing orders or renewing subscriptions or support arrangements, or travel restrictions and site access restrictions remain necessary.

In light of the adverse impact of COVID-19 on global economic conditions and our revenue, along with the uncertainty associated with the extent and timing of a potential recovery, we have implemented several cost-reduction actions of varying durations, some of which did not take effect until the beginning of our second quarter. Such actions have included, but are not limited to, reducing our discretionary spending, substantially decreasing capital expenditures, extending days payable outstanding, considering the optimal uses of our cash and other capital resources, and reducing workforce-related costs. These actions may have an adverse impact on us, particularly if they remain in place for an extended period. We continue to evaluate and may decide to implement further cost control strategies to help us mitigate the impact of the pandemic.

The ultimate impact of the COVID-19 pandemic and the effects of the operational alterations we have made in response on our business, financial condition, liquidity and financial results cannot be predicted at this time.

Cognyte Business of Verint Systems Inc.
Condensed Combined Balance Sheets
(Unaudited)

(in thousands)	July 31, 2020	January 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 188,065	$ 201,090
Restricted cash and cash equivalents, and restricted bank time deposits	31,616	43,813
Short-term investments	18,238	6,603
Accounts receivable, net of allowance for doubtful accounts of $4.4 million and $4.1 million, respectively	165,506	180,441
Contract assets, net	30,427	28,873
Inventories	13,352	14,893
Prepaid expenses and other current assets	34,233	36,486
Total current assets	**481,437**	**512,199**
Property and equipment, net	42,061	41,579
Operating lease right-of-use assets	31,420	34,152
Goodwill	157,515	158,143
Intangible assets, net	6,724	7,868
Other assets	46,742	51,170
Total assets	**$ 765,899**	**$ 805,111**
Liabilities and Equity		
Current Liabilities:		
Accounts payable	$ 33,294	$ 43,389
Accrued expenses and other current liabilities	88,011	85,947
Contract liabilities	122,151	143,695
Current maturities of note to parent	7,025	7,025
Total current liabilities	**250,481**	**280,056**
Long-term contract liabilities	20,928	23,305
Operating lease liabilities	22,629	24,446
Other liabilities	19,283	22,133
Total liabilities	**313,321**	**349,940**
Commitments and Contingencies		
Equity:		
Net parent investment	453,379	458,467
Accumulated other comprehensive loss	(14,954)	(13,923)
Total Cognyte Business of Verint Systems Inc. equity	**438,425**	**444,544**
Noncontrolling interest	14,153	10,627
Total equity	**452,578**	**455,171**
Total liabilities and equity	**$ 765,899**	**$ 805,111**

See notes to condensed combined financial statements.

Cognyte Business of Verint Systems Inc.
Condensed Combined Statements of Operations
(Unaudited)

(in thousands)	Six Months Ended July 31, 2020	2019
Revenue:		
Software	$ 86,545	$ 91,248
Software service	91,843	84,728
Professional service and other	28,071	45,057
Total revenue	**206,459**	**221,033**
Cost of revenue:		
Software	15,851	16,042
Software service	22,128	22,431
Professional service and other	26,074	40,142
Amortization of acquired technology	492	1,682
Total cost of revenue	**64,545**	**80,297**
Gross profit	**141,914**	**140,736**
Operating expenses:		
Research and development, net	60,256	54,672
Selling, general and administrative	73,022	75,743
Amortization of other acquired intangible assets	640	255
Total operating expenses	**133,918**	**130,670**
Operating income	**7,996**	**10,066**
Other income (expense), net:		
Interest income	953	2,022
Interest expense	(84)	(246)
Other income, net	135	532
Total other income, net	**1,004**	**2,308**
Income before provision (benefit) for income taxes	**9,000**	**12,374**
Provision (benefit) for income taxes	3,406	(1,767)
Net income	**5,594**	**14,141**
Net income attributable to noncontrolling interest	3,565	3,711
Net income attributable to Cognyte Business of Verint Systems Inc.	**$ 2,029**	**$ 10,430**

See notes to condensed combined financial statements.

Cognyte Business of Verint Systems Inc.
Condensed Combined Statements of Comprehensive Income
(Unaudited)

(in thousands)	Six Months Ended July 31, 2020	2019
Net income	**$ 5,594**	**$14,141**
Other comprehensive (loss) income, net of reclassification adjustments:		
Foreign currency translation adjustments	(1,571)	(852)
Net increase from foreign exchange contracts designated as hedges	574	2,498
Provision for income taxes on net increase from foreign exchange contracts designated as hedges	(73)	(250)
Other comprehensive (loss) income	**(1,070)**	**1,396**
Comprehensive income	**4,524**	**15,537**
Comprehensive income attributable to noncontrolling interest	3,526	3,554
Comprehensive income attributable to Cognyte Business of Verint Systems Inc.	**$ 998**	**$11,983**

See notes to condensed combined financial statements.

Cognyte Business of Verint Systems Inc.
Condensed Combined Statements of Equity
(Unaudited)

(in thousands)	Net Parent Investment	Accumulated Other Comprehensive Loss	Total Cognyte Business of Verint Systems Inc. Equity	Noncontrolling Interest	Total Equity
Balances as of January 31, 2019	**$481,069**	**$ (13,462)**	**$ 467,607**	**$ 7,711**	**$ 475,318**
Net income	10,430	—	10,430	3,711	**14,141**
Other comprehensive income (loss)	—	1,553	1,553	(157)	**1,396**
Net transfers to parent	(43,725)	—	(43,725)	—	**(43,725)**
Balances as of July 31, 2019	**447,774**	**(11,909)**	**435,865**	**11,265**	**447,130**
Balances as of January 31, 2020	**458,467**	**(13,923)**	**444,544**	**10,627**	**455,171**
Cumulative effect of adoption of ASU No. 2016-13	(446)	—	(446)	—	**(446)**
Adjusted balances, beginning of period	**458,021**	**(13,923)**	**444,098**	**10,627**	**454,725**
Net income	2,029	—	2,029	3,565	**5,594**
Other comprehensive loss	—	(1,031)	(1,031)	(39)	**(1,070)**
Net transfers to parent	(6,671)	—	(6,671)	—	**(6,671)**
Balances as of July 31, 2020	**$453,379**	**$ (14,954)**	**$ 438,425**	**$ 14,153**	**$ 452,578**

See notes to condensed combined financial statements.

Cognyte Business of Verint Systems Inc.
Condensed Combined Statements of Cash Flows
(Unaudited)

(in thousands)	Six Months Ended July 31, 2020	2019
Cash flows from operating activities:		
Net income	$ 5,594	$ 14,141
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,735	8,840
Provision for doubtful accounts	795	1,132
Stock-based compensation, excluding cash-settled awards	13,092	13,706
Non-cash gains on derivative financial instruments, net	(413)	(645)
Other non-cash items, net	424	1,316
Changes in operating assets and liabilities, net of effects of business combinations:		
Accounts receivable	12,332	1,642
Contract assets	(1,649)	10,616
Inventories	589	(4,093)
Prepaid expenses and other assets	2,719	3,752
Accounts payable and accrued expenses	(5,900)	(697)
Contract liabilities	(23,362)	(8,590)
Other liabilities	1,738	(17,475)
Other, net	(351)	716
Net cash provided by operating activities	**15,343**	**24,361**
Cash flows from investing activities:		
Purchases of property and equipment	(8,651)	(5,780)
Purchases of investments	(33,064)	(15,441)
Maturities and sales of investments	21,791	22,536
Settlements of derivative financial instruments not designated as hedges	374	187
Cash paid for capitalized software development costs	(1,650)	(2,188)
Change in restricted bank time deposits, including long-term portion	15,503	1,707
Net cash (used in) provided by investing activities	**(5,697)**	**1,021**
Cash flows from financing activities:		
Net transfers to parent	(18,146)	(58,780)
Payments of contingent consideration for business combinations (financing portion)	(3,382)	(2,946)
Other financing activities	(316)	(48)
Net cash used in financing activities	**(21,844)**	**(61,774)**
Foreign currency effects on cash, cash equivalents, restricted cash, and restricted cash equivalents	(1,433)	(472)
Net decrease in cash, cash equivalents, restricted cash, and restricted cash equivalents	**(13,631)**	**(36,864)**
Cash, cash equivalents, restricted cash, and restricted cash equivalents, beginning of period	**233,409**	**282,722**
Cash, cash equivalents, restricted cash, and restricted cash equivalents, end of period	**$ 219,778**	**$ 245,858**
Reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents at end of period:		
Cash and cash equivalents	$ 188,065	$ 218,665
Restricted cash and cash equivalents included in restricted cash and cash equivalents, and restricted bank time deposits	22,890	23,702
Restricted cash and cash equivalents included in other assets	8,823	3,491
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	**$ 219,778**	**$ 245,858**

See notes to condensed combined financial statements.

Cognyte Business of Verint Systems Inc.
Notes to Condensed Combined Financial Statements
(Unaudited)

1. ORGANIZATION, OPERATIONS AND BASIS OF PRESENTATION

Background

On December 4, 2019, Verint announced plans to separate into two independent companies: Cognyte Software Ltd. (the "Company," "Cognyte," "we," "us" and "our"), which will consist of its Cyber Intelligence Solutions™ business (referred to herein as the "Cognyte Business of Verint Systems Inc.") and Verint Systems Inc. ("Verint"), which will consist of its Customer Engagement Business. To implement the separation, pursuant to the Separation and Distribution Agreement that Verint will enter into with us prior to the spin-off transaction ("the Spin-off"), Verint will first transfer the Canadian portion of its Cyber Intelligence Solutions business to us and will enter into a binding agreement to transfer the remainder of its Cyber Intelligence Solutions business to us, will subsequently distribute all of our shares held by Verint to Verint shareholders, pro rata to their respective holdings, and immediately thereafter Verint will transfer the remainder of its Cyber Intelligence Solutions business to us pursuant to the binding commitment. The distribution is intended to be tax-free to Verint shareholders, Verint and Cognyte for U.S. federal and Israeli income tax purposes. The distribution and certain internal transactions, which are part of the spin-off and the separation, are generally tax-free to Verint shareholders, Verint and Cognyte for Israeli income tax purposes under the Israeli Tax Ruling. Certain other internal transactions not covered by the Israeli Tax Ruling should also not result in any tax liabilities in Israel. In connection with the Spin-off, Verint is being treated as the accounting spinnor, consistent with the legal form of the transaction.

We expect the transaction to be completed during the Company's first quarter of fiscal year 2022. The completion of the Spin-off is subject to certain conditions, including effectiveness of the appropriate filings with the Securities and Exchange Commission ("SEC") and final approval by Verint's Board of Directors. There are no assurances as to when the planned Spin-off will be completed, if at all.

Description of Business

Cognyte is a global provider in security analytics software that empowers governments and enterprises with Actionable Intelligence for a safer world. Our open software fuses, analyzes and visualizes disparate data sets at scale to help security organizations find the needles in the haystacks. Over 1,000 government and enterprise customers in more than 100 countries rely on Cognyte's solutions to accelerate security investigations and connect the dots to identify, neutralize, and prevent national security, personal safety, business continuity and cyber threats.

Basis of Presentation

The Company has not published stand-alone financial statements in the past. As a result, these condensed combined financial statements reflect the historical financial position, results of operations and cash flows of the Company for the periods presented as historically managed within Verint. The condensed combined financial statements have been derived (carved-out) from the condensed consolidated financial statements and accounting records of Verint and have been prepared in conformity with accounting principles generally accepted in the United States ("GAAP").

The condensed combined financial statements included herein have been prepared in accordance with GAAP and on the same basis as the audited combined financial statements included in this Form 20-F for the year ended January 31, 2020, except for the recently adopted accounting pronouncements described below. The condensed combined statements of operations, comprehensive income, equity, and cash flows for the periods ended July 31, 2020 and 2019, and the condensed combined balance sheet as of July 31, 2020, are not audited but reflect all adjustments that are of a normal recurring nature and that are considered necessary for a fair presentation of the

results for the periods shown. The condensed combined balance sheet as of January 31, 2020 is derived from the audited combined financial statements presented in this Form 20-F for the year ended January 31, 2020. Certain information and disclosures normally included in annual combined financial statements have been omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission. Because the condensed combined interim financial statements do not include all of the information and disclosures required by GAAP for a complete set of financial statements, they should be read in conjunction with the audited combined financial statements and notes included in this Form 20-F for the year ended January 31, 2020. The results for interim periods are not necessarily indicative of a full year's results.

The primary basis for presenting condensed consolidated financial statements is when one entity has a controlling financial interest in another entity. As there is no controlling financial interest present between or among the entities that comprise our business, we are preparing our financial statements on a condensed combined basis. Verint's investment in our business is shown in lieu of equity attributable to Cognyte as there is no consolidated entity for which Verint holds an equity interest in. Verint's investment represents its interest in the recorded net assets of Cognyte. The accompanying condensed combined financial statements also include a joint venture in which we hold a 50% equity interest. The joint venture is a variable interest entity in which we are the primary beneficiary as we have the power to direct the activities that are most significant to the VIE. The joint venture's activities primarily include promoting transactions with end customers as well as negotiating their commercial terms, providing local technical support and interfacing with customers. The noncontrolling interest in the less than wholly owned subsidiary is reflected within equity in our condensed combined balance sheets, but separately from our equity.

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

All internal transactions have been eliminated. As described in Note 3, "Related Party Transactions with Verint," all significant transactions between the Company and Verint have been included in these condensed combined financial statements.

Verint generally uses a decentralized approach to cash management and financing of its operations. The majority of the cash generated by a legal entity remains with that entity and is used to fund that entity's operations and/or investing activities. For those entities legally owned by the Cyber Intelligence Solutions business, the associated cash has been attributed to the condensed combined balance sheets for each period presented. For certain entities, the entity's cash is transferred to a cash pooling entity and the cash pooling entity funds the business's operating and investing activities as needed. These cash pooling arrangements are not reflective of the manner in which the business would have been able to finance its operations had it been a stand-alone business separate from Verint during the periods presented. Transfers of cash relating to these cash pooling arrangements are included as components of net parent investment on the condensed combined statements of equity.

The preparation of the condensed combined financial statements requires management to make certain estimates and assumptions, either at the balance sheet date or during the year that affects the reported amounts of assets and liabilities as well as expenses. Actual outcomes and results could differ from those estimates and assumptions. The following paragraphs describe the significant estimates and assumptions applied by management in the preparation of these condensed combined financial statements.

In light of the currently unknown extent and duration of the COVID-19 pandemic, we face a greater degree of uncertainty than normal in making the judgments and estimates needed to apply to certain of our significant accounting policies. We assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to us and the unknown future impacts of COVID-19 as of July 31, 2020 and through the date of this report. These estimates may change, as new events

occur and additional information is obtained. Actual results could differ materially from these estimates under different assumptions or conditions.

These condensed combined financial statements include the assets and liabilities of the Verint subsidiaries that are attributable to the Company's business and exclude the assets and liabilities of the Verint subsidiaries that are not attributable to the Company's business. Third-party debt obligations of Verint and the corresponding financing costs related to those debt obligations, specifically those that relate to senior notes, term loans, and revolving credit facilities, have not been attributed to the Company, as the Company was not the legal obligor on the debt.

During the periods presented, the Company functioned as part of the larger group of companies controlled by Verint. Accordingly, Verint performed certain corporate overhead functions for the Company. Therefore, certain corporate costs, including compensation costs for corporate employees supporting the Company, have been allocated from Verint. These allocated costs are for corporate functions including, but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, internal audit and other shared services, which were not historically provided at the Company level. Where possible, these costs were specifically identified to the Company, with the remainder primarily allocated on the basis of revenue as a relevant measure. The condensed combined financial statements do not necessarily include all the expenses that would have been incurred or held by the Company had it been a separate, stand-alone company, and we expect to incur additional expenses as a separate, stand-alone publicly-traded company. It is not practicable to estimate actual costs that would have been incurred had the Company been a separate stand-alone company during the periods presented. Allocations for management costs and corporate support services provided to the Company totaled $42.6 million and $39.9 million for the six months ended July 31, 2020 and 2019, respectively. The Company and Verint consider the allocations to be a reasonable reflection of the benefits received by the Company. Going forward, the Company may perform these functions using its own resources or outsourced services. For a period following the Spin-off, however, some of these functions will continue to be provided by Verint under a transition services agreement.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. The outbreak has reached all of the regions in which we do business, and governmental authorities around the world have implemented numerous measures attempting to contain and mitigate the effects of the virus, including travel bans and restrictions, border closings, quarantines, shelter-in-place orders, shutdowns, limitations or closures of non-essential businesses, and social distancing requirements. Companies around the world, including us, our customers, partners, and vendors, have implemented actions in response, including among others, office closings, site restrictions, and employee travel restrictions. Notwithstanding the loosening of these restrictions in certain countries in certain periods since the onset of the pandemic, the global spread of COVID-19 and actions taken in response have negatively affected us, our customers, partners, and vendors and caused significant economic and business disruption the extent and duration of which is not currently known. In response to these challenges, we quickly adjusted our operations to work from home and we believe our business continuity plan is working well. We are monitoring and assessing the impact of the COVID-19 pandemic daily, including recommendations and orders issued by government and public health authorities. We continue to work to help our customers meet their business continuity needs and help keep the world safe during this difficult time and are managing our operations with a view to resuming normal business activity as soon as possible.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

There have been no material changes in our significant accounting policies during the six months ended July 31, 2020, as compared to the significant accounting policies described in Note 2, "Summary of Significant Accounting Policies" to the combined financial statements included in this Form 20-F for the year ended January 31, 2020.

Recent Accounting Pronouncements

New Accounting Pronouncements Recently Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)—Measurement of Credit Losses on Financial Instruments*. This new standard requires entities to measure expected credit losses for certain financial assets held at the reporting date using a current expected credit loss model, which is based on historical experience, adjusted for current conditions and reasonable and supportable forecasts. The Company's financial instruments within the scope of this guidance primarily includes accounts receivable and contract assets. On February 1, 2020, we adopted the new standard under the modified retrospective approach, such that comparative information has not been restated and continues to be reported under accounting standards in effect for those periods. The adoption of ASU No. 2016-13 resulted in a $0.5 million increase in our allowance for expected credit losses related to accounts receivable and contract assets, a $0.1 million increase to deferred tax assets, and an impact of $0.4 million to our net parent investment. The new accounting standard did not have a material impact on our condensed combined financial statements, including accounting policies, given our limited historical write-off activity.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires customers in a hosting arrangement that is a service contract to follow existing internal-use software guidance to determine which implementation costs to capitalize and which costs to expense. Under the new standard, implementation costs are deferred and presented in the same financial statement caption on the condensed combined balance sheet as a prepayment of related arrangement fees. The deferred costs are recognized over the term of the arrangement in the same financial statement caption in the condensed combined statement of operations as the related fees of the arrangement. We adopted ASU No. 2018-15 prospectively to eligible costs incurred on or after February 1, 2020 and the implementation did not have a material impact on our condensed combined financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework-Changes to The Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements. Since the standard affects only disclosure requirements, the adoption of the standard did not have an impact on our condensed combined financial statements.

New Accounting Pronouncements Not Yet Effective

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for convertible instruments by eliminating the requirement to separate embedded conversion features from the host contract when the conversion features are not required to be accounted for as derivatives under Topic 815, *Derivatives and Hedging*, or that do not result in substantial premiums accounted for as paid-in capital. By removing the separation model, a convertible debt instrument will be reported as a single liability instrument with no separate accounting for embedded conversion features. This new standard also removes certain settlement conditions that are required for contracts to qualify for equity classification and simplifies the diluted earnings per share calculations by requiring that an entity use the if-converted method and that the effect of potential share settlement be included in diluted earnings per share calculations. This new standard will be effective for us in fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020. We are currently assessing the impact of adopting this standard on our combined financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, which affects general principles within Topic 740, Income Taxes and is meant to simplify and

reduce the cost of accounting for income taxes. This standard is effective for annual reporting periods beginning after December 15, 2021, and interim reporting periods within annual reporting periods beginning after December 15, 2022. We are currently reviewing this standard but do not expect that it will have a material impact on our combined financial statements.

3. RELATED PARTY TRANSACTIONS WITH VERINT

The condensed combined financial statements have been prepared on a stand-alone basis and are derived from the condensed consolidated financial statements and accounting records of Verint.

Verint provided certain services, such as but not limited to, senior management, legal, human resources, finance and accounting, treasury, information technology, internal audit and other shared services, on behalf of the Company. Where possible, these costs were specifically identified to the Company, with the remainder primarily allocated on the basis of revenue as a relevant measure. The Company and Verint both consider the allocations to be a reasonable reflection of the benefits received by the Company. During the six months ended July 31, 2020 and 2019, the Company was allocated $42.6 million, and $39.9 million, respectively, of corporate expenses incurred by Verint and such amounts are included in the condensed combined statements of operations. As certain expenses reflected in the condensed combined financial statements include allocations of corporate expenses from Verint, these statements could differ from those that would have been prepared had the Company operated on a stand-alone basis.

The components of the costs of services allocated to the Company for the six months ended July 31, 2020 and 2019 are as follows:

	Six Months Ended July 31,	
(in thousands)	2020	2019
Software—cost of revenue	$ 601	$ 946
Software service—cost of revenue	830	809
Professional service and other—cost of revenue	1,253	2,341
Research and development, net	10,805	9,724
Selling, general and administrative	29,086	26,086
Total allocated corporate expenses	**$ 42,575**	**$ 39,906**

All significant internal transactions between the Company and Verint have been included in these condensed combined financial statements and are considered to have been effectively settled or are expected to be settled for cash. The total net effect of the settlement of these internal transactions is reflected in the condensed combined statements of cash flows as a financing activity and in the condensed combined balance sheets as net parent investment.

Certain legal entities of the Company have interest-bearing notes under contractual agreements to Verint. The purpose of these notes is to provide funds for certain working capital or other capital and operating requirements of the business. Net interest expense on these notes with Verint is recorded in interest expense in the condensed combined statements of operations and was $0.1 million, and $0.2 million for the six months ended July 31, 2020 and 2019, respectively. These notes have fixed and variable interest rates of 2.1% fixed rate and 2.5% plus three-month average LIBOR variable rate, with maturities of the earliest of five years, or on demand, and four years, respectively. The Company had related party notes payable, current of $7.0 million which is presented in current maturities of note to parent within the condensed combined balance sheets as of July 31, 2020 and January 31, 2020.

Net transfers to and from Verint are included within net parent investment on the condensed combined statements of equity. The components of the net transfers to and from Verint for the six months ended July 31, 2020 and 2019 are as follows:

(in thousands)	Six Months Ended July 31, 2020	2019
Cash pooling and general financing activities	$ (49,166)	$ (84,213)
Corporate allocations	42,575	39,906
Income taxes	(80)	582
Total net transfers to parent per condensed combined statements of equity	**(6,671)**	**(43,725)**
Stock-based compensation—equity classified awards and issuances	(12,523)	(15,055)
Other, net	1,048	—
Total net transfers to parent per condensed combined statements of cash flows	**$ (18,146)**	**$ (58,780)**

4. REVENUE RECOGNITION

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

We determine revenue recognition through the following five steps:

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

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

Disaggregation of Revenue

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

- Recurring revenue primarily consists of initial and renewal support, subscription software licenses, and cloud-based software-as-a-service subscriptions ("SaaS") in certain transactions.
- Nonrecurring revenue primarily consists of our perpetual licenses, appliances, custom development, installation and integration services, consulting and training, and the resale of third-party hardware.

(in thousands)	Six Months Ended July 31, 2020	2019
Revenue by recurrence:		
Recurring revenue	$ 107,689	$ 92,988
Nonrecurring revenue	98,770	128,045
Total revenue	**$ 206,459**	**$ 221,033**

Contract Balances

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

(in thousands)	July 31, 2020	January 31, 2020
Accounts receivable, net	$165,506	$ 180,441
Contract assets, net	$ 30,427	$ 28,873
Long-term contract assets (included in other assets)	$ 681	$ 937
Contract liabilities	$122,151	$ 143,695
Long-term contract liabilities	$ 20,928	$ 23,305

We receive payments from customers based upon contractual billing schedules, and accounts receivable are recorded when the right to consideration becomes unconditional. Contract assets are rights to consideration in exchange for goods or services that we have transferred to a customer when that right is conditional on something other than the passage of time. The majority of our contract assets represent unbilled amounts related to arrangements where our right to consideration is subject to the contractually agreed upon billing schedule. We expect billing and collection of a majority of our contract assets to occur within the next twelve months and had no asset impairment related to contract assets in the period. There are two customers that accounted for a combined $65.3 million and $51.7 million of our aggregated accounts receivable and contract assets at July 31, 2020 and January 31, 2020, respectively. These amounts result from both direct and indirect contracts with governments outside of the U.S. which we believe present insignificant credit risk.

Contract liabilities represent consideration received or consideration which is unconditionally due from customers prior to transferring goods or services to the customer under the terms of the contract. Revenue recognized during the six months ended July 31, 2020 and 2019 from amounts included in contract liabilities at the beginning of each period was $78.6 million and $76.4 million, respectively.

Remaining Performance Obligations

Transaction price allocated to remaining performance obligations (“RPO”) represents contracted revenue that has not yet been recognized, which includes contract liabilities and non-cancelable amounts that will be invoiced and recognized as revenue in future periods. The majority of our arrangements are for periods of up to three years, with a significant portion being one year or less.

The timing and amount of revenue recognition for our RPO is influenced by several factors, including timing of support renewals, and the revenue recognition for certain projects can extend over longer periods of time, delivery under which, for various reasons, may be delayed, modified, or canceled. Therefore, the amount of remaining obligations may not be a meaningful indicator of future results.

The following table provides information about our RPO:

(in thousands)	July 31, 2020	January 31, 2020
RPO:		
Expected to be recognized within 1 year	$383,983	$ 356,677
Expected to be recognized in more than 1 year	170,626	225,056
Total RPO	**$554,609**	**$ 581,733**

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

The following tables summarize our cash, cash equivalents, and short-term investments as of July 31, 2020 and January 31, 2020:

	July 31, 2020			
(in thousands)	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and cash equivalents:				
Cash and bank time deposits	$ 188,065	$ —	$ —	$ 188,065
Total cash and cash equivalents	**$ 188,065**	**$ —**	**$ —**	**$ 188,065**
Short-term investments:				
Bank time deposits	$ 18,238	$ —	$ —	$ 18,238
Total short-term investments	**$ 18,238**	**$ —**	**$ —**	**$ 18,238**

	January 31 2020,			
(in thousands)	Cost Basis	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Cash and cash equivalents:				
Cash and bank time deposits	$ 201,090	$ —	$ —	$ 201,090
Total cash and cash equivalents	**$ 201,090**	**$ —**	**$ —**	**$ 201,090**
Short-term investments:				
Bank time deposits	$ 6,603	$ —	$ —	$ 6,603
Total short-term investments	**$ 6,603**	**$ —**	**$ —**	**$ 6,603**

Bank time deposits which are reported within short-term investments consist of deposits held outside of the U.S. with maturities of greater than 90 days. All other bank deposits are included within cash and cash equivalents.

During the six months ended July 31, 2020 and 2019, proceeds from maturities and sales of short-term bank time deposits were $21.8 million, and $22.5 million, respectively.

6. BUSINESS COMBINATIONS

Six Months Ended July 31, 2020

We did not complete any business combinations during the six months ended July 31, 2020.

Year Ended January 31, 2020

On December 18, 2019, we completed the acquisition of two software companies under common control, WebintPro Ltd. and Deep Analytics Ltd. (collectively "WebintPro"), focused on multi source intelligence and fusion analytics.

The purchase price of $23.4 million consisted of (i) $18.8 million of combined cash paid at closing, funded by cash on hand, partially offset by $0.1 million of cash acquired, resulting in net cash consideration at closing of $18.7 million; and (ii) the $7.0 million fair value of the $7.3 million contingent consideration arrangement described below; offset by (iii) $2.4 million of other purchase price adjustments. We agreed to make potential additional cash payments to the respective former shareholders aggregating up to approximately $7.3 million, contingent upon the achievement of certain performance targets over periods extending through June 2021, the fair value of which was estimated to be $7.0 million at the acquisition date.

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

Among the factors contributing to the recognition of goodwill as a component of the WebintPro purchase price allocation were synergies in products and technologies, and the addition of a skilled, assembled workforce. The $11.2 million of goodwill is not deductible for income tax purposes.

Transaction and related costs directly related to the acquisition of WebintPro, consisting primarily of professional fees and integration expenses, totaled $0.4 million for the six months ended July 31, 2020 and were expensed as incurred and are included in selling, general and administrative expenses.

Revenue and net income attributable to WebintPro included in our condensed combined statement of operations for the six months ended July 31, 2020 was not material. Pro-forma information is not provided due to immateriality.

The purchase price allocation for WebintPro has been prepared on a preliminary basis and changes to allocations may occur as additional information becomes available during the measurement period (up to one year from the acquisition date). Fair values still under review include values assigned to identifiable intangible assets, goodwill, deferred income taxes, and reserves for uncertain income tax positions.

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

(in thousands)	Amount
Components of Purchase Price:	
Cash	$18,843
Fair value of contingent consideration	7,023
Other purchase price adjustments	(2,418)
Total purchase price	**$23,448**
Allocation of Purchase Price:	
Net tangible assets (liabilities):	
Accounts receivable	$ 2,160
Other current assets, including cash acquired	7,804

(in thousands)	Amount
Other assets	2,757
Current and other liabilities	(3,103)
Contract liabilities—current and long-term	(554)
Deferred income taxes	(1,342)
Net tangible assets	**7,722**
Identifiable intangible assets:	
Customer relationships	1,452
Developed technology	1,360
Trademarks and trade names	367
Non-compete agreements	1,307
Total identifiable intangible assets	**4,486**
Goodwill	**11,240**
Total purchase price allocation	**$23,448**

The acquired customer relationships, developed technology, trademarks and trade names, and non-compete agreements were assigned estimated useful lives of five years, five years, three years, and three years, respectively, the weighted average of which is approximately 4.4 years. The acquired identifiable intangible assets are being amortized on a straight-line basis, which we believe approximates the pattern in which the assets are utilized, over their estimated useful lives.

Other Business Combination Information

The acquisition date fair values of contingent consideration obligations associated with business combinations are estimated based on probability adjusted present values of the consideration expected to be transferred using significant inputs that are not observable in the market. Key assumptions used in these estimates include probability assessments with respect to the likelihood of achieving the performance targets and discount rates consistent with the level of risk of achievement. At each reporting date, we revalue the contingent consideration obligations to their fair values and record increases and decreases in fair value within selling, general and administrative expenses in our condensed combined statements of operations. Changes in the fair value of the contingent consideration obligations result from changes in discount periods and rates, and changes in probability assumptions with respect to the likelihood of achieving the performance targets.

For the six months ended July 31, 2020 and 2019, we recorded benefits of $1.3 million and $2.3 million, respectively, within selling, general and administrative expenses for changes in the fair values of contingent consideration obligations associated with business combinations. The aggregate fair value of the remaining contingent consideration obligations associated with business combinations was $6.8 million at July 31, 2020, of which $4.3 million was recorded within accrued expenses and other current liabilities, and $2.5 million was recorded within other liabilities.

Payments of contingent consideration earned under these agreements were $3.4 million and $3.0 million for the six months ended July 31, 2020 and 2019, respectively.

7. INTANGIBLE ASSETS AND GOODWILL

Acquisition-related intangible assets consisted of the following as of July 31, 2020 and January 31, 2020:

	July 31, 2020		
(in thousands)	Cost	Accumulated Amortization	Net
Intangible assets with finite lives:			
Acquired technology	$75,445	$ (72,713)	$2,732
Customer relationships	6,286	(3,907)	2,379
Trade names	1,166	(594)	572
Distribution network	2,000	(2,000)	—
Non-competition agreements	1,307	(266)	1,041
Total intangible assets	**$86,204**	**$ (79,480)**	**$6,724**

	January 31, 2020		
(in thousands)	Cost	Accumulated Amortization	Net
Intangible assets with finite lives:			
Acquired technology	$75,765	$ (72,542)	$3,223
Customer relationships	6,586	(3,882)	2,704
Trade names	1,231	(563)	668
Distribution network	2,000	(2,000)	—
Non-competition agreements	1,307	(34)	1,273
Total intangible assets	**$86,889**	**$ (79,021)**	**$7,868**

We considered the current and expected future economic market conditions surrounding the COVID-19 pandemic to assess whether a triggering event had occurred that would result in a potential impairment of our indefinite-lived intangible assets. Based on this assessment, we concluded that a triggering event has not occurred which would require further impairment testing to be performed.

Total amortization expense recorded for acquisition-related intangible assets was $1.1 million and $1.9 million for the six months ended July 31, 2020 and 2019, respectively. The reported amount of net acquisition-related intangible assets can fluctuate from the impact of changes in foreign currency exchange rates on intangible assets not denominated in U.S. dollars.

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

(in thousands) Years Ending January 31,	Amount
2021 (remainder of year)	$1,056
2022	2,041
2023	1,853
2024	783
2025	737
2026 and thereafter	254
Total	**$6,724**

Goodwill activity for the six months ended July 31, 2020 was as follows:

(in thousands)	Amount
Six Months Ended July 31, 2020:	
Goodwill, gross, at January 31, 2020	$ 168,965
Accumulated impairment losses through January 31, 2020	(10,822)
Goodwill, net, at January 31, 2020	158,143
Business combinations, including adjustments to prior period acquisitions	(357)
Foreign currency translation and other	(271)
Goodwill, net, at July 31, 2020	**$ 157,515**
Balance at July 31, 2020	
Goodwill, gross, at July 31, 2020	$ 168,337
Accumulated impairment losses through July 31, 2020	(10,822)
Goodwill, net, at July 31, 2020	**$ 157,515**

We evaluated whether there has been a change in circumstances as of July 31, 2020 and as of the date of this filing in response to the economic impacts seen globally from COVID-19. The valuation methodology to determine the fair value of our reporting unit is sensitive to management's forecasts of future revenue, profitability and market conditions. At this time, the full impact of COVID-19 on our forecasts is uncertain and increases the subjectivity that will be involved in evaluating goodwill for potential impairment. We do expect declines in our reporting unit fair value as a result of delayed or reduced demand for our products and services, driving lower revenue and operating income across our businesses. However, given the significant difference between our reporting unit fair value and its carrying value in the most recent quantitative analyses completed as of November 1, 2019, as well as expected long-term recovery within our reporting unit, management does not believe that these events were severe enough to result in an impairment trigger. We will continue to monitor the environment to determine whether the impacts to our reporting unit represents an event or change in circumstances that may trigger a need to assess for impairment.

8. SUPPLEMENTAL CONDENSED COMBINED FINANCIAL STATEMENT INFORMATION

Condensed Combined Balance Sheets

Inventories consisted of the following as of July 31, 2020 and January 31, 2020:

(in thousands)	July 31, 2020	January 31, 2020
Raw materials	$ 6,923	$ 7,461
Work-in-process	5,436	4,674
Finished goods	993	2,758
Total inventories	**$13,352**	**$ 14,893**

Condensed Combined Statements of Operations

Other income, net consisted of the following for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020	2019
Gains on derivative financial instruments, net	$ 413	$ 645
Foreign currency losses, net	(375)	(91)
Other, net	97	(22)
Total other income, net	**$ 135**	**$ 532**

Condensed Combined Statements of Cash Flows

The following table provides supplemental information regarding our condensed combined cash flows for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020	2019
Cash paid for interest	$ 16	$ 15
Cash (refunds) payments of income taxes, net	$ (3,365)	$ 1,354
Cash payments for operating leases	$ 3,781	$ 4,073
Non-cash investing and financing transactions:		
Accrued but unpaid purchases of property and equipment	$ 1,773	$ 2,835
Inventory transfers to property and equipment	$ 575	$ 463

9. ACCUMULATED OTHER COMPREHENSIVE LOSS

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

The following table summarizes changes in the components of our accumulated other comprehensive loss for the six months ended July 31, 2020 and 2019:

(in thousands)	Unrealized Gains (Losses) on Derivative Financial Instruments Designated as Hedges	Foreign Currency Translation Adjustments	Total
Accumulated other comprehensive loss at January 31, 2019	**$ (809)**	**$ (12,653)**	**$(13,462)**
Other comprehensive income (loss) before reclassifications	1,550	(695)	855
Amounts reclassified out of accumulated other comprehensive loss	(698)	—	(698)
Net other comprehensive income (loss)	2,248	(695)	1,553
Accumulated other comprehensive income (loss) at July 31, 2019	**$ 1,439**	**$ (13,348)**	**$(11,909)**
Accumulated other comprehensive income (loss) at January 31, 2020	**$ 596**	**$ (14,519)**	**$(13,923)**
Other comprehensive income (loss) before reclassifications	490	(1,532)	(1,042)
Amounts reclassified out of accumulated other comprehensive income (loss)	(11)	—	(11)
Net other comprehensive income (loss)	501	(1,532)	(1,031)
Accumulated other comprehensive income (loss) at July 31, 2020	**$ 1,097**	**$ (16,051)**	**$(14,954)**

All amounts presented in the table above are net of income taxes, if applicable. The accumulated net losses in foreign currency translation adjustments primarily reflect the strengthening of the U.S. dollar against the Brazilian real, which has resulted in lower U.S. dollar-translated balances of Brazilian real.

The amounts reclassified out of accumulated other comprehensive loss into the condensed combined statements of operations, with presentation location, for the six months ended July 31, 2020 and 2019, were as follows:

(in thousands)	Six Months Ended July 31, 2020	Six Months Ended July 31, 2019	Financial Statement Location
Unrealized losses on derivative financial instruments:			
Foreign currency forward contracts	$ (1)	$ (7)	Cost of software revenue
	(1)	(44)	Cost of software service revenue
	(1)	(86)	Cost of professional service and other revenue
	(6)	(388)	Research and development, net
	(4)	(255)	Selling, general and administrative
	(13)	**(780)**	**Total, before income taxes**
	2	82	Benefit from income taxes
	$ (11)	**$ (698)**	**Total, net of income taxes**

10. INCOME TAXES

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

For the six months ended July 31, 2020, we recorded an income tax provision of $3.4 million on pre-tax income of $9.0 million, which represented an effective income tax rate of 37.8%. The effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to the impact of U.S. taxation of certain Non-US activities, offset by lower statutory rates in several Non-US jurisdictions.

For the six months ended July 31, 2019, we recorded an income tax benefit of $1.8 million on pre-tax income of $12.4 million, which represented a negative effective income tax rate of 14.3%. The effective tax rate differs from the U.S. federal statutory rate of 21% primarily due to a net tax benefit of $5.9 million recorded in relation to changes in unrecognized income tax benefits and other items as a result of an audit settlement in a Non-US jurisdiction and the impact of U.S. taxation of certain Non-US activities, offset by lower statutory rates in several Non-US jurisdictions. Excluding the income tax benefit attributable to the audit settlement, the result was an income tax provision of $4.1 million on pre-tax income of $12.4 million, resulting in an effective tax rate of 33.1%.

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

We had unrecognized income tax benefits of $10.1 million and $8.7 million (excluding interest and penalties) as of July 31, 2020 and January 31, 2020, respectively. The accrued liability for interest and penalties was $1.1 million and $0.9 million at July 31, 2020 and January 31, 2020, respectively. Interest and penalties are recorded as a component of the provision for income taxes in our condensed combined statements of operations. As of July 31, 2020 and January 31, 2020, the total amount of unrecognized income tax benefits that, if recognized, would impact our effective income tax rate were approximately $10.1 million and $8.7 million, respectively. We regularly assess the adequacy of our provisions for income tax contingencies in accordance with the applicable authoritative guidance on accounting for income taxes. As a result, we may adjust the reserves for unrecognized income tax benefits for the impact of new facts and developments, such as changes to interpretations of relevant tax law, assessments from taxing authorities, settlements with taxing authorities, and lapses of statutes of limitation. Further, we believe that it is reasonably possible that the total amount of unrecognized income tax benefits at July 31, 2020 could decrease by approximately $1.5 million in the next twelve months as a result of settlement of certain tax audits or lapses of statutes of limitation. Such decreases may involve the payment of additional income taxes, the adjustment of deferred income taxes including the need for additional valuation allowances, and the recognition of income tax benefits. Our income tax returns are subject to ongoing tax examinations in several jurisdictions in which we operate. We also believe that it is reasonably possible that new issues may be raised by tax authorities or developments in tax audits may occur, which would require increases or decreases to the balance of reserves for unrecognized income tax benefits; however, an estimate of such changes cannot reasonably be made.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted and signed into U.S. law to provide economic relief to individuals and businesses facing economic hardship as a result of the COVID-19 pandemic. The income tax provisions of the CARES Act do not have a significant impact on our current taxes, deferred taxes, or uncertain tax positions.

11. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Our assets and liabilities measured at fair value on a recurring basis consisted of the following as of July 31, 2020 and January 31, 2020:

	July 31, 2020		
	Fair Value Hierarchy Category		
(in thousands)	Level 1	Level 2	Level 3
Assets:			
Foreign currency forward contracts	$ —	$1,426	$ —
Total assets	**$ —**	**$1,426**	**$ —**
Liabilities:			
Foreign currency forward contracts	$ —	$ 140	$ —
Contingent consideration—business combinations	—	—	6,849
Total liabilities	**$ —**	**$ 140**	**$ 6,849**

	January 31, 2020		
	Fair Value Hierarchy Category		
(in thousands)	Level 1	Level 2	Level 3
Assets:			
Foreign currency forward contracts	$ —	$ 812	$ —
Total assets	**$ —**	**$ 812**	**$ —**
Liabilities:			
Foreign currency forward contracts	$ —	$ 132	$ —
Contingent consideration—business combinations	—	—	11,509
Total liabilities	**$ —**	**$ 132**	**$ 11,509**

The following table presents the changes in the estimated fair values of our liabilities for contingent consideration measured using significant unobservable inputs (Level 3) for the six months ended July 31, 2020 and 2019:

	Six Months Ended July 31,	
(in thousands)	2020	2019
Fair value measurement, beginning of year	$ 11,509	$ 13,311
Changes in fair values, recorded in operating expenses	(1,265)	(2,250)
Payments of contingent consideration	(3,395)	(2,960)
Fair value measurement at end of period	**$ 6,849**	**$ 8,101**

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

There were no transfers between levels of the fair value measurement hierarchy during the six months ended July 31, 2020 and 2019.

Fair Value Measurements

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

Contingent Consideration Asset or Liability—Business Combinations—The fair value of the contingent consideration related to business combinations is estimated using a probability-adjusted discounted cash flow model. These fair value measurements are based on significant inputs not observable in the market. The key internally developed assumptions used in these models are discount rates and the probabilities assigned to the milestones to be achieved. We remeasure the fair value of the contingent consideration at each reporting period, and any changes in fair value resulting from either the passage of time or events occurring after the acquisition date, such as changes in discount rates, or in the expectations of achieving the performance targets, are recorded within selling, general, and administrative expenses. Increases or decreases in discount rates would have inverse impacts on the related fair value measurements, while favorable or unfavorable changes in expectations of achieving performance targets would result in corresponding increases or decreases in the related fair value measurements. We utilized discount rates ranging from 1.9% to 2.1%, with a weighted average discount rate of 2.0% in our calculations of the estimated fair values of our contingent consideration liabilities as of July 31, 2020. We utilized discount rates ranging from 2.1% to 4.5% in our calculations of the estimated fair values of our contingent consideration liabilities as of January 31, 2020.

Other Financial Instruments

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

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

In addition to assets and liabilities that are measured at fair value on a recurring basis, we also measure certain assets and liabilities at fair value on a nonrecurring basis. Our non-financial assets, including goodwill, intangible assets, operating lease ROU assets, and property, plant and equipment, are measured at fair value when there is an indication of impairment and the carrying amount exceeds the asset's projected undiscounted cash flows. These assets are recorded at fair value only when an impairment charge is recognized. Further details regarding our regular impairment reviews appear in Note 2, "Summary of Significant Accounting Policies" to the combined financial statements included in this Form 20-F for the year ended January 31, 2020.

As of July 31, 2020, the carrying amount of our noncontrolling equity investments in privately-held companies without readily determinable fair values was $1.8 million. There were no observable price changes in our investments in privately-held companies and we did not recognize any impairments or other adjustments during the six months ended July 31, 2020.

12. DERIVATIVE FINANCIAL INSTRUMENTS

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

Foreign Currency Forward Contracts

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

We held outstanding foreign currency forward contracts with notional amounts of $78.8 million and $89.0 million as of July 31, 2020 and January 31, 2020, respectively.

Fair Values of Derivative Financial Instruments

The fair values of our derivative financial instruments and their classifications in our condensed combined balance sheets as of July 31, 2020 and January 31, 2020 were as follows:

(in thousands)	Balance Sheet Classification	Fair Value at July 31, 2020	Fair Value at January 31, 2020
Derivative assets:			
Foreign currency forward contracts:			
Designated as cash flow hedges	Prepaid expenses and other current assets	$ 1,280	$ 710
Not designated as hedging instruments	Prepaid expenses and other current assets	146	102
Total derivative assets		**$ 1,426**	**$ 812**
Derivative liabilities:			
Foreign currency forward contracts:			
Designated as cash flow hedges	Accrued expenses and other current liabilities	$ 20	$ 16
Not designated as hedging instruments	Accrued expenses and other current liabilities	120	116
Total derivative liabilities		**$ 140**	**$ 132**

Derivative Financial Instruments in Cash Flow Hedging Relationships

The effects of derivative financial instruments designated as cash flow hedges on accumulated other comprehensive loss (“AOCL”) and on the condensed combined statement of operations for the six months ended July 31, 2020 and 2019, were as follows:

(in thousands)	Six Months Ended July 31, 2020	2019
Net gains recognized in AOCL:		
Foreign currency forward contracts	$561	$1,722
Net losses reclassified from AOCL to the condensed combined statements of operations:		
Foreign currency forward contracts	$ (13)	$ (780)

For information regarding the line item locations of the net losses on derivative financial instruments reclassified out of AOCL into the condensed combined statements of operations, see Note 9, "Accumulated Other Comprehensive Loss".

All of the foreign currency forward contracts underlying the $1.1 million of net unrealized gains recorded in our accumulated other comprehensive loss at July 31, 2020 mature within twelve months, and therefore we expect all such gains to be reclassified into earnings within the next twelve months.

Derivative Financial Instruments Not Designated as Hedging Instruments

Gains recognized on derivative financial instruments not designated as hedging instruments in our condensed combined statements of operations for the six months ended July 31, 2020 and 2019, were as follows:

(in thousands)	Classification in Condensed Combined Statements of Operations	Six Months Ended July 31, 2020	2019
Foreign currency forward contracts	Other income, net	$ 413	$ 645

13. STOCK-BASED COMPENSATION AND OTHER BENEFIT PLANS

Verint maintains stock-based compensation plans for the benefit of its officers, directors and employees. The following disclosures represent stock-based compensation expenses attributable to Cognyte based on the awards and terms previously granted under Verint's stock-based compensation plans to Cognyte employees and an allocation of Verint's corporate and shared functional employee stock-based compensation expenses. Accordingly, the amounts presented are not necessarily indicative of future awards and do not necessarily reflect the results that Cognyte would have experienced as an independent company for the periods presented. The Cognyte employees' stock-based compensation expenses were specifically identified whereas Verint's corporate and shared functional employees' stock-based compensation expenses were specifically identified to the extent possible with the remainder allocated on the basis of revenue.

Stock-Based Compensation Expense

We recognized stock-based compensation expense in the following line items on the condensed combined statements of operations for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020		
	Cognyte employees	Other allocations	Total
Component of income before provision for income taxes:			
Cost of revenue—software	$ 59	$ 244	$ 303
Cost of revenue—software service	84	169	253
Cost of revenue—professional service and other	111	394	505
Research and development, net	584	2,053	2,637
Selling, general and administrative	772	8,631	9,403
Total stock-based compensation expense	**$ 1,610**	**$ 11,491**	**$13,101**

(in thousands)	Six Months Ended July 31, 2019 Cognyte employees	Other allocations	Total
Component of income before provision for income taxes:			
Cost of revenue—software	$ 40	$ 222	$ 262
Cost of revenue—software service	81	133	214
Cost of revenue—professional service and other	128	514	642
Research and development, net	554	2,195	2,749
Selling, general and administrative	701	9,142	9,843
Total stock-based compensation expense	**$ 1,504**	**$ 12,206**	**$13,710**

The following table summarizes stock-based compensation expense by type of award for the six months ended July 31, 2020 and 2019:

(in thousands)	Six Months Ended July 31, 2020 Cognyte employees	Other allocations	Total
Restricted stock units and restricted stock awards	$ 1,518	$ 9,359	$10,877
Stock bonus program and bonus share program	92	2,123	2,215
Total equity-settled awards	**1,610**	**11,482**	**13,092**
Phantom stock units (cash-settled awards)	—	9	9
Total stock-based compensation expense	**$ 1,610**	**$ 11,491**	**$13,101**

(in thousands)	Six Months Ended July 31, 2019 Cognyte employees	Other allocations	Total
Restricted stock units and restricted stock awards	$ 1,578	$ 10,034	$11,612
Stock bonus program and bonus share program	(74)	2,168	2,094
Total equity-settled awards	**1,504**	**12,202**	**13,706**
Phantom stock units (cash-settled awards)	—	4	4
Total stock-based compensation expense	**$ 1,504**	**$ 12,206**	**$13,710**

Awards under Verint's stock bonus and bonus share programs are accounted for as liability-classified awards, because the obligations are based predominantly on fixed monetary amounts that are generally known at inception of the obligation, to be settled with a variable number of shares of Verint common stock.

Stock-Based Awards Granted by Verint

Verint periodically awards RSUs to directors, officers, and other employees. The fair value of these awards is equivalent to the market value of Verint common stock on the grant date. RSUs are not shares of Verint common stock and do not have any of the rights or privileges thereof, including voting or dividend rights. On the applicable vesting date, the holder of an RSU becomes entitled to a share of Verint common stock. RSUs are subject to certain restrictions and forfeiture provisions prior to vesting.

Verint periodically awards PSUs to executive officers and certain employees that vest upon the achievement of specified performance goals or market conditions. We separately recognize compensation expense for each

tranche of a PSU award as if it were a separate award with its own vesting date. For certain PSUs, an accounting grant date may be established prior to the requisite service period.

Once a performance vesting condition has been defined and communicated, and the requisite service period has begun, our estimate of the fair value of PSUs requires an assessment of the probability that the specified performance criteria will be achieved, which we update at each reporting date and adjust our estimate of the fair value of the PSUs, if necessary. All compensation expense for PSUs with market conditions is recognized if the requisite service period is fulfilled, even if the market condition is not satisfied.

Our RSU awards may include a provision which allows the awards to be settled with cash payments upon vesting, rather than with delivery of common stock, at the discretion of our board of directors. As of July 31, 2020, for such awards that are outstanding, settlement with cash payments was not considered probable, and therefore these awards have been accounted for as equity-classified awards and are included in the table below.

The following table ("Award Activity Table") summarizes activity for RSUs, PSUs, and other stock awards to Company personnel that reduce available plan capacity under the plans for the six months ended July 31, 2020 and 2019:

	Six Months Ended July 31,			
	2020		2019	
(in thousands, except grant date fair values)	Shares or Units	Weighted-Average Grant-Date Fair Value	Shares or Units	Weighted-Average Grant-Date Fair Value
Beginning balance	669	$ 51.35	705	$ 41.60
Granted	51	$ 48.11	331	$ 60.43
Released	(298)	$ 48.26	(290)	$ 40.31
Forfeited	(43)	$ 52.46	(29)	$ 43.91
Ending balance	**379**	**$ 53.22**	**717**	**$ 50.72**

14. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

In March 2009, one of our former employees, Ms. Orit Deutsch, commenced legal actions in Israel against our primary Israeli subsidiary, Verint Systems Limited ("VSL") (Case Number 4186/09) and against our former affiliate CTI (Case Number 1335/09). Also in March 2009, a former employee of Comverse Limited (CTI's primary Israeli subsidiary at the time), Ms. Roni Katriel, commenced similar legal actions in Israel against Comverse Limited (Case Number 3444/09). In these actions, the plaintiffs generally sought to certify class action suits against the defendants on behalf of current and former employees of VSL and Comverse Limited who had been granted stock options in Verint and/or CTI and who were allegedly damaged as a result of a suspension on option exercises during an extended filing delay period that is discussed in Verint's and CTI's historical public filings. On June 7, 2012, the Tel Aviv District Court, where the cases had been filed or transferred, allowed the plaintiffs to consolidate and amend their complaints against the three defendants: VSL, CTI, and Comverse Limited.

On October 31, 2012, CTI distributed of all of the outstanding shares of common stock of Comverse, Inc., its principal operating subsidiary and parent company of Comverse Limited, to CTI's shareholders (the "Comverse Share Distribution"). In the period leading up to the Comverse Share Distribution, CTI either sold or transferred substantially all of its business operations and assets (other than its equity ownership interests in Verint and in its then-subsidiary, Comverse, Inc.) to Comverse, Inc. or to unaffiliated third parties. As the result of these transactions,

Comverse, Inc. became an independent company and ceased to be affiliated with CTI, and CTI ceased to have any material assets other than its equity interests in Verint. Prior to the completion of the Comverse Share Distribution, the plaintiffs sought to compel CTI to set aside up to $150.0 million in assets to secure any future judgment, but the District Court did not rule on this motion. In February 2017, Mavenir Inc. became successor-in-interest to Comverse, Inc.

On February 4, 2013, Verint acquired the remaining CTI shell company in a merger transaction (the "CTI Merger"). As a result of the CTI Merger, Verint assumed certain rights and liabilities of CTI, including any liability of CTI arising out of the foregoing legal actions. However, under the terms of a Distribution Agreement entered into in connection with the Comverse Share Distribution, Verint, as successor to CTI, is entitled to indemnification from Comverse, Inc. (now Mavenir) for any losses Verint may suffer in its capacity as successor to CTI related to the foregoing legal actions. Under the Separation and Distribution Agreement we will enter into with Verint in connection with the spin-off, we will agree to indemnify Verint for our share of any losses Verint may suffer related to the foregoing legal actions either in its capacity as successor to CTI to the extent not indemnified by Mavenir or due to its former ownership of us and VSL.

Following an unsuccessful mediation process, on August 28, 2016, the District Court (i) denied the plaintiffs' motion to certify the suit as a class action with respect to all claims relating to Verint stock options and (ii) approved the plaintiffs' motion to certify the suit as a class action with respect to claims of current or former employees of Comverse Limited (now part of Mavenir) or of VSL who held unexercised CTI stock options at the time CTI suspended option exercises. The court also ruled that the merits of the case would be evaluated under New York law.

As a result of this ruling (which excluded claims related to Verint stock options from the case), one of the original plaintiffs in the case, Ms. Deutsch, was replaced by a new representative plaintiff, Mr. David Vaaknin. CTI appealed portions of the District Court's ruling to the Israeli Supreme Court. On August 8, 2017, the Israeli Supreme Court partially allowed CTI's appeal and ordered the case to be returned to the District Court to determine whether a cause of action exists under New York law based on the parties' expert opinions.

Following two unsuccessful rounds of mediation in mid to late 2018 and in mid-2019, the proceedings resumed. On April 16, 2020, the District Court accepted plaintiffs' application to amend the motion to certify a class action and set deadlines for filing amended pleadings by the parties. CTI submitted a motion to appeal the District Court's decision to the Supreme Court, as well as a motion to stay the proceedings in the District Court pending the resolution of the appeal. On July 6, 2020, the Supreme Court granted the motion for a stay. On July 27, 2020, the plaintiffs filed their response on the merits of the motion for leave to appeal, and the parties are waiting for further instructions or decisions from the Supreme Court.

From time to time we or our subsidiaries may be involved in legal proceedings and/or litigation arising in the ordinary course of our business. While the outcome of these matters cannot be predicted with certainty, we do not believe that the outcome of any current claims will have a material adverse effect on our combined financial position, results of operations, or cash flows.

15. SUBSEQUENT EVENTS

The condensed combined financial statements of the Company are derived from the condensed consolidated financial statements of Verint, which issued its financial statements for the six months ended July 31, 2020 on September 9, 2020. Accordingly, the Company has evaluated transactions or other events for consideration as recognized subsequent events in the financial statements through September 9, 2020. Additionally, the Company has evaluated transactions and other events through the issuance of these condensed combined financial statements, November 17, 2020, for purposes of disclosure of unrecognized subsequent events.

Exhibit 2.2

FORM OF SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

VERINT SYSTEMS INC.

AND

COGNYTE SOFTWARE LTD.

DATED [●], 2021

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SCHEDULES

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FORM OF SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT (this "Agreement"), dated [●], 2021, is by and between Verint Systems Inc., a Delaware corporation ("VSI"), and Cognyte Software Ltd., a company organized under the laws of the State of Israel ("SpinCo"). Capitalized terms used herein and not otherwise defined will have the respective meanings assigned to them in Article I.

R E C I T A L S

WHEREAS, the board of directors of VSI (the "VSI Board") has determined that it is in the best interests of VSI and its stockholders to create a new publicly traded company that will operate the SpinCo Business;

WHEREAS, in anticipation of the Distribution, VSI transferred the Canadian assets of the SpinCo Business to a newly-formed, wholly-owned subsidiary of VSI, Cognyte Canada Inc., a Québec corporation ("New CIS Canada");

WHEREAS, in furtherance of the foregoing, the VSI Board has determined that it is appropriate and desirable to make a distribution, on a pro rata basis and in accordance with a distribution ratio to be determined by the VSI Board, to holders of VSI Shares on the Record Date of all the outstanding SpinCo Shares owned by VSI (the "Distribution"), and (i) prior to the Distribution, complete the transfer of all of the equity interests of New CIS Canada owned by VSI from VSI to SpinCo (the "New CIS Canada Transfer") and (ii) immediately following the Distribution, complete the VSI LP Transfer (the New CIS Canada Transfer and VSI LP Transfer, collectively, the "Separation", and the time at which such Separation is completed, the "Separation Completion Time");

WHEREAS, to effect the Separation, the Parties have determined that, subject to the terms and conditions herein, it would be desirable for VSI and certain of its Subsidiaries to undertake the Internal Restructuring and to contribute, assign, transfer, convey and deliver (directly or indirectly) to SpinCo or other members of the SpinCo Group, as applicable, the SpinCo Distributed Assets in exchange for (a) the assumption by SpinCo or the other members of the SpinCo Group, as applicable, of the SpinCo Distributed Liabilities and (b) VSI's receipt of additional SpinCo Shares, all as provided herein;

WHEREAS, SpinCo has been incorporated solely for these purposes and has not engaged in activities except in preparation for the Separation and the Distribution;

WHEREAS, for U.S. federal income tax purposes, the Distribution is intended to qualify as a transaction that is generally tax-free under Section 355 of the Code to VSI and VSI's stockholders;

WHEREAS, for Israeli tax purposes, the Distribution and Separation, pursuant to and subject to the terms of the applicable ITA Ruling (defined below), will generally be tax-free to SpinCo, VSI and VSI's stockholders and the Internal Restructuring is intended generally not to be taxable;

WHEREAS, SpinCo and VSI have prepared or will prepare, and SpinCo has filed or will file with the SEC, the Form 20-F, which sets forth disclosure concerning SpinCo, the Separation and the Distribution;

WHEREAS, each of VSI and SpinCo has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of VSI, SpinCo and the other members of their respective Groups following the Distribution;

WHEREAS, the Parties acknowledge that this Agreement and the Ancillary Agreements represent the integrated agreement of the Parties relating to the Separation and the Distribution, are being entered into together, and would not have been entered into independently; and

WHEREAS, (a) the VSI Board has (i) determined that the Internal Restructuring, Separation, Distribution and the other transactions contemplated by this Agreement and the Ancillary Agreements have a valid business purpose, are in furtherance of and consistent with its business strategy and are in the best interests of VSI and its stockholders and (ii) approved this Agreement and each of the Ancillary Agreements and (b) the board of directors of SpinCo has approved this Agreement and each of the Ancillary Agreements to which SpinCo is a party.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

For the purpose of this Agreement, the following terms will have the following meanings:

"Action" means any demand, action, claim, counterclaim, dispute, suit, countersuit, arbitration, hearing, inquiry, subpoena, proceeding, examination or investigation of any nature (whether criminal, civil, legislative, administrative, arbitral, regulatory, prosecutorial, appellate or otherwise) by or before any Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" means, when used with respect to a specified Person, any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" (including with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by

Contract or otherwise. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement and the Ancillary Agreements, (a) no member of the SpinCo Group will be deemed to be an Affiliate of any member of the CES Group, and (b) no member of the CES Group will be deemed to be an Affiliate of any member of the SpinCo Group.

"Agent" means the trust company or bank duly appointed to act as distribution agent, transfer agent and registrar for the SpinCo Shares in connection with the Distribution.

"Agreement" has the meaning set forth in the Preamble.

"Ancillary Agreements" means all agreements (other than this Agreement) entered into by the Parties or members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, including the Employee Matters Agreement, the Tax Matters Agreement, the Transition Services Agreement, the Trademark Cross License Agreement, the Intellectual Property Cross License Agreement, the Transfer and Assignment Agreement and the Transfer Documents.

"Approvals or Notifications" means any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any Third Party, including any Governmental Authority.

"Assets" means, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other Third Parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including rights and benefits pursuant to any Contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

"Certification" has the meaning set forth in Section 2.11.

"CES Accounts" has the meaning set forth in Section 2.7(a).

"CES Assets" means all Assets of VSI, SpinCo or any other member of their respective Groups as of the Effective Time, other than the SpinCo Assets, it being understood that the CES Assets will include (without duplication) the assets set forth on Schedule 1.1(a).

"CES Business" means (a) the business and operations conducted prior to the Separation Completion Time comprising what is referred to in the VSI 10-K as the Customer Engagement segment; and (b) any other business (other than referred to in clause (a) of the definition of SpinCo Business) directly conducted by any member of the CES Group as of immediately prior to the Separation Completion Time.

"CES Group" means VSI and each Person that is a Subsidiary of VSI (other than SpinCo and any other member of the SpinCo Group).

"CES Indemnitees" has the meaning set forth in Section 4.2.

"CES Liabilities" means all short term and long-term liabilities relating to or arising from the CES Business or the CES Assets, it being understood that the CES Liabilities will include (without limitation or duplication):

(a) all Liabilities of VSI and the other members of the CES Group, other than any SpinCo Liabilities;

(b) all Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 20-F or any other Disclosure Documents relating to the CES Business;

(c) the costs and expenses allocated to VSI pursuant to Section 10.9;

(d) all Liabilities assumed or allocated to any member of the CES Group pursuant to any of the Ancillary Agreements, pursuant to the terms of such Ancillary Agreement;

(e) all Liabilities associated with the CES Specified Actions; and

(f) the Liabilities set forth on Schedule 1.1(b).

"CES Portion" has the meaning set forth in Section 2.6.

"CES Specified Actions" means the Actions specified as "Remainco liabilities" on Schedule 1.1(f).

"Code" means the Internal Revenue Code of 1986, as amended.

"Contract" means any agreement, understanding, contract, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking (whether written or oral and whether express or implied) that is legally binding, but excluding this Agreement and any Ancillary Agreement except as otherwise provided in this Agreement or the applicable Ancillary Agreement.

"De Minimis Amount" has the meaning set forth in Section 6.3.

"Disclosure Document" means any registration statement under the Exchange Act (including the Form 20-F) filed with the SEC by or on behalf of VSI or SpinCo and any information statement, prospectus, offering memorandum, offering circular, periodic report or similar disclosure document delivered to VSI's stockholders, whether or not filed with the SEC or any other Governmental Authority, in each case which describes the Separation or the Distribution or the SpinCo Group or primarily relates to the transactions contemplated hereby.

"Dispute" has the meaning set forth in Section 7.1.

"Dispute Notice" has the meaning set forth in Section 7.2(a).

"Distribution" has the meaning set forth in the Recitals.

"Distribution Time" means 5:01 p.m. Eastern Standard Time, on the Spin-off Date.

"Effective Time" means immediately after the Distribution Time.

"Employee Matters Agreement" means the Employee Matters Agreement to be entered into between VSI and SpinCo in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, substantially in the form attached as Exhibit B.

"Exchange Act" means the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Force Majeure" means, with respect to a Party, an event beyond the reasonable control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, embargoes, epidemics, pandemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any significant and prolonged failure in electrical or air conditioning equipment. Notwithstanding the foregoing, (i) the receipt by a Party of an unsolicited takeover offer or other acquisition proposal and such Party's response thereto and (ii) any change after the date of this Agreement in any Law applicable to VSI, SpinCo, or any member of their respective Groups, in either case even if unforeseen or unavoidable, will not be deemed an event of Force Majeure.

"Form 20-F" means the registration statement on Form 20-F (or other appropriate form) filed by SpinCo with the SEC to effect the registration of SpinCo Shares pursuant to Section 12(b) of the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Distribution.

"Governmental Approvals" means any Approvals or Notifications to be made to, or obtained from, any Governmental Authority.

"Governmental Authority" means any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state,

provincial, local, domestic, foreign, supranational or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, a government and any executive official thereof.

"Group" means either the SpinCo Group or the CES Group, as the context requires. Reference to a Party's respective Group means (a) the CES Group, in the case of VSI and (b) the SpinCo Group, in the case of SpinCo.

"Indemnifying Party" has the meaning set forth in Section 4.4(a).

"Indemnitee" has the meaning set forth in Section 4.4(a).

"Indemnity Payment" has the meaning set forth in Section 4.4(a).

"Insurance Proceeds" means those monies:

(a) received by an insured from an insurance carrier; or

(b) paid by an insurance carrier on behalf of the insured;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof; provided that with respect to a captive insurance arrangement, Insurance Proceeds will only include amounts received by the captive insurer in respect of any reinsurance arrangement.

"Intellectual Property" means all of the following whether arising under the Laws of any U.S. state, the United States or of any foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (c) Internet domain names, accounts with Facebook, LinkedIn, Twitter and similar social media platforms, registrations and related rights, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, and (f) any other intellectual property rights.

"Intellectual Property Cross License Agreement" means the Intellectual Property Cross License Agreement to be entered into between VSI and SpinCo in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, substantially in the form attached as Exhibit F.

"Internal Restructuring" means the internal restructuring steps set forth on Schedule 1.1(c).

"JAMS" means Judicial Arbitration and Mediation Services, Inc.

"Law" means all applicable national, supranational, federal, state, provincial, local or similar laws (including common law), statutes, ordinances, orders, decrees, codes, rules, regulations, policies or guidelines promulgated, or judgments, decisions, orders or arbitration awards, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"Liabilities" means all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or kind, whether fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any Contract, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

"Linked" has the meaning set forth in Section 2.7(a).

"Losses" means actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

"Mediation Period" has the meaning set forth in Section 7.2(e).

"Mixed Actions" has the meaning set forth in Section 4.12(c).

"NASDAQ" means the NASDAQ Global Select Market.

"New CIS Canada" has the meaning set forth in the Preamble.

"New CIS Canada Transfer" has the meaning set forth in the Preamble.

"Non-Competition Period" has the meaning set forth in Section 8.2(a).

"Party" or "Parties" means a party or the parties to this Agreement.

"Permits" means permits, approvals, authorizations, consents, licenses, exemptions or certificates issued by any Governmental Authority.

"Person" means an individual, a general or limited partnership, a company, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Personal Information" means any information relating to an identified or identifiable natural person and other similar terms as defined under applicable Laws.

"Prime Rate" means the rate that *The Wall Street Journal* publishes as its prime rate.

"Privileged Information" means any information, in written, oral, electronic or other tangible or intangible forms, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials protected by the work product doctrine, as to which a Party or any other member of its Group would be entitled to assert or have asserted a privilege or other protection, including the attorney-client and work product privileges.

"Record Date" means the close of business on the date to be determined by the VSI Board as the record date for determining holders of VSI Shares entitled to receive SpinCo Shares pursuant to the Distribution.

"Record Holders" means the holders of record of VSI Shares as of the Record Date.

"Registered Intellectual Property" means any Intellectual Property that is the subject of an application, certificate, filing or registration issued, filed with, or recorded by any Governmental Authority.

"Representatives" means, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"Revised SpinCo Organizational Documents" means the revised organizational documents of SpinCo, substantially in the form attached as Exhibit A.

"SEC" means the U.S. Securities and Exchange Commission.

"Security Interest" means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

"Separation" has the meaning set forth in the Recitals.

"Separation Completion Time" has the meaning set forth in the Recitals.

"Shared Contract" means any Contract of any member of either Group entered into prior to the Effective Time that relates to or inures to the benefit of burden of both the

SpinCo Business and the CES Business and either (a) the Parties specifically intended to amend or divide, modify, partially assign or replicate (in whole or in part) the respective rights and obligations under and in respect of such Contract prior to the Separation Completion Time, but were not able to do so prior to the Separation Completion Time or (b) either Party discovers the existence of such Contract prior to the date that is 12 months after the Separation Completion Time and had the Parties given specific consideration to such Contract they would have amended or divided, modified, partially assigned or replicated (in whole or in part) the respective rights and obligations under and in respect of such Contract. For the avoidance of doubt, no Contract which the Parties gave specific consideration to (as described in the first sentence of this definition) prior to the date of this Agreement will be considered a Shared Contract unless the Parties expressly agree otherwise.

"Spin-off Date" means the date of the consummation of the Distribution, which will be determined by the VSI Board in its sole and absolute discretion, and which will be the same date as the Separation Completion Time.

"SpinCo" has the meaning set forth in the Preamble.

"SpinCo Accounts" has the meaning set forth in Section 2.7(a).

"SpinCo Assets" means the following assets (without limitation or duplication):

(a) the shares of capital stock or other equity interests of each Transferred Entity and corporate books and records of each Transferred Entity;

(b) Contracts used or held for use primarily in the SpinCo Business, unless otherwise provided on Schedule 1.1(d);

(c) the leased real property listed on Schedule 1.1(d)(i), together with all improvements, fixtures and other appurtenances thereto and rights in respect thereof, and each real property lease or sublease related to such leased real property;

(d) the owned real property listed on Schedule 1.1(d)(ii), together with all improvements, fixtures and other appurtenances thereto and rights in respect thereof;

(e) the fixed assets and tangible personal property (other than inventory), including fixtures, trade fixtures, building equipment, fittings, furniture, computer and other information systems hardware, office equipment, and other tangible personal property, in each case, used or held for use in the SpinCo Business and either (i) listed on Schedule 1.1(d)(iii)(A) or (ii) located at the locations listed on Schedule 1.1(d)(iii)(B);

(f) all cars, trucks and other motor vehicles used or held for use in the SpinCo Business;

(g) all inventory used or held for use exclusively in the SpinCo Business;

(h) the Registered Intellectual Property set forth on Schedule 1.1(d)(iv), the Unregistered Intellectual Property set forth on Schedule 1.1(d)(v) and all other Unregistered Intellectual Property primarily related to the SpinCo Business;

(i) all Permits held by a Transferred Entity or otherwise used or held for use exclusively in the SpinCo Business;

(j) any counterclaims, setoffs or defenses that may be available with respect to any SpinCo Liabilities;

(k) all rights, claims, credits, causes of action or rights of set off with respect to Third Parties to the extent relating to or arising from the SpinCo Assets or SpinCo Liabilities, including rights under vendors' and manufacturers' warranties, indemnities, guaranties and rights, claims, damages or causes of action related to infringement, violation or misappropriation of any Intellectual Property;

(l) all Assets reflected as Assets on the SpinCo Balance Sheet, unless otherwise provided under this Agreement;

(m) all data (whether in hardcopy or digital form) primarily related to the SpinCo Business (for the avoidance of doubt, the allocation of data under this Agreement will not abrogate or otherwise conflict with either Party's rights with respect to the use of or access to data in this Agreement or any Ancillary Agreement); and

(n) all other Assets set forth on Schedule 1.1(d)(vi); and

(o) all goodwill associated with any of the foregoing assets.

"SpinCo Balance Sheet" means the audited historical consolidated balance sheet of SpinCo, including the notes thereto, as of January 31, 2020 and as of July 31, 2020, as presented in the Form 20-F made available to Record Holders.

"SpinCo Business" means (a) the business and operations conducted prior to the Separation Completion Time comprising what is referred to in the VSI 10-K as the Cyber Intelligence segment; and (b) any other business (other than referred to in clause (a) of the definition of CES Business) directly conducted by any member of the SpinCo Group as of immediately prior to the Separation Completion Time.

"SpinCo Designees" means any and all entities (including corporations, companies, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by SpinCo for the purposes of accepting the transfer, assignment or assumption of SpinCo Assets or SpinCo Liabilities from VSI, pursuant to Section 2.1 and that will be members of the SpinCo Group as of immediately prior to the Effective Time.

"SpinCo Distributed Assets" means the SpinCo Assets, other than the interests in New CIS Canada.

"SpinCo Distributed Liabilities" means the SpinCo Liabilities, other than the Liabilities of New CIS Canada.

"SpinCo Group" means (a) prior to the Separation Completion Time, SpinCo and each Person that will be a Subsidiary of SpinCo as of immediately after the Separation Completion Time, including the Transferred Entities, even if, prior to the Separation Completion Time, such Person is not a Subsidiary of SpinCo; and (b) at and after the Separation Completion Time, SpinCo and each Person that is a Subsidiary of SpinCo.

"SpinCo Indemnitees" has the meaning set forth in Section 4.3.

"SpinCo Liabilities" means all short term and long-term Liabilities primarily relating to or arising from the SpinCo Business or the SpinCo Assets, including (without limitation or duplication):

(a) all Liabilities of SpinCo and the other members of the SpinCo Group;

(b) all Liabilities relating to, arising out of or resulting from any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 20-F or any other Disclosure Documents, other than those statements relating to the CES Business;

(c) the costs and expenses allocated to SpinCo pursuant to Section 10.9;

(d) all Liabilities assumed or allocated to any member of the SpinCo Group pursuant to any of the Ancillary Agreements, pursuant to the terms of such Ancillary Agreement;

(e) all Liabilities associated with the SpinCo Specified Actions;

(f) all Liabilities reflected as Liabilities or obligations on the SpinCo Balance Sheet, unless otherwise provided under this Agreement; and

(g) the Liabilities set forth on Schedule 1.1(e).

"SpinCo Portion" has the meaning set forth in Section 2.6.

"SpinCo Released Persons" has the meaning set forth in Section 4.1(b).

"SpinCo Shares" means all of the shares of SpinCo.

"SpinCo Specified Actions" means the Actions specified as "SpinCo liabilities" on Schedule 1.1(f).

"Steering Committee" has the meaning set forth in Section 7.2(b).

"Subsidiary" means, with respect to any Person, any company, corporation, limited liability company, joint venture, partnership or other entity of which such Person (a) beneficially owns, either directly or indirectly, more than 50% of (i) the total combined voting power of all classes of voting securities, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax" has the meaning set forth in the Tax Matters Agreement.

"Tax Matters Agreement" means the Tax Matters Agreement to be entered into between VSI and SpinCo in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, substantially in the form attached as Exhibit C.

"Tax Return" has the meaning set forth in the Tax Matters Agreement.

"Third Party" means any Person other than the Parties or any other members of the CES Group or the SpinCo Group.

"Third-Party Claim" has the meaning set forth in Section 4.5(a).

"Trademark Cross License Agreement" means the Trademark Cross License Agreement to be entered into between VSI and SpinCo in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, substantially in the form attached as Exhibit E.

"Transfer and Assignment Agreement" means the Transfer and Assignment Agreement, effective as of January 31, 2021, between VSI and SpinCo.

"Transfer Documents" has the meaning set forth in Section 2.1(b).

"Transferred Entities" means the entities set forth on Schedule 1.1(g).

"Transition Services Agreement" means the Transition Services Agreement to be entered into between VSI and SpinCo in connection with the Separation, the Distribution and the other transactions contemplated by this Agreement, substantially in the form attached as Exhibit D.

"Unregistered Intellectual Property" means any Intellectual Property other than Registered Intellectual Property.

"Unreleased CES Liability" has the meaning set forth in Section 2.3(b)(ii).

"Unreleased SpinCo Liability" has the meaning set forth in Section 2.3(a)(ii).

"VSI" has the meaning set forth in the Preamble.

"VSI 10-K" means the VSI Annual Report on Form 10-K for the fiscal year ended January 31, 2020.

"VSI Board" has the meaning set forth in the Recitals.

"VSI Credit Facilities" means (i) the credit agreement dated as of June 29, 2017 by and among VSI, as borrower, the subsidiaries of VSI from time to time party thereto as subsidiary borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party from time to time thereto (as amended as of January 31, 2019 and June 9, 2020 and as may be further amended, amended and restated, supplemented, otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), and any successor credit facility or facility entered into to refinance the facility provided for in such Credit Agreement and (ii) VSI's 1.50% Convertible Senior Notes due 2021, together with the warrants and other instruments governing the related convertible note hedge transactions, and any successor debt securities issued to refinance such Convertible Notes.

"VSI Released Persons" has the meaning set forth in Section 4.1(a).

"VSI Shares" means the common shares of VSI, $0.001 par value per share.

"VSI LP Transfer" has the meaning set forth in Section 3.2(a).

ARTICLE II

THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

(a) Effective immediately following the Distribution:

(i) *Transfer and Assignment of SpinCo Distributed Assets*. VSI will, and will cause the other applicable members of the CES Group to, contribute, assign, transfer, convey and deliver to SpinCo, or the applicable SpinCo Designees, and SpinCo or such SpinCo Designees will accept from VSI and the applicable members of the CES Group, all of VSI's and such CES Group member's respective direct or indirect right, title and interest in and to all of the SpinCo Distributed Assets (it being understood that if any SpinCo Distributed Asset will be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such SpinCo Distributed Asset may be assigned, transferred, conveyed and delivered to SpinCo as a result of the transfer of all of the equity interests in such Transferred Entity from VSI or the other applicable members of the CES Group to SpinCo or the applicable SpinCo Designee), such that the SpinCo Group will own, to the extent that it does not already own, all of the SpinCo Distributed Assets.

(ii) *Acceptance and Assumption of SpinCo Distributed Liabilities*. SpinCo and the applicable SpinCo Designees will accept, assume and agree faithfully to perform, discharge and fulfill all the SpinCo Distributed Liabilities in

accordance with their respective terms (it being understood that if any SpinCo Distributed Liability is a liability of a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such SpinCo Distributed Liability will be deemed assumed by SpinCo for the purpose of this Agreement as a result of and immediately following the transfer of all of the equity interests in such Transferred Entity from VSI or the other applicable members of the CES Group to SpinCo or the applicable SpinCo Designee and each such Transferred Entity and such SpinCo Designee will be required to perform, discharge and fulfill all such SpinCo Distributed Liabilities in accordance with their respective terms), such that the SpinCo Group will be liable for, to the extent it is not already liable for, all SpinCo Distributed Liabilities, except that nothing herein will be deemed to create a guarantee by SpinCo to the performance, discharge or fulfilment of any SpinCo Distributed Liability to be performed by any SpinCo Designee. SpinCo or such SpinCo Designees, as the case may be, will be responsible for all SpinCo Distributed Liabilities, regardless of when or where such SpinCo Distributed Liabilities arose or arise, whether the facts on which they are based occurred prior to or subsequent to the Effective Time, where or against whom such SpinCo Distributed Liabilities are asserted or determined (including any SpinCo Distributed Liabilities arising out of claims made by VSI's or SpinCo's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the CES Group or the SpinCo Group) or whether asserted or determined prior to or subsequent to the Effective Time, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the CES Group or the SpinCo Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(iii) *Transfer and Assignment of CES Assets*. VSI and SpinCo will cause SpinCo and the other applicable members of the SpinCo Group to contribute, assign, transfer, convey and deliver to VSI or certain members of the CES Group designated by VSI, and VSI or such other members of the CES Group will accept from SpinCo and the applicable members of the SpinCo Group, all of SpinCo's and such SpinCo Group members' respective direct or indirect right, title and interest in and to all CES Assets, such that the CES Group will own, to the extent that it does not already own, all of the CES Assets.

(iv) *Acceptance and Assumption of CES Liabilities*. VSI and the other applicable members of the CES Group designated by VSI will accept, assume and agree faithfully to perform, discharge and fulfill all the CES Liabilities held by SpinCo or any SpinCo Designee and VSI and the other applicable members of the CES Group will be responsible for all CES Liabilities in accordance with their respective terms, such that the CES Group will be liable for, to the extent it is not already liable for, all CES Liabilities, except that nothing herein will be deemed to create a guarantee by VSI to the performance, discharge or fulfilment of any CES Liability to be performed by any applicable member of the CES Group designated by VSI. VSI or such applicable member of the CES Group designated by VSI, as the case may be, will be responsible for all CES Liabilities, regardless of when or where such CES Liabilities arose or arise, whether the facts on which

they are based occurred prior to or subsequent to the Effective Time, where or against whom such CES Liabilities are asserted or determined (including any CES Liabilities arising out of claims made by VSI's or SpinCo's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the CES Group or the SpinCo Group) or whether asserted or determined prior to or subsequent to the Effective Time, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the CES Group or the SpinCo Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) *Transfer Documents*. In furtherance of the contribution, assignment, transfer, conveyance and delivery of the Assets and the acceptance and assumption of the Liabilities in accordance with Section 2.1(a), (i) each of VSI and SpinCo will execute and deliver, and will cause the applicable other members of its Group to execute and deliver, to the other, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of Contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of such Party's and the applicable members of its Group's right, title and interest in and to such Assets to the other and the applicable other members of its Group in accordance with Section 2.1(a), and (ii) each of VSI and SpinCo will execute and deliver, and will cause the applicable other members of its Group to execute and deliver, to the other, such assumptions of Contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Liabilities by such Party or the applicable members of its Group in accordance with Section 2.1(a). All of the foregoing documents contemplated by this Section 2.1(b) will be referred to collectively herein as the "Transfer Documents."

(c) *Misallocations; Primarily Related Assets and Liabilities*. If at any time or from time to time (whether prior to, at, or after the Effective Time), one Party (or any other member of such Party's Group) receives or otherwise possesses any Asset that is or should have been allocated to the other Party (or any other member of such other Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party will promptly transfer, or cause to be transferred, such Asset to the Party so entitled thereto (or to such member of such Party's Group), and such Party (or other member of such Party's Group) will accept such Asset, without further consideration. Prior to any such transfer, the Person receiving or possessing such Asset will hold such Asset in trust for such other Person. In the event that, at any time or from time to time (whether prior to, at, or after the Effective Time), one Party (or any other member of such Party's Group) receives or otherwise is obligated for any Liability that is or should have been allocated to the other Party (or any other member of such other Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party will promptly transfer, or cause to be transferred, such Liability to the Party (or to such member of such Party's Group) responsible therefor, and the Party (or other member of such Party's Group) responsible therefor will accept, assume and agree to faithfully perform such Liability, without further consideration. To the extent there is a good faith disagreement between the Parties as to the allocation of an Asset or Liability under this Agreement or any Ancillary Agreement (for example, whether or not it is "primarily" related to the SpinCo Business), such Asset

(and any associated Liability) or Liability (and any associated Asset) will be allocated to VSI, unless (i) otherwise agreed by the Parties at the time of such disagreement or (ii) pending a final, non-appealable determination pursuant to the dispute resolutions provisions set forth in Article VII (provided that in the event of a dispute, such disputed Asset (and any associated Liability) or Liability (and any associated Asset) will be allocated to VSI unless and until a final, non-appealable determination of such dispute to the contrary pursuant to Article VII). For the avoidance of doubt, in the event that at any time or from time to time (whether prior to, at, or after the Effective Time), one Party (or any member of such Party's Group) makes a payment in respect of any Liability that is or should have been allocated to the other Party pursuant to this Agreement or any Ancillary Agreement, such other Party will reimburse the first Party for the amount so paid as promptly as is reasonably practicable following delivery of written evidence of such payment.

(d) *Waiver of Bulk-Sale and Bulk-Transfer Laws*. SpinCo hereby waives compliance by each and every member of the SpinCo Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the SpinCo Distributed Assets to any member of the SpinCo Group. VSI hereby waives compliance by each and every member of the CES Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the CES Assets to any member of the CES Group.

2.2 Approvals and Notifications.

(a) To the extent that the transfer or assignment of any Asset or the assumption of any Liability contemplated herein requires any Approvals or Notifications, the Parties will use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between the Parties, neither Party will be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(b) If and to the extent that the valid, complete and perfected transfer or assignment of any Asset or assumption of any Liability contemplated herein would be a violation of applicable Law or require any Approvals or Notifications that have not been obtained or made by the Effective Time then, unless the Parties otherwise mutually determine, the transfer or assignment of such Asset or the assumption of such Liability, as the case may be, will be automatically deemed deferred and any such purported transfer, assignment or assumption will be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such Assets will continue to constitute SpinCo Assets or CES Assets, as the case may be, and any such Liabilities will continue to constitute SpinCo Liabilities or CES Liabilities, as the case may be, for all other purposes of this Agreement and the Person retaining such Asset or Liability will thereafter hold such

Asset or Liability, as the case may be, for the use and benefit or burden, as applicable, insofar as reasonably possible, of the Person entitled thereto or obligated thereon hereunder (at such entitled Person's sole expense). The Parties will use their respective commercially reasonable efforts to continue to seek to remove all legal impediments or obtain such Approvals or Notifications (as applicable) as soon as reasonably practicable. The Person retaining such Asset or Liability will treat such Asset or Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Person entitled to receive such Asset or obligated to assume such Liability and develop and implement arrangements to place the Person entitled to receive such Asset or obligated to assume such Liability, insofar as reasonably possible and to the extent not prohibited by applicable Law or the relevant Contract, in the same position as if such Asset or Liability, as the case may be, had been transferred, assigned or assumed as contemplated hereby such that all the benefits and burdens relating to such Asset or Liability, as the case may be, inure to the applicable Group.

(c) If and when the applicable legal impediments are removed or such Approvals or Notifications have been obtained or made, the transfer or assignment of the applicable Asset or the assumption of the applicable Liability, as the case may be, will be effected automatically in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement, without further consideration and without further action of the Parties. In the case of an Asset (including, for the avoidance of doubt, any SpinCo Asset) with a value in excess of $3.0 million, if the applicable legal impediments have not been removed (or Approvals have not been obtained or Notifications have not been made, as applicable) within the six-month period following the Distribution, the Parties will cooperate to expeditiously sell for cash such Asset to a buyer unrelated to the Parties or expeditiously wind down the Asset (and, in the case of equity in an entity, wind down and dispose of all business assets owned directly or indirectly by such entity). Such sale or wind-down will occur before the first anniversary of the Distribution. The Person entitled to receive such Asset under this Agreement will receive any proceeds of such sale or wind-down. Unless otherwise extended by the mutual written agreement of the Parties on arms-length terms negotiated by the Parties subsequent to the Distribution, the obligations set forth in this Section 2.2 will terminate on the two-year anniversary of the Distribution.

2.3 Novation of Liabilities.

(a) *Novation of Distributed SpinCo Liabilities*.

(i) Each of the Parties, at the request of the other, will use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all SpinCo Distributed Liabilities and obtain in writing the unconditional release of each member of the CES Group that is a party to any related agreement, lease, license or other obligation or Liability, so that, in any such case, the members of the SpinCo Group will be solely responsible for such SpinCo Distributed Liabilities; provided that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither VSI nor

SpinCo will be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If the Parties are unable to obtain, or cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the CES Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased SpinCo Liability"), SpinCo will, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the CES Group, as the case may be, (A) pay, perform and discharge fully all the obligations or other Liabilities of such member of the CES Group that constitute Unreleased SpinCo Liabilities from and after the Effective Time in accordance with the terms thereunder and (B) use its commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the CES Group. If and when any such consent, substitution, approval, amendment or release is obtained or the Unreleased SpinCo Liabilities otherwise becomes assignable or able to be novated, VSI will promptly assign, or cause to be assigned, and SpinCo or the applicable SpinCo Group member will assume, such Unreleased SpinCo Liabilities without exchange of further consideration.

(b) *Novation of CES Liabilities*.

(i) Each of the Parties, at the request of the other, will use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all CES Liabilities and obtain in writing the unconditional release of each member of the SpinCo Group that is a party to any related agreement, lease, license or other obligation or Liability, so that, in any such case, the members of the CES Group will be solely responsible for such CES Liabilities; provided that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither VSI nor SpinCo will be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If the Parties are unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the SpinCo Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased CES Liability"), VSI will, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the SpinCo Group, as the case may be, (A) pay, perform and discharge fully all the obligations or other Liabilities of such member of the SpinCo Group that constitute Unreleased CES

Liabilities from and after the Effective Time in accordance with the terms thereunder and (B) use its commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the SpinCo Group. If and when any such consent, substitution, approval, amendment or release is obtained or the Unreleased CES Liabilities otherwise becomes assignable or able to be novated, SpinCo will promptly assign, or cause to be assigned, and CES or the applicable CES Group member will assume, such Unreleased CES Liabilities without exchange of further consideration.

2.4 Release of Guarantees. In furtherance of, and not in limitation of, the obligations set forth in Section 2.3:

(a) Each of the Parties will, at the request of the other Party and with the reasonable cooperation of such other Party and the applicable member(s) of such other Party's Group, use commercially reasonable efforts to, effective at or prior to the Effective Time: (i) have any member(s) of the CES Group removed as guarantor of, indemnitor of or obligor for any SpinCo Distributed Liability, including the removal of any Security Interest on or in any CES Asset that may serve as collateral or security for any such SpinCo Distributed Liability; and (ii) have any member(s) of the SpinCo Group removed as guarantor of, indemnitor of or obligor for any CES Liability, including the removal of any Security Interest on or in any SpinCo Distributed Asset that may serve as collateral or security for any such CES Liability.

(b) To the extent required to obtain a release from a guarantee or indemnity by:

(i) any member of the CES Group, SpinCo will (or will cause one or more other members of the SpinCo Group to) execute a guarantee or indemnity agreement in the form of the existing guarantee or indemnity or such other form as is agreed to by the relevant parties to such guarantee or indemnity agreement, which agreement will include the removal of any Security Interest on or in any CES Asset that may serve as collateral or security for any such SpinCo Distributed Liability, except to the extent that such existing guarantee or indemnity contains representations, covenants or other terms or provisions either (A) with which SpinCo would be reasonably unable to comply or (B) which SpinCo would not reasonably be able to avoid breaching; and

(ii) any member of the SpinCo Group, VSI will (or will cause one or more other members of the CES Group to) execute a guarantee or indemnity agreement in the form of the existing guarantee or indemnity or such other form as is agreed to by the relevant parties to such guarantee or indemnity agreement, which agreement will include the removal of any Security Interest on or in any SpinCo Distributed Asset that may serve as collateral or security for any such CES Liability, except to the extent that such existing guarantee or indemnity contains representations, covenants or other terms or provisions either (A) with which VSI would be reasonably unable to comply or (B) which VSI would not reasonably be able to avoid breaching.

(c) If the Parties are unable to obtain, or to cause to be obtained, any such required removal or release as set forth in Sections 2.4(a) and (b): (i) VSI, SpinCo or the other relevant member of the CES Group or the SpinCo Group, as applicable, that has assumed the Liability with respect to such guarantee or indemnity will indemnify, defend and hold harmless the guarantor, indemnitor or obligor against or from any Liability arising from or relating thereto in accordance with the provisions of Article IV and will, as agent or subcontractor for such guarantor, indemnitor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor, indemnitor or obligor thereunder in accordance with its terms; and (ii) each of VSI and SpinCo, on behalf of itself and the other members of the CES Group or the SpinCo Group, respectively, agree not to renew or extend the term of, increase any obligations under, or transfer to a Third Party, any loan, guarantee, lease, Contract or other obligation for which any other Party or a member of such other Party's Group is or may be liable unless all obligations of such other Party and the members of such other Party's Group with respect thereto are thereupon terminated by documentation reasonably satisfactory in form and substance to such other Party.

2.5 Termination of Agreements.

(a) Except as set forth in Section 2.5(b), in furtherance of the releases and other provisions of Section 4.1, SpinCo and each other member of the SpinCo Group, on the one hand, and VSI and each other member of the CES Group, on the other hand, hereby terminate any and all Contracts, between or among any member of the SpinCo Group, on the one hand, and any member of the CES Group, on the other hand, effective as of the Effective Time. No such terminated Contract (including any provision thereof which purports to survive termination) will be of any further force or effect after the Effective Time. Each Party will, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.5(a) will not apply to any of the following Contracts (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by VSI, SpinCo or any other member of their respective Groups or to be continued from and after the Effective Time); (ii) any Contracts listed or described on Schedule 2.5(b)(ii); (iii) any Contracts to which any Third Party is a party; (iv) any Contracts under which any intercompany accounts payable or accounts receivable accrued as of the Effective Time are reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practice, which will be settled in the manner contemplated by Section 2.5(c); (v) any Contracts to which any non-wholly owned Subsidiary of VSI or SpinCo, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); and (vi) any Shared Contracts.

(c) All intercompany accounts receivable and accounts payable between any member of the CES Group, on the one hand, and any member of the SpinCo Group, on the other hand, outstanding as of the Effective Time and arising out of the Contracts described in Section 2.5(b), or out of the provision, prior to the Effective Time, of the services to be provided following the Effective Time pursuant to any of the Ancillary Agreements will be paid or settled following the Effective Time in the ordinary course of business or, if otherwise mutually agreed prior to the Effective Time by duly authorized representatives of SpinCo and VSI, cancelled, assigned or assumed by SpinCo or VSI or one or more Subsidiaries of SpinCo or VSI.

2.6 Treatment of Shared Contracts. The Parties will, and will cause the other members of their respective Groups to, use commercially reasonable efforts to work together (and, if necessary and desirable, to work with the applicable Third Party to such Shared Contract) in an effort to divide, partially assign, modify or replicate (in whole or in part) the respective rights and obligations under and in respect of any Shared Contract, such that (a) a member of the SpinCo Group is the beneficiary of the rights and is responsible for the obligations in respect of that portion of such Shared Contract relating to the SpinCo Business (the "SpinCo Portion"), which rights will be a SpinCo Asset and which obligations will be a SpinCo Liability, and (b) a member of the CES Group is the beneficiary of the rights and is responsible for the obligations in respect of that portion of such Shared Contract relating to the CES Business (the "CES Portion"), which rights will be a CES Asset and which obligations will be a CES Liability. If the Parties are not able to enter into an arrangement to formally divide, partially assign, modify or replicate such Shared Contract as contemplated by the previous sentence, then the Parties will, and will cause the applicable other members of their respective Groups to, cooperate in any lawful arrangement to provide that a member of the SpinCo Group will receive the interest in the benefits and obligations of the SpinCo Portion under such Shared Contract and a member of the CES Group will receive the interest in the benefits and obligations of the CES Portion under such Shared Contract; provided, however, that no Party will be required to take any action in furtherance of this Section 2.6 that would require the expenditure of money (other than any payment obligations under the applicable Shared Contract or commercially reasonable fees for any advisor or service provider a Party may engage in connection with the matters described in this this Section 2.6) and neither Party will be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person (other than any payment obligations under the applicable Shared Contract) in furtherance of this Section 2.6.

2.7 Bank Accounts; Cash Balances.

(a) Each Party agrees to take, and cause the other members of its Group to take, prior to the Effective Time (or such earlier time as the Parties may agree), all actions necessary to amend all Contracts governing each bank and brokerage account owned by SpinCo or any other member of the SpinCo Group (collectively, the "SpinCo Accounts") and all Contracts governing each bank or brokerage account owned by VSI or any other member of the CES Group (collectively, the "CES Accounts") so that each such SpinCo Account and CES Account, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "Linked") to any account of the other Party is de-Linked.

(b) With respect to any outstanding checks issued or payments initiated by VSI, SpinCo or any other member of their respective Groups prior to the Effective Time, such outstanding checks and payments will be honored following the Effective Time by the Person or Group owning the account on which the check is drawn or from which the payment was initiated, respectively.

(c) As between VSI and SpinCo (and the other members of their respective Groups), all payments made and reimbursements received after the Effective Time to or by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or other member of such other Party's Group), will be held by such receiving Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such receiving Party of any such payment or reimbursement, VSI or SpinCo, as applicable, will pay over, or will cause the applicable other member of its Group to pay over, to such other Party the amount of such payment or reimbursement without right of set-off.

2.8 Ancillary Agreements. Effective at or prior to the Effective Time, each Party will, or will cause each applicable other member of its Group to, execute and deliver all Ancillary Agreements to which it is a party.

2.9 VSI Credit Facilities. VSI will use reasonable best efforts to take or cause to be taken all actions, and enter into (or cause the members of the CES Group to enter into) such agreements and arrangements, as will be necessary to cause, as of the Spin-off Date, (a) the removal of the members of the SpinCo Group from all VSI Credit Facilities and (b) the members of the SpinCo Group to be fully and unconditionally released from all Liabilities in respect of the VSI Credit Facilities. All Liabilities in respect of the VSI Credit Facilities are CES Liabilities and VSI will indemnify the members of the SpinCo Group from any Liabilities suffered by such members of the SpinCo Group to the extent arising out of, resulting from or relating to the VSI Credit Facilities. Without limiting the foregoing, after the Spin-off Date, (i) VSI will not, and will not permit any member of the VSI Group to, renew, extend, modify, amend or supplement any VSI Credit Facility in any manner that would increase, extend or give rise to any Liability of a member of the SpinCo Group under such VSI Credit Facilities and (ii) with respect to any VSI Credit Facility for which any member of the SpinCo Group was not removed and fully and unconditionally released from all Liabilities in respect of such VSI Credit Facility prior to the Distribution, VSI will continue to use reasonable best efforts to cause such removal and release.

2.10 Disclaimer of Representations and Warranties. EACH OF VSI (ON BEHALF OF ITSELF AND EACH OTHER MEMBER OF THE CES GROUP) AND SPINCO (ON BEHALF OF ITSELF AND EACH OTHER MEMBER OF THE SPINCO GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY

AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF ANY ASSETS OF SUCH PARTY OR ANY OTHER MEMBER OF ITS GROUP, OR ANY OTHER MATTER CONCERNING ANY ASSETS OR LIABILITIES OF SUCH PARTY OR ANY OTHER MEMBER OF ITS GROUP, OR AS TO THE EXISTENCE OR ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET OR LIABILITY, INCLUDING ANY ACCOUNTS RECEIVABLE OR ACCOUNTS PAYABLE, OF EITHER PARTY OR ANY OTHER MEMBER OF ITS GROUP, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES WILL BEAR THE ECONOMIC AND LEGAL RISKS THAT (A) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (B) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH. Each of VSI (on behalf of itself and each member of the CES Group) and SpinCo (on behalf of itself and each member of the SpinCo Group) further understands and agrees that if the disclaimer of express or implied representations and warranties contained in this Section 2.10 is held unenforceable or is unavailable for any reason under the Laws of any jurisdiction or if, under the Laws of any jurisdiction, both VSI or any member of the CES Group, on the one hand, and SpinCo or any member of the SpinCo Group, on the other hand, are jointly or severally liable for any CES Liability or any SpinCo Liability (except as expressly set forth herein or in any Ancillary Agreement), respectively, then the Parties intend that, notwithstanding any provision to the contrary under the Laws of such jurisdictions, the provisions of this Agreement and the Ancillary Agreements (including the disclaimer of all representations and warranties, allocation of Liabilities among the Parties and their respective Subsidiaries, releases, indemnification and contribution of Liabilities) will prevail for any and all purposes among the Parties and their respective Subsidiaries.

2.11 Financial Information Certifications.

(a) VSI's disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to SpinCo and the other members of the SpinCo Group as its Subsidiaries. In order to enable the principal executive officer and principal financial officer of SpinCo to make any certifications that may be required of them under Sections 302 and 906 of the Sarbanes-Oxley Act, VSI will, as soon as reasonably practicable following a request for such

information from SpinCo, provide SpinCo with one or more certifications with respect to such disclosure controls and procedures, its internal control over financial reporting and the effectiveness thereof that SpinCo may require (each, a "Certification"). Any such Certification(s) provided by VSI to SpinCo under this Section 2.11 will be provided by VSI (and not by any officer or employee in their individual capacity).

(b) In order to enable the principal executive officer and principal financial officer of VSI to make the certifications required of them under Sections 302 and 906 of the Sarbanes-Oxley Act) with respect to any quarterly or annual fiscal period of VSI beginning on or prior to the Distribution, SpinCo will, as soon as reasonably practicable following a request for such information from VSI, provide VSI with one or more Certifications. Any such Certification(s) provided by SpinCo to VSI under this Section 2.11 will be provided by SpinCo (and not by any officer or employee in their individual capacity).

ARTICLE III

THE DISTRIBUTION

3.1 Sole and Absolute Discretion; Cooperation.

(a) VSI will, in its sole and absolute discretion, determine the terms of the Distribution, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, VSI may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Nothing will in any way limit VSI's right to terminate this Agreement or the Distribution as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX.

(b) SpinCo will cooperate with VSI to accomplish the Distribution and will, at VSI's direction, to the extent permitted by applicable Law, promptly take any and all actions necessary or desirable to effect the Distribution, including in respect of the registration under the Exchange Act of SpinCo Shares on the Form 20-F. VSI will select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors. SpinCo and VSI will provide to the Agent any information required in order to complete the Distribution.

3.2 Actions Prior to the Distribution. Prior to the Distribution Time and subject to the terms and conditions set forth herein, the Parties will take, or cause to be taken, the following actions in connection with the Distribution:

(a) *VSI LP Transfer and Assignment Agreement*. Prior to the Spin-off Date, VSI and SpinCo will execute the Transfer and Assignment Agreement which requires the transfer by VSI of its ownership of all the equity interests in each of Cognyte Software LP and Cognyte Systems Ltd., to SpinCo immediately following the Distribution (the "VSI LP Transfer").

(b) *New CIS Canada Transfer and Internal Restructuring*. To the extent not already completed, each of VSI and SpinCo will, and will cause their Affiliates to, consummate the New CIS Canada Transfer and Internal Restructuring.

(c) *Notice to NASDAQ*. VSI will, to the extent possible and necessary, give NASDAQ not less than 10 days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(d) *Revised SpinCo Organizational Documents*. On or prior to the Spin-off Date, VSI and SpinCo will take all necessary actions so that, as of the Distribution Time, the Revised SpinCo Organizational Documents will become the organizational documents of SpinCo.

(e) *SpinCo Directors and Officers*. On or prior to the Spin-off Date, the Parties will take all necessary actions so that as of the Distribution Time: (i) the directors and officers of SpinCo will be those set forth in the Disclosure Documents made available to the Record Holders prior to the Spin-off Date, unless otherwise agreed by the Parties, and (ii) SpinCo will have such other officers as the board of directors of SpinCo will appoint.

(f) *NASDAQ Exchange*. SpinCo will prepare and file and use its reasonable best efforts to have approved an application to permit listing of the SpinCo Shares to be distributed in the Distribution on NASDAQ, subject to official notice of issuance.

(g) *Securities Law Matters*. SpinCo will file any registration statements, amendments or supplements to the Form 20-F as may be necessary or advisable in order to cause the Form 20-F to become and remain effective as required by the SEC or federal, state or other applicable securities Laws. The Parties will cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof that are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. The Parties will prepare, and SpinCo will, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters that VSI determines are necessary or desirable to effectuate the Distribution, and VSI and SpinCo will each use their respective reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. The Parties will take all such action as may be necessary or appropriate under the securities or blue sky Laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(h) *Mailing of Form 20-F*. VSI will, as soon as is reasonably practical after the Form 20-F is declared effective by the SEC under the Exchange Act and the VSI Board has approved the Distribution, cause copies of the Form 20-F to be mailed to the Record Holders.

(i) *The Distribution Agent*. VSI will enter into a distribution agent agreement, or such other agreement as may be necessary, with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(j) *Financing Transactions*. In connection with the Separation and prior to the Effective Time, the Parties will cooperate with respect to and undertake such financing transactions (which may also include the transfer of cash between the CES Group and the SpinCo Group) as VSI determines to be advisable.

3.3 Conditions to the Distribution.

(a) The consummation of the Distribution will be subject to the satisfaction, or waiver, in whole or in part, by VSI in its sole and absolute discretion, of the following conditions:

(i) The Internal Restructuring will have been consummated in all material respects (subject to Section 2.2).

(ii) The New CIS Canada Transfer and the execution of the Transfer and Assignment Agreement will have been consummated in all material respects (subject to Section 2.2).

(iii) All corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby by each Party will have been obtained.

(iv) VSI will have received an opinion of Jones Day that the Distribution will qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Section 355 of the Code to VSI and the stockholders of VSI.

(v) VSI will have received final tax rulings from the Israeli Tax Authority (each such ruling, an "ITA Ruling") providing that, for Israeli income tax purposes, the Distribution and the Separation, subject to the terms of the applicable ITA Ruling, are generally tax-free to VSI, SpinCo and VSI's stockholders, and confirming certain matters with respect to the treatment of equity awards under the Parent Equity Plans as referred to in the Employment Matters Agreement.

(vi) VSI will have received from the United States Internal Revenue Service (1) a "transactional ruling" within the meaning of Rev. Proc. 2017-52 consistent with qualification of the Separation and Distribution under sections 368(a)(1)(D) and 355 of the Code, and (2) a ruling that SpinCo will be treated as a domestic corporation for U.S. federal income tax purposes under Section 7874 of the Code.

(vii) The SEC will have declared effective the Form 20-F; no order suspending the effectiveness of the Form 20-F will be in effect; and no proceedings for such purposes will be pending before or threatened by the SEC.

(viii) Copies of the Form 20-F will have been mailed to the Record Holders.

(ix) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws (and any comparable Laws under any foreign jurisdiction) and the rules and regulations thereunder will have been taken or made, and, where applicable, will have become effective or been accepted.

(x) Any Governmental Approvals required for the consummation of the Separation and the Distribution will have been obtained.

(xi) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto will be in effect.

(xii) The SpinCo Shares to be distributed to the stockholders of VSI in the Distribution will have been accepted for listing on NASDAQ, subject to official notice of issuance.

(xiii) Each of the Ancillary Agreements will have been duly executed and delivered by the applicable parties thereto.

(xiv) An independent valuation firm will have delivered one or more opinions to the VSI Board confirming the solvency and financial viability of each of VSI and SpinCo immediately after the consummation of the Distribution, and such opinions will be acceptable to VSI in form and substance in VSI's sole discretion, and such opinions will not have been withdrawn, rescinded or modified in any respect.

(xv) If, and to the extent, required by applicable Law, VSI will have, and will have procured that any applicable Subsidiary will have, informed, consulted or more generally involved any relevant employee representative bodies in connection with the Separation, the Distribution or the other transactions contemplated hereby.

(xvi) No other event or development will have occurred or will exist (including any material breach of the representations, warranties, covenants or agreements of this Agreement) that, in the judgment of the VSI Board, in its sole discretion, makes it inadvisable to effect the Separation, the Distribution or the other transactions contemplated hereby.

(b) The foregoing conditions are for the sole benefit of VSI and will not give rise to or create any duty on the part of VSI or the VSI Board to waive or not waive any such condition or in any way limit VSI's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by the VSI Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.3(a) will be conclusive and binding on the Parties.

3.4 The Distribution.

(a) Subject to Section 3.3, at or prior to the Distribution Time, SpinCo will deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding SpinCo Shares as is necessary to effect the Distribution, and will cause the transfer agent for the VSI Shares to instruct the Agent to distribute at the Distribution Time the appropriate number of SpinCo Shares to each such Record Holder or designated transferee or transferees of such Record Holder by crediting such number of SpinCo Shares to book-entry accounts of such Record Holder or designated transferee or transferees of such Record Holder. The Distribution will be effective at the Distribution Time.

(b) Subject to Section 3.3, each Record Holder will be entitled to receive in the Distribution a number of whole SpinCo Shares to be determined by resolution of the VSI Board, for every one VSI Share held by such Record Holder on the Record Date, rounded down to the nearest whole number.

(c) Until the SpinCo Shares are duly transferred in accordance with this Section 3.4 and applicable Law, from and after the Distribution Time, SpinCo will regard the Persons entitled to receive such SpinCo Shares as record holders of such SpinCo Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. SpinCo agrees that, subject to any transfers of such SpinCo Shares, from and after the Distribution Time (i) each such record holder will be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the SpinCo Shares then held by such record holder, and (ii) each such record holder will be entitled, without any action on the part of such record holder, to receive evidence of ownership of the SpinCo Shares then held by such record holder.

ARTICLE IV

MUTUAL RELEASES, INDEMNIFICATION AND LITIGATION

4.1 Release of Pre-Distribution Claims.

(a) *SpinCo Release of CES Group*. Except as provided in Sections 4.1(c) and 4.3, effective as of the Effective Time, SpinCo does hereby, for itself and for each other member of the SpinCo Group, and their respective successors and assigns, and, to the extent permitted by Law, for all Persons who at any time prior to the

Effective Time have been shareholders, directors, officers, agents or employees of any member of the SpinCo Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) VSI and the other members of the CES Group, and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the CES Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns and (iii) all Persons who at any time prior to the Effective Time are or have been shareholders, directors, officers, agents or employees of a Transferred Entity and who are not, as of immediately following the Effective Time, directors, officers or employees of either of SpinCo or another member of the SpinCo Group (collectively, the "VSI Released Persons"), in each case from: (A) all SpinCo Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the SpinCo Business, the SpinCo Assets or the SpinCo Liabilities.

(b) *VSI Release of SpinCo Group*. Except as provided in Sections 4.1(c) and 4.2, effective as of the Effective Time, VSI does hereby, for itself and for each other member of the CES Group and their respective successors and assigns, and, to the extent permitted by Law, for all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the CES Group (in each case, in their respective capacities as such), remise, release and forever discharge SpinCo and the other members of the SpinCo Group, and their respective successors and assigns (collectively, the "SpinCo Released Persons"), from (i) all CES Liabilities, (ii) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (iii) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the CES Business, the CES Assets or the CES Liabilities.

(c) *Obligations Not Affected*. Nothing contained in Sections 4.1(a) or 4.1(b) will impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any Contracts that are specified in Sections 2.5(b) and (c) or the applicable Schedule to Section 2.5(b) as not terminating as of the Effective Time, in each case in accordance with its terms. Nothing contained in Section 4.1(a) or 4.1(b) will release any Person from:

(i) any Liability provided in or resulting from any Contract among any members of the CES Group or the SpinCo Group that is specified in Sections 2.5(b) and (c) or the applicable Schedule to Section 2.5(b) as not to terminate as of the Effective Time, or any other Liability specified in Sections 2.5(b) and (c) as not to terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iv) any Liability that the Parties may have with respect to indemnification or contribution or other obligation pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties or members of their Groups by Third Parties, which Liability will be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(v) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.1; provided, however, that each Party agrees not to and to cause the other members of its Group not to bring suit against any VSI Released Person or any SpinCo Released Person, as applicable, with respect to any such Liability.

In addition, nothing contained in Section 4.1(a) will release any member of the CES Group from honoring its existing obligations to indemnify any director, officer or employee of SpinCo who was a director, officer or employee of any member of the CES Group at or prior to the Effective Time, to the extent such director, officer or employee becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to such existing obligations, it being understood that, if the underlying obligation giving rise to such Action is a SpinCo Liability, SpinCo will indemnify VSI for such Liability (including VSI's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) *No Claims*. SpinCo will not make, and will not permit any other member of the SpinCo Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any VSI Released Person, with respect to any Liabilities released pursuant to Section 4.1(a). VSI will not make, and will not permit any other member of the CES Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any SpinCo Released Person, with respect to any Liabilities released pursuant to Section 4.1(b).

(e) *Execution of Further Releases*. At any time at or after the Effective Time, at the request of either Party, the other Party will cause each member of its respective Group to execute and deliver releases reflecting the provisions of this Section 4.1.

4.2 Indemnification by SpinCo. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, SpinCo will, and will cause the other members of the SpinCo Group to, indemnify, defend and hold harmless VSI, each other member of the CES Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "CES Indemnitees"), from and against any and all Liabilities relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any SpinCo Liability;

(b) any failure of SpinCo, any other member of the SpinCo Group or any other Person to pay, perform or otherwise promptly discharge any SpinCo Liabilities in accordance with their terms, whether prior to, at or after the Effective Time;

(c) any breach by SpinCo or any other member of the SpinCo Group of this Agreement or any of the Ancillary Agreements; and

(d) except to the extent it relates to a CES Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the SpinCo Group by any member of the CES Group that survives following the Separation Completion Time.

4.3 Indemnification by VSI. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, VSI will, and will cause the other members of the CES Group to, indemnify, defend and hold harmless SpinCo, each other member of the SpinCo Group and each of their respective past, present and future directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "SpinCo Indemnitees"), from and against any and all Liabilities relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any CES Liability;

(b) any failure of VSI, any other member of the CES Group or any other Person to pay, perform or otherwise promptly discharge any CES Liabilities in accordance with their terms, whether prior to, at or after the Effective Time;

(c) any breach by VSI or any other member of the CES Group of this Agreement or any of the Ancillary Agreements; and

(d) except to the extent it relates to a SpinCo Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the CES Group by any member of the SpinCo Group that survives following the Separation Completion Time.

4.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IV or Article V will be net of Insurance Proceeds or other amounts actually recovered (including pursuant to any indemnity from a Third Party) (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount which either Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or contribution hereunder (an "Indemnitee") will be reduced by any Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related Liability (including pursuant to any indemnity from a Third Party). If an Indemnitee receives a payment (an "Indemnity Payment") under this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of such Liability, then within ten calendar days of receipt of such Insurance Proceeds or other amounts, the Indemnitee will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer or other Person (including pursuant to any indemnity from a Third Party) that would otherwise be obligated to pay any claim will not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party will be entitled to a "windfall" (*i.e.*, a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the liability allocation, indemnification and contribution provisions hereof. Each Party will, and will cause the members of its Group to, use commercially reasonable efforts to seek or collect or recover any Insurance Proceeds or any indemnity by any Third Party that may be collectible or recoverable with respect to the Liabilities for which indemnification or contribution may be available under this Article IV; provided that the Indemnitee's inability to collect or recover any such Insurance Proceeds or indemnity from a Third Party will not limit the Indemnifying Party's obligations under this Agreement.

4.5 Procedures for Indemnification of Third-Party Claims.

(a) *Notice of Claims*. If, after the Effective Time, an Indemnitee receives notice or otherwise learns of the assertion by a Person (including any Governmental

Authority) who is not a member of the CES Group or the SpinCo Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2 or 4.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee will give such Indemnifying Party written notice thereof as soon as practicable, but in any event no later than 14 days after becoming aware of such Third-Party Claim. Any such notice will describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 4.5(a) will not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent (if any) to which the Indemnifying Party is actually prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 4.5(a).

(b) *Control of Defense*. An Indemnifying Party may elect to defend (and seek to settle or compromise, subject to Section 4.5(e)), at its own expense and with its own counsel, any Third-Party Claim; provided that prior to the Indemnifying Party assuming and controlling defense of such Third-Party Claim, it will first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee being true, the Indemnifying Party will indemnify the Indemnitee for any Liabilities to the extent resulting from, or arising out of, such Third-Party Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true in all material respects and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party will not be bound by such acknowledgment, (B) the Indemnifying Party will promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee will have the right to assume the defense of such Third-Party Claim. Within 30 days after the receipt of a notice from an Indemnitee in accordance with Section 4.5(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party will provide written notice to the Indemnitee indicating whether the Indemnifying Party will assume responsibility for defending the Third-Party Claim. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within 30 days after receipt of the notice from an Indemnitee as provided in Section 4.5(a), then the Indemnitee that is the subject of such Third-Party Claim will be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) *Allocation of Defense Costs*. If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party will be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and will not be entitled to seek any indemnification or reimbursement from

the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within 30 days after receipt of a notice from an Indemnitee as provided in Section 4.5(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party will be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) *Right to Monitor and Participate*. An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim or has subsequently released the control of such defense to the Indemnitee as contemplated hereby, nevertheless will have the right to employ separate counsel (including local counsel, as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, but the fees and expenses of such counsel will be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 4.5(c) will not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.7 and 6.8, such Indemnitee or Indemnifying Party will cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee in good faith determines that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation inappropriate, then the Indemnitee will have the right to employ separate counsel (including local counsel, as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and the Indemnifying Party will bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) *No Settlement*. No Party may settle or compromise any Third-Party Claim for which the other Party is seeking to be indemnified hereunder without the prior written consent of such other Party, which consent may not be unreasonably withheld, conditioned or delayed, unless such settlement or compromise is solely for monetary damages that are fully payable, and are capable of being paid in full, by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by the other Party (or any other member of its Group or any of their respective past, present or future directors, officers or employees) and provides for a full, unconditional and irrevocable release of such other Party (and each other relevant member of its Group and any of its or their relevant past, present, or future directors, officers or employees) from all Liability in connection with the Third-Party Claim. Whether or not the Indemnifying Party will have assumed the defense of a Third-Party Claim, the Indemnitee will not admit any liability with respect to, or settle or compromise

such Third-Party Claim without the prior written consent of the Indemnifying Party, which consent may not be unreasonably withheld, conditioned or delayed. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which such Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within 30 days (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal will be deemed to have consented to the terms of such proposal.

4.6 Additional Matters.

(a) *Timing of Payments*. Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this Article IV will be paid reasonably promptly (but in any event within 30 days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this Article IV) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this Article IV will remain operative and in full force and effect, regardless of (i) any investigation made at any time by or on behalf of any Indemnitee and (ii) the knowledge at any time by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) *Notice of Direct Claims*. Any claim for indemnification or contribution under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim will be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party as soon as practicable, but in any event within 14 days after receipt of actual knowledge of such claim (or sooner if the nature of the claim so requires); provided that the failure by an Indemnitee to so assert any such claim will not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is actually prejudiced thereby. Such Indemnifying Party will have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such specified claim will be conclusively deemed a Liability of the Indemnifying Party under this Section 4.6(b) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnitee will, subject to the provisions of Article VII, be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) *Pursuit of Claims Against Third Parties*. If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement; (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then such other Party will use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against the Third Party.

(d) *Subrogation*. In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party will be subrogated to and will stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee will cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(e) *Substitution*. In the event of an Action for which an Indemnitee is entitled to indemnification hereunder in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party will so request, the Parties will endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant will allow the Indemnifying Party to manage the Action as set forth in Section 4.5 and this Section 4.6, and, subject to the other provisions of this Article IV, the Indemnifying Party will fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, reasonable attorneys' fees, reasonable experts' fees and all other reasonable external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

4.7 Right of Contribution.

(a) *Contribution*. If any right of indemnification contained in Section 4.2 or Section 4.3 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party will contribute to the amounts paid or payable by the Indemnitee as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the other members of its Group, on the one hand, and the Indemnitee entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Allocation of Relative Fault*. Solely for purposes of determining relative fault pursuant to this Section 4.7: (i) any fault associated with the ownership, operation or activities of the SpinCo Business prior to the Effective Time will be deemed

to be the fault of SpinCo and the other members of the SpinCo Group, and no such fault will be deemed to be the fault of VSI or any other member of the CES Group; and (ii) any fault associated with the ownership, operation or activities of the CES Business prior to the Effective Time will be deemed to be the fault of VSI and the other members of the CES Group, and no such fault will be deemed to be the fault of SpinCo or any other member of the SpinCo Group.

4.8 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the other members of such Party's Group or any Person claiming through it or any of them will bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any SpinCo Liabilities by SpinCo or any other member of the SpinCo Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any CES Liabilities by VSI or any other member of the CES Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; or (c) the provisions of this Article IV are void or unenforceable for any reason.

4.9 Remedies Cumulative. The remedies provided in this Article IV will be cumulative and will not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.10 Survival of Indemnities. The rights and obligations of each of VSI and SpinCo and the respective Indemnitees under this Article IV will survive (a) the sale or other transfer by either Party or any member of its respective Group of any assets or businesses or the assignment by it of any liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its assets, restructuring, recapitalization, reorganization or similar transaction involving a Party or any of the other members of such Party's Group.

4.11 Management of Certain Actions. This Section 4.11 will govern the direction of certain pending and future Actions in which members of the SpinCo Group or the CES Group are named as parties, but will not alter the allocation of Liabilities set forth in Article II or the rights and obligations under Section 4.5 unless expressly set forth in this Section 4.11.

(a) *Management of SpinCo Specified Actions*. From and after the Effective Time, the SpinCo Group will direct the defense or prosecution of any (i) SpinCo Specified Actions and (ii) any other Actions that constitute only SpinCo Liabilities or SpinCo Assets. If an Action that constitutes solely a SpinCo Liability or a SpinCo Asset (including a SpinCo Specified Action) names a member of the CES Group as a party thereto (where or not commenced after the Effective Time), then SpinCo will use its commercially reasonable efforts to cause such member of the CES Group to be removed as a party to such Action. To the extent that a member of the CES Group remains a party to such an Action, the Parties will reasonably cooperate and consult with each other, and to the extent necessary or advisable, maintain a joint defense in a manner that would

preserve for VSI, SpinCo and their respective Affiliates any attorney-client privilege, joint defense or other privilege with respect to such Action. Notwithstanding anything to the contrary herein, the Parties may jointly retain counsel (at SpinCo's expense) or retain separate counsel (in which case each Party will bear the cost of its separate counsel, other than in the event of a conflict of interest, in which case VSI's separate counsel will be at SpinCo's expense). No Party will add any other Party (or any other member of such other Party's Group) to any Action contemplated by this Section 4.11(a) pending as of the Effective Time without the prior written consent of such other Party.

(b) *Management of CES Specified Actions*. From and after the Effective Time, the CES Group will direct the defense or prosecution of any (i) CES Specified Actions and (ii) any other Actions that constitute only CES Liabilities or CES Assets. If an Action that constitutes solely a CES Liability or a CES Asset (including a CES Specified Action) names a member of the SpinCo Group as a party thereto (whether or not commenced after the Effective Time), then VSI will use its commercially reasonable efforts to cause such member of the SpinCo Group to be removed as a party to such Action. To the extent that a member of the SpinCo Group remains a party to such an Action, the Parties will reasonably cooperate and consult with each other, and to the extent necessary or advisable, maintain a joint defense in a manner that would preserve for VSI, SpinCo and their respective Affiliates any attorney-client privilege, joint defense or other privilege with respect to such Action. Notwithstanding anything to the contrary herein, the Parties may jointly retain counsel (at VSI's expense) or retain separate counsel (in which case each Party will bear the cost of its separate counsel, other than in the event of a conflict of interest, in which case SpinCo's separate counsel will be at VSI's expense). No Party will add any other Party (or any other Member of such other Party's Group) to any Action contemplated by this Section 4.11(b) pending as of the Effective Time without the prior written consent of such other Party.

(c) *Management of Mixed Actions*. From and after the Effective Time, the Parties will jointly manage (whether as co-defendants or co-plaintiffs) any (i) Actions set forth on Schedule 4.11(c) (except as otherwise set forth therein), (ii) any other Action that constitutes both a SpinCo Asset and a CES Asset and (iii) any other Action that constitutes both a SpinCo Liability and a CES Liability (clauses (i), (ii) and (iii), the "Mixed Actions"). The Parties will reasonably cooperate and consult with each other, and to the extent necessary or advisable, maintain a joint defense in a manner that would preserve for VSI, SpinCo and their respective Affiliates any attorney-client privilege, joint defense or other privilege with respect to Mixed Actions. Notwithstanding anything to the contrary herein, the Parties may jointly retain counsel (in which case the cost of counsel will be shared equally by VSI, on the one hand, and SpinCo, on the other hand, unless otherwise agreed to by the Parties) or retain separate counsel (in which case each Party will bear the cost of its separate counsel) with respect to any Mixed Action; provided that, unless otherwise provided herein or otherwise agreed to by the Parties, VSI, on the one hand, and SpinCo, on the other hand, will share equally discovery and other joint litigation costs. In any Mixed Action, each of VSI and SpinCo may pursue separate defenses, claims, counterclaims or settlements to those claims relating to the CES Business or the SpinCo Business, respectively; provided that each Party will in good faith make all reasonable efforts to avoid adverse effects on the other Party. Notwithstanding anything to the

contrary herein, unless otherwise provided on Schedule 4.11(c), (i) if a judgment is obtained with respect to a Mixed Action, the Parties will endeavor in good faith to allocate the Liabilities in respect of such judgment between them based on the CES Business and the SpinCo Business, and otherwise will share equally such Liabilities; and (ii) if a recovery is obtained with respect to a Mixed Action, the Parties will endeavor in good faith to allocate the Assets in respect of such recovery between them based on their respective injuries, and otherwise will share equally such Assets. A Party (or another member of its Group) that is not named as a defendant in a Mixed Action may elect to become a party to such Mixed Action, and the Party (or other member of its Group) named in such Mixed Action will reasonably cooperate to have such first Party (or other member of its Group) named in such Mixed Action.

(d) *Delegation of Rights of Recovery*. To the maximum extent permitted by applicable Law, the rights to recovery of each member of a Party's Group in respect of any past, present or future Action are hereby delegated to such Party. It is the intent of the Parties that the foregoing delegation will satisfy any Law requiring such delegation to be effected pursuant to a power of attorney or similar instrument. Each of the Parties and each of the other members of its Group will execute such further instruments or documents as may be necessary to effect such delegation.

4.12 Settlement of Actions. No Party managing an Action pursuant to Section 4.11 will settle or compromise such Action without the prior written consent of the other Party (not to be unreasonably withheld, conditioned or delayed) if such settlement or compromise would result in any remedy or relief being imposed upon any member of such other Party's Group (or any of such Group's respective past, present or future directors, officers, employees, other personnel or agents).

ARTICLE V

CERTAIN OTHER MATTERS

5.1 Insurance Matters.

(a) Prior to the Effective Time, the Parties will use commercially reasonable efforts to obtain separate insurance policies for SpinCo and the other members of the SpinCo Group to become effective on (or before) the Effective Time. From and after the Effective Time, neither SpinCo nor any other member of the SpinCo Group will have any rights to or under any of the insurance policies of VSI or any other member of the CES Group, other than under the director and officer liability insurance runoff policy that will be effective as of the Effective Time. At the Effective Time, the SpinCo Group will have in effect all insurance programs required to comply with the contractual obligations of the SpinCo Group and such other insurance policies required by applicable Law or as reasonably necessary or appropriate for companies operating a business similar to the SpinCo Business.

(b) SpinCo does hereby, for itself and each other member of the SpinCo Group, agree that no member of the CES Group will have any Liability whatsoever as a

result of the insurance policies and practices of VSI and the other members of the CES Group as in effect at any time, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

5.2 Payments and Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount payable or reimbursable by one Party to another Party under this Agreement or any Ancillary Agreement will be paid within 30 days after the receipt of an invoice therefor by the Party responsible for such payment from the other Party. Any such amount not paid by such due date will accrue interest from and including the date immediately following such due date through and including the date of payment at a rate per annum equal to the Prime Rate plus 2.0% (compounded monthly). Such rate will be redetermined as of the first business day of each calendar quarter following such due date. Such interest will be payable at the same time as the payment to which it relates and will be calculated on the basis of a year of 365 days and the actual number of days for which due. If any Party incurs costs to enforce such payment or reimbursement obligations of the other Party, the Party against whom such enforcement was sought will indemnify and hold harmless the Party seeking such enforcement for the costs of such enforcement, including reasonable attorneys' fees.

5.3 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, VSI (and the other members of the CES Group) will be independent of SpinCo (and the other members of the SpinCo Group), and SpinCo (and the other members of the SpinCo Group) will be independent of VSI (and the other members of the CES Group), in each case with responsibility for its own respective actions and inactions and its own respective Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in this Agreement or any Ancillary Agreement, and each Party will and will cause the other members of its Group to (except as otherwise provided in Article IV) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party (or the other members of its Group).

ARTICLE VI

EXCHANGE OF INFORMATION; CONFIDENTIALITY

6.1 Agreement for Exchange of Information.

(a) Subject to Section 6.9, any other applicable confidentiality obligations, any Ancillary Agreement or any other agreement between the Parties or other members of their respective Groups, each of VSI and SpinCo, on behalf of itself and each other member of its respective Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party and the other members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after written request therefor, any

information (or a copy thereof) in the possession or under the control of the Party receiving such request (or any other member of such Party's Group), to the requesting Party or other member of such Party's Group to the extent that such information is not in the possession of the requesting Party's Group and:

(i) such information belongs to SpinCo or relates to the SpinCo Business, or any SpinCo Asset or SpinCo Liability, if SpinCo or any other member of the SpinCo Group is the requesting Party, or belongs to VSI or relates to the CES Business, or any CES Asset or CES Liability, if VSI or any other member of the CES Group is the requesting Party;

(ii) such information is required by the requesting Party to comply with its obligations under this Agreement or any Ancillary Agreement; or

(iii) such information is required by the requesting Party or any other member of such Party's Group to comply with its regulatory reporting obligations or any other obligation imposed by any Governmental Authority;

provided, however, that (x) if the Party to whom the request has been made determines that any such provision of information could be materially detrimental to the Party providing the information or any other member of such Party's Group, violate any Law or agreement or waive any privilege available under applicable Law, including any attorney-client privilege, then the Parties will use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence, (y) such information will relate to a period or periods (or any portion thereof) ending on or before the date of the Separation Completion Time, and (z) such information will not be used by the requesting party for commercial purposes; provided, however, that conditions (x)-(z) will not apply with respect to information that belongs to the requesting party and is only in the possession of the other party and, conditions (x) and (y) will not apply with respect to information described in Section 6.1(c).

(b) Any Party providing information pursuant to this Section 6.1 will only be obligated to provide such information in the form, condition and format in which it then exists, and in no event will such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such information, and nothing in this Section 6.1 will expand the obligations of a Party under Section 6.4.

(c) Without limiting the generality of Section 6.1(a), until the end of the VSI fiscal year ended January 31 during which the Spin-off Date occurs (and for a reasonable period of time afterwards as required for each Party to prepare consolidated financial statements or complete a financial statement audit for the fiscal year ended January 31 during which the Spin-off Date occurs), each Party will use its commercially reasonable efforts to cooperate with the other Party's information requests to enable (i) the other Party to meet its timetable for dissemination of its earnings releases, financial statements and any management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting required by applicable Law; and (ii) the other Party's accountants to timely complete their review of

the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws.

(d) Notwithstanding the other provisions of this Section 6.1 (except for the provisions of Section 6.1(a) relating to access to information), SpinCo will abide by the data preservation, maintenance and restoration provisions of Schedule 6.1(d) hereto for VSI's benefit with respect to the backup tapes and other backup systems described in such schedule (which will remain under SpinCo's control following the Spin-off Date and which contain the sole backup copies of such data).

6.2 Ownership of Information. The provision of any information pursuant to Section 6.1 or 6.7 will not affect the ownership of such information (which will be determined solely in accordance with the other terms of this Agreement and the Ancillary Agreements), or constitute a grant of rights in or to any such information that the requesting Party's Group did not already possess, other than the right to use such information in accordance with and as contemplated by the terms of this Agreement or any Ancillary Agreement.

6.3 Compensation for Providing Information. Any Party requesting information pursuant to this Article VI agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, of creating, gathering, copying, transporting and otherwise complying with the request with respect to such information (including any reasonable costs and expenses incurred in any review of information for purposes of protecting the Privileged Information of the providing Party or any other member of such Party's Group or in connection with the restoration of backup media for purposes of providing the requested information), provided that (i) neither Party will have the right to any reimbursement under this Section 6.3 unless and until such Party's reasonable out-of-pockets costs in a single month, exceed, in the aggregate, $5,000.00 (the "De Minimis Amount"), in which case the providing Party will be entitled to reimbursement for such month for all reasonable out-of-pockets costs incurred that exceed the De Minimis Amount and (ii) no amounts will be payable by either Party in connection with their obligations under Section 6.1(c) or by VSI to SpinCo in connection with SpinCo's obligations under Section 6.1(d). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties or other members of their respective Groups, such costs will be computed in accordance with the providing Party's standard methodology and procedures as may be provided to the other Party from time to time.

6.4 Record Retention.

(a) To facilitate the possible exchange of information pursuant to this Article VI and other provisions of this Agreement after the Effective Time, each of the Parties agrees to use (and to cause the other members of its respective Group to use) commercially reasonable efforts, which will be no less rigorous than those used for retention of such Party's own information, to retain all information in their respective

possession or control on the Effective Time in accordance with the policies of VSI as in effect on the Effective Time or such other policies as may be adopted by VSI after the Effective Time (provided that in the case of SpinCo, that VSI notifies SpinCo of any such change). Notwithstanding the foregoing or either Party's internal policies and legal hold procedures, (i) no Party will destroy or permit any member of its respective Group to destroy, any information which relates to the other Party and which the other Party may have the right to obtain pursuant to the terms of this Agreement or any Ancillary Agreement prior to the second anniversary of the Spin-off Date and (ii) SpinCo will comply with its obligations under Section 6.1(d) in accordance with Schedule 6.1(d).

(b) After the Effective Time, the Parties will cooperate on the development of a plan and timetable, which will be reasonably satisfactory to VSI, for SpinCo to review its electronic and physical document repositories and to purge or mask any information that belongs to VSI or relates to the CES Business or any CES Asset or CES Liability. The Parties will split the cost of developing such plan. SpinCo will bear the cost of implementing such plan. Unless otherwise agreed by VSI, such plan will be finalized no later than the six month anniversary of the Spin-off Date and its execution will be completed no later than the 24 month anniversary of the Spin-off Date. Unless otherwise agreed by SpinCo, such plan will not require SpinCo to purge any data stored on the encrypted IT backup tapes referenced in Section 6.1(d).

6.5 Limitations of Liability. Neither Party will have any Liability to the other Party in the event that any information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence, bad faith or willful misconduct by the Party providing such information. No Party will have any Liability to any other Party if any information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 6.4.

6.6 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of an adversarial Action or Dispute between VSI and SpinCo, or any other members of their respective Groups, each Party will use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its Group's control or which its Group otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to the reasonable business demands of such person) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party (or member of such Party's Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party will bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other Party will make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees,

other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its Group's control or which its Group otherwise has the ability to make available without undue burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, and will otherwise reasonably cooperate in such defense, settlement or compromise.

(c) Without limiting the foregoing, except in the case of an adversarial Action or Dispute between VSI and SpinCo or any other members of their respective Groups, the Parties will cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 6.6 and subject to the terms of the Ancillary Agreements, each Party agrees to cooperate, and to cause each other member of its respective Group to reasonably cooperate, with the other Party in the defense of any infringement or similar claim with respect to any Intellectual Property and will not claim to acknowledge, or permit any other member of its respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a Third Party in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.6 is intended to be interpreted in a manner so as to facilitate cooperation and will include the obligation to provide as witnesses directors, officers, employees, other personnel and agents without regard to whether such person could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.7(a)).

6.7 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the CES Group and the SpinCo Group, and that each of the members of the CES Group and the SpinCo Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges which may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services will be provided following the Effective Time, which services will be rendered solely for the benefit of the CES Group or the SpinCo Group, as the case may be.

(b) The Parties agree as follows:

(i) VSI will be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the CES Business and not to the SpinCo Business, whether or not the Privileged Information is in the possession or under the control of any member of the CES Group or any member of the SpinCo Group.

VSI will also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any CES Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the CES Group or any member of the SpinCo Group; and

(ii) SpinCo will be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the SpinCo Business and not to the CES Business, whether or not the Privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the CES Group. SpinCo will also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any SpinCo Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the SpinCo Group or any member of the CES Group.

(iii) If the Parties do not agree as to whether certain information is Privileged Information, then such information will be treated as Privileged Information, and the Party that believes that such information is Privileged Information will be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information until such time as it is determined by a court of competent jurisdiction that such information is not Privileged Information, unless the Parties otherwise agree. The Parties will use the procedures set forth in Article VII to resolve any Disputes as to whether any information relates solely to the CES Business, solely to the SpinCo Business, or to both the CES Business and the SpinCo Business.

(c) Subject to the remaining provisions of this Section 6.7, the Parties agree that they will have a shared privilege or immunity with respect to all privileges and immunities not allocated pursuant to Section 6.7(b) and all privileges and immunities relating to any Actions or other matters that involve both VSI and SpinCo (or one or more members of their respective Groups) and in respect of which both VSI and SpinCo have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party (or another member of its Group) without the written consent of the other Party.

(d) If any Dispute arises between the Parties or any other members of their respective Groups regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party or any other member of their respective Groups, each Party agrees that it will (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the other Party (and the other members of the Group); and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it will not withhold its consent to the waiver of a privilege or immunity for any purpose except in good faith to protect its own legitimate interests.

(e) Subject to Section 6.9, in the event of any adversarial Action or Dispute between VSI and SpinCo, or any other members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 6.8(c); provided that such waiver of a shared privilege will be effective only as to the use of information with respect to the Action or Dispute between the Parties or the applicable members of their respective Groups, and will not operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by either Party, or by any other member of its respective Group, of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which the Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge that any of its, or any other member of its respective Group's, current or former directors, officers, agents or employees have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party will promptly notify the other Party of the existence of the request (which notice will be delivered to such other Party no later than five business days following the receipt of any such subpoena, discovery or other request) and will provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 6.7 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any information pursuant to this Agreement is made in reliance on the agreements of VSI and SpinCo set forth in this Section 6.7 and in Section 6.9 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups pursuant to this Agreement, will not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

(h) The Parties acknowledge that members of the CES Group and members of the SpinCo Group may have or develop interests adverse to each other following the Effective Time. Each Party hereby waives (i) any and all current and future objections to any outside counsel that represented VSI or any of its Affiliates prior to the Effective Time from continuing to represent or in the future representing their respective clients or either Party (or any members of such Party's Group) in any matter, including matters in which members of the CES Group and members of the SpinCo Group are adverse and Disputes relating to this Agreement or any Ancillary Agreement and (ii) all current and future rights to seek disqualification, whether based on the possession or

disclosure of confidential information or otherwise, of any such outside counsel from any representation of their respective clients or either Party (or any members of such Party's Group) in any matter, including matters in which members of the CES Group and members of the SpinCo Group are adverse and Disputes relating to this Agreement or any Ancillary Agreement.

(i) In connection with any matter contemplated by Section 6.6 or this Section 6.7, the Parties agree to, and to cause the other members of their respective Groups to, use commercially reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

6.8 Confidentiality.

(a) *Confidentiality*. Subject to Section 6.9, any Ancillary Agreement and any other agreement between the Parties or other members of their respective Groups, from and after the Effective Time until the five-year anniversary of the Effective Time, each of the Parties will, and will cause each other member of its respective Group to, and will cause its and their respective Representatives to, hold in strict confidence, with at least the same degree of care that applies to VSI's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party or any other member of the other Party's respective Group or their respective businesses that is either in its possession (including confidential and proprietary information in its possession prior to the date hereof) or furnished by the other Party or any other member of such Party's Group or its or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and not use any such confidential and proprietary information other than for such purposes as will be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any other member of such Party's Group or any of their respective Representatives in violation of this Agreement, any Ancillary Agreement or any other agreement between the Parties or other members of their respective Groups, (ii) later lawfully acquired from other sources by such Party (or any other member of such Party's Group) which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality to the other Party (or any other member of such Party's Group) with respect to such confidential and proprietary information, (iii) independently developed or generated without reference to or use of any proprietary or confidential information of any other Party or any other member of such Party's Group, or (iv) determined by VSI, in its reasonable discretion, to be information required to be disclosed pursuant to federal, state or other applicable securities Laws or the rules of any applicable securities exchange, including in VSI's periodic filings made under the Exchange Act; provided, with respect to trade secrets of any other Party or any member of any other Party's Group or their respective businesses, the foregoing obligations and restrictions will remain in effect for so long as the relevant information remains a trade secret under applicable Law. If any confidential and proprietary information of one Party or any other member of such Party's Group is disclosed to the

other Party or any member of such other Party's Group in connection with providing services to such first Party or any other member of such first Party's Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary information will be used only as required to perform such services.

(b) *No Release; Return or Destruction*. Each Party agrees not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.8(a) to any other Person, except its Representatives who need to know such information in their capacities as such (who will be advised of their obligations hereunder with respect to such information), except in compliance with Section 6.9. Without limiting the foregoing, when any such information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Party will promptly after request of the other Party either return to the other Party all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information in accordance with applicable Laws and such that the information is no longer decipherable or Personal Information contained therein identifiable (and such copies thereof and such notes, extracts or summaries based thereon).

(c) *Third-Party Information; Privacy or Data Protection Laws*. Each Party acknowledges that it and members of such Party's Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of or Personal Information relating to Third Parties (i) that was received under privacy policies, data processing agreements and/or confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or members of such other Party's Group, on the other hand, prior to the Effective Time; or (ii) that, as between the Parties, was originally collected by any other Party or members of such other Party's Group and that may be subject to privacy policies and data protection agreements, as well as privacy, data protection or other applicable Laws. Subject to any Ancillary Agreement and any other agreement between the Parties or other members of their respective Groups, each Party agrees that it will hold, protect and use, and will cause the members of its respective Group and its respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or Personal Information relating to, Third Parties in accordance with applicable privacy policies, data processing agreements, and privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among any other Party or members of the other Party's Group, on the one hand, and such Third Parties, on the other hand. The Parties and/or other members of their respective Groups further agree to enter into data processing agreements or data transfer agreements applicable to the processing or transfer of Personal Information as may be required by applicable Laws.

6.9 Protective Arrangements. In the event that a Party or any other member of such Party's Group either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide

information of the other Party (or any other member of the other Party's Group) that is subject to the confidentiality provisions hereof, such Party will notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and will cooperate (to the extent reasonably practicable), at such other Party's cost and expense, in seeking any appropriate protective order reasonably requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party (or other member of such Party's Group) so required or receiving the request or demand reasonably determines that its failure to disclose or provide such information will actually prejudice the Party (or member of such Party's Group) so required or receiving the request or demand (or other member of such Party's Group), then the Party (or member of such Party's Group) so required or that received such request or demand (or other member of such Party's Group) may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party (or other member of such Party's Group) will promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

6.10 Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of information set forth in any Ancillary Agreement.

ARTICLE VII

DISPUTE RESOLUTION

7.1 Dispute Process. The Parties agree that any dispute or disagreement between the Parties arising out of or relating to this Agreement or any Ancillary Agreements (other than a Third-Party Claim) (a "Dispute") will be resolved exclusively as follows: (a) first, the Parties will use commercially reasonable efforts to resolve the Dispute expeditiously through negotiation by engaging in an informal dispute resolution process with the possibility of mediation as provided in Section 7.2; and (b) if negotiation and any mediation fails, by resolving the Dispute in the U.S. District Court for the Southern District of New York (if a basis for U.S. federal court jurisdiction exists), or in the Commercial Division of the Supreme Court of the State of New York sitting in the County of New York (if a basis for U.S. federal court jurisdiction does not exist), or if those courts are not available in another court of competent jurisdiction located in the State of New York in the County of New York as provided in Section 7.3. Each Party agrees on behalf of itself and each member of its respective Group that the procedures set forth in this Article VII will be the exclusive means for resolution of any Dispute. The initiation of informal dispute resolution will toll the applicable statute of limitations and defenses based upon the passage of time for the duration of any negotiation and mediation until such time as any Party declares the tolling period to end plus 30 days, and the Parties agree to enter into such agreements or take such others actions as may be necessary to effectuate such period of tolling.

7.2 Informal Dispute Resolution.

(a) The Dispute resolution process will begin with a written notice from one Party to the other (a "Dispute Notice"), (i) reasonably describing the nature of any Dispute and including the outcome desired by the notifying Party and (ii) requesting the formation of the Steering Committee and referral of the Dispute to the Steering Committee for good faith negotiations and potential resolution.

(b) Within three business days of receipt of a Dispute Notice by either Party pursuant to Section 7.2(a), VSI and SpinCo will form a steering committee (the "Steering Committee"), which will be comprised of four members, two of whom will be appointed by VSI and two of whom will be appointed by SpinCo, to oversee the dispute resolution process provided in this Article VII. The Parties will use commercially reasonable efforts to cause their respective members of the Steering Committee to make a good faith effort to promptly resolve all Disputes referred to the Steering Committee pursuant to Section 7.2.

(c) Following referral of the matter to the Steering Committee, the Parties will cause the Steering Committee to meet as often as the Parties reasonably deem necessary in order to gather and furnish to the other all information with respect to the Dispute which the Parties believe to be appropriate and germane in connection with the resolution of the Dispute.

(d) During the course of the negotiation, subject to the Parties' respective confidentiality obligations and subject to the provisions of Article VI, all reasonable requests made by either Party to the other for information directly related to the Dispute will be honored in order that the members of the Steering Committee may be fully advised in the matter. The specific format for the Steering Committee's discussions and negotiations will be left to the discretion of the Steering Committee but may include the preparation of agreed upon statements of fact or written statements of position furnished to the other Party.

(e) If the Dispute has not been resolved by the Steering Committee within 15 days following delivery of Dispute Notice, either Party may submit the Dispute for non-binding mediation to be conducted in New York, New York in accordance with the JAMS International Mediation Rules. The mediator may be mutually selected by the Parties or selected in accordance with the JAMS International Mediation Rules. The mediator will have 30 days from the date the Dispute is submitted to him or her (or such longer period as the Parties may mutually agree in writing) (the "Mediation Period") to attempt to resolve the Dispute, and the Parties agree to cooperate fully in the mediation process. If the Dispute has not been resolved through mediation within the Mediation Period, either Party may initiate litigation to resolve the Dispute in accordance with Section 7.3.

(f) Except as otherwise independently discoverable, nothing said or disclosed, nor any document produced, in the course of any negotiation or mediation to resolve a Dispute pursuant to this Section 7.2 will be offered or received as evidence or used for impeachment in any proceedings (including the proceedings contemplated in Section 7.3), as such information will be considered to have been disclosed for settlement purposes only.

7.3 Resolution by Courts.

(a) If the negotiation and any mediation contemplated by Section 7.2 does not resolve the Dispute, and a Party wishes to pursue its rights relating to such Dispute, then, except as provided in and subject to Section 7.4, such Dispute may be brought and resolved in the U.S. District Court for the Southern District of New York (if a basis for U.S. federal court jurisdiction exists), or in the Commercial Division of the Supreme Court of the State of New York sitting in the County of New York (if a basis for U.S. federal court jurisdiction does not exist), or if those courts are not available in such other court of competent jurisdiction located in the State of New York in the County of New York and the appellate courts having jurisdiction of appeals in such courts. In that context, and without limiting the generality of the foregoing, each Party irrevocably and unconditionally:

(i) submits for itself and its property to the exclusive jurisdiction of such courts with respect to any Dispute, and agrees that all claims in respect of any Dispute will be heard and determined in such courts;

(ii) agrees that venue would be proper in such courts, and waives any objection that it may now or hereafter have that any such court is an improper or inconvenient forum for the resolution of any Dispute;

(iii) agrees that the mailing of any process required by any such court by certified or registered mail, return receipt requested, to the other Party at such Party's notice address pursuant to Section 10.6 will be effective service of process; provided, however, that nothing herein will be deemed to prevent a Party from making service of process by any other means authorized by Law.

(b) The foregoing consent to jurisdiction will not constitute submission to jurisdiction or general consent to service of process in the State of New York for any purpose except with respect to any Dispute.

7.4 Interim Relief. Notwithstanding any other provision of this Article VII, at any time during the existence of a Dispute between the Parties, either Party may request a court of competent jurisdiction to grant provisional interim relief (a) for the purpose of preventing or minimizing irreparable harm for which money damages would not provide adequate relief, or (b) for matters involving the disclosure of such Party's confidential information. A delay in seeking injunctive relief attributable to following the procedures of this Article VII or otherwise seeking to amicably resolve the Dispute with the other Party will not serve as a basis to object to a request for injunctive relief.

7.5 Failure of a Party to Comply with Dispute Resolution Process. If either Party does not act in accordance with this Article VII, then the other Party may seek all remedies available at law or in equity to enforce this Article VII.

7.6 Expenses. In the event of any Dispute, the prevailing party will be entitled to recover its costs, expenses and attorneys' fees incurred in pursuit and resolution of any Dispute from the other party.

7.7 Waiver of Jury Trial. TO THE MAXIMUM EXTENT PERMITTED BY LAW, EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY DISPUTE AND COVENANTS THAT NEITHER IT NOR ANY OF ITS AFFILIATES OR REPRESENTATIVES WILL ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO SUCH TRIAL BY JURY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (B) SUCH PARTY MAKES THIS WAIVER KNOWINGLY AND VOLUNTARILY AND (C) SUCH WAIVER CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH SUCH PARTY IS RELYING AND WILL RELY IN ENTERING INTO THE TRANSACTION AGREEMENTS. EACH PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 7.7 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

7.8 Continuation of Services and Commitments. Unless otherwise agreed in writing, the Parties will, and will cause the members of their respective Groups to, continue to honor all commitments under this Agreement and each Ancillary Agreement to the extent required by such agreements during the course of the Dispute resolution pursuant to this Article VII unless such commitments or obligations are the specific subject of the Dispute at issue.

7.9 Dispute Resolution Coordination. Except to the extent otherwise provided in Section 13 of the Tax Matters Agreement, the provisions of this Article VII (other than this Section 7.9) will not apply with respect to the resolution of any dispute, controversy or claim arising out of or relating to Taxes or Tax matters (it being understood and agreed that the resolution of any dispute, controversy or claim arising out of or relating to Taxes or Tax matters will be governed by the Tax Matters Agreement).

ARTICLE VIII

FURTHER ASSURANCES AND ADDITIONAL COVENANTS

8.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties will (and will cause each member of its Group to) use its reasonable best efforts, prior to, at and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, at and after the Effective Time, each Party will (and will cause each member of its Group to) cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the SpinCo Assets and the CES Assets and the assignment and assumption of the SpinCo Liabilities and the CES Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will (and will cause each member of its Group to), at the reasonable request, cost and expense of the other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets transferred or allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) At or prior to the Effective Time, VSI and SpinCo, in their respective capacities as direct and indirect shareholders of other members of their respective Groups, will each approve or ratify any actions that are reasonably necessary or desirable to be taken by VSI, SpinCo or any of the other members of their respective Groups, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Nothing in this Article VIII will limit or affect the provisions of Section 3.1(a) or Article IX.

8.2 Non-Competition; Non-Solicitation.

(a) As an essential consideration for the obligations of the Parties under this Agreement, and in contemplation of the consummation of the Separation and the Distribution, each of VSI and SpinCo hereby agrees that, for a period of 36 months following the Spin-off Date (the "Non-Compete Period"), such Party will not, and will cause each other member of its respective Group not to, directly or indirectly own, invest in, operate, manage, control, participate or engage in any Prohibited Business. "Prohibited Business" means (i) with respect to any member of the CES Group, the SpinCo Business as conducted immediately following the Effective Time; and (ii) with respect to any member of the SpinCo Group, the CES Business as conducted immediately following the Effective Time; provided, that nothing in this Section 8.2 will prohibit the ownership by VSI or SpinCo, as the case may be, or any member of its Group, of debt, equity or other class of securities of any Person that owns, invests in, operates, manages, controls,

participates or engages directly or indirectly in a Prohibited Business, provided ownership of such securities (either directly, indirectly or upon conversion) is less than 5% of such class of securities of such Person.

(b) In the event that a merger, acquisition, consolidation or other business combination with another Person that directly or indirectly owns, invests in, operates, manages, controls, participates or engages in a Prohibited Business results in VSI or SpinCo, as the case may be, directly or indirectly owning, investing in, operating, managing, controlling, participating or engaging in a Prohibited Business in breach of Section 8.2(a) at the time of such transaction, the parties to such transaction will have a period of 365 days from the date of the closing or consummation of such transaction to cure (by divestiture or otherwise, including, for the avoidance of doubt, in the event that such 365-day cure period extends beyond the expiration of the Non-Compete Period) such failure before the parties are deemed to be in breach of this Section 8.2.

(c) For a period of 36 months following the Spin-off Date, each Party will not, and will cause its Subsidiaries not to, without the prior written approval of the other Party, directly or indirectly (i) interfere with or influence the business arrangement, whether contractual or otherwise, between any customer of the other Party or member of its respective group, or (ii) solicit any Person who was a customer of the other Party or member of its respective Group to terminate or alter its relationship with the other Party or member of its respective Group. For the avoidance of doubt, VSI and SpinCo may provide services to the same party during such period.

(d) For a period of 36 months following the Spin-off Date, each Party will not, and will cause its Subsidiaries not to, without the prior written approval of the other Party, directly or indirectly solicit (or cause to be directly or indirectly solicited) for employment any employee of the other Party's respective Group; provided that the foregoing restriction will not apply to (i) generalized searches for employees through media advertisements of general circulation, employment search firms, open job fairs or other similar means which are not specifically targeted at such employees or hiring any person that responds to such generalized search or (ii) any such employees whose employment is terminated by the other Party or any member of its respective Group or who voluntarily terminates his or her employment prior to any such solicitation by the other Party.

(e) It is the intention of each of the Parties that if any of the restrictions or covenants contained in this Section 8.2 is held by a court of competent jurisdiction to cover a geographic area or to be for a length of time that is not permitted by applicable Law, or is in any way construed by a court of competent jurisdiction to be too broad or to any extent invalid, such provision will be construed and interpreted or reformed by a court of competent jurisdiction to provide for a covenant having the maximum enforceable geographic area, time period and other provisions (not greater than those contained in this Section 8.2) as will be valid and enforceable under such Law. Each of VSI and SpinCo acknowledges that any breach of the terms, conditions or covenants set forth in this Section 8.2 will be competitively unfair and may cause irreparable damage to the other Party because of the special, unique, unusual and extraordinary character of the

business of the CES Group and the SpinCo Group, respectively, and the recovery of damages at Law will not be an adequate remedy. Accordingly, each of the Parties agrees that for any breach of the terms, covenants or agreements of this Section 8.2, a restraining order or an injunction or both may be issued against the breaching Party, in addition to any other rights or remedies a non-breaching Party may have.

(f) Nothing in this Section 8.2 will prohibit directors or officers of VSI from serving on SpinCo's board of directors nor from serving as directors or officers of VSI during or following their service on SpinCo's board of directors. Notwithstanding the foregoing, the Parties will staff the boards of directors of VSI and SpinCo in a manner that does not contravene the Parties' intention that the Distribution qualify as a transaction that is generally tax-free under Section 355 of the Code for U.S. federal income tax purposes.

ARTICLE IX

TERMINATION

9.1 Termination. Notwithstanding any provision to the contrary, this Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by VSI, in its sole and absolute discretion, without the approval or consent of any other Person, including SpinCo. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

9.2 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, this Agreement and all Ancillary Agreements will become void and no Party (nor any of its Affiliates, directors, officers or employees) will have any Liability or further obligation to the other Party (or any of its Affiliates) by reason of this Agreement.

ARTICLE X

MISCELLANEOUS

10.1 Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.

(a) This Agreement may be executed in one or more counterparts (including by facsimile, PDF or other electronic transmission), all of which will be considered one and the same agreement.

(b) This Agreement and the Ancillary Agreements contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter.

(c) Each Party represents and warrants to the other Party as follows:

(i) it has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

10.2 Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement will be governed by and construed and interpreted in accordance with the Laws of the State of Delaware without regard to rules of conflicts of laws.

10.3 Coordination with Ancillary Agreements. Except as expressly set forth in the applicable Ancillary Agreement, in the case of any conflict between this Agreement, on the one hand, and any Ancillary Agreement (other than a Transfer Document), on the other, in relation to matters specifically addressed by such Ancillary Agreement, the applicable Ancillary Agreement, will prevail. For the avoidance of doubt, in the case of any conflict between this Agreement and any Ancillary Agreement (other than a Transfer Document), on the one hand, and any Transfer Document, on the other, this Agreement or the Ancillary Agreement that is not a Transfer Document will prevail. In addition, for the avoidance of doubt, the Tax Matters Agreement will govern all matters (including any indemnities and payments among the Parties and each other member of their respective Groups and the allocation of any rights and obligations pursuant to agreements entered into with Third Parties) relating to Taxes or otherwise expressly addressed in the Tax Matters Agreement.

10.4 Binding Effect; Assignability. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that no Party may assign any of its rights or assign or delegate any of its obligations under this Agreement without the express prior written consent of the other Party.

10.5 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and their respective Subsidiaries, Affiliates, successors and assigns and will not be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement. The Parties agree that each SpinCo Indemnitee and CES Indemnitee who is not a party to this Agreement is an intended third party beneficiary of the indemnification provisions of this Agreement

10.6 Notices. All notices, requests and other communications to any Party hereunder will be in writing and will be deemed given if delivered personally, emailed (which is confirmed) or sent by overnight courier (providing proof of delivery) to the Parties at the following addresses:

If to VSI, to:

Verint Systems Inc.
175 Broadhollow Road
Melville, New York 11747
Attention: Chief Administrative Officer
Email: peter.fante@verint.com

with a copy to (which will not constitute notice):

Jones Day
250 Vesey Street
New York, New York 10281
Attention: Randi C. Lesnick
Email: rclesnick@JonesDay.com

If to SpinCo to:

Cognyte Software Ltd.
33 Maskit
Herzliya Pituach 4673333
Israel
Attention: Ziv Levi, Chief Legal Officer
Email: ziv.levi@cognyte.com

with a copy to (which will not constitute notice):

Meitar Law Offices
16 Abba Hillel Rd.
Ramat Gan 5250608
Israel
Attention: Dan Shamgar
Email: dshamgar@meitar.com

A Party may, by notice to the other Party, change the address to which such notices are to be given. All such notices, requests and other communications will be deemed received on the date of actual receipt by the recipient thereof if received prior to 5:00 p.m. local time in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication will be deemed not to have been received until the next succeeding business day in the place of receipt.

10.7 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid, void or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties will negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect, as closely as possible, the original intent of the Parties.

10.8 Force Majeure. No Party will be deemed in default of this Agreement or (unless otherwise expressly provided therein) any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) will be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision will, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements as soon as reasonably practicable.

10.9 Expenses. Except as otherwise expressly set forth in this Agreement or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all out-of-pocket fees, costs and expenses incurred prior to the Effective Time in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Separation, the Form 20-F and the Distribution and the consummation of the transactions contemplated hereby and thereby will be borne by the Party or the applicable member of such Party's Group incurring such fees, costs or expenses.

10.10 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

10.11 Survival of Covenants. Except as expressly set forth in this Agreement, the covenants and agreements contained in this Agreement, and Liability for the breach of any such obligations contained herein, will survive the Separation and the Distribution and will remain in full force and effect.

10.12 Waivers of Default; Remedies Cumulative. Waiver by a Party of any default by another Party of any provision of this Agreement will not be deemed a waiver by the waiving Party of any subsequent or other default, nor will it prejudice the rights of another Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

10.13 Specific Performance. Subject to the provisions of Article VII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party who is, or is to be, thereby aggrieved will have the right to specific performance and injunctive or other equitable relief in respect of its rights

under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies will be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

10.14 Amendments. No provisions of this Agreement may be waived, amended, supplemented or modified, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.15 Interpretation. In this Agreement and the Ancillary Agreements (unless otherwise expressly provided therein), (a) words in the singular will be deemed to include the plural and vice versa and words of one gender will be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules and Exhibits hereto) and not to any particular provision of this Agreement; (c) Article, Section, Schedule and Exhibit references are to the Articles, Sections, Schedules and Exhibits to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) will be deemed to include the exhibits, schedules and annexes to such agreement; (e) references to "$" will mean U.S. dollars; (f) the word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified; (g) the word "or" will not be exclusive; (h) unless otherwise specified in a particular case, the word "days" refers to calendar days; (i) references to "written" or "in writing" include in electronic form; (j) references to "business day" will mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States, or Israel as the context requires; (k) references herein to this Agreement or any other agreement contemplated herein will be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (l) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import will all be references to [●], 2021.

10.16 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither SpinCo or any other member of the SpinCo Group, on the one hand, nor VSI or any other member of the CES Group, on the other hand, will be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other (other than any such damages awarded to a Third Party with respect to a Third-Party Claim).

10.17 Performance. VSI will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the CES Group. SpinCo will

cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the SpinCo Group.

10.18 Mutual Drafting. This Agreement and the Ancillary Agreements will be deemed to be the joint work product of the Parties, and any rule of construction that a document will be interpreted or construed against a drafter of such document will not be applicable.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives.

VERINT SYSTEMS INC.

By: _____
Name:
Title:

COGNYTE SOFTWARE LTD.

By: _____
Name:
Title:

[Signature Page to Separation and Distribution Agreement]

FORM OF TAX MATTERS AGREEMENT

BETWEEN
VERINT SYSTEMS INC.

AND
COGNYTE SOFTWARE LTD.

DATED AS OF [●], 2021

FORM OF TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this "**Agreement**") dated as of [●], 2021, is between Verint Systems Inc., a Delaware corporation ("**VSI**"), and Cognyte Software Ltd., an Israeli company limited by shares ("**SpinCo**").

RECITALS

A. SpinCo and VSI are parties to that certain Separation and Distribution Agreement dated as of the [•], 2021 (the "**Separation and Distribution Agreement**").

B. The Board of Directors of VSI has determined that it would be appropriate and desirable to completely separate the SpinCo Business from VSI;

C. As of the date hereof, VSI is the common parent of an affiliated group of corporations within the meaning of Section 1504(a) of the Code that has elected to file consolidated U.S. Federal income tax returns ("**VSI Consolidated Group**");

D. SpinCo is a wholly owned subsidiary of VSI;

E. Pursuant to the Separation and Distribution Agreement, VSI and SpinCo have agreed to separate the SpinCo Business from VSI by means of the Separation and Distribution and, in connection with the Separation and Distribution, Cognyte Systems Ltd., an Israeli company limited by shares, will become a wholly-owned subsidiary of SpinCo and Cognyte Systems Ltd. will become the 1%, general partner in Cognyte Software LP, a Delaware limited partnership, with SpinCo as the 99% limited partner, and Cognyte Technology Israel Ltd. will become a wholly-owned subsidiary of Cognyte Software LP;

F. VSI and SpinCo intend that (i) the Separation and Distribution qualify for non-recognition of gain or loss under Sections 361 and 355 of the Code, to VSI and VSI's stockholders, and (ii) the transactions described in the Separation and Distribution Agreement generally qualify for non-recognition of gain or loss or tax exemption under Israeli Tax Ordinance or the ITA Private Letter Ruling ((i) and (ii), collectively, "**Tax-Free Status**");

G. The Parties desire to provide for and agree upon the allocation between the Parties of liabilities for Taxes arising prior to, as a result of, and subsequent to the Distribution and Separation, and to provide for and agree upon other matters relating to Taxes.

In consideration of the forgoing and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I.

DEFINED TERMS.

1.1 General. Unless otherwise defined herein, each capitalized term will have the meaning specified for such term in the Separation and Distribution Agreement. As used in this Agreement:

"Adjustment Request" means any claim or request filed with any Tax Authority for the adjustment, refund, or credit of Taxes, including (i) any adjustment pursuant to an amended Tax Return and (ii) any claim for a refund or credit of Taxes.

"Affiliate" means any entity that is directly or indirectly "controlled" by either the person in question or an Affiliate of such person. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise. The term Affiliate shall refer to Affiliates of a person as determined at the relevant time for the determination, *provided* that, for the period from and after the Separation Completion Time no member of the VSI Group shall be deemed an Affiliate of the SpinCo Group and no member of the SpinCo Group shall be deemed an Affiliate of the VSI Group.

"Agreement" has the meaning set forth in the Preamble.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"**Controlling Party**" has the meaning set forth in Section 9.2(f).

"Distribution Date" means the date on which the Distribution occurs.

"Federal Income Tax" means any Tax imposed by Subtitle A of the Code, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing (without regard to any offsetting Tax Attributes).

"Federal Other Tax" means any Tax (other than Federal Income Taxes) imposed by the Code, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Fifty-Percent or Greater Interest" has the meaning ascribed to such term for purposes of Section 355(d) and (e) of the Code.

"Filing Party" has the meaning set forth in Section 3.1.

"Final Determination" means the final resolution of liability for any Income Tax or Other Tax for any Tax Period by or as a result of (i) a final and unappealable decision, judgment, decree or other order of a court of competent jurisdiction; (ii) a final settlement, compromise or other agreement with the relevant Tax Authority, an agreement that constitutes a determination under Section 1313(a)(2) or (4) of the Code, an agreement contained in an IRS Form 870 or 870-AD or comparable form, a closing agreement or

accepted offer in compromise under Section 7121 or 7122 of the Code, or a comparable agreement under State, local or Foreign law, provided, however, that any agreement pursuant to Section 1313(a)(2) or (4) of the Code, only to the extent entered into with the consent of both Companies (such consent not to be unreasonably withheld, conditioned or delayed); (iii) any allowance of a refund or credit in respect of an overpayment of Income Tax or Other Tax, but only after the expiration of all Tax Periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Income Tax or Other Tax; (iv) the expiration of the applicable statute of limitations; or (v) payment of such Tax, if assessed by a Tax Authority, pursuant to an agreement in writing by, as relevant, VSI and SpinCo (or any of their Affiliates) to accept such assessment.

"Foreign" means any jurisdiction other than the United States or any State or subdivision thereof.

"Foreign Income Tax" means any Tax imposed by any Foreign country or any possession of the United States, or by any political subdivision of any Foreign country or United States possession, that is an income tax as defined in Treasury Regulation Section 1.901-2, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing (without regard to any offsetting Tax Attributes).

"Foreign Other Tax" means any Tax imposed by any Foreign country or any possession of the United States, or by any political subdivision of any Foreign country or United States possession (other than any Foreign Income Taxes), and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"Foreign Tax" means any Foreign Income Tax and/or Foreign Other Tax.

"Group" means the VSI Group or the SpinCo Group, or both, as the context requires.

"Income Tax" means any Federal Income Tax, State Income Tax and/or Foreign Income Tax.

"Income Tax Return" means any Tax Return with respect to any Income Tax.

"IRS" means the United States Internal Revenue Service.

"**IRS Private Letter Ruling**" means the private letter ruling issued to VSI by the IRS, dated November 23, 2020.

"ITA" means the Israel Tax Authority.

"**ITA Private Letter Ruling**" means the private letter ruling issued to Verint Systems Ltd. by the ITA, dated December 31, 2020.

"Non-Controlling Party" has the meaning set forth in Section 9.2(f).

"Non-Responsible Party" means, with respect to any Tax Return, the Party that is not the Responsible Party.

"Other Tax" means any Federal Other Tax, State Other Tax, and/or Foreign Other Tax.

"Past Practices" has the meaning set forth in Section 3.2(a).

"Payment Date" means (i) with respect to any Tax Return for U.S. federal income tax purposes, the due date for any required installment of estimated Taxes determined under Section 6655 of the Code, the due date (determined without regard to extensions) for filing the Return determined under Section 6072 of the Code, and the date the Return is filed; and (ii) with respect to any other Tax Return, the corresponding dates determined under the applicable Tax Law.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. federal income tax purposes.

"Post-Separation Completion Period" means any Tax Period beginning after the Separation Completion Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Separation Completion Date.

"Pre-Separation Completion Period" means any Tax Period ending on or before the Separation Completion Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Separation Completion Date.

"Prime Rate" means the base rate on corporate loans charged by JPMorgan Chase Bank, N. A. from time to time, compounded daily on the basis of a year of 365 or 366 (as applicable) days and actual days elapsed.

"Proposed Acquisition Transaction" means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulation Section 1.355-7, to enter into a transaction or series of transactions), whether such transaction is supported by SpinCo or VSI, as applicable, management or shareholders, is a hostile or unsolicited acquisition, or otherwise, as a result of which VSI or SpinCo would merge, join or consolidate with any other Person or as a result of which any Person or any group of related Persons would (directly or indirectly) acquire, or have the right to acquire, from VSI or SpinCo and/or one or more holders of outstanding shares of VSI Capital Stock or SpinCo Capital Stock, as applicable and including through a stock offering or other issuance, a number of shares of VSI Capital Stock or SpinCo Capital Stock that would, when combined with any other changes in ownership of VSI Capital Stock or SpinCo Capital Stock pertinent for purposes of Section 355(e) of the Code, equal or exceed the Fifty-Percent or Greater Interest in relation to (A) the value of all outstanding shares of VSI Capital Stock or SpinCo Capital Stock as of the date of such transaction, or in the case of a series of transactions, the date

of the last transaction of such series, or (B) the total combined voting power of all outstanding shares of VSI Capital Stock or SpinCo Capital Stock as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by VSI or SpinCo of a shareholder rights plan that meets the requirements of Revenue Ruling 90-11, (ii) issuances of stock by VSI or SpinCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d) or (iii) transfers of stock on an established securities market that are described in Safe Harbor VII of Treasury Regulation Section 1.355-7(d). For this purpose, any recapitalization, repurchase or redemption of VSI Common Stock or other VSI Capital Stock or SpinCo Common Stock or other SpinCo Capital Stock (as the case may be) and any amendment to the certificate of incorporation (or other organizational documents) of VSI or SpinCo (as the case may be) shall be treated as an indirect acquisition of such stock by any shareholder to the extent such shareholder's percentage interest, in interests that are treated as outstanding equity in VSI or SpinCo (as the case may be) for U.S. federal income tax purposes, increases by vote or value. This definition and the application thereof are intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

"Remaining Business" means any business conducted by VSI and its Affiliates prior to the Distribution other than the SpinCo Business, and all business conducted by VSI and its Affiliates after the Separation.

"Responsible Party" means, with respect to any Tax Return, the person having the primary responsibility for preparing such Tax Return under this Agreement.

"**Restricted Actions**" means, with respect to SpinCo, the actions listed in Sections 6.2(a), (b) and (c) and, with respect to VSI, the actions listed in Sections 6.3(a), (b) and (c).

"Restriction Period" has the meaning set forth in Section 6.2(b).

"Ruling" means a private letter ruling issued by the IRS or the ITA to VSI, SpinCo, or any of their Affiliates to the effect that a transaction will not affect the Tax-Free Status.

"Ruling Request" means any letter filed by VSI, SpinCo, or any of their Affiliates with the IRS or the ITA requesting a Ruling (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

"Separate Return" means a VSI Separate Return or a SpinCo Separate Return, or both, as the context requires.

"Separation Completion Date" means the date on which the Separation Completion Time occurs.

"SpinCo" has the meaning set forth in the Preamble.

"SpinCo Active Trade or Business" means the active conduct (within the meaning of Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by VSI and its "separate affiliated group" (within the meaning of in Section 355(b)(3)(B) of the Code) of the SpinCo Business as conducted immediately prior to the Separation.

"SpinCo Adjustment" means any proposed adjustment by a Tax Authority or claim for refund or credit asserted in a Tax Contest to the extent that, under this Agreement, SpinCo would be exclusively liable for any resulting Tax or exclusively entitled to receive any resulting Tax Benefit.

"SpinCo Capital Stock" means all classes or series of stock of SpinCo, including (i) the SpinCo Common Stock, (ii) all options, warrants and other rights to acquire such stock and (iii) all instruments properly treated as stock in SpinCo for U.S. federal income tax purposes.

"SpinCo Carryback" means any net operating loss, net capital loss, excess tax credit, or other similar Tax Attribute of any member of the SpinCo Group which may or must be carried from one Tax Period to a prior Tax Period under the Code or other applicable Tax Law.

"SpinCo Common Stock" means the single class of authorized and outstanding common stock of SpinCo immediately after the Distribution.

"SpinCo Foreign Combined Income Tax Return" means a consolidated, combined, unitary or other similar Tax Return for Foreign Income Taxes or any Tax Return for Foreign Income Taxes with respect to any profit and/or loss sharing group, group payment or similar group or fiscal unity, in each case, that exclusively includes, by election or otherwise, two or more members of the SpinCo Group.

"SpinCo Group" means (a) prior to the Separation Completion Time, SpinCo and each Person that will be a Subsidiary of SpinCo as of immediately after the Separation Completion Time, including the Transferred Entities, even if, prior to the Separation Completion Time, such Person is not a Subsidiary of SpinCo; and (b) at and after the Separation Completion Time, SpinCo and each Person that is a Subsidiary of SpinCo.

"SpinCo Group Return" means any Income Tax Return exclusively of SpinCo and/or any member of the SpinCo Group.

"SpinCo Listed Action" has the meaning set forth in Section 6.5(b).

"SpinCo Separate Return" means any Return of SpinCo or any member of the SpinCo Group that is not a SpinCo State Combined Income Tax Return or SpinCo Foreign Combined Income Tax Return.

"SpinCo State Combined Income Tax Return" means a consolidated, combined, unitary or other similar Tax Return for State Income Taxes that exclusively includes, by election or otherwise, two or more members of the SpinCo Group.

"State" means any of the 48 contiguous states of the United States, plus Alaska, Hawaii and the District of Columbia.

"State Income Tax" means any Tax imposed by any State of the United States or by any political subdivision of any such State which is based upon, measured by, or calculated with respect to: (i) net income or profits or net receipts, however denominated (including any capital gains, minimum Tax, or any Tax on items of Tax preference, but not including sales, use, real or personal property, value added, escheat, excise (other than excise taxes based on or measure by net income, receipts, or earnings), goods and services, customs or transfer or similar Taxes) or (ii) multiple bases (including franchise, doing business and occupation Taxes) if one or more bases upon which such Tax may be based, measured by, or calculated with respect to, is described in clause (i), together, in each case, with any interest, penalties, additions to tax or additional amounts in respect of the foregoing (in each case, without regard to any offsetting Tax Attributes).

"State Other Tax" means any Tax imposed by any State of the United States or by any political subdivision of any such State (other than any State Income Taxes), including, for the avoidance of doubt, sales, use, real or personal property, value added, escheat, excise, goods and services, customs, or transfer or similar Taxes, and any interest, penalties, additions to tax, or additional amounts in respect of the foregoing.

"State Tax" means any State Income Taxes and/or State Other Taxes.

"Straddle Period" means any Tax Period that begins on or before and ends after the Separation Completion Date.

"Tax" or **"Taxes"** means (i) any income, capital gain or loss, franchise, profits, minimum, base erosion, gross receipts, estimated, ad valorem, net worth, transfer, value added, sales, use, real or personal property, payroll, withholding, employment, social security, excise, stamp, registration, alternative, add-on minimum, unclaimed property, escheat or other tax of whatever kind (including any fee, assessment or other charges in the nature of or in lieu of any tax) payable to any Tax Authority or other Governmental Authority and (ii) any interest, fines, penalties or additions imposed with respect thereto.

"Tax Adjustment" means an adjustment of any item of income, gain, loss, deduction, credit or other Tax Attribute.

"Tax Advisor" means an independent tax counsel or an accounting firm of recognized national standing in the United States or other applicable jurisdiction that imposes the Tax in respect of which advice is rendered or an opinion is delivered, *provided* that, for the avoidance of doubt, if acceptable to the Parties, the Tax Advisor for a matter can be the auditor of any of the Parties.

"Tax Attribute" means a net operating loss, net capital loss, unused investment credit, unused Foreign tax credit, Section 163(j) carryforward, excess charitable contribution, general business credit, alternative minimum tax credit or any other Tax Item that could reduce a Tax (including, for the avoidance of doubt, additions to the basis of property), in each case, including (x) the equivalent thereof under any non-U.S. Tax Laws and (y) any such items computed on a consolidated, combined, or unitary basis.

"Tax Authority" means, with respect to any Tax, the Governmental Authority that imposes such Tax, and the agency (if any) charged with the administration, assessment, or collection of such Tax for such Governmental Authority.

"Tax Benefit" means any refund, credit, or other reduction in Taxes.

"Tax Contest" means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund).

"Tax-Free Status" has the meaning set forth in the Recitals.

"Tax Item" means, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

"Tax Law" means any law, statute, code, regulation, rule, ordinance, policy, guideline, decision, decree, order, ruling or other requirement of any Governmental Authority relating to any Tax.

"Tax Materials" means representation letters and any other materials delivered or deliverable by VSI, SpinCo, or any other member of their respective Group in connection with obtaining the IRS Private Letter Ruling, the ITA Private Letter Ruling and the rendering by Jones Day of the Tax Opinion.

"Tax Matters Dispute" has the meaning set forth in Section 13.1.

"Tax Opinion" means the opinion of Jones Day, deliverable to VSI relating to the Tax-Free Status of the Distribution.

"Tax Period" means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

"Tax Records" means any Tax Returns, Tax Return workpapers, documentation relating to any Tax Contests, and any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority.

"Tax-Related Losses" means (i) all U.S. federal, state and local and Foreign Taxes imposed (without regard to any offsetting Tax Attributes) on VSI (or any its Affiliates) or SpinCo (or any its Affiliates), as applicable, pursuant to any settlement, Final

Determination, judgment or otherwise; (ii) all accounting, legal and other professional fees, and court costs incurred by VSI or SpinCo in connection with such Taxes; and (iii) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by VSI (or any VSI Affiliate) or SpinCo (or any SpinCo Affiliate) in respect of the liability of shareholders, whether paid to shareholders or to the IRS or any other Tax Authority, in each case of clause (i), (ii), or (iii), resulting from the failure of the Distribution and Separation to qualify (in whole or in part) for Tax-Free Status.

"Tax-Related Loss Contribution" has the meaning set forth in Section 6.4(c).

"Tax Return" or **"Return"** means any return or report of Taxes due, any claim for refund of Taxes paid, any information return with respect to Taxes, or any other similar return, report, statement, declaration, or document required to be filed under the Code or other Tax Law, including any attachments, schedules, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

"Tax Return Objection Notice" has the meaning set forth in Section 3.5.

"Transfer Taxes" means all sales, use, transfer, recordation, documentary, stamp, value added or similar Other Taxes.

"Treasury Regulations" means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

"Unapproved VSI Action" means any act or failure to act by VSI or any VSI Affiliate that was undertaken, approved, or authorized without the approval of a majority of the VSI Directors.

"Unqualified Tax Opinion" means an unqualified "will" opinion of a Tax Advisor, which Tax Advisor is acceptable to VSI, on which VSI may rely to the effect that a transaction will not (a) affect the Tax-Free Status of the Separation or Distribution, (b) violate any representation or requirement, or otherwise adversely affect any conclusion, set forth in the Tax Opinion, the IRS Private Letter Ruling or the ITA Private Letter Ruling, provided that any such Tax opinion obtained in connection with a proposed acquisition of SpinCo Capital Stock shall not qualify as an Unqualified Tax Opinion unless such Tax opinion also concludes that such proposed acquisition will not be treated as "part of a plan (or series of related transactions)", within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes the Distribution. Any such opinion must assume that the Separation and Distribution would have qualified for Tax-Free Status if the transaction in question did not occur.

"VSI" has the meaning set forth in the first sentence of this Agreement.

"VSI Active Trade or Business" means the active conduct (within the meaning of Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by VSI and its "separate affiliated group" (within the meaning of Section 355(b)(3)(B) of the Code) of the Remaining Business as conducted immediately prior to the Distribution and Separation.

"VSI Adjustment" means any proposed adjustment by a Tax Authority or claim for refund or credit asserted in a Tax Contest to the extent that, under this Agreement, VSI would be exclusively liable for any resulting Tax or exclusively entitled to receive any resulting Tax Benefit.

"VSI Consolidated Group" has the meaning set forth in the Recitals.

"VSI Capital Stock" means all classes or series of stock of VSI, including (i) the VSI Common Stock, (ii) all options, warrants and other rights to acquire such stock and (iii) all instruments properly treated as stock in VSI for U.S. federal income tax purposes.

"VSI Common Stock" means the single class of common stock of VSI authorized and outstanding on the Distribution Date.

"VSI Director" means any member of the Board of Directors of VSI.

"VSI Federal Consolidated Income Tax Return" means any consolidated Tax Return for Federal Income Taxes for the VSI Consolidated Group.

"VSI Foreign Combined Income Tax Return" means a consolidated, combined, unitary or other similar Tax Return for Foreign Income Taxes or any Tax Return for Foreign Income Taxes with respect to any profit and/or loss sharing group, group payment or similar group or fiscal unity, in each case, that includes, by election or otherwise, at least one member of the VSI Group.

"VSI Group" means VSI and each Person that is a Subsidiary of VSI (other than SpinCo and any other member of the SpinCo Group).

"VSI Group Return" means any VSI Federal Consolidated Income Tax Return, VSI Foreign Combined Income Tax Return, or VSI State Combined Income Tax Return.

"VSI Listed Action" has the meaning set forth in Section 6.5(a).

"VSI Separate Return" means any Return of VSI or any member of the VSI Group that is not a VSI Group Return.

"VSI State Combined Income Tax Return" means a consolidated, combined, unitary or other similar Tax Return for State Income Taxes that includes, by election or otherwise, at least one member of the VSI Group.

(a) *(b) Interpretation.* For purposes of this Agreement: (i) VSI and SpinCo are sometimes collectively referred to herein as the "**Companies**" or the "**Parties**" and, as the context requires, individually referred to herein as the "**Company**" or a "**Party**"; (ii) words "**include**", "**includes**" and "**including**" shall be deemed to be followed by the phrase "without limitation"; (iii) any reference herein to any Person shall be construed to include

such Person's successors and permitted assigns; (iv) the words "**herein**", "**hereof**" and "**hereunder**", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof; (v) except as otherwise provided (e. g. , with respect to references to the Code), all references herein to a "**Section**" or "**Sections**" shall be construed to refer to Sections of this Agreement; (vi) the headings and captions for this Agreement are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement; and (vii) if any period referred to herein expires on a day which is not a Business Day, or any event or condition is required by the terms of this Agreement to occur or be fulfilled (including the making of any payment required hereunder) on a day which is not a Business Day, such period shall expire on or such event or condition shall not be required to occur or be fulfilled until, as the case may be, the next succeeding Business Day.

ARTICLE II.

ALLOCATION OF AND INDEMNIFICATION FOR TAX LIABILITIES.

2.1 General Rule. The allocation of liability for Taxes under this Section 2 shall be applicable to (i) any adjustment to an item of income, gain, deduction, loss, or credit that has been reported on a Tax Return as of the Separation Completion Time which is attributable to a Pre-Separation Completion Period, (ii) any Taxes (without regard to any offsetting Tax Attributes) attributable to a Pre-Separation Completion Period which have not been reported on a Tax Return as of the Separation Completion Time, and (iii) all Taxes (without regard to any offsetting Tax Attributes) attributable to a Post-Separation Completion Period.

(a) *VSI Liability.* VSI (and its Affiliates) shall be liable for, and shall indemnify and hold harmless the SpinCo Group from and against any and all liability for Taxes that are allocated to VSI under this Section 2 (including any increase in such Taxes as a result of a Final Determination, whether or not reported on a Tax Return).

(b) *SpinCo Liability.* SpinCo (and its Affiliates) shall be liable for, and shall indemnify and hold harmless VSI (or any Affiliate of VSI, as applicable) from and against any and all liability for Taxes that are allocated to SpinCo under this Section 2 (including any increase in such Taxes as a result of a Final Determination).

(c) *Apportionment*. For purposes of this Agreement, any Taxes attributable to a Straddle Period shall be apportioned between the portion of such period up to and including the Separation Completion Date and the portion of such period that begins after the Separation Completion Date based, (i) in the case of any Taxes other than Taxes based upon or related to income or receipts, on a *per diem* basis and, (ii) in the case of any Tax based upon or related to income or receipts be deemed equal to the amount which would be payable if the relevant taxable period ended as of the close of business on the Separation Completion Date. For purposes of this Section 2.1(c), any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated to the portion of the Straddle Period in the same manner as that set forth in clause (i) of this Section 2.1(c).

2.2 Allocation of United States Federal Income Taxes and Federal Other Taxes. Except as provided in Section 2.6, Federal Income Taxes and Federal Other Taxes shall be allocated as follows:

(a) *Allocation of Income Taxes Relating to Federal Consolidated Income Tax Returns.* VSI (and its Affiliates) shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any VSI Federal Consolidated Income Tax Return, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business. SpinCo (and its Affiliates) shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any VSI Federal Consolidated Income Tax Return to the extent such Taxes are related to, or arise in connection with, the SpinCo Business.

(b) *Allocation of Income Taxes Relating to Federal Separate Income Tax Returns.* VSI (and its Affiliates) shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any (i) VSI Separate Return, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business, and (ii) SpinCo Separate Return to the extent such Taxes are related to, or arise in connection with, the Remaining Business. SpinCo (and its Affiliates) shall be responsible for any and all Federal Income Taxes due with respect to or required to be reported on any (i) VSI Separate Return to the extent such Taxes are related to, or arise in connection with, the SpinCo Business and (ii) SpinCo Separate Return, except to the extent such Taxes are related to, or arise in connection with, the Remaining Business.

(c) *Allocation of Federal Other Taxes.* With respect to any Federal Other Taxes, VSI (and its Affiliates) shall be responsible for any and all such Taxes, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business, and SpinCo (and its Affiliates) shall be responsible for any and all such Taxes to the extent such Taxes are related to, or arise in connection with, the SpinCo Business.

2.3 Allocation of State Income and State Other Taxes. Except as provided in Section 2.6, State Income Tax and State Other Tax shall be allocated as follows:

(a) *Allocation of State Income Taxes Relating to State Combined Income Tax Returns.* VSI (and its Affiliates) shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any (i) VSI State Combined Income Tax Return, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business and (ii) SpinCo State Combined Income Tax Return to the extent such Taxes are related to, or arise in connection with, the Remaining Business. SpinCo (and its Affiliates) shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any (i) SpinCo State Combined Income Tax Return, except to the extent such Taxes are related to, or arise in connection with, the Remaining Business and (ii) VSI State Combined Income Tax Return to the extent such Taxes are related to, or arise in connection with, the SpinCo Business.

(b) *Allocation of State Income Taxes Relating to Separate Returns.* VSI (and its Affiliates) shall be responsible for any and all State Income Taxes due with respect to

or required to be reported on any (i) VSI Separate Return, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business and (ii) SpinCo Separate Return to the extent such Taxes are related to, or arise in connection with, the Remaining Business. SpinCo (and its Affiliates) shall be responsible for any and all State Income Taxes due with respect to or required to be reported on any (i) VSI Separate Return to the extent such Taxes are related to, or arise in connection with, the SpinCo Business and (ii) SpinCo Separate Return, except to the extent such Taxes are related to, or arise in connection with, the Remaining Business.

(c) *Allocation of State Other Taxes.* With respect to any State Other Taxes, VSI (and its Affiliates) shall be responsible for any and all such Taxes, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business, and SpinCo (and its Affiliates) shall be responsible for any and all such Taxes to the extent such Taxes are related to, or arise in connection with, the SpinCo Business.

2.4 Allocation of Foreign Taxes. Except as provided in Section 2.6, Foreign Income Tax and Foreign Other Tax shall be allocated as follows:

(a) *Allocation of Foreign Income Taxes Relating to Foreign Combined Income Tax Returns.* VSI (and its Affiliates) shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any (i) VSI Foreign Combined Income Tax Return, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business and (ii) SpinCo Foreign Combined Income Tax Return to the extent such Taxes are related to, or arise in connection with, the Remaining Business. SpinCo (and its Affiliates) shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any (i) VSI Foreign Combined Income Tax Return to the extent such Taxes are related to, or arise in connection with, the SpinCo Business and (ii) SpinCo Foreign Combined Income Tax Return, except to the extent such Taxes are related to, or arise in connection with, the Remaining Business.

(b) *Allocation of Foreign Income Taxes Relating to Separate Returns.* VSI (and its Affiliates) shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any (i) VSI Separate Return, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business and (ii) SpinCo Separate Return to the extent such Taxes are related to, or arise in connection with, the Remaining Business. SpinCo (and its Affiliates) shall be responsible for any and all Foreign Income Taxes due with respect to or required to be reported on any (i) VSI Separate Return to the extent such Taxes are related to, or arise in connection with, the SpinCo Business and (ii) SpinCo Separate Return, except to the extent such Taxes are related to, or arise in connection with, the Remaining Business.

(c) *Allocation of Foreign Other Taxes.* With respect to any Foreign Other Taxes, VSI (and its Affiliates) shall be responsible for any and all such Taxes, except to the extent such Taxes are related to, or arise in connection with, the SpinCo Business, and SpinCo (and its Affiliates) shall be responsible for any and all such Taxes to the extent such Taxes are related to, or arise in connection with, the SpinCo Business.

2.5 Allocation of Certain Specified Taxes. SpinCo (or its relevant Affiliate) shall be responsible for all Taxes specified in Schedule 2.5.

2.6 Interpretation.

(a) *Allocation of Taxes*. For purposes of allocating any Taxes under this Section 2, except as provided in Section 2.6(b), "related to, or arise in connection with, the SpinCo Business" or "related to, or arise in connection with, the Remaining Business" means (i) all Taxes properly allocable to an entity engaged solely in the SpinCo Business or the Remaining Business, as applicable, during the taxable period at issue, (ii) in the case of an entity engaged in both the SpinCo Business and Remaining Business during the taxable period at issue, all Taxes properly allocable to the SpinCo Business (or the Remaining Business, as applicable) to the extent distinguishable with reasonable accuracy, or (iii) to the extent not so distinguishable, the portion of Taxes properly allocable to the entity equal to the ratio of revenue of such entity attributable to the SpinCo Business (or the Remaining Business, as applicable) over the total revenue of such entity during the taxable period at issue, provided that, in the case of VSI, such ratio shall be the ratio of revenue of the VSI Consolidated Group attributable to the SpinCo Business (or the Remaining Business, as applicable) over the total revenue of the VSI Consolidated Group during the taxable period at issue.

(b) *Subpart F Income and GILTI*. For purposes of allocating under this Section 2 any Income Taxes resulting from any inclusion in income (an "**Inclusion**") of Subpart F or global intangible low-taxed income of a controlled foreign corporation (a "**CFC**") under section 951 or 951A of the Code, or any similar state, local or Foreign law ("**Subpart F Income**"), "related to, or arise in connection with, the SpinCo Business" or "related to, or arise in connection with, the Remaining Business" means (i) all Income Taxes attributable to an Inclusion during the taxable period at issue of Subpart F Income of a CFC engaged solely in the SpinCo Business or the Remaining Business, as applicable, (ii) in the case of an Inclusion during the taxable period at issue of Subpart F Income of a CFC engaged in both the SpinCo Business and Remaining Business during the taxable period at issue, all Subpart F Income properly allocable to the SpinCo Business (or the Remaining Business, as applicable) of the CFC to the extent distinguishable with reasonable accuracy, or (iii) to the extent not so distinguishable, the portion of the Inclusion equal to the ratio of revenue of such CFC attributable to the SpinCo Business (or the Remaining Business, as applicable) over the total revenue of such CFC.

2.7 Certain Transaction Taxes.

(a) *SpinCo Liability.* SpinCo (and its Affiliates) shall be liable for, and shall indemnify and hold harmless VSI (and its Affiliates) from and against any and all liability for:

(i) Any Tax resulting from a breach by SpinCo of any covenant or representation in this Agreement or the Separation and Distribution Agreement; and

(ii) Any Tax-Related Losses or Tax-Related Loss Contribution for which SpinCo is responsible pursuant to Section 6.5.

(b) *VSI Liability.* VSI (and its Affiliates) shall be liable for, and shall indemnify and hold harmless the SpinCo Group from and against any and all liability for:

(i) Any Tax resulting from a breach by VSI of any covenant or representation in this Agreement or the Separation and Distribution Agreement; and

(ii) Any Tax-Related Losses or Tax-Related Loss Contribution for which VSI is responsible pursuant to Section 6.5.

(c) *Certain Transfer Taxes.* Except as otherwise agreed upon by the Parties or their Affiliates, the Parties agree that any and all Transfer Taxes imposed in connection with the transfer of the SpinCo Assets from VSI to SpinCo pursuant to the Separation shall be borne equally by VSI and SpinCo. VSI shall determine the manner in which any Transfer Taxes and any corresponding transactions are reported for Tax purposes, including any position that no Transfer Taxes are due and payable and, unless otherwise required pursuant to a Final Determination, no member of the SpinCo Group shall take any action that is inconsistent with the manner in which such Transfer Taxes are reported. The Parties shall reasonably cooperate to minimize Transfer Taxes. VSI shall file (or cause to be filed) all necessary documentation with respect to such Transfer Taxes on a timely basis; *provided* that the SpinCo Group shall cooperate with the preparation of any such documentation and, to the extent required by applicable Tax Law, will timely file such documentation.

ARTICLE III.

PREPARATION AND FILING OF TAX RETURNS.

3.1 Responsibility for Filing. Subject to the other provisions of this Section 3, Tax Returns shall be filed when due (including extensions) by the Person that is obligated to file such Tax Returns under the Code or other applicable Tax Law (the "**Filing Party**").

3.2 Preparation of Tax Returns.

(a) *General Rule for Income Tax Returns*. Any Income Tax Return for (i) any Pre-Separation Completion Period or Straddle Period shall be prepared, or caused to be prepared, by VSI or a member of the VSI Group, except that SpinCo or a member of the SpinCo Group shall prepare, or cause to be prepared, all such Income Tax Returns required under the Law of Israel, and (ii) any Tax Period beginning after the Separation Completion Date shall be prepared, or caused to be prepared, by the Filing Party or a member of the Filing Party's Group.

(b) *General Rule for Non-Income Tax Returns*. With respect to any Tax Return other than an Income Tax Return for any Tax Period, such Tax Returns shall be prepared, or caused to be prepared, by the Filing Party or a member of the Filing Party's Group; provided, however, that, Section 6.01(c) of the Employee Matters Agreement shall govern the reporting obligations of VSI and its Affiliates and SpinCo and its Affiliates expressly addressed therein.

(c) *Past Practices.* Except as provided in Section 3.2(d), all Tax Returns prepared pursuant to Section 3.2(a)(i) or Section 3.2(b) (but, in the case of 3.2(b), only to the extent that such Returns reflect Taxes for which both VSI or any Affiliate of VSI, on the one hand, and SpinCo or any Affiliate of SpinCo, on the other hand, are responsible under Section 2) must be prepared in accordance with past practices, accounting methods, elections or conventions (**"Past Practices"**) used with respect to the Tax Returns in question (unless there is no reasonable basis for the use of such Past Practices or unless there is no adverse effect (current or future) to VSI), and to the extent any items are not covered by Past Practices (or in the event that there is no reasonable basis for the use of such Past Practices or there is no adverse effect (current or future) to VSI), in accordance with reasonable Tax accounting practices selected by VSI.

(d) *Reporting of Transactions.* The Tax treatment reported on any Tax Return of VSI, SpinCo or any of their respective Affiliates that relates to the Separation and Distribution shall be consistent with the treatment thereof in the IRS Private Letter Ruling, the Tax Opinion and the ITA Private Letter Ruling, except as otherwise required by applicable Law. To the extent there is a Tax treatment relating to the Separation and Distribution that is not covered by the IRS Private Letter Ruling, the Tax Opinion or the ITA Private Letter Ruling, then the Tax treatment shall be determined by the Responsible Party with respect to such Tax Return and the other Companies shall be deemed to agree to such Tax treatment unless (i) there is no reasonable basis for such Tax treatment, (ii) such Tax treatment is inconsistent with the Tax treatment contemplated in the IRS Private Letter Ruling, the Tax Opinion or the ITA Private Letter Ruling, except as otherwise required by applicable Law, or (iii) more favorable Tax treatment is available, as confirmed by a "should" level opinion of a Tax Advisor (which opinion and Tax Advisor shall be reasonably acceptable to the Responsible Party). Any dispute regarding such proper Tax treatment shall be referred for resolution pursuant to Section 13, sufficiently in advance of the filing date of such Tax Return (including extensions) to permit timely filing of the Tax Return; *provided* that, if the Tax Advisor is not able to render a final decision prior to the due date for filing the applicable Tax Return, such Tax Return shall be initially filed as prepared by the Responsible Party, but reflecting all non-disputed comments provided by the non-Responsible Party, and, as promptly as practicable after the Tax Advisor finally resolves the dispute, such Tax Return shall be amended as necessary to reflect the determination of the Tax Advisor.

3.3 Post-Distribution Actions

(a) *SpinCo Carrybacks and Claims for Refund.* SpinCo hereby agrees that, unless VSI consents in writing, (i) neither SpinCo, nor any Affiliate of SpinCo, shall make or file any Adjustment Request with respect to any VSI Group Returns, and (ii) SpinCo and its Affiliates shall make or file any available elections to waive the right to claim any SpinCo Carryback arising in a Post-Separation Completion Period to any Pre-Separation Completion Period with respect to any VSI Group Returns, and neither SpinCo, nor any

Affiliate of SpinCo, shall make or file any affirmative election to claim any such SpinCo Carryback; *provided*, *however*, that SpinCo and VSI agree that any such Adjustment Request shall be made with respect to any SpinCo Carryback, upon the reasonable request of SpinCo, if such SpinCo Carryback is necessary to prevent the loss of the Tax Benefit of such SpinCo Carryback and such Adjustment Request, based on VSI's sole determination, will cause no Tax detriment to the VSI Group or any member of the VSI Group (unless SpinCo agrees to reimburse VSI for the Tax detriment (including as a result of any disallowance in whole or in part of the SpinCo Carryback) at no net cost to VSI). Any Adjustment Request which VSI consents to make under this Section 3.3(a) shall be prepared and filed by VSI or the applicable member of the VSI Group, and SpinCo shall be responsible for any out-of-pocket expenses with respect to such request and filing.

(b) *Other Actions*. Without the prior written consent of VSI, SpinCo shall not, and shall not permit any of its Affiliates, to (a) voluntarily approach any Taxing Authority regarding any Taxes related to, or arise in connection with, the Remaining Business for any Pre-Separation Completion Period, (b) propose or agree to any adjustment of any item of SpinCo or any member of the SpinCo Group with a Taxing Authority with respect to Taxes related to, or arise in connection with, the Remaining Business for any Pre-Separation Completion Period or Straddle Period if such adjustment could reasonably be expected to result in VSI being liable for any Taxes under this Agreement, (c) amend, file or re-file any Tax Return of any member of the SpinCo Group for any Pre-Separation Completion Period or Straddle Period if such action by SpinCo, or any member of the SpinCo Group, could reasonably be expected to result in VSI being liable for any Taxes under this Agreement, (d) make, change or revoke any Tax election of any member of the SpinCo Group that would have retroactive effect on Taxes related to, or arise in connection with, the Remaining Business to any Pre-Separation Completion Period, or (e) take any action after the Distribution that is outside the ordinary course of business (other than as expressly contemplated by this Agreement) relating to Taxes related to, or arise in connection with, the Remaining Business, or that could reasonably be expected to result in VSI being liable for any Taxes under this Agreement.

3.4 Basis of Transferred Assets and Apportionment of Other Tax Attributes. As soon as reasonably practicable following the completion of the Separation, VSI shall notify SpinCo in writing of the adjusted Tax basis of the assets transferred to SpinCo in the Separation and the portion, if any, of any earnings and profits, overall foreign loss or other Tax Attribute from Pre-Separation Completion Periods, including consolidated, combined or unitary Tax Attributes, which VSI determines shall be allocated or apportioned to SpinCo under applicable Tax Law. VSI shall provide reasonable timely updates to SpinCo of the adjusted Tax basis of assets and the allocation of Tax Attributes as VSI finalizes Tax Returns for the VSI Group and as adjustments, if any, are subsequently made to such Tax Returns. SpinCo and all members of the SpinCo Group shall prepare all Tax Returns in accordance with such written notice. As soon as practicable after receipt of a written request from SpinCo, VSI shall provide copies of any studies, reports, and workpapers supporting the adjusted Tax basis of the transferred assets and other Tax Attributes allocable to SpinCo. Any dispute regarding the adjusted Tax basis and apportionment of any other Tax Attribute shall be resolved pursuant to the provisions of Section 13. All Tax Returns prepared by the VSI Group and the SpinCo Group shall be consistent with the adjusted Tax basis and any allocation or apportionment as determined pursuant to this Section 3.4.

3.5 Review and Comment Rights. With respect to any Tax Return reflecting any Taxes for which a Non-Responsible Party is liable under Section 2, the Responsible Party shall provide the Non-Responsible Party with a draft of each such Tax Return for the Non-Responsible Party's review and comment, in the case of an Income Tax Return, at least 30 days or, in the case of a Tax Return for Other Taxes, at least 15 days (or, in the case of Tax Returns for Other Taxes, such shorter period as circumstances may reasonably require) prior to the due date for filing the applicable Tax Return (including extensions). The Non-Responsible Party shall have, in the case of an Income Tax Return, ten days or, in the case of a Tax Return for Other Taxes, five days (or, in the case of Tax Returns for Other Taxes, such shorter period as circumstances may reasonably require) from receipt of such draft Tax Return to submit in writing any objection to such Tax Return, setting forth in reasonable detail the basis for any such objection, *provided* that any such objections shall be limited only to items for which the Non-Responsible Party is responsible under Section 4 or that reasonably could be expected to result in an indemnity obligation or right to a refund under this Agreement for the Non-Responsible Party (a "**Tax Return Objection Notice**"). If the Non-Responsible Party does not timely submit a Tax Return Objection Notice in accordance with the immediately preceding sentence, then the Non-Responsible Party shall be deemed to have agreed to the applicable Tax Return as prepared by the Responsible Party. If the Non-Responsible Party timely submits a Tax Return Objection Notice, then the Parties shall work together in good faith to resolve the objections raised in such notice; *provided* that, if the Parties are not able to resolve all objections raised in a Tax Return Objection Notice prior to the due date for filing the applicable Tax Return (including extensions), such Tax Return shall be filed as prepared by the Responsible Party, but reflecting all non-disputed comments provided by the Non-Responsible Party, and, at the Non-Responsible Party's election, the remaining disputed items shall be referred for resolution pursuant to Section 13, in which case, after the Tax Advisor finally resolves the dispute, such Tax Return shall be amended as necessary to reflect the determination of the Tax Advisor.

ARTICLE IV.

TAX PAYMENTS.

4.1 Payment of Taxes with Respect to Any Group Return. VSI shall pay to the IRS or other applicable Tax Authority any Tax due with respect to any VSI Group Return and SpinCo shall pay to the IRS or other applicable Tax Authority any Tax due with respect to any SpinCo Group Return; *provided* that any such Taxes described in Section 4.3 shall be governed by Section 4.3; *provided*, *further*, that Section 6.5 shall apply with respect to payments of Tax-Related Losses and Tax-Related Loss Contributions.

4.2 Payment of Separate Company Taxes and Other Taxes. Each Company shall pay, or shall cause to be paid, to the applicable Tax Authority when due all Taxes owed by such Company or a member of such Company's Group with respect to any

Separate Return for Income Taxes and any Return for Other Taxes, *provided* that any such Taxes described in Section 4.3 shall be governed by Section 4.3; *provided*, *further*, that Section 6.5 shall apply with respect to payments of Tax-Related Losses and Tax-Related Loss Contributions.

4.3 Payment of Taxes With Respect to Joint Taxes. In the case of any Tax Return reflecting Taxes for which both VSI or any Affiliate of VSI, on the one hand, and SpinCo or any Affiliate of SpinCo, on the other, are responsible under Section 2:

(a) *Computation and Payment of Tax Due.* At least ten Business Days prior to any Payment Date for any Tax Return, the Responsible Party shall compute the amount of Taxes required to be paid to the applicable Tax Authority with respect to such Tax Return on such Payment Date and provide the written notice to the Non-Responsible Party reflecting the portion of Taxes allocated to the Non-Responsible Party under Section 2 of this Agreement. If the Non-Responsible Party is not a Filing Party, then such Non-Responsible Party shall pay the amount of Taxes reflected in the notice from the Responsible Party to the Filing Party at least five Business Days prior to any Payment Date for any such Tax Return. If the Non-Responsible Party is a Filing Party, then at least five Business Days prior to any Payment Date for any Tax Return, the Responsible Party shall pay to such Non-Responsible Party the amount of Taxes for which such Responsible Party is responsible under Section 2 of this Agreement. The Filing Party shall remit all Taxes due with respect to any Tax Return on or prior to any Payment Day.

(b) *Adjustments Resulting in Underpayments.* In the case of any adjustment pursuant to a Final Determination with respect to any Tax Return, the Filing Party shall pay to the applicable Tax Authority when due any additional Tax due with respect to such Return required to be paid as a result of such adjustment pursuant to a Final Determination. If the Filing Party is a Responsible Party with respect to such Tax Return, then such Filing Party shall compute the amount attributable to the Non-Responsible Party in accordance with Section 2 and the Non-Responsible Party shall pay to the Responsible Party any amount due to the Responsible Party within 30 days from the date of receipt of a written notice and demand from the Filing Party for payment of the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. If the Filing Party is not a Responsible Party with respect to such Tax Return, then such Filing Party shall provide a notice of adjustment to the Responsible Party within reasonable time of receipt of such notice from the applicable Tax Authority as to enable the Responsible Party to compute the amount attributable to each Group in accordance with Section 2 and the Responsible Party shall pay to the Non-responsible Party any amount due the Non-Responsible Party (who is the Filing Party) within 30 days from the date of receipt of a written notice and demand from the Filing Party for payment of the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Any payments required under this Section 4.3(b) shall include interest computed at the Prime Rate based on the number of days from the date the additional Tax was paid by the Filing Party to the date of the payment under this Section 4.3(b).

4.4 Indemnification Payments. All indemnification payments under this Agreement shall be made by VSI or SpinCo, as applicable, directly to VSI, or SpinCo, as applicable, and all such payments shall, to the extent applicable, be treated by VSI, SpinCo and their respective Affiliates in the manner set forth in Section 12; *provided*, *however*, that if the Companies mutually agree with respect to any such indemnification payment, any member of the VSI Group, on the one hand, may make such indemnification payment to any member of the SpinCo Group, on the other hand, and vice versa; *provided* such indemnification payment will be made on behalf of VSI or SpinCo, as may be applicable, and Section 12.1 will continue to apply to such indemnification payment.

4.5 Recomputations. Notwithstanding anything to the contrary set forth in this Agreement, if one Party makes a payment on account of Taxes to another Party under this Agreement, including with respect to a Tax indemnified against, and the amount of such payment, because of an amended Return, Tax Authority adjustment, Final Determination, carryover of a Tax Item or otherwise, would be increased or decreased if computed at a later date, at the written request of either Party, the Parties shall recompute such payment at such later date and an appropriate adjusting payment shall be made between the Parties promptly following such recomputation.

4.6 Sections 6.01(c), 7.03, and 7.07 of the Employee Matters Agreement shall govern the payment of Taxes, reimbursements and procedure for the indemnification payments expressly addressed therein.

ARTICLE V.

TAX BENEFITS.

5.1 General. Except as set forth below, VSI shall be entitled to any refund or portion thereof (and any interest thereon received from the applicable Tax Authority) of Income Taxes and Other Taxes for which VSI is liable hereunder, SpinCo shall be entitled to any refund or portion thereof (and any interest thereon received from the applicable Tax Authority) of Income Taxes and Other Taxes for which SpinCo is liable hereunder, and a Company receiving a refund (including any credit or offset in lieu of such refund) to which another Company is entitled (in whole or in part) hereunder shall pay over such refund or portion thereof (net of charges imposed on the Company receiving the refund) to such other Company within 30 days after such refund is received (together with interest computed at the Prime Rate based on the number of days from the date the refund was received to the date the refund was paid over).

5.2 Reimbursements. If a member of a Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination to any Taxes for which a member of the other Group is liable hereunder (or to any Tax Attribute of a member of the other Group) and such Tax Benefit would not have arisen but for such adjustment (determined on a "with and without" basis (treating any such Tax Benefit as the last item claimed for the taxable year, including after the utilization of any available net operating loss carryforwards)), the Party whose Group realized such Tax Benefit shall make a payment to the other Party within 30 days following such actual realization of the

Tax Benefit, in an amount equal to such Tax Benefit actually realized in cash (including any Tax Benefit actually realized as a result of the payment) plus interest on such amount computed at the Prime Rate based on the number of days from the date of such actual realization of the Tax Benefit to the date of payment of such amount under this Section 5.2. For the avoidance of doubt, a Tax Benefit is actually realized when the amount of Tax payable is reduced below the amount that would otherwise be payable without the Tax Benefit.

5.3 Cooperation. If as a result of (x) an assessment by a Tax Authority, (y) an amended Return or (z) otherwise, there is an increase in Taxes for which one Group is liable hereunder because of additional income, reduction in a Tax Attribute or otherwise, then the other Group shall at the request of the first Group file an amended Return or otherwise pursue any Tax Benefits claim available to the other Group as a result of the Tax adjustment to the first Group, *provided* that the first Group has furnished the other Group with (i) an opinion of a Tax Advisor reasonably satisfactory to the other Group to the effect that it is at least more likely than not that the other Group will prevail in obtaining Tax Benefits or otherwise reducing the Taxes of the other Group because of the Tax adjustment to the first Group, and (ii) an acknowledgement that the first Group will reimburse the other Group for all reasonable out-of-pocket expenses incurred by the other Group in connection with making such Tax Benefit claim.

ARTICLE VI.

TAX-FREE STATUS.

6.1 Tax Opinion and Tax Materials.

(a) *General.* Each of SpinCo and VSI hereby represents and agrees for itself and on behalf of its Affiliates that (i) it has reviewed the Tax Materials and, subject to any qualifications therein, all information contained in such Tax Materials that concerns or relates to such Company or any member of its respective Group or other Affiliate will be true, correct and complete, from the time presented or made through the Separation Completion Date and thereafter as relevant, (ii) it is unaware of any fact or circumstance that is inconsistent with the Tax Materials or the conclusions of the Tax Opinion, and (iii) no member of its respective Group or other Affiliate has any plan or intention to take any action or fail to take any action if such action or failure to act would be inconsistent with the Tax Materials or would be a Restricted Action.

6.2 Restrictions on SpinCo. The following actions listed in Sections 6.2(a), (b), and (c) shall constitute Restricted Actions in respect of SpinCo.

(a) *General.* SpinCo taking, failing to take, or permitting any SpinCo Affiliate to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any information, statement, representation, undertaking or covenant in the Tax Materials or in the Tax Opinion.

(b) *ATB*. SpinCo failing to continue to be engaged in the SpinCo Active Trade or Business for purposes of Section 355(b)(2) of the Code, taking into account Section 355(b)(3) of the Code at any time from the date hereof until the first day after the three-year anniversary of the Separation Completion Date (such period, the "Restriction Period").

(c) *Additional Restricted Actions*. Any of the following actions by SpinCo during the Restriction Period (except, in the case of clauses (vii) through (ix), during the two-year period commencing on the Separation Completion Date): (i) entry into any Proposed Acquisition Transaction or, to the extent SpinCo has the right to prohibit (or cause to be prohibited) any Proposed Acquisition Transaction involving SpinCo, permitting any Proposed Acquisition Transaction to occur or otherwise providing its approval or board of directors' recommendation to a Proposed Acquisition Transaction involving SpinCo, (ii) merging or consolidating with any other Person or liquidating or partially liquidating, (iii) in a single transaction or series of transactions selling or transferring, or causing its Affiliates to sell or transfer, (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of the assets that were transferred to SpinCo, directly or indirectly, pursuant to the Separation or selling or transfer 30% or more of the gross assets of the SpinCo Active Trade or Business or 30% or more of the consolidated gross assets of the SpinCo Group (such percentages to be measured based on fair market value as of the Distribution Date), (iv) redeeming or otherwise repurchasing (directly or through a SpinCo Affiliate) any SpinCo Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48), (v) amending its certificate of incorporation (or other organizational documents), or taking any other action, whether through a stockholder vote or otherwise, affecting the voting rights of SpinCo Capital Stock (including through the conversion of one class of SpinCo Capital Stock into another class of SpinCo Capital Stock), (vi) taking any other action or actions which in the aggregate (and taking into account any other transactions described in this subparagraph (c)) otherwise results in one or more Persons (whether or not acting in concert) acquiring directly or indirectly stock representing a Fifty-Percent or Greater Interest in SpinCo, (vii) the transfer by SpinCo of its rights in Cognyte Software LP and Cognyte Systems Ltd., (viii) the transfer by Cognyte Software LP of its rights in Cognyte Technology Israel Ltd., or (ix) the issuance of additional rights or shares in either Cognyte Software LP or Cognyte Systems Ltd.

(d) *Certain Issuances of SpinCo Capital Stock*. If SpinCo proposes to enter into any transaction or series of transactions that is not a Proposed Acquisition Transaction, but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were twenty-five percent (25%) or greater instead of Fifty Percent or Greater Interest (an "Acquisition Transaction") or, to the extent SpinCo has the right to prohibit (or cause to be prohibited) any Acquisition Transaction, proposes to permit any Acquisition Transaction to occur, in each case, during the period from the date hereof until the first day after the Restriction Period, SpinCo shall provide VSI, no later than ten (10) days prior to the signing of any written agreement with respect to such Acquisition Transaction, with a written description of such transaction (including the type and amount of SpinCo Capital Stock, as the case may be, to be issued in such

transaction) and a certificate of the Board of Directors of SpinCo to the effect that the Acquisition Transaction is not a Proposed Acquisition Transaction or any other transaction to which the requirements of Section 6.2(c) apply (a "Board Certificate").

(e) *SpinCo Internal Restructuring*. SpinCo shall provide written notice to VSI describing any internal restructuring proposed to be taken during or with respect to any Tax Period (or portion thereof) during the Restriction Period and shall consult with VSI regarding any such proposed actions reasonably in advance of taking any such proposed actions and shall consider in good faith any comments from VSI relating thereto.

6.3 Restrictions on VSI. The following actions listed in Sections 6.3(a), (b) and (c) shall constitute Restricted Actions in respect of VSI.

(a) *General*. VSI taking, failing to take, or permitting any VSI Affiliate to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any information, statement, representation, undertaking or covenant in the Tax Materials or in the Tax Opinion.

(b) *ATB*. VSI failing to continue to be engaged in the VSI Active Trade or Business for purposes of Section 355(b)(2) of the Code, taking into account Section 355(b)(3) of the Code at any time during the Restriction Period.

(c) *Additional Restricted Actions*. Any of the following actions by VSI during the Restriction Period: (i) entering into any Proposed Acquisition Transaction or, to the extent VSI has the right to prohibit any Proposed Acquisition Transaction involving VSI, permitting any Proposed Acquisition Transaction to occur or otherwise provide its approval or board of directors' recommendation to a Proposed Acquisition Transaction involving VSI, (ii) merging or consolidating with any other Person or liquidating or partially liquidating, (iii) in a single transaction or series of transactions selling or transferring, or causing its Affiliates to sell or transfer, (other than sales or transfers of inventory in the ordinary course of business) 30% or more of the gross assets of the VSI Active Trade or Business or 30% or more of the consolidated gross assets of the VSI Group (such percentages to be measured based on fair market value as of the Distribution Date), (iv) redeeming or otherwise repurchasing (directly or through a VSI Affiliate) any VSI Capital Stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48), (v) amending its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of VSI Capital Stock (including through the conversion of one class of VSI Capital Stock into another class of VSI Capital Stock) or (vi) taking any other action or actions which in the aggregate (and taking into account any other transactions described in this subparagraph (c)) otherwise results in one or more Persons (whether or not acting in concert) acquiring directly or indirectly stock representing a Fifty-Percent or Greater Interest in VSI.

6.4 Procedures Regarding Opinions and Rulings

(a) If, during the portion of the Restriction Period beginning on or after the first day following the two-year anniversary of the Separation Completion Date, SpinCo notifies VSI that it desires to take one of the actions described in clauses (i) through (vi) of Section 6.2(c) (a "Notified Action"), VSI and SpinCo shall reasonably cooperate to attempt to obtain any private letter ruling and/or an Unqualified Tax Opinion referred to in Section 6.4(b), as necessary (determined by VSI in its sole discretion) to confirm the Tax-Free Status of the Separation and Distribution notwithstanding such Notified Action, unless VSI shall have waived the requirement to obtain such private letter ruling or Unqualified Tax Opinion.

(b) *Rulings or Unqualified Tax Opinions at SpinCo's Request*. At the reasonable request of SpinCo pursuant to Section 6.4(a), VSI shall cooperate with SpinCo and use commercially reasonable efforts to seek to obtain, as expeditiously as reasonably practicable, any necessary private letter ruling from the IRS (or, if applicable, a supplemental private letter ruling) or an Unqualified Tax Opinion and any necessary private letter ruling from the ITA (or, if applicable, a supplemental private letter ruling) for the purpose of permitting SpinCo to take the Notified Action. Further, in no event shall VSI be required to file any request for a private letter ruling under this Section 6.4(b) unless SpinCo (i) represents that it has reviewed such request, and all information and representations, if any, relating to any member of the SpinCo Group, contained in such request (or in any documents relating thereto) are (subject to any qualifications therein) true, correct and complete, and (ii) agrees to indemnify VSI for any liability arising from such representations and information being untrue, incorrect or incomplete. SpinCo shall reimburse VSI for all reasonable costs and expenses incurred by the VSI Group in preparing and filing any such request and in obtaining a private letter ruling or Unqualified Tax Opinion requested by SpinCo within ten (10) business days after receiving an invoice from VSI therefor.

(c) *Rulings or Unqualified Tax Opinions at VSI's Request*. VSI shall have the right to seek a private letter ruling from the IRS and/or ITA (or, if applicable, a supplemental private letter ruling) concerning any transaction (including the impact of any transaction thereon) or an Unqualified Tax Opinion (or other opinion of a Tax Advisor with respect to any of the transaction) at any time in its sole and absolute discretion. If VSI determines to seek such a private letter ruling or an Unqualified Tax Opinion (or other opinion), SpinCo shall (and shall cause each Affiliate of SpinCo to) cooperate with VSI and take any and all actions reasonably requested by VSI in connection with obtaining the private letter ruling or Unqualified Tax Opinion (or other opinion) (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS, ITA or Tax Advisor; provided that SpinCo shall not be required to make (or cause any Affiliate of SpinCo to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control). VSI and SpinCo shall each bear its own costs and expenses in preparing and filing any such request and in obtaining such a private letter ruling or an Unqualified Tax Opinion (or other opinion) requested by VSI.

(d) *Control over Ruling Process*. SpinCo hereby agrees that VSI shall have sole and exclusive control over the process of obtaining any private letter ruling, and that only

VSI shall apply for such a private letter ruling. In connection with obtaining a private letter ruling pursuant to Section 6.4(b), VSI shall (i) keep SpinCo informed in a timely manner of all material actions taken or proposed to be taken by VSI in connection therewith; (ii) (A) reasonably in advance of the submission of any documents relating to the request for such private letter ruling, provide SpinCo with a draft copy thereof, (B) reasonably consider SpinCo's comments on such draft copy, and (C) provide SpinCo with a final copy; and (iii) provide SpinCo with notice reasonably in advance of, and SpinCo shall have the right to attend, any formally scheduled meetings with the IRS or ITA (subject to the approval of the IRS or ITA, as applicable) that relate to such private letter ruling. Neither SpinCo nor any SpinCo Affiliate directly or indirectly controlled by SpinCo shall seek any guidance from the IRS, ITA or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the Separation or Distribution.

6.5 Liability for Tax-Related Losses and Tax-Related Loss Contribution.

(a) *VSI.* VSI (and its Affiliates) shall be responsible for, and shall indemnify and hold harmless SpinCo, Affiliates of SpinCo, and each of their respective officers, directors and employees from and against, one hundred percent (100%) of any: (1) Tax-Related Losses that are attributable to or result from any one or more of the following: (i) the acquisition of all or a portion of VSI Capital Stock and/or its assets (and/or any of its Affiliate's stock or assets) by any Person, (ii) any negotiations, understandings, agreements or arrangements by or on behalf of VSI with respect to transactions or events (including stock issuances or option grants) or a series of transactions or events that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly stock of VSI representing a Fifty-Percent or Greater Interest therein, (iii) any action or failure to act by VSI after the Distribution (including any amendment to VSI's certificate of incorporation) affecting the voting rights of VSI stock, or (iv) any act or failure to act by VSI or any VSI Affiliate which constitutes a Restricted Action (collectively, a "VSI Listed Action"); *provided*, *however*, that (i) a VSI Listed Action will not be considered a VSI Listed Action to the extent such action is determined in a private letter ruling or Unqualified Tax Opinion pursuant to Section 6.4(c) not to affect the Tax-Free Status of the Separation or Distribution, or violate any representation or requirement, or otherwise adversely affect any conclusion, set forth in the Tax Opinion, the IRS Private Letter Ruling or the ITA Private Letter Ruling; and (ii) VSI shall not be liable under this Section 6.5(a) for any Tax-Related Losses that are attributable to or result from any VSI Listed Action that is an Unapproved VSI Action; and (2) Tax-Related Loss Contribution allocable to VSI under Section 6.5(c).

(b) *SpinCo.* SpinCo (and its Affiliates) shall be responsible for, and shall indemnify and hold harmless VSI, Affiliates of VSI, and each of their respective officers, directors and employees from and against, one hundred percent (100%) of any: (1) Tax-Related Losses that are attributable to or result from any one or more of the following: (i) the acquisition of all or a portion of SpinCo Capital Stock and/or its assets (and/or any of its Affiliate's stock or assets) by any Person, (ii) any negotiations, understandings, agreements or arrangements by or on behalf of SpinCo with respect to transactions or events (including stock issuances or option grants) or a series of transactions or events that cause the Distribution to be treated as part of a plan pursuant to which one or more

Persons acquire directly or indirectly stock of SpinCo representing a Fifty-Percent or Greater Interest therein, (iii) any action or failure to act by SpinCo after the Distribution (including any amendment to SpinCo's certificate of incorporation) affecting the voting rights of SpinCo stock, (iv) any act or failure to act by SpinCo or any SpinCo Affiliate which constitutes a Restricted Action, or (v) any breach by SpinCo of its agreement and representation set forth in Section 6.1(a) (collectively, a "SpinCo Listed Action"); *provided*, *however*, that a SpinCo Listed Action will not be considered a SpinCo Listed Action to the extent such action is determined in a private letter ruling or Unqualified Tax Opinion pursuant to Section 6.4(a) not to affect the Tax-Free Status of the Separation or Distribution, or violate any representation or requirement, or otherwise adversely affect any conclusion, set forth in the Tax Opinion, the IRS Private Letter Ruling or the ITA Private Letter Ruling; (2) Tax-Related Loss Contribution allocable to SpinCo under Section 6.5(c); and (3) Taxes attributable to or resulting from failure by SpinCo or any of its Affiliates to comply with Section 3.2(d) or Section 3.3.

(c) *VSI and SpinCo*. If Tax-Related Losses occur and neither VSI nor SpinCo is responsible for any Tax-Related Losses under paragraph (a) or paragraph (b) of this Section 6.5, as applicable, each Party shall bear an equal proportion of such Tax-Related Losses after reducing such Tax-Related Losses by the amount of any Tax Benefit actually realized as a result of the Tax-Related Losses by either or both Parties in the taxable year of such Tax-Related Losses (determined on a with-or-without basis) (each such proportion of the Tax-Related Losses, a "Tax-Related Loss Contribution").

(d) *Payments*. Payments of amounts for Tax-Related Losses allocated under this Section 6.5 shall be paid by SpinCo or VSI, as applicable, to the Party which paid the Tax-Related Loss to a Tax Authority, with such indemnity being payable within two (2) Business Days after such payment, and shall be treated in the manner set forth in Section 12.

6.6 Protective Section 336(e) and 338(g) Elections. If VSI determines, in its sole discretion, that one or more protective elections under Section 336(e) and 338(g) of the Code (each, a "Protective Election") shall be made with respect to the Separation and/or the Distribution, SpinCo shall (and shall cause any relevant member of the SpinCo Group to) join with VSI (and/or any relevant member of the VSI Group, as applicable) in the making of any such election and shall take any action reasonably requested by VSI or that is otherwise necessary to give effect to any such election (including making any other related election). If any Protective Election is made with respect to the Separation or Distribution, then this Agreement shall be amended in a manner as is determined by VSI in good faith to take into account such Protective Election, including by requiring that, in the event that the Separation and/or Distribution fails to have Tax-Free Status and VSI is not entitled to indemnification for all Tax-Related Losses arising from such failure, SpinCo shall pay over to VSI any Tax Benefit resulting from the relevant Protective Election(s) within thirty (30) days of SpinCo (or any member of the SpinCo Group) realizing such Tax Benefit in cash. For purposes of calculating the amount and timing of realization of any Tax Benefit that SpinCo is required to pay over to VSI pursuant to the preceding sentence, Tax Benefits shall be calculated by assuming that SpinCo and each member of the SpinCo Group have no Tax Attributes (other than the relevant step-up in Tax basis resulting from the relevant Protective Election(s)) in any relevant Tax Period.

ARTICLE VII.

ASSISTANCE AND COOPERATION.

7.1 Assistance and Cooperation. The Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies and their Affiliates including (i) preparation and filing of Tax Returns, (ii) determining the liability for, and amount of, any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding relating to Taxes assessed or proposed to be assessed.

7.2 Tax Return Information.

(a) *General.* Each Company shall provide to the other Company information and documents relating to its Group required by the other Company to prepare Tax Returns, including information concerning any Tax Attributes that were allocated pursuant to this Agreement. Any information or documents that the Responsible Party requires in order to prepare such Tax Returns shall be provided in such form as the Responsible Party reasonably requests and in sufficient time for the Responsible Party to file such Tax Returns on a timely basis. Notwithstanding anything to the contrary in this Agreement, neither SpinCo nor any Affiliate of SpinCo shall be entitled to review any Tax Return, Tax workpapers, financial statements or books and records of VSI or any of its Affiliates (other than actual or pro-forma Tax Returns of members of the SpinCo Group) for any purpose.

(b) *Rulings and Supplemental Tax Opinions*. If SpinCo or VSI requests the assistance of any other person in obtaining a Ruling or supplemental tax opinion, reasonable assistance (including delivery of customary or reasonable representations through an officer's certificate not to be inconsistent with the Tax Materials) will be rendered as expeditiously as possible. The requesting Party shall bear all reasonable out-of-pocket costs and expenses incurred by the other Party in connection with obtaining such a Ruling or supplemental tax opinion, with payment due within ten Business Days after receiving an invoice therefor.

7.3 Confidentiality. Any information or documents provided under this Section 7 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. No Party shall be required to provide any other Person with any information and documentation requested under this Section 7 if the provision of such information or documentation would result in a waiver of attorney-client privilege or other applicable privilege or protection or would violate any Law.

ARTICLE VIII.

TAX RECORDS.

(a) VSI shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Group for Pre-Separation Completion Periods, and VSI shall preserve and keep all other Tax Records relating to Taxes of the Groups for Pre-Separation Completion Periods until seven (7) years after the Separation Completion Date. After such date occurs, VSI may dispose of such Tax Records, unless SpinCo provides a written notice 90 days prior to such date that it will, at its cost and expense, copy or remove, within such 90-day period, all or part of such Tax Records.

(b) SpinCo shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Group for Pre-Separation Completion Periods, and SpinCo shall preserve and keep all other Tax Records relating to Taxes of the Groups for Pre-Separation Completion Periods until seven (7) years after the Separation Completion Date. After such date occurs, SpinCo may dispose of such Tax Records, unless VSI provides a written notice 90 days prior to such date that it will, at its cost and expense, copy or remove, within such 90-day period, all or part of such Tax Records.

ARTICLE IX.

TAX CONTESTS.

9.1 Notice. Within ten days after a Company becomes aware of a Tax Contest that may give rise to Taxes for which another Company is responsible pursuant to this Agreement, such Company shall notify the other Company of such Tax Contest. Such notice shall provide that the notifying Company may seek indemnification from the other Company under this Agreement and shall attach copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. A failure of a Company to comply with this Section 9.1 shall not relieve the indemnifying party of its indemnification obligation under this Agreement, except to the extent such failure materially prejudices the ability of the indemnifying party to contest the liability for the relevant Tax or increases the amount of such liability.

9.2 Control of Tax Contests.

(a) *Separate Company Taxes.* In the case of any Tax Contest with respect to any Separate Return for Income Taxes, the Filing Party shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Sections 9.2(e), (f), (g), and (h).

(b) *VSI Group Return.* In the case of any Tax Contest with respect to any VSI Group Return, VSI shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Sections 9.2(e), (f), (g), and (h).

(c) *SpinCo Group Return.* In the case of any Tax Contest with respect to any SpinCo Group Return, other than any SpinCo Separate Return, SpinCo shall have exclusive control over the Tax Contest, including exclusive authority with respect to any settlement of such Tax liability, subject to Sections 9.2(e), (f), (g), and (h).

(d) *Other Taxes.* In the case of any Tax Contest with respect to any Other Taxes (i) VSI shall control the defense or prosecution of the portion of the Tax Contest directly and exclusively related to any VSI Adjustment, including settlement of any such VSI Adjustment and (ii) SpinCo shall control the defense or prosecution of the portion of the Tax Contest directly and exclusively related to any SpinCo Adjustment, including settlement of any such SpinCo Adjustment, and (iii) VSI and SpinCo shall jointly control the defense or prosecution of adjustments for which VSI, SpinCo or any of their Affiliates could each be liable and any and all administrative matters not directly and exclusively related to any VSI Adjustment or SpinCo Adjustment.

(e) *Tax-Related Losses and Tax-Related Loss Contributions*. Either VSI or SpinCo shall have exclusive control over the Tax Contest involving any Tax Adjustment proposed, asserted or assessed pursuant to any Tax Contest relating to or involving any Tax-Related Losses to the extent such Party is allocated such Tax under Section 6.4(a) or (b), respectively, including exclusive authority with respect to any settlement of such Tax liability, subject to Sections 9.2(f), (g), (h) and (i). VSI and SpinCo shall jointly control any Tax Contest relating to or involving Tax-Related Loss Contributions allocated under Section 6.5(c).

(f) *Settlement Rights.* For Tax Contests other than those that are jointly controlled by the Parties pursuant to Section 9.2(e), unless waived by the Non-Controlling Party in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment (or any payment under Section 5) to the Controlling Party under this Agreement: (i) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (ii) the Controlling Party shall provide the Non-Controlling Party copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (iii) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; (iv) the Controlling Party shall consult with the Non-Controlling Party and offer the Non-Controlling Party a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such potential adjustment in such Tax Contest; (v) the Controlling Party shall defend such Tax Contest diligently and in good faith; and (vi) the Controlling Party shall not settle or compromise such Tax Contest without the prior written consent of the Non-Controlling Party (not to be unreasonably withheld, conditioned or delayed). The failure of the Controlling Party to take any action specified in the preceding

sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Non-Controlling Party was materially prejudiced by such failure. In the case of any Tax Contest described in Section 9.2(a), (b), (c), or (e), "**Controlling Party**" means the Company entitled to control the Tax Contest under such Section and "**Non-Controlling Party**" means the other Company or Companies.

(g) *Tax Contest Participation.* Unless waived by the Non-Controlling Party in writing, the Controlling Party shall provide the Non-Controlling Party with written notice reasonably in advance of, and the Non-Controlling Party shall have the right (at its own expense) to attend, any formally scheduled meetings with Tax Authorities or hearings or proceedings before any judicial authorities in connection with any potential adjustment in a Tax Contest pursuant to which the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment (or any payment under Section 5) to the Controlling Party under this Agreement. The failure of the Controlling Party to provide any notice specified in this Section 9.2(g) to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Non-Controlling Party was materially prejudiced by such failure.

(h) *Power of Attorney.* SpinCo shall execute and deliver (or cause any member of the SpinCo Group to deliver) and VSI shall execute and deliver (or cause any member of the VSI Group to deliver) any power of attorney or other similar document reasonably requested by any other Party that is the Controlling Party in connection with any Tax Contest described in this Section 9.

(i) *Cooperation.* The Parties will cooperate and act in good faith with each other in the conduct of Tax Contests as reasonably requested by either of them, including (i) the retention and provision on a timely basis of books, records, documentation or other information relating to such Tax Contest, (ii) the filing or execution of any document that may be necessary or reasonably helpful in connection with the Tax Contest, (iii) the use of commercially reasonable efforts to obtain any documentation from a governmental authority or a third party that may be necessary or helpful in connection with the Tax Contest and (iv) the making of its employees and facilities reasonably available on a mutually convenient basis to facilitate such cooperation.

ARTICLE X.

EFFECTIVE DATE.

This Agreement shall be effective as of the Distribution Date.

ARTICLE XI.

SURVIVAL.

This Agreement shall remain in force and be binding so long as the applicable period for assessments or collections of Tax or the right to claim or use any Tax Benefit (including extensions) remains unexpired for any Taxes or Tax Benefits contemplated by, or indemnified against in, this Agreement plus two years; *provided* that to the extent a claim for indemnification is made prior to the expiration of this Agreement, this Agreement shall survive until such claim is finally resolved.

ARTICLE XII.

TREATMENT OF PAYMENTS.

12.1 General. In the absence of any change in Tax treatment under the Code or other applicable Tax Law, any indemnity payment between SpinCo and VSI made under this Agreement, including pursuant to Section 2, 3.3, 3.4 or 6.5, and any Tax Benefit payment made under this Agreement, including pursuant to Section 5, shall be treated, for all Tax purposes, as made immediately before the Distribution as a distribution (or, as context requires, an assumption of a liability under the Separation and Distribution Agreement or otherwise) by SpinCo to (or an assumption of a liability from) VSI or as a contribution by VSI to SpinCo, as appropriate. To the extent one Company makes a payment of interest to another Company relating to a payment of Tax under this Agreement, the interest payment shall be treated as interest expense to the payor and as interest income by the recipient and the amount of such payment shall not be adjusted to take into account any associated Tax Benefit to the payor or increase in Tax to the recipient.

12.2 After-Tax Basis. All indemnity payments under this Agreement, including pursuant to Section 2, 3.3, 3.4 or 6.5, shall be (i) increased to take account of any net Tax cost actually incurred by the indemnified party arising from the receipt or accrual of indemnity payments (grossed up for such increase) and (ii) reduced to take account of any net Tax Benefit actually realized by the indemnified party arising from the incurrence or payment of any amount or other loss indemnified against. In computing the amount of any such Tax cost or Tax Benefit, the indemnified party shall be deemed to recognize all other items of income, gain, loss deduction or credit, including the utilization of any available net operating loss carryforwards, before recognizing any item arising from the receipt of any indemnity payment hereunder or the incurrence or payment of any amount or other loss indemnified against hereunder. For purposes of this Section 12.2, an indemnified party shall be deemed to have "actually incurred" or "actually realized" a net

Tax cost or a net Tax Benefit to the extent that, and at such time as, the amount of Taxes payable (including Taxes payable on an estimated basis) by such indemnified party is increased above or reduced below, as the case may be, the amount of Taxes that such indemnified party would be required to pay but for the receipt or accrual of the indemnity payment or the incurrence or payment of such amount indemnified against as the case may be. The Companies shall make any adjusting payment between each other as is required under this Section 12.2 within ten (10) days of the date an indemnified party is deemed to have actually realized or actually incurred each net Tax Benefit or net Tax cost. The amount of any increase or reduction hereunder shall be adjusted to reflect any Final Determination with respect to the indemnified party's liability for Taxes and any payments necessary to reflect such adjustment shall be made within ten (10) days of such determination.

ARTICLE XIII.

DISAGREEMENTS.

13.1 General Procedures. The Companies will use commercially reasonable efforts to resolve in an amicable manner all disagreements and misunderstandings connected with their respective rights and obligations under this Agreement (including those, if any, relating to the interpretation, implementation or compliance with the provisions of this Agreement). In furtherance thereof, in the event of any dispute or disagreement with respect to this Agreement (a "**Tax Matters Dispute**") between any member of the VSI Group and any member of the SpinCo Group, the Tax departments of the Companies (and their advisers if requested) shall negotiate in good faith to resolve the Tax Matters Dispute. In the event that such good faith negotiations do not resolve the Tax Matters Dispute, any one of the Parties that is a party to the dispute may by delivering a request in writing to the other(s), subject the Tax Matters Dispute to the procedures set forth in Section 13.2.

13.2 Tax Advisor Resolution. In the case of any Tax Matters Dispute governed by this Section 13.2, the disputing Parties shall appoint a Tax Advisor to resolve such dispute. In this regard, the Tax Advisor shall make determinations with respect to the disputed items based solely on representations and factual submissions made by the Parties to the Tax Matters Dispute and their respective representatives, and shall not conduct an independent review, and shall function only as an expert and not as an arbitrator and shall be required to make a determination in favor of one Party only. The Parties shall require the Tax Advisor to resolve any Tax Matters Dispute submitted no later than thirty (30) Business Days after submission of such dispute to the Tax Advisor, but (unless otherwise mutually agreed by the Parties) in no event later than the due date for the payment of Taxes or the filing of the applicable Tax Return, if applicable, and agree that all decisions by the Tax Advisor with respect thereto shall be final and conclusive and binding on the Parties. The Tax Advisor shall resolve any and all Tax Matters Disputes in a manner consistent with this Agreement and, to the extent not inconsistent with this Agreement, in a manner consistent with Past Practices, except as otherwise required by applicable Tax Law. The Parties shall require the Tax Advisor to render all determinations in writing and to set forth, in reasonable detail, the basis for such determination. The fees and expenses of the Tax Advisor shall be borne equally by the prevailing Party or Parties, on the one hand, and the non-prevailing Party or Parties, on the other.

ARTICLE XIV.

LATE PAYMENTS.

Except as otherwise provided in this Agreement, any amount owed by one Company to another Company under this Agreement that is not paid when due shall bear interest from the due date until paid at the Prime Rate plus two percent, compounded semiannually.

ARTICLE XV.

EXPENSES.

Except as otherwise provided in this Agreement, each Company and its Affiliates shall bear their own expenses incurred in connection with preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

ARTICLE XVI.

GENERAL PROVISIONS.

16.1 No Duplication of Payment. Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall require a Company to make any payment attributable to any indemnification for Taxes or payment of Taxes hereunder, or to any Tax Benefit, for which payment has previously been compensated by such Company or another Company hereunder.

16.2 Subsidiaries. If, at any time, VSI or SpinCo acquires or creates one or more subsidiaries that are includable in the VSI Group or the SpinCo Group, as applicable, they shall be subject to this Agreement and all references to the VSI Group or the SpinCo Group herein shall thereafter include a reference to such subsidiaries. VSI and SpinCo shall each cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any Affiliate or subsidiary (direct or indirect) of such Company.

ARTICLE XVII.

MISCELLANEOUS.

17.1 Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.

(a) This Agreement may be executed in one or more counterparts (including by facsimile, PDF or other electronic transmission), all of which will be considered one and the same agreement.

(b) This Agreement, together with the Separation and Distribution Agreement and the other Ancillary Agreements, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter.

(c) Each Party represents and warrants to the other Party as follows:

(i) it has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

17.2 Governing Law. This Agreement will be governed by and construed and interpreted in accordance with the Laws of the State of Delaware without regard to rules of conflicts of laws.

17.3 Binding Effect; Assignability. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that no Party may assign any of its rights or assign or delegate any of its obligations under this Agreement without the express prior written consent of the other Party.

17.4 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and their respective Subsidiaries, Affiliates, successors and assigns and will not be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement. The Parties agree that each SpinCo Indemnitee and CES Indemnitee who is not a party to this Agreement is an intended third party beneficiary of the indemnification provisions of this Agreement.

17.5 Notices. All notices, requests and other communications to any party hereunder will be in writing and will be deemed given if delivered personally, emailed (which is confirmed) or sent by overnight courier (providing proof of delivery) to the parties at the following addresses:

If to VSI, to:

Verint Systems Inc.
175 Broadhollow Road
Melville, New York 11747
Attention: Chief Administrative Officer
Email: peter.fante@verint.com

If to SpinCo to:

Cognyte Software Ltd
33 Maskit
Herzliya Pituach 4673333
Israel
Attention: Ziv Levi, Chief Legal Officer
Email: ziv.levi@cognyte.com

A Party may, by notice to the other Party, change the address to which such notices are to be given. All such notices, requests and other communications will be deemed received on the date of actual receipt by the recipient thereof if received prior to 5:00 p.m. local time in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication will be deemed not to have been received until the next succeeding business day in the place of receipt.

17.6 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid, void or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties will negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect, as closely as possible, the original intent of the Parties.

17.7 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

17.8 Waivers of Default; Remedies Cumulative. Waiver by a Party of any default by another Party of any provision of this Agreement will not be deemed a waiver by the waiving Party of any subsequent or other default, nor will it prejudice the rights of another Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

17.9 Amendments. No provisions of this Agreement may be waived, amended, supplemented or modified, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

17.10 Interpretation. In this Agreement (a) words in the singular will be deemed to include the plural and vice versa and words of one gender will be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import will, unless otherwise stated, be construed to refer to this

Agreement as a whole (including all of the Annexes hereto) and not to any particular provision of this Agreement; (c) Annex, Article, Section, Schedule and Exhibit references are to the Annexes, Articles, Sections, Schedules and Exhibits to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement) will be deemed to include the exhibits, schedules and annexes to such agreement; (e) references to "$" will mean U.S. dollars; (f) the word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified; (g) the word "or" will not be exclusive; (h) unless otherwise specified in a particular case, the word "days" refers to calendar days; (i) references to "written" or "in writing" include in electronic form; (j) references to "business day" will mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Israel, as the context requires; (k) references herein to this Agreement or any other agreement contemplated herein will be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (l) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import will all be references to the date set forth in the Preamble.

17.11 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither SpinCo or any other member of the SpinCo Group, on the one hand, nor VSI or any other member of the CES Group, on the other hand, will be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other (other than any such damages awarded to a Third Party with respect to a Third-Party Claim).

17.12 Performance. VSI will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the CES Group. SpinCo will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the SpinCo Group.

17.13 Mutual Drafting. This Agreement will be deemed to be the joint work product of the Parties, and any rule of construction that a document will be interpreted or construed against a drafter of such document will not be applicable.

[Signatures on Following Page]

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on its behalf by a duly authorized representative on the date first set forth above:

VERINT SYSTEMS INC.

By: _____
Name:
Title:

COGNYTE SOFTWARE LTD.

By: _____
Name:
Title:

FORM OF EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

VERINT SYSTEMS INC.

AND

COGNYTE SOFTWARE LTD.

DATED AS OF [DATE]

FORM OF EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT (this "Agreement"), dated as of **[DATE]**, is by and between Verint Systems Inc., a Delaware corporation ("Parent"), and Cognyte Software Ltd., a company organized under the laws of the State of Israel ("SpinCo").

RECITALS

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is in the best interests of Parent and its shareholders to create a new publicly traded company that shall operate the SpinCo Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to make a distribution, on a pro rata basis and in accordance with a distribution ratio to be determined by the Parent Board, to the holders of Parent Shares on the Record Date of all the outstanding SpinCo Shares owned by Parent (the "Distribution"), and, immediately following the Distribution separate the SpinCo Business from the CES Business (the "Separation");

WHEREAS, Parent and SpinCo entered into the Separation and Distribution Agreement (the "Separation and Distribution Agreement"), dated as of **[DATE]**, in order to carry out, effect and consummate the Separation and the Distribution and set forth the principal arrangements between them regarding the terms of the Separation and the Distribution; and

WHEREAS, the Parties desire to provide for and agree upon the allocation between the Parties of the principal employment, compensation, equity plan, and other benefit plan arrangements of each of the Parties and their respective affiliates arising prior to, as a result of, and subsequent to the Separation and the Distribution, and to provide for and agree upon other matters relating to such matters.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Defined Terms. For the purpose of this Agreement, the following terms shall have the following meanings, and capitalized terms used herein and not otherwise defined in this Article I shall have the respective meanings assigned to them in the Separation and Distribution Agreement.

(a) "Adjusted Parent Award" means an Adjusted Parent RSU Award or Adjusted Parent PSU Award.

(b) "Adjusted Parent PSU Award" means a performance-based restricted stock unit award granted pursuant to a Parent Equity Plan as adjusted in accordance with Section 6.01.

(c) "Adjusted Parent RSU Award" means a restricted stock unit award granted pursuant to a Parent Equity Plan as adjusted in accordance with Section 6.01.

(d) "Affiliate" has the meaning set forth in the Separation and Distribution Agreement. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement, (a) no member of the SpinCo Group will be deemed to be an Affiliate of any member of the CES Group, and (b) no member of the CES Group will be deemed to be an Affiliate of any member of the SpinCo Group.

(e) "Agreement" has the meaning set forth in the Preamble.

(f) "Benefit Plan" means any (i) "employee benefit plan," as defined in ERISA Section 3(3) (whether or not such plan is subject to ERISA); and (ii) employment, compensation, severance, redundancy, salary continuation, bonus, thirteenth month, incentive, retirement, thrift, superannuation, savings, pension, workers' compensation, termination benefit (including termination notice requirements), termination indemnity, other indemnification, supplemental unemployment benefit, profit sharing, deferred compensation, stock ownership, stock purchase, stock option, stock appreciation right, restricted stock, performance stock, "phantom" stock, performance stock unit, restricted stock unit, other equity-based incentive, change in control, paid time off, perquisite, fringe benefit, vacation, disability, life, or other insurance, death benefit, hospitalization, medical, or other compensatory or benefit plan, program, fund, agreement, arrangement, or policy of any kind (whether written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, currently effective or terminated), and any trust, escrow or similar agreement related thereto, whether or not funded.

(g) "COBRA" means coverage required by Section 4980B of the Code or ERISA Section 601 et. seq.

(h) "Code" means the U.S. Internal Revenue Code of 1986, as amended.

(i) "Collective Bargaining Agreement" means (i) any collective bargaining agreement or labor agreement with a union, works council, or trade representative, to which any member of the CES Group or the SpinCo Group is a party or by which it is otherwise bound or (ii) any terms and conditions that apply to Employees who perform services outside of the United States by virtue of membership in a union or participation in a particular trade, industry or economic sector.

(j) "Distribution" has the meaning set forth in the Recitals.

(k) "Employee" means, as applicable, an employee on the payroll of Parent or any other member of the CES Group or SpinCo or any other member of the SpinCo Group, including any employee absent from work on account of vacation, annual leave, jury duty, funeral leave, personal leave, sickness, short-term disability, long-term disability

or workers' compensation leave (in each case, unless treated as a separated employee for employment purposes), military leave, family leave, parental leave (whether paid or unpaid), pay continuation leave, garden leave, or other approved leave of absence or for whom an obligation to recall, rehire or otherwise return to employment exists under a contractual obligation or Law. A Former Employee is not considered an "Employee" for purposes of this Agreement.

(l) "Employee Recoupment Asset" means an employer's right to repayment from an employee or former employee in respect of a tax equalization payment, sign-on bonus payment, relocation expense payment, tuition payment, reimbursement, loan, or other similar item, including any agreement related thereto.

(m) "Employment Agreement" means an employment contract between a member of the CES Group or the SpinCo Group, as applicable, and an Employee (including a contract in place prior to the Spin-off Date or one that takes effect on or after the Spin-off Date).

(n) "ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended.

(o) "First Post-Distribution Trading Day" means, with respect to Parent Shares, the first day on or following the Spin-off Date on which "regular way" trading in Parent Shares is reported on NASDAQ and, with respect to SpinCo Shares, the first day on or following the Spin-off Date on which "regular way" trading in SpinCo Shares is reported on NASDAQ.

(p) "Former Employee" means any individual whose employment with Parent and all of its Subsidiaries (including SpinCo and any other member of the SpinCo Group) terminated on or prior to the Spin-off Date and for whom no obligation to recall, rehire or otherwise return to employment exists under a contractual obligation or applicable Law.

(q) "Health and Welfare Plan" means any Benefit Plan established or maintained to provide Employees or Former Employees or their beneficiaries, through the purchase of insurance or otherwise, medical, dental, prescription, vision, short-term disability, long-term disability, death benefits, life insurance, accidental death and dismemberment insurance, business travel accident insurance, employee assistance program, group legal services, wellness, cafeteria (including premium payment, health care flexible spending account, and dependent care flexible spending account components), travel reimbursement, transportation, vacation benefits, apprenticeship or other training programs, day care centers, or prepaid legal services benefits, including any "employee welfare benefit plan" (as defined in ERISA Section 3(1)), whether or not subject to ERISA, that is not a severance plan.

(r) "Incurred Claim" means a Liability related to services or benefits provided under a Benefit Plan, which will be deemed to be incurred: (i) with respect to medical, dental, vision, and prescription drug benefits, upon the rendering of services

giving rise to such Liability; (ii) with respect to death benefits, life insurance, accidental death and dismemberment insurance, and business travel accident insurance, upon the occurrence of the event giving rise to such Liability; (iii) with respect to disability benefits, upon the date of disability, as determined by the applicable disability benefit insurance carrier or claim administrator; (iv) with respect to a period of continuous hospitalization, upon the date of admission to the hospital; and (v) with respect to tuition reimbursement or adoption assistance, upon completion of the requirements for such reimbursement or assistance, whichever is applicable.

(s) "Israeli Tax Ruling" has the meaning set forth in Section 6.01(d).

(t) "NASDAQ" means the Nasdaq Global Select Market.

(u) "Notice" means any written notice, request, demand or other communication specifically referencing this Agreement and given in accordance with Section 7.08.

(v) "Parent" has the meaning set forth in the first paragraph of this Agreement.

(w) "Parent 401(k) Plan" means the Verint Systems Inc. 401(k) Savings Plan.

(x) "Parent Award" means a Parent RSU Award or Parent PSU Award, as applicable, which are subject to adjustment in accordance with Section 6.01 and/or with respect to which corresponding SpinCo Awards will be issued pursuant to Section 6.01.

(y) "Parent Benefit Plan" means a Benefit Plan sponsored by, maintained by, or contributed to by any member of the CES Group, other than a SpinCo Benefit Plan. For the avoidance of doubt, no member of the CES Group will be deemed to sponsor, maintain or contribute to any Benefit Plan if its relationship to such Benefit Plan is solely to administer such Benefit Plan or provide to the SpinCo Group any reimbursement in respect of such Benefit Plan.

(z) "Parent Board" has the meaning set forth in the Recitals.

(aa) "Parent Compensation Committee" means the Compensation Committee of the Parent Board.

(bb) "Parent Equity Plan" means, collectively, the Verint Systems Inc. 2019 Long-Term Stock Incentive Plan, the Verint Systems Inc. Amended and Restated 2015 Long-Term Stock Incentive Plan, and any incentive compensation program or arrangement that governs the terms of equity-based incentive awards assumed by the CES Group in connection with a corporate transaction and that is maintained by the CES Group immediately prior to the Spin-off Date (excluding the SpinCo Equity Plan and any other plan maintained solely by SpinCo or any other member of the SpinCo Group), and any sub-plans established under those programs.

(cc) "Parent Former Employee" means a Former Employee who is not a SpinCo Former Employee.

(dd) "Parent Health and Welfare Plan" means a Health and Welfare Plan sponsored by, maintained by, or contributed to by any member of the CES Group. For the avoidance of doubt, no member of the CES Group will be deemed to sponsor, maintain or contribute to any Health and Welfare Plan if its relationship to such Health and Welfare Plan is solely to administer such Health and Welfare Plan or provide to the SpinCo Group any reimbursement in respect of such Health and Welfare Plan.

(ee) "Parent Non-U.S. Retirement Plan" means any Benefit Plan that is a pension or retirement plan (other than a severance plan) that is maintained by any member of the CES Group for the benefit of Employees employed outside the U.S., other than a SpinCo Benefit Plan.

(ff) "Parent Phantom Award" means a "phantom" award, payable in cash and tied to the value of Parent Shares, granted by Parent and outstanding immediately prior to the Spin-off Date.

(gg) "Parent Post-Distribution Stock Value" means the volume weighted average per share price of one Parent Share, trading "regular way," as reported on the NASDAQ measured during the 5 consecutive trading days starting with the First Post-Distribution Trading Day, rounded to the nearest cent.

(hh) "Parent PSU Award" means a performance-based restricted stock unit award granted pursuant to a Parent Equity Plan and outstanding immediately prior to the Spin-off Date.

(ii) "Parent RSU Award" means a restricted stock unit award granted pursuant to a Parent Equity Plan and outstanding immediately prior to the Spin-off Date.

(jj) "Parent Shares" means the common shares of Parent, $0.001 par value per share.

(kk) "Party" or "Parties" means a party or the parties to this Agreement.

(ll) "Pre-Distribution Stock Value" means the volume weighted average per share price of one Parent Share, trading "regular way," as reported on the NASDAQ during the 3 consecutive trading days ending with the day immediately prior to the Spin-off Date (or if such day is not an NASDAQ trading day, ending on the next preceding NASDAQ trading day), rounded to the nearest cent; provided, however, that the Pre-Distribution Stock Value shall only be measured on trading days on which the price per Parent Share remains based on the value of the combined company.

(mm) "Retained Employee" means any Employee other than a SpinCo Employee.

(nn) "Securities Act" means the U.S. Securities Act of 1933, as amended.

(oo) "Separation" has the meaning set forth in the Recitals.

(pp) "Separation and Distribution Agreement" has the meaning set forth in the Recitals.

(qq) "SpinCo" has the meaning set forth in the Preamble.

(rr) "SpinCo Award" means a SpinCo RSU Award or SpinCo PSU Award, as applicable, issued pursuant to Section 6.01.

(ss) "SpinCo Benefit Plan" means each Benefit Plan sponsored by, maintained by, or contributed to by any member of the SpinCo Group and that covers SpinCo Employees and/or SpinCo Former Employees. For the avoidance of doubt, no member of the SpinCo Group will be deemed to sponsor, maintain or contribute to any Benefit Plan if its relationship to such Benefit Plan is solely to administer such Benefit Plan or provide to the CES Group any reimbursement in respect of such Benefit Plan.

(tt) "SpinCo Employee" means any Employee who is (i) employed by any member of the SpinCo Group immediately prior to the Spin-off Date or who continues in employment with the SpinCo Group from and after the Spin-off Date, or (ii) hired by any member of the SpinCo Group on or after the Spin-off Date.

(uu) "SpinCo Equity Plan" means the equity incentive compensation plan or arrangement that governs the terms of equity-based incentive awards assumed by the SpinCo Group in connection with this Agreement and any sub-plans established under those programs.

(vv) "SpinCo Former Employee" means a Former Employee who was primarily employed or engaged by the SpinCo Group immediately prior to such individual's termination of employment.

(ww) "SpinCo Health and Welfare Plan" means a SpinCo Benefit Plan that is a Health and Welfare Plan. For the avoidance of doubt, no member of the SpinCo Group will be deemed to sponsor, maintain or contribute to any Health and Welfare Plan if its relationship to such Health and Welfare Plan is solely to administer such Health and Welfare Plan or provide to the CES Group any reimbursement in respect of such Health and Welfare Plan.

(xx) "SpinCo Post-Distribution Stock Value" means the volume weighted average per share price of one SpinCo Share, trading "regular way," as reported on NASDAQ, or such alternative primary exchange on which SpinCo Shares may be traded at such time, on each of the 5 consecutive trading days starting with the First Post-Distribution Trading Day, rounded to the nearest cent.

(yy) "SpinCo PSU Award" means a performance-based restricted stock unit award issued by SpinCo in accordance with Section 6.01.

(zz) "SpinCo Retirement Plan" means any SpinCo Benefit Plan that is a retirement or pension plan.

(aaa) "SpinCo RSU Award" means a restricted stock unit award issued by SpinCo in accordance with Section 6.01.

(bbb) "Tax" has the meaning set forth in the Tax Matters Agreement.

(ccc) "Tax Authority" has the meaning set forth in the Tax Matters Agreement.

ARTICLE II

GENERAL PRINCIPLES

Section 2.01 Allocation of Liabilities.

(a) *SpinCo Liabilities.* Effective as of the Effective Time, and except as expressly provided in this Agreement, SpinCo hereby assumes (or retains) or will cause any other member of the SpinCo Group to assume (or retain) and agrees to (or to cause another member of the SpinCo Group to) pay, perform, fulfill, discharge, and indemnify the CES Group for, all Liabilities (i) to the extent relating to, arising out of, or resulting from the employment (or termination of employment) of any SpinCo Employee or any SpinCo Former Employee, whether such Liabilities relate to or arise out of periods on, prior to or after the Spin-off Date and including any Liabilities that are required to be assumed pursuant to local Law, or (ii) which are expressly assumed or retained by the SpinCo Group pursuant to this Agreement. For the avoidance of doubt, SpinCo shall assume (or retain) all statutory employee entitlements, including accrued but untaken annual leave, long service leave, personal leave, sick leave, family, parental or carer's leave and redundancy or severance pay related to any SpinCo Employee or SpinCo Former Employee.

(b) *Parent Liabilities.* Effective as of the Effective Time, and except as expressly provided in this Agreement, Parent hereby assumes (or retains) or will cause any other member of the CES Group to assume (or retain) and agrees to (or to cause another member of the CES Group to) pay, perform, fulfill, discharge, and indemnify the Spinco Group for, all Liabilities (i) to the extent relating to, arising out of, or resulting from the employment (or termination of employment) of any Retained Employee or any Parent Former Employee, whether such Liabilities relate to or arise out of periods on, prior to or after the Spin-off Date or (ii) which are expressly assumed or retained by the CES Group pursuant to this Agreement.

(c) *Intended Effect; Other Liabilities.* The intended effect of this Agreement, except to the extent expressly provided herein, is that (i) the SpinCo Group (or a member thereof) will assume or retain all Liabilities to or related to SpinCo Employees and SpinCo Former Employees including under the Parent Benefit Plans (with respect to SpinCo

Employees and SpinCo Former Employees) and all Liabilities under or with respect to any SpinCo Benefit Plan or any Employment Agreement with any SpinCo Employee, and (ii) the CES Group (or a member thereof) will assume and retain all Liabilities to or related to Employees and Former Employees other than SpinCo Employees and SpinCo Former Employees and all Liabilities under the Parent Benefit Plans (excluding those with respect to SpinCo Employees and SpinCo Former Employees) and any Employment Agreement with any Retained Employee. To the extent that this Agreement does not address particular Liabilities and the Parties later determine that such Liabilities should be allocated in connection with the Separation, the Parties will agree in good faith on the allocation, taking into account the handling of comparable Liabilities under this Agreement.

(d) *Transfer of Employees*. Except with respect to employees who transfer employment pursuant to Section 2.04 after the Spin-off Date, Parent will use commercially reasonable efforts to ensure that employees of the CES Group who are designated by Parent to transfer employment to the SpinCo Group transfer to the appropriate member of the SpinCo Group prior to the Spin-off Date, taking into account the requirements of local Law (including, where required by applicable Law, ensuring that they resign from their employment with Parent or a member of the CES Group and accept employment with SpinCo or a member of the SpinCo Group and sign any documentation required by applicable Law in connection with such transfer).

Section 2.02 Employment with SpinCo.

(a) *Retention of Employees*. From and after the Effective Time, the Parties intend for SpinCo Employees to remain employed by the SpinCo Group and all other Employees to remain employed by the CES Group. The Parties will cooperate in good faith to identify clearly the SpinCo Employees. SpinCo will be responsible for, and will indemnify the CES Group from and against, any Liabilities incurred (including any severance payments made or required to be made): (i) in connection with the transfer or termination of a SpinCo Employee on or after the Spin-off Date, (ii) arising from or in connection with a failure or refusal by any SpinCo Employee to continue in employment from and after the Spin-off Date, and (iii) any other Liabilities retained or assumed by SpinCo (or any other member of the SpinCo Group) under this Agreement. Parent will be responsible for, and will indemnify the SpinCo Group from and against, any Liabilities incurred (including any severance payments made or required to be made): (i) in connection with the transfer or termination of an Employee other than a SpinCo Employee on or after the Spin-off Date, (ii) arising from or in connection with a failure or refusal by any Employee other than a SpinCo Employee to continue in employment from and after the Spin-off Date, and (iii) any other Liabilities retained or assumed by Parent (or any other member of the CES Group) under this Agreement.

(b) *Certain Local Law Requirements*. Notwithstanding anything to the contrary herein, the following terms will apply to all SpinCo Employees:

(i) To the extent that (A) the applicable Law of any jurisdiction, (B) any applicable Collective Bargaining Agreement or other applicable agreement

with a works council or economic committee, or (C) any applicable Employment Agreement would require SpinCo or a member of the SpinCo Group to provide any specific terms of employment to any SpinCo Employee in connection with the Distribution, then SpinCo will cause the SpinCo Group to provide such SpinCo Employee with such specific terms. SpinCo will be responsible for liabilities for, and will cause the SpinCo Group to provide, all compensation or benefits (whether statutory, contractual or otherwise) to each SpinCo Employee arising from or related to the transactions contemplated by the Separation and Distribution Agreement, or the related transfer of the employee to SpinCo or a member of the SpinCo Group.

(ii) Parent and SpinCo agree that to the extent provided under the applicable Laws of certain foreign jurisdictions, (A) any Employment Agreements between a member of the CES Group, on the one hand, and any SpinCo Employee, on the other hand, and (B) any Collective Bargaining Agreements applicable to the SpinCo Employees in such jurisdictions, will in each case have effect after the Distribution as if originally made between the SpinCo Group and the other parties to such Employment Agreement or Collective Bargaining Agreement.

Section 2.03 Establishment of SpinCo Plans. From and after the Spin-off Date, SpinCo will (or will cause another member of the SpinCo Group to) adopt or continue in effect the SpinCo Benefit Plans (and related trusts, if applicable, as determined by the Parties) that were in effect prior to the Spin-off Date and such other SpinCo Benefit Plans as determined in the discretion of the SpinCo Group (or any member thereof), subject to the terms and conditions of Section 2.02(b). Notwithstanding the foregoing or any other provision of this Agreement, SpinCo will adopt the SpinCo Equity Plan prior to the Spin-off Date.

Section 2.04 Transfers by Mutual Agreement. The Parties recognize that, prior to and/or for a period of twelve (12) months from the Spin-off Date, they may determine it to be in their mutual best interests to transfer an individual classified (or who would otherwise be classified) as a Retained Employee to the SpinCo Group or to transfer an individual classified (or who would otherwise be classified) as a SpinCo Employee to the CES Group. With the express written consent of each Party, CES Group or SpinCo Group, as applicable, will use commercially reasonable efforts to ensure that such individual's employment is either transferred, terminated by such individual by resigning, or failing that, will be terminated by the CES Group or the SpinCo Group, as applicable, and such Employee will be immediately offered employment by the other Party on the same basis as mandated by Section 2.02(b) (such terminations and hires are referred to in this Section 2.04 as "transfers"), in each case taking into account the requirements of local Law. Retained Employees (or a person who would otherwise be classified as a Retained Employee, in any case with such status being determined as of the date of transfer) who are subsequently transferred to the SpinCo Group pursuant to this Section 2.04 will be treated as Retained Employees for all purposes hereof during their time as Employees of the CES Group until their actual transfer to the SpinCo Group, upon and following which

the Parties will use commercially reasonable efforts to provide that they are treated as SpinCo Employees for all purposes hereof. SpinCo Employees (or a person who would otherwise be classified as a SpinCo Employee, with such status being determined as of the date of transfer) who are subsequently transferred to the CES Group pursuant to this Section 2.04 will be treated as SpinCo Employees for all purposes hereof during their time as Employees of the SpinCo Group until their actual transfer to the CES Group, upon and following which the Parties will use commercially reasonable efforts to provide that they are treated as Retained Employees for all purposes hereof.

Section 2.05 Collective Bargaining Agreements. Effective as of the Spin-off Date, (i) Parent or a member of the CES Group will retain each Collective Bargaining Agreement then in effect covering any Retained Employee and will retain all liabilities arising prior to the Spin-off Date and assume all liabilities arising after the Spin-off Date under each such Collective Bargaining Agreement and (ii) SpinCo or a member of the SpinCo Group will retain or assume each Collective Bargaining Agreement then in effect covering any SpinCo Employee and will retain all liabilities arising prior to the Spin-off Date and assume all liabilities arising after the Spin-off Date under each such Collective Bargaining Agreement.

Section 2.06 Outstanding Offer Letters. From and after the Spin-off Date, (i) the SpinCo Group (or a member thereof) will assume or retain all Liabilities, promises or other obligations set forth in offer letters extended to prospective employees who are ultimately hired as SpinCo Employees and (ii) the CES Group (or a member thereof) will assume and retain all Liabilities, promises or other obligations set forth in offer letters extended to prospective employees who are ultimately hired as Retained Employees. Furthermore, to the extent that any such offer letters include a promise to recommend that an Employee receive an equity grant, any such equity grants recommended to be awarded to SpinCo Employees (if approved) shall be granted under the SpinCo Equity Plan, and any such equity grants recommended to be awarded to Retained Employees (if approved) shall be granted under the Verint Systems Inc. 2019 Long-Term Stock Incentive Plan and, in each case, shall take into account the principals of Article VI in determining the total number of shares to be subject to such equity grant.

ARTICLE III

PARENT 401(K) PLAN

Section 3.01 401(k) Plan. From and after the Spin-off Date, the Parent 401(k) Plan will continue to be responsible for all Liabilities thereunder and no assets or Liabilities of the Parent 401(k) Plan will be transferred to any SpinCo Benefit Plan and SpinCo will not assume any Liabilities under or with respect to the Parent 401(k) Plan, in each case other than in connection with any rollovers that may be made from the Parent 401(k) Plan to any SpinCo Benefit Plan that is a 401(k) plan in accordance with the terms of such plan.

ARTICLE IV

PARENT NON-U.S. RETIREMENT PLANS AND SPINCO RETIREMENT PLANS

Section 4.01 Parent Non-U.S. Retirement Plans. From and after the Spin-off Date, each member of the CES Group will continue to be responsible for all Liabilities under and with respect to any Parent Non-U.S. Retirement Plan, other than any such Liabilities attributable to SpinCo Employees and SpinCo Former Employees, and the SpinCo Group will not assume any Liabilities under or with respect to any such Parent Non-U.S. Retirement Plan other than those attributable to the SpinCo Employees and SpinCo Former Employees. Without limiting the generality of the foregoing, SpinCo Employees will cease to be active participants in the Parent Non-U.S. Retirement Plans effective as of the Spin-off Date and no SpinCo Employee will accrue any benefits under any Parent Non-U.S. Retirement Plan for periods after the Spin-off Date.

Section 4.02 SpinCo Retirement Plans. From and after the Spin-off Date, each member of the SpinCo Group will be responsible for all Liabilities under and with respect to any SpinCo Retirement Plan, other than any Liabilities attributable to Retained Employees and Parent Former Employees and no member of the CES Group will assume or otherwise have any Liabilities under or with respect to any SpinCo Retirement Plan other than those attributable to the Retained Employees and Parent Former Employees. Without limiting the generality of the foregoing, Retained Employees will cease to be active participants in any SpinCo Retirement Plan effective as of the Spin-off Date and no Retained Employee will accrue any benefits under any SpinCo Retirement Plan for periods after the Spin-off Date except in accordance with the express terms and conditions of and applicable SpinCo Retirement Plan.

ARTICLE V

WELFARE AND FRINGE BENEFIT PLANS

Section 5.01 Health and Welfare Plans.

(a) Allocation of Liabilities; Generally.

(i) Except as otherwise provided in this Agreement, from and after the Spin-off Date, (A) the CES Group and the Parent Health and Welfare Plans, as applicable, will continue to be responsible for all Liabilities under and with respect to the Parent Health and Welfare Plans (including all Incurred Claims, regardless of when the Incurred Claim arose or was incurred) other than any Liabilities attributable to SpinCo Employees or SpinCo Former Employees and (B) the CES Group and the Parent Health and Welfare Plans, as applicable, will retain all assets relating to or associated with the Parent Health and Welfare Plans and Incurred Claims (including Medicare reimbursements, insurance payments and reimbursements, pharmaceutical rebates, and similar items) other than any assets related to SpinCo Employees or SpinCo Former Employees that are transferred to a

corresponding SpinCo Health and Welfare Plan in connection with the SpinCo Group's assumption of any Liabilities that are associated with such assets. If any SpinCo Employees remain active participants in the Parent Health and Welfare Plans as of or following the Spin-off Date, the SpinCo Group will reimburse Parent for the cost of any benefits provided to such SpinCo Employees on or after the Spin-off Date.

(ii) Except as otherwise provided in this Agreement, from and after the Spin-off Date, (A) the SpinCo Group and the SpinCo Health and Welfare Plans, as applicable, will be responsible for all Liabilities under and with respect to the SpinCo Health and Welfare Plans (including all Incurred Claims, regardless of when the Incurred Claim arose or was incurred) other than any Liabilities attributable to Retained Employees or Parent Former Employees and (B) the SpinCo Group and the SpinCo Health and Welfare Plans, as applicable, will retain all assets relating to or associated with the SpinCo Health and Welfare Plans and Incurred Claims (including Medicare reimbursements, insurance payments and reimbursements, pharmaceutical rebates, and similar items) other than any assets related to Retained Employees or Parent Former Employees that are transferred to a corresponding Parent Health and Welfare Plan in connection with the CES Group's assumption of any Liabilities that are associated with such assets. If any Retained Employees remain active participants in the SpinCo Health and Welfare Plans as of or following the Spin-off Date, the CES Group will reimburse SpinCo for the cost of any benefits provided to such Retained Employees on or after the Spin-off Date.

(b) *COBRA*. Without limiting the generality of Section 5.01(a), the CES Group will continue to be responsible for compliance with the health care continuation requirements of COBRA, and the corresponding provisions of the Parent Health and Welfare Plans with respect to any (i) Retained Employees and any Former Employees (and their covered dependents) who incur a qualifying event under COBRA on, prior to, or following the Spin-off Date, and (ii) any SpinCo Employees (and their covered dependents) who incur a qualifying event under COBRA on or prior to the Spin-off Date.

Section 5.02 Vacation, Holidays, Annual Leave and Leaves of Absence. Effective as of the Spin-off Date, SpinCo will (or will cause any other member of the SpinCo Group to) retain (or assume) all Liabilities of the CES Group with respect to vacation, holiday, annual leave, long service or other leave of absence, and required payments related thereto, for each SpinCo Employee and each SpinCo Former Employee or reimburse the CES Group for any such expenses incurred by the CES Group in connection with the Separation. Parent will (or will cause any other member of the CES Group to) retain (or assume) all Liabilities with respect to vacation, holiday, annual leave, long service or other leave of absence, and required payments related thereto, for all Retained Employees and Parent Former Employees or reimburse the SpinCo Group for any such expenses incurred by the SpinCo Group in connection with the Separation.

Section 5.03 Severance and Unemployment Compensation. Effective as of the Spin-off Date, SpinCo will (or will cause another member of the SpinCo Group to) retain (or assume) all Liabilities to, or relating to, SpinCo Employees and SpinCo Former Employees in respect of severance and unemployment compensation or reimburse the CES Group for any such expenses incurred by the CES Group in connection with the Separation. The CES Group will be responsible for any and all Liabilities to, or relating to, Retained Employees and Parent Former Employees in respect of severance and unemployment compensation and will reimburse the SpinCo Group for any such expenses incurred by the SpinCo Group in connection with the Separation.

Section 5.04 Workers' Compensation. With respect to claims for workers' compensation in the United States, (a) the SpinCo Group will be responsible for claims in respect of SpinCo Employees and SpinCo Former Employees, whether occurring or related to events occurring prior to, on or following the Spin-off Date, and (b) the CES Group will be responsible for all claims in respect of Retained Employees and Parent Former Employees, whether occurring or related to events occurring prior to, on or following the Spin-off Date.

ARTICLE VI

EQUITY AND INCENTIVE PROGRAMS

Section 6.01 Equity Plans.

(a) The Parties will use commercially reasonable efforts to take all actions necessary or appropriate so that each outstanding Parent RSU Award and Parent PSU Award granted under a Parent Equity Plan will be adjusted or assumed, as applicable, as set forth in this Section 6.01.

(i) *Parent RSU Awards*. As determined by the Parent Compensation Committee pursuant to its authority under the applicable Parent Equity Plan, each Parent RSU Award, regardless of by whom held, whether vested or unvested, will be converted effective as of the Spin-off Date as described in this Section 6.01(a)(i). Each Parent RSU Award will be either (x) converted effective as of the Spin-off Date into an Adjusted Parent RSU Award (for Retained Employees, Parent Former Employees and Parent non-employee directors) or (y) assumed by SpinCo and converted effective as of the Spin-off Date into a SpinCo RSU Award (for SpinCo Employees and SpinCo Former Employees). Except as otherwise provided in this Section 6.01, each Adjusted Parent RSU Award and each SpinCo RSU Award shall be subject to the same terms and conditions (including with respect to vesting, settlement and termination) after the conversion as applied to such Parent RSU Award immediately prior to the conversion; provided, however, that:

(A) the number of Parent Shares (including those attributable to dividend equivalent units) subject to each Adjusted Parent RSU Award subject to this Section 6.01(a)(i)(A) will be equal to the quotient of (I) the

product of (a) the number of Parent Shares (including those attributable to dividend equivalent units) subject to the corresponding Parent RSU Award immediately prior to the Spin-off Date, multiplied by (b) the Pre-Distribution Stock Value; divided by (II) the Parent Post-Distribution Stock Value, rounded down to the nearest whole number; and

(B) the number of SpinCo Shares subject to each SpinCo RSU Award (including those attributable to dividend equivalent units) subject to this Section 6.01(a)(i)(A) will be equal to the quotient of (I) the product of (a) the number of Parent Shares (including those attributable to dividend equivalent units) subject to the corresponding Parent RSU Award immediately prior to the Spin-off Date, multiplied by (b) the Pre-Distribution Stock Value; divided by (II) the SpinCo Post-Distribution Stock Value, rounded down to the nearest whole number.

(ii) *Parent PSU Awards*. As determined by the Parent Compensation Committee pursuant to its authority under the applicable Parent Equity Plan, each Parent PSU Award, regardless of by whom held, whether vested or unvested, will be converted effective as of the Spin-off Date as described in this Section 6.01(a)(ii). For the avoidance of doubt, each Parent PSU Award with a performance period that ends on or near the Spin-off Date, but for which the performance results have not yet been determined, will be considered outstanding and unvested as of such date for purposes hereof and will be converted as described in this Section 6.01(a)(ii). Each Parent PSU Award will be either (x) converted effective as of the Spin-off Date into an Adjusted Parent PSU Award (for Retained Employees, Parent Former Employees and Parent non-employee directors) or (y) assumed by SpinCo and converted effective as of the Spin-off Date into a SpinCo PSU Award (for SpinCo Employees and SpinCo Former Employees). Except as otherwise provided in this Section 6.01, each Adjusted Parent PSU Award and each SpinCo PSU Award will be subject to the same terms and conditions (including with respect to vesting, settlement and termination) after the conversion as applied to the corresponding Parent PSU Award immediately prior to the conversion; provided, however, that:

(A) the number of Parent Shares subject to each Adjusted Parent PSU Award subject to this Section 6.01(a)(ii)(A) will be equal to the quotient of (I) the product of (a) the number of Parent Shares (including those attributable to dividend equivalent units) subject to the corresponding Parent PSU Award immediately prior to the Spin-off Date, multiplied by (b) the Pre-Distribution Stock Value; divided by (II) the Parent Post-Distribution Stock Value, rounded down to the nearest whole number;

(B) the number of SpinCo Shares subject to each SpinCo PSU Award subject to this Section 6.01(a)(ii)(A) will be equal to the quotient of (I) the product of (a) the number of Parent Shares (including those attributable to dividend equivalent units) subject to the corresponding Parent PSU

Award immediately prior to the Spin-off Date, multiplied by (b) the Pre-Distribution Stock Value; divided by (II) the Spinco Post-Distribution Stock Value, rounded down to the nearest whole number; and

(C) the performance criteria and performance targets under each Adjusted Parent PSU Award and each SpinCo PSU Award subject to this Section 6.01(a)(ii)(A) will be subject to equitable adjustment in connection with the Distribution as determined appropriate or required in the sole discretion of the Parent Compensation Committee; provided, however, that nothing in this clause (C) shall limit the authority of the Parent Compensation Committee (with respect to Adjusted Parent PSU Awards) or of the compensation committee of SpinCo (with respect to SpinCo PSU Awards) to exercise its discretion or make adjustments to such awards following the Distribution.

(b) *Miscellaneous Award Terms.*

(i) After the Spin-off Date, Adjusted Parent Awards, regardless of by whom held, will be obligations retained by and settled by Parent (from the Parent Equity Plan), and SpinCo Awards, regardless of by whom held, will be obligations assumed by and settled by SpinCo (from the SpinCo Equity Plan), in each case, without reimbursement by the other Party. Except as otherwise provided in this Agreement, with respect to grants described in this Section 6.01, no SpinCo Employee will be treated as having incurred a termination of employment with respect to any Parent Award solely by reason of the transfer of employment to SpinCo. In addition, none of the Separation, the Distribution, or any employment transfer described in Section 2.04 will constitute a termination of employment for any Employee for purposes of any Adjusted Parent Award or any SpinCo Award. Following the Spin-off Date, for any award adjusted under this Section 6.01, any reference to a "change in control," "change of control" or similar definition in an award agreement, Employment Agreement or Parent Equity Plan applicable to such award (1) with respect to Adjusted Parent Awards, will be deemed to refer to a "change in control," "change of control" or similar definition as set forth in the applicable award agreement, Employment Agreement or Parent Equity Plan, and (2) with respect to SpinCo Awards, will be deemed to refer to a "Change in Control" as defined in the SpinCo Equity Plan unless otherwise provided in an Employment Agreement between the holder and SpinCo or a subsidiary thereof; provided, however, to the extent that any such award constitutes "nonqualified deferred compensation" for purposes of Code Section 409A, and payable upon a "change in control event" for purposes of Code Section 409A, then such award shall be settled in accordance with its original terms.

(ii) If, after the Spin-off Date, (A) the Parties determine it to be in their mutual best interest that an individual's employment is transferred to the SpinCo Group or to the CES Group in accordance with Section 2.04 or (B)

either Party identifies an administrative error in the individuals identified as holding Adjusted Parent Awards or SpinCo Awards, the amount of awards held by such individuals, the vesting level of such awards, or any other similar error, then the Parties will mutually cooperate in taking such actions as are necessary or appropriate to place, as nearly as reasonably practicable, the individual and Parent or SpinCo, as applicable, in the position in which they would have been had such transfer or error not occurred.

(c) *Tax Reporting and Withholding.* Following the Spin-off Date, it is expected that: (i) Parent will be responsible for all income, payroll and other tax remittance and reporting related to income of Retained Employees, Parent Former Employees, and, to the extent required, individuals who are or were Parent non-employee directors in respect of Adjusted Parent Awards; and (ii) SpinCo will be responsible for all income, payroll and other tax remittance and reporting related to income of SpinCo Employees and SpinCo Former Employees in respect of SpinCo Awards; subject, in both cases, to the terms and conditions of the Israeli Tax Ruling. Parent or SpinCo, as applicable, will facilitate performance by the other Party of its obligations hereunder by promptly remitting amounts or shares withheld in conjunction with a transfer of shares or cash, either (as mutually agreed by the Parties) directly to the applicable taxing authority or to the other Party for remittance to such taxing authority. The Parties will cooperate and communicate with each other and with third-party providers to effectuate withholding and remittance of taxes, as well as required tax reporting, in a timely, efficient and appropriate manner. If Parent or SpinCo determines in its reasonable judgment that any action required under this Section 6.01 will not achieve the intended tax, accounting and legal results, including, without limitation, the intended results under Code Section 409A or FASB ASC Topic 718 – Stock Compensation, then at the request of Parent or SpinCo, as applicable, Parent and SpinCo will mutually cooperate in taking such actions as are necessary or appropriate to achieve such results, or most nearly achieve such results if they originally-intended results are not fully attainable.

(d) *Registration and Other Regulatory Requirements; Israeli Tax Ruling.* Prior to the Spin-off Date (and in any case before the date of issuance of any SpinCo Shares pursuant to the SpinCo Equity Plan), SpinCo agrees to file a Form S-8 registration statement (or any other required forms) with respect to, and to cause to be registered pursuant to applicable Law, the SpinCo Shares authorized for issuance under the SpinCo Equity Plan, or such similar registration as may be required by applicable local Law. The Parties will take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 6.01, including compliance with securities Laws and other legal requirements associated with equity compensation awards in affected non-U.S. jurisdictions. Notwithstanding anything to the contrary, treatment of each outstanding Parent RSU Award, Parent PSU Award, SpinCo RSU Award and SpinCo PSU Award, as set forth in this Section 6.01 held by (or for the benefit of) Israeli holders shall be subject to the terms and conditions of the Israeli tax ruling governing the subject matter (the "Israeli Tax Ruling").

(e) *Further Adjustments.* Notwithstanding the foregoing provisions of this Section 6.01, the Parent Board (or a committee authorized by the Parent Board) may determine, in its sole discretion, not to adjust certain outstanding Parent equity-based awards pursuant to the foregoing provisions of this Section 6.01 where (i) those actions would create or trigger adverse legal, accounting or tax consequences for Parent, SpinCo and/or the affected award holders, or (ii) where the Parent Board (or such other committee authorized by the Parent Board) determines that an adjustment in accordance with the terms provided above is inappropriate due to distortions in either Parent or SpinCo's share values due, among other things, to an unforeseen temporary market event unrelated to Parent or SpinCo. In such circumstances, Parent and/or SpinCo may take any action necessary or advisable to prevent any such adverse legal, accounting or tax consequences or distortions, including (x) agreeing that the outstanding Parent equity-based awards of the affected award holders will terminate in accordance with the terms of the Parent Equity Plans and the underlying award agreements, in which case Parent will equitably compensate the affected award holders in an alternate manner determined by Parent in its sole discretion, or (y) apply an alternate adjustment method. Where and to the extent required by applicable Law or tax considerations outside the United States, the adjustments described in this Section 6.01 will be deemed to have been effectuated immediately prior to the Spin-off Date.

(f) *Code Section 409A.* Notwithstanding any other provision of this Agreement to the contrary, in the case of any Parent RSU Award or Parent PSU Award, all conversions and adjustments pursuant to this Section 6.01 will be made taking into account the requirements of Code Section 409A, to the extent applicable.

Section 6.02 Bonus and Incentive Plans.

(a) *Generally.* The SpinCo Group will retain (or assume) and be responsible for all bonus payments and other cash incentive payments to SpinCo Employees and SpinCo Former Employees in respect of any plan period, and the CES Group will retain (or assume) and be responsible for all bonus payments and other cash incentive payments to Retained Employees and Parent Former Employees in respect of any plan period. In furtherance of the foregoing, the Parent Compensation Committee (with respect to any such bonus or cash incentive obligations to Retained Employees and Parent Former Employees) and the compensation committee of SpinCo (with respect to any such obligations to SpinCo Employees and SpinCo Former Employees) shall have the authority to determine the satisfaction of applicable performance conditions and to exercise discretion or make adjustments to such obligations following the Spin-off Date.

(b) *Phantom Awards*. Each Parent Phantom Award shall, for applicable purposes of this Agreement, be considered a Parent RSU Award and shall be subject to conversion as described in Section 6.01(a)(i)(A) or Section 6.01(a)(i)(B), as applicable; provided, however, that, for the avoidance of doubt, any Parent Phantom Award adjusted pursuant to this Section 6.02(b) will remain subject to the same underlying terms and conditions as the original Parent Phantom Award (including, but not limited to, the fact that such award shall be settled in cash).

(c) *Stock Bonus Program*.

(i) The SpinCo Group will be responsible for all bonus payments to SpinCo Employees and SpinCo Former Employees under Parent's Stock Bonus Program in respect of any bonus period for which the scheduled delivery date has not yet occurred as of the Spin-off Date. Any portion of an annual bonus payout that a SpinCo Employee or SpinCo Former Employee has elected to receive in Parent Shares under the Stock Bonus Program will instead be paid in SpinCo Shares and (other than the settlement in SpinCo Shares) such portion of the annual bonus payout will be subject to the same terms and conditions (including, but not limited to, the discount rate, valuation methodology, payment schedule, and vesting schedule, if applicable) as set forth in the Stock Bonus Program and applicable enrollment form. Notwithstanding the foregoing, if the Value Date (as defined in the Stock Bonus Program) for a Stock Bonus Program bonus period occurs prior to the Spin-off Date but the scheduled delivery date for such bonus period occurs following the Spin-off Date, then any portion of the annual bonus payout that a SpinCo Employee or SpinCo Former Employee elected to receive in Parent Shares will instead be valued in SpinCo Shares immediately following the Spin-off Date and settled in SpinCo Shares on the original scheduled delivery date (and, for the avoidance of doubt, any valuation in Parent Shares that occurred prior to the Spin-off Date shall be disregarded).

(ii) Each restricted stock unit award granted to an Employee under Parent's Stock Bonus Program that is outstanding and remains subject to vesting as of the Spin-off Date shall, for purposes of this Agreement, be treated as a Parent RSU Award and shall be subject to conversion as described in Section 6.01(a)(i)(A) or Section 6.01(a)(i)(B), as applicable.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Transfer of Records. Parent will transfer to SpinCo any and all employment records and information (including any Form I-9, Form W-2 or other Internal Revenue Service forms or foreign jurisdiction equivalents, personnel files, performance reviews and other employment related information) with respect to SpinCo Employees and other records reasonably required by SpinCo to enable SpinCo properly to carry out its obligations under this Agreement. In addition, to the extent applicable, SpinCo will transfer to Parent any and all employment records and information with respect to Retained Employees and other records reasonably required by Parent to enable Parent properly to carry out its obligations under this Agreement. In each case, such transfer of records generally will occur as soon as administratively practicable on or after the Spin-off Date. Each Party will permit the other Party reasonable access to Employee records to the extent reasonably necessary for such accessing Party to carry out its obligations

hereunder and/or respond to any complaints or otherwise carry out any necessary business purpose following the Spin-off Date. Any transfer required hereunder will be required only to the extent required or permitted by applicable local Law.

Section 7.02 Cooperation. Each Party will upon reasonable request provide the other Party and the other Party's respective Affiliates, agents and vendors all information reasonably necessary to the other Party's performance of its obligations hereunder. The Parties agree to use commercially reasonable efforts and to cooperate with each other to carry out their obligations hereunder and to effectuate the terms of this Agreement. Without limiting the generality of the foregoing, (a) Parent shall provide to SpinCo all information relating to the performance of the CES Group following the Distribution that is necessary for SpinCo to calculate any performance bonuses or similar obligations payable to any SpinCo Employee or SpinCo Former Employee for the performance period in which the Distribution occurs and (b) SpinCo shall provide to Parent all information relating to the performance of the SpinCo Group following the Distribution that is necessary for Parent to calculate any performance bonuses or similar obligations payable to any Retained Employee or Parent Former Employee for the performance period in which the Distribution occurs.

Section 7.03 Tax Benefits. If any member of the CES Group remits a payment to a Tax Authority for Taxes on behalf of any SpinCo Employee or a SpinCo Former Employee, SpinCo shall remit to Parent the amount for which it is liable within thirty (30) days after receiving written notification requesting such amount. If any member of the SpinCo Group remits a payment to a Tax Authority for Taxes on behalf of any Retained Employee or any Parent Former Employee, Parent shall remit to SpinCo the amount for which it is liable within thirty (30) days after receiving written notification requesting such amount. Effective as of the Spin-off Date, the CES Group will be entitled to all Employee Recoupment Assets in respect of all Employees and Former Employees to the extent that the Employee Recoupment Asset relates to a payment made by the CES Group. The SpinCo Group will be entitled to all Employee Recoupment Assets in respect of SpinCo Employees and SpinCo Former Employees to the extent that the Employee Recoupment Asset relates to a payment made by the SpinCo Group.

Section 7.04 Compliance. The agreements and covenants of the Parties hereunder will at all times be subject to the requirements and limitations of applicable Law (including local Laws, rules and customs relating to the treatment of benefit plans) and collective bargaining agreements, and/or social consultation as applicable. Where an agreement or covenant of a Party hereunder cannot be effected in compliance with applicable Law or an applicable collective bargaining agreement or social consultation requirement, the Parties agree to negotiate in good faith to modify such agreement or covenant to the least extent possible in keeping with the original agreement or covenant in order to comply with applicable Law or such applicable collective bargaining agreement or social consultation requirement. Each provision of this Agreement is subject to and qualified by this Section 7.04, whether or not such provision expressly states that it is subject to or limited by applicable Law or by applicable collective bargaining agreements. Each reference to the Code, ERISA, or the Securities Act or any other Law will be deemed to include the rules, regulations, and guidance issued thereunder.

Section 7.05 Preservation of Rights. Unless expressly provided otherwise in this Agreement, nothing herein will be construed as a limitation on the right of the CES Group or the SpinCo Group to (a) amend or terminate any Benefit Plan or (b) terminate the employment of any Employee.

Section 7.06 Not a Change in Control. The Parties acknowledge and agree that the Separation, Distribution and other transactions contemplated by the Separation and Distribution Agreement and this Agreement do not constitute a "change in control" or a "change of control" for purposes of any Benefit Plan, any Employment Agreement or any other agreement or arrangement.

Section 7.07 Reimbursements; Interest on Late Payments. The Parties acknowledge and agree that the CES Group, on one hand, and the SpinCo Group, on the other hand, may incur costs and expenses (including payment of compensation) which are the responsibility of the other Party as set forth in this Agreement. Accordingly, the Parties agree to reimburse each other for Liabilities and obligations for which such Party is responsible, and will provide such reimbursement reasonably promptly and in accordance with the terms of any agreement between the Parties or their Affiliates addressing such matters. Payments pursuant to this Agreement that are not made by the date prescribed in this Agreement or, if no such date is prescribed, within thirty (30) days after written demand for payment is made, shall accrue interest for the period from and including the date immediately following the due date therefor through and including the date of payment at a rate per annum equal to the Prime Rate plus two percent (2%) (compounded monthly). Such rate shall be redetermined at the beginning of each calendar quarter following such due date. Such interest will be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of three hundred sixty-five (365) days and the actual number of days for which due.

Section 7.08 Notices. Unless expressly provided herein, all notices, requests, claims, demands or other communications under this Agreement shall be delivered in accordance with the requirements for the provision of notice set forth in Section 10.6 of the Separation and Distribution Agreement.

Section 7.09 Procedures for Indemnification. For the avoidance of doubt, the procedures for indemnification, including with respect to Third-Party Claims, set forth in Article IV of the Separation and Distribution Agreement shall apply to all Liabilities assumed or allocated to any Party pursuant to this Agreement.

Section 7.10 Limitation on Enforcement. This Agreement is an agreement solely between the Parties. Nothing in this Agreement, whether express or implied, will be construed to: (a) confer upon any current or former Employee of the CES Group or the SpinCo Group, or any other person any rights or remedies, including to any right to (i) employment or recall; (ii) continued employment or continued service for any specified period; or (iii) claim any particular compensation, benefit or aggregation of benefits, of any kind or nature; or (b) create, modify, or amend any Benefit Plan.

Section 7.11 Disputes. The procedures for discussion, negotiation, mediation and arbitration set forth in Article VII of the Separation and Distribution Agreement shall apply to all disputes, controversies or claims (whether sounding in contract, tort or otherwise) that may arise out of or relate to, or arise under or in connection with, this Agreement.

Section 7.12 Third Party Consents. Without limiting or otherwise modifying the provisions regarding Approvals or Notifications set forth in the Separation and Distribution Agreement, if the obligation of any Party under this Agreement depends upon the Approval or Notification of a Third Party, such as a vendor or insurer, and that Approval or Notification is withheld, the Parties will use commercially reasonable efforts to implement the affected provisions of this Agreement to the fullest extent practicable; provided that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and SpinCo, neither Parent nor SpinCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications. If any provision of this Agreement cannot be implemented due to the failure of a Third Party to provide a required Approval or Notification, the Parties will negotiate in good faith to implement the provision in a mutually satisfactory manner, taking into account the original purpose of the affected provision.

Section 7.13 Further Assurances and Consents. Without limiting or otherwise modifying the provisions of Article VIII of the Separation and Distribution Agreement, in addition to the actions specifically provided for in this Agreement, each of the Parties will use reasonable best efforts to (a) execute and deliver such further instruments and documents and take such other actions as the other Party may reasonably request to effectuate the purposes of this Agreement and to carry out the terms hereof, and (b) take, or cause to be taken, all actions and do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Law and agreements or otherwise to consummate and make effective the transactions contemplated by this Agreement, including using reasonable best effort to obtain any required consents and approvals and to make any filings and applications necessary or desirable to consummate the transactions contemplated by this Agreement; provided, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and SpinCo, no Party will be obligated to contribute capital or pay any consideration in any form therefor.

Section 7.14 Effect if Distribution Does Not Occur. If the Distribution does not occur, then all actions and events that are to be taken under this Agreement, or otherwise in connection with the Distribution, will not be taken or occur, except to the extent specifically provided by Parent.

Section 7.15 Counterparts; Entire Agreement; Authority; Facsimile Signatures.

(a) *Counterparts*. This Agreement may be executed in one (1) or more counterparts (including by facsimile, PDF or other electronic transmission), all of which shall be considered one (1) and the same agreement.

(b) *Entire Agreement*. This Agreement, together with the Separation and Distribution Agreement and the other Ancillary Agreements, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter.

(c) *Authority.* Parent represents on behalf of itself, and SpinCo represents on behalf of itself, as follows:

(i) it has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

Section 7.16 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware without regard to rules of conflicts of laws.

Section 7.17 Binding Effect; Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, that neither Party may assign any of its rights or assign or delegate any of its obligations under this Agreement without the express prior written consent of the other Party.

Section 7.18 No Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and their respective Subsidiaries, Affiliates, successors and assigns and will not be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any Benefit Plan or affect Parent or SpinCo or the applicable plan sponsor's right to amend or terminate any Benefit Plan pursuant to the terms of such Benefit Plan. No Employee or Former Employee, officer, director, or independent contractor or any other individual associate therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement.

Section 7.19 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid, void or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect, as closely as possible, the original intent of the Parties.

Section 7.20 No Set Off. Except as mutually agreed to in writing by the Parties, neither Party nor any other member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts payable pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Party or any other member of its Group arising out of this Agreement.

Section 7.21 Survival of Covenants. Except as expressly set forth in this Agreement, the covenants and agreements contained in this Agreement, and Liability for the breach of any such obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

Section 7.22 Waivers of Default; Remedies Cumulative. Waiver by a Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

Section 7.23 Amendments. No provisions of this Agreement may be waived, amended, supplemented or modified, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 7.24 Specific Performance. Subject to the provisions of Article VII of the Separation and Distribution Agreement, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

Section 7.25 Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties, and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 7.26 Predecessors or Successors. Any reference to Parent, SpinCo, a Person or a Subsidiary in this Agreement shall include any predecessors or successors (*e.g.*, by merger or other reorganization, liquidation or conversion) of Parent, SpinCo, such Person or such Subsidiary, respectively.

Section 7.27 Change in Law. Any reference to a provision of the Code or any other Tax Law shall include a reference to any applicable successor provision or Law.

Section 7.28 Limitations of Liability. Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, neither SpinCo or any other member of the SpinCo Group, on the one hand, nor Parent or any other member of the CES Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other (other than any such damages awarded to a Third Party with respect to a Third-Party Claim).

Section 7.29 Performance. Parent shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the CES Group. SpinCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the SpinCo Group.

Section 7.30 Incorporation. Sections 10.10 (Headings) and 10.15 (Interpretation) the Separation and Distribution Agreement are hereby incorporated in this Agreement as if fully set forth herein.

[Signatures set forth on following page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their authorized representatives.

Verint Systems Inc.	**Cognyte Software Ltd.**
By: _____	By: _____
Name:	Name:
Title:	Title:

[*Signature Page to Employee Matters Agreement*]

Exhibit 4.3

FORM OF TRANSITION SERVICES AGREEMENT

BETWEEN

VERINT SYSTEMS INC.

AND

COGNYTE SOFTWARE LTD.

DATED [●], 2021

FORM OF TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT dated [●], 2021 (this "Agreement"), is between Verint Systems Inc., a Delaware corporation ("VSI"), and Cognyte Software Ltd., a company organized under the laws of the State of Israel ("SpinCo"). VSI and SpinCo are sometimes referred to herein individually as a "Party", and collectively as the "Parties".

R E C I T A L S

A. SpinCo and VSI are parties to that certain Separation and Distribution Agreement dated as of the [●], 2021 (the "Separation and Distribution Agreement").

B. In connection with the Separation and Distribution Agreement, the board of directors of VSI (the "VSI Board") has determined that it is appropriate and desirable to make a distribution, on a pro rata basis and in accordance with a distribution ratio to be determined by the VSI Board, to holders of VSI Shares on the Record Date of all the outstanding SpinCo Shares owned by VSI (the "Distribution"), and, immediately following the Distribution separate the SpinCo Business from the CES Business (the "Separation").

C. In connection with the transactions contemplated by the Separation and Distribution Agreement and in order to ensure a smooth transition following the Distribution and Separation, each Party desires that the other Party provide, or cause its Affiliates or contractors to provide, certain transition services on an arm's-length basis.

In consideration of the forgoing and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. Unless otherwise defined herein, each capitalized term will have the meaning specified for such term in the Separation and Distribution Agreement. As used in this Agreement:

"Additional SpinCo Service" has the meaning set forth in Section 2.2(b).

"Additional VSI Service" has the meaning set forth in Section 2.2(a).

"Agreement" has the meaning set forth in the Preamble.

"Ancillary Agreements" means all agreements (other than this Agreement and the Separation and Distribution Agreement) entered into by the Parties or members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation, the Distribution or the other transactions contemplated by the Separation

and Distribution Agreement, including the Employee Matters Agreement, the Tax Matters Agreement, the Trademark Cross License Agreement, the Intellectual Property Cross License Agreement and the Transfer Documents.

"Authorized Representative" means, for each Party, any of the individuals listed on Annex A under the name of such Party.

"Availed Party" has the meaning set forth in Section 5.2(b).

"Data Protection Laws" has the meaning set forth in Section 5.2(a).

"Distribution" has the meaning set forth in the Recitals.

"Fees" means the fees for a particular Service as set forth on Annex B or Annex C as the case may be.

"Force Majeure" means, with respect to a Party, an event beyond the reasonable control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, embargoes, epidemics, pandemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any significant and prolonged failure in electrical or air conditioning equipment.

"Materials" has the meaning set forth in Section 2.5(a).

"Partial Termination" has the meaning set forth in Section 6.3(a).

"Party" has the meaning set forth in the Preamble.

"Payment Due Date" has the meaning set forth in Section 4.4.

"Prime Rate" has the meaning set forth in Section 4.5.

"Protected Data" has the meaning set forth in Section 5.2(a).

"Safety and Security Policies" has the meaning set forth in Section 5.2(b).

"Sales Taxes" has the meaning set forth in Section 4.2.

"Separation" has the meaning set forth in the Recitals.

"Separation and Distribution Agreement" has the meaning set forth in the Recitals.

"Service Coordinators" has the meaning set forth in Section 7.8.

"Service Provider" means (a) in the case of VSI Services, VSI or any of its Subsidiaries providing a VSI Service hereunder, or (b) in the case of SpinCo Services, SpinCo or any of its Subsidiaries providing a SpinCo Service hereunder.

"Service Recipient" means (a) in the case of VSI Services, SpinCo or any of its Subsidiaries receiving a VSI Service hereunder, or (b) in the case of SpinCo Services, VSI or any of its Subsidiaries receiving a SpinCo Service.

"Service Recipient Data" means all of the data and information owned and provided solely by the Service Recipient, or created by the Service Provider solely on behalf, or for the benefit, of the Service Recipient (including any such data and information created by the Service Provider or the Service Recipient using the Service Provider's computer systems or software) in relation to the provision of the Services.

"Service Term" means the term for a particular Service as set forth on Annex B or Annex C, as the case may be.

"Services" means the VSI Services or the SpinCo Services, individually, or the VSI Services and the SpinCo Services, collectively, as the context may indicate.

"SpinCo" has the meaning set forth in the Preamble.

"SpinCo Service Coordinator" has the meaning set forth in Section 7.8.

"SpinCo Services" means the Services generally described on Annex C and any other Service provided by SpinCo or any of its Subsidiaries pursuant to this Agreement.

"Systems, Facilities and Data" has the meaning set forth in Section 5.2(b).

"Term" has the meaning set forth in Section 6.1.

"Term Extension" has the meaning set forth in Section 6.2.

"VSI" has the meaning set forth in the Preamble.

"VSI Board" has the meaning set forth in the Recitals.

"VSI Group" means VSI and each Person that is a Subsidiary of VSI other than SpinCo and any other member of the SpinCo Group.

"VSI Indemnitees" has the meaning set forth in Section 7.2.

"VSI Service Coordinator" has the meaning set forth in Section 7.8.

"VSI Services" means the Services generally described on Annex B and any other Service provided by the VSI Group pursuant to this Agreement.

ARTICLE II

PERFORMANCE AND SERVICES

2.1 General.

(a) During the Term, and subject to the terms and conditions of this Agreement, VSI will use commercially reasonable efforts to provide, or cause to be provided, the VSI Services to SpinCo and its Subsidiaries. The applicable Fee for each VSI Service will be the specified Fee for such VSI Service set forth on Annex B, and the applicable Service Term for each VSI Service will be the specified Service Term for such VSI Service set forth on Annex B, in each case, subject to adjustment for each Term Extension as provided in Section 6.2. Notwithstanding anything to the contrary contained herein or on any Annex, VSI will have no obligation under this Agreement to: (i) operate the SpinCo Business or any portion thereof (it being acknowledged and agreed by VSI and SpinCo that providing the VSI Services will not be deemed to be operating the SpinCo Business or any portion thereof); (ii) advance funds or extend credit to SpinCo; (iii) hire new employees for the purpose of providing the VSI Services; (iv) provide VSI Services to any Person other than members of the SpinCo Group; or (v) implement new systems, processes, technologies, plans or initiatives developed, acquired or utilized by VSI whether before or after the Distribution Date.

(b) During the Term, and subject to the terms and conditions of this Agreement, SpinCo will use commercially reasonable efforts to provide, or cause to be provided, the SpinCo Services to VSI and the other members of the VSI Group. The applicable Fee for each SpinCo Service will be the specified Fee for such SpinCo Service set forth on Annex C, and the applicable Service Term for each SpinCo Service will be the specified Service Term for such SpinCo Service set forth on Annex C, in each case, subject to adjustment for each Term Extension as provided in Section 6.2. Notwithstanding anything to the contrary contained herein or on any Annex, SpinCo will have no obligation under this Agreement to: (i) operate the CES Business or any portion thereof (it being acknowledged and agreed by VSI and SpinCo that providing the SpinCo Services will not be deemed to be operating the CES Business or any portion thereof); (ii) advance funds or extend credit to VSI; (iii) hire new employees for the purpose of providing the SpinCo Services; (iv) provide SpinCo Services to any Person other than members of the VSI Group; or (v) implement new systems, processes, technologies, plans or initiatives developed, acquired or utilized by SpinCo whether before or after the Distribution Date.

(c) Notwithstanding anything to the contrary in this Agreement, neither VSI nor SpinCo (nor any of their respective Subsidiaries) will be required to perform Services hereunder or take any actions relating thereto that conflict with or violate any applicable Law, contract, license, sublicense, authorization, certification or permit.

2.2 Additional Unspecified Services.

(a) If SpinCo reasonably determines in good faith after the date hereof (but no later than the date that is two months after the Spin-off Date) that additional transition services (not listed on Annex B) of the type previously provided by members of the VSI Group to support and assist the SpinCo Business are necessary to support and assist SpinCo in the conduct of the SpinCo Business, and SpinCo or its Subsidiaries are not able to provide (themselves or through service providers) such services to the SpinCo Business, then SpinCo may provide written notice thereof to VSI. Upon receipt of such notice by VSI, VSI will use commercially reasonable efforts to provide such additional service during the Term, subject to agreement between the Parties regarding an amendment to Annex B setting forth the additional service (each such service an "Additional VSI Service"), the terms and conditions for the provision of such Additional VSI Service and the Fees payable by SpinCo for such Additional VSI Service, such Fees to be determined on an arm's-length basis. For the avoidance of doubt, VSI will have no obligation to provide any Additional VSI Services to the extent doing so would negatively impact the business or operations or VSI or its Subsidiaries in any material respect.

(b) If VSI reasonably determines in good faith after the date hereof (but no later than the date that is two months after the Spin-off Date) that additional transition services (not listed on Annex C) of the type previously provided by members of the SpinCo Group to support and assist the CES Business are necessary to support and assist VSI in the conduct of the CES Business, and VSI or its Subsidiaries are not able to provide (themselves or through service providers) such services to the CES Business, then VSI may provide written notice thereof to SpinCo. Upon receipt of such notice by SpinCo, SpinCo will use commercially reasonable efforts to provide such additional service during the Term, subject to agreement between the Parties regarding an amendment to Annex C setting forth the additional service (each such service an "Additional SpinCo Service"), the terms and conditions for the provision of such Additional SpinCo Service and the Fees payable by VSI for such Additional SpinCo Service, such Fees to be determined on an arm's-length basis. For the avoidance of doubt, SpinCo will have no obligation to provide any Additional SpinCo Services to the extent doing so would negatively impact the business or operations or SpinCo or its Subsidiaries in any material respect.

2.3 Service Requests. Any requests by a Party to the other Party regarding the Services or any modification or alteration to the provision of the Services must be made by an Authorized Representative (it being understood that the receiving Party will not be obligated to agree to any modification or alteration requested thereby). Notwithstanding anything to the contrary hereunder, each Party may avail itself of the remedies set forth in Section 6.4 without fulfilling the notice requirements of this Section 2.3.

2.4 Access.

(a) Subject to Section 5.2, SpinCo, at the reasonable request of VSI, will make available on a timely basis to VSI, all information reasonably requested by VSI to enable VSI to provide the VSI Services and the Additional VSI Services (if any). SpinCo will give VSI and its Affiliates, employees, agents and representatives, as reasonably requested by VSI and subject to applicable Law and contractual obligations, reasonable access, during regular business hours and at such other times as are reasonably required, to the premises of the SpinCo Business for the purposes of providing the VSI Services and the Additional VSI Services (if any).

(b) Subject to Section 5.2, VSI, at the reasonable request of SpinCo, will make available on a timely basis to SpinCo, all information reasonably requested by SpinCo to enable SpinCo to provide the SpinCo Services and the Additional SpinCo Services (if any). VSI will give SpinCo and its Affiliates, employees, agents and representatives, as reasonably requested by SpinCo and subject to applicable Law and contractual obligations, reasonable access, during regular business hours and at such other times as are reasonably required, to the premises of the CES Business for the purposes of providing the SpinCo Services and the Additional SpinCo Services (if any).

2.5 Books and Records; Retention and Transfer of Materials and Service Recipient Data.

(a) For a period of 24 months following termination of this Agreement, the Service Provider will retain all books, records, files, databases or computer software or hardware (including current and archived copies of computer files) (the "Materials") with respect to matters relating to the Services provided to the Service Recipient hereunder that are in a form and contain a level of detail substantially consistent with the records retention policies of the Service Provider prior to the Distribution Date. The Service Provider will make such Materials available to the Service Recipient for its review, upon reasonable notice, at the Service Recipient's expense, during regular business hours, including in order to verify disputed charges under Section 4.6. If at any time during the 24-month period following the termination of this Agreement, the Service Recipient reasonably requests in writing that certain Materials be delivered to the Service Recipient, the Service Provider promptly will arrange for the delivery of the requested Materials in the form in which such Materials are then maintained by the Service Provider to a location specified by, and at the expense of, the Service Recipient. As promptly as practicable following the expiration of the Service Term (or earlier termination pursuant to Section 6.3) of a Service, the Service Provider will, upon request, use commercially reasonable efforts to furnish to the Service Recipient, and assist in the transition of Materials belonging to the Service Recipient and relating to such Service as clearly identified by the Service Recipient, in an industry standard or mutually agreed upon data format. For the avoidance of doubt, the obligations in this Section 2.5 will in no way derogate from any similar obligations set forth in Article VI of the Separation and Distribution Agreement.

(b) As between the Parties, the Service Recipient Data will be and will remain the property of the Service Recipient. The Service Provider will use the Service Recipient Data solely to provide the Services to the Service Recipient as set forth herein and for no other purpose whatsoever. During the Term, the Service Provider will, to the extent reasonably practicable and subject to Data Protection Laws, promptly provide the Service Recipient Data to the Service Recipient upon the Service Recipient's reasonable request and at the Service Recipient's expense. As promptly as practicable following the termination or expiration of this Agreement for any reason, the Service Provider will, upon request, use commercially reasonable efforts to deliver to the Service Recipient or destroy (and certify such destruction in writing if so requested by the Service Recipient), at Service Recipient's option, all Service Recipient Data; provided, however, that the Service Provider will not be required to erase or destroy Service Recipient Data included in computer files stored securely by the Service Provider that are created during automatic system backups.

(c) Notwithstanding anything herein to the contrary, and subject to Section 5.1, the Service Provider may retain copies of the Materials and the Service Recipient Data in accordance with policies and procedures implemented by the Service Provider to comply with applicable Law (including Data Protection Laws), professional standards or reasonable business practice, including document retention policies as in effect from time to time (which policies will be made available to the Service Recipient upon request).

2.6 Permits and Third-Party Consents. The Service Provider will use commercially reasonable efforts to obtain any permits, licenses, approvals or third-party consents necessary to provide the Services, the reasonable cost of which will be payable by Service Recipient to the extent such costs are incurred for the purpose of providing the Services.

2.7 No Reporting Obligations. Notwithstanding anything to the contrary contained in this Agreement or any Annex hereto, none of the Service Provider or any of its Affiliates, or any of their respective Representatives, will be obligated, pursuant to this Agreement or any Annex hereto, as part of or in connection with the Services provided hereunder, as a result of storing or maintaining any data referred to herein or in any Annex hereto, or otherwise, to prepare or deliver any notification or report to any Governmental Authority or other Person on behalf of Service Recipient or any of its Affiliates, or any of their respective Representatives.

ARTICLE III

SERVICE QUALITY; INDEPENDENT CONTRACTOR

3.1 Service Quality.

(a) The Service Provider will perform the Services in a manner and quality that is substantially consistent with the Party's past practice (including as to quantity) in performing the Services for the SpinCo Business or CES Business, as

applicable, and in any event in compliance with any terms or service levels set forth on the applicable Annex. The Service Recipient will use the Services in substantially the same manner and on substantially the same scale as they were used by such Party and its Affiliates in the past practice of the SpinCo Business or CES Business, as applicable, prior to the Distribution Date.

(b) Each Party acknowledges and agrees that certain of the Services to be provided under this Agreement have been, and will continue to be provided (in accordance with this Agreement and the Annexes hereto) to the CES Business or the SpinCo Business, as applicable, by third parties designated by the Party responsible for providing such Services hereunder. To the extent so provided, the Party responsible for providing such Services will use commercially reasonable efforts to (i) cause such third parties to provide such Services in accordance with this Agreement and/or (ii) enable the Party seeking the benefit of such Services and its Subsidiaries to avail itself of such Services; provided, however, that if any such third party is unable or unwilling to provide any such Services, the Parties agree to use their commercially reasonable efforts to determine the manner, if any, in which such Services can best be provided (it being acknowledged and agreed that any costs or expenses to be incurred in connection with obtaining a third party to provide any such Services will be paid by the Party to which such Services are provided; provided further that the Party responsible for providing such Services will use commercially reasonable efforts to communicate the costs or expenses expected to be incurred in advance of incurring such costs or expenses).

3.2 Independent Contractor; Assets; Subcontractors.

(a) The Parties are independent contractors. All employees and representatives of a Party and any of its Subsidiaries involved in providing Services will be under the exclusive direction, control and supervision of the Party or its Subsidiaries (or their subcontractors) providing such Services, and not of the Service Recipient. The Party or its Subsidiaries (or their subcontractors) providing the Services will be solely responsible for compensation of its employees, and for all withholding, employment or payroll taxes, unemployment insurance, workers' compensation, and any other insurance and fringe benefits with respect to such employees. The Party or its Subsidiaries (or their subcontractors) providing the Services will have the exclusive right to hire and fire any of its employees in accordance with applicable Law. The Service Recipient will have no right to direct and control any of the employees or representatives of the Party or its Subsidiaries (or their subcontractors) providing such Services.

(b) All procedures, methods, systems, strategies, tools, equipment, facilities, software, data and other resources used by a Party, any of its Subsidiaries or any third party service provider in connection with the provision of the Services hereunder will remain the property of such Party, its Subsidiaries or such service providers and, except as otherwise provided herein, will at all times be under the sole direction and control of such Party, its Subsidiaries or such third party service provider. Without limiting any license set forth in that certain Intellectual Property Cross License Agreement between the Parties, and that certain Trademark Cross License Agreement

between the Parties, or any other agreement between the Parties, no license under any patents, know-how, trade secrets, copyrights or other rights is granted by this Agreement or any disclosure in connection with this Agreement by either Party.

(c) The Service Provider may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement; provided that (a) the Service Provider will use the same degree of care in selecting any such subcontractor as it would if such contractor was being retained to provide similar services to the Service Provider; and (b) unless otherwise agreed by the Parties in a separate agreement with express reference to this Agreement, the Service Provider will in all cases remain primarily responsible for all of its obligations hereunder with respect to the scope of the Services, the standard for services as set forth in Article III and the content of the Services provided to the Service Recipient as if it were providing such services itself. The Service Provider may replace a subcontractor providing Services under this Agreement without the consent of the Service Recipient provided that the costs of the replacement subcontractor are not materially higher than the costs for such previous subcontractor. The Service Provider will provide notice to the Service Recipient prior to replacing or hiring new subcontractors whenever reasonably possible.

3.3 Uses of Services. The Service Provider will be required to provide the Services only to the Service Recipient and the Service Recipient's Subsidiaries in connection with the Service Recipient's operation of the SpinCo Business or CES Business, as applicable. The Service Recipient may not resell any Services to any Person whatsoever or permit the use of such Services by any Person other than in connection with (a) the operation of the SpinCo Business or CES Business, as applicable, in the ordinary course of business or (b) effecting the Separation.

3.4 Modification of Services. The Parties agree that each Service Provider may make changes from time to time in the manner of performing the applicable Service if such Service Provider is making similar changes in performing similar services for itself, its Affiliates or other third parties, if any, provided that such Service Provider furnishes to the Service Recipient substantially the same notice (in content) as such Service Provider provides to its Affiliates or third parties, if any, respecting such changes; provided further that each Service Provider may make any of the following changes without obtaining the prior consent of, and without prior notice to, the Service Recipient: (a) changes to the process of performing a particular Service that do not adversely affect the benefits to the Service Recipient in any material respect or materially increase the charge for such Service; (b) emergency changes on a temporary and short-term basis; and (c) changes to a particular Service in order to comply with applicable Law.

3.5 Right to Suspend Services. Notwithstanding anything to the contrary in this Agreement, neither Service Provider will be required to provide, and will incur no liability for not providing, all or any part of any Service to the extent: (a) the performance of such Service would require such Service Provider to violate any applicable Law, (b) a third party service provider or other third party asset used to provide any Service ceases to be, or otherwise is not, available to such Service

Provider on commercially reasonable terms, or (c) prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure; provided that (i) in the case of clauses (a) and (b), (A) only to the extent reasonably necessary for such Service Provider to address the issue raised; (B) to the extent practicable, only after such Service Provider has applied commercially reasonable efforts to reduce the amount or effect of any such restrictions; and (C) if such Service Provider has delivered written notice thereof to the Service Recipient; and (ii) in the case of clause (c), only to the extent provided in Section 8.7.

3.6 Transition of Responsibilities. Each Party agrees to use commercially reasonable efforts to reduce or eliminate its and its Subsidiaries' dependence on each Service as soon as is reasonably practicable. Each Party agrees to cooperate with the other Party to facilitate the smooth transition of the Services being provided to the Service Recipient by the Service Provider.

3.7 Disclaimer of Warranties. Except as expressly set forth in this Agreement: (i) each Party acknowledges and agrees that the other Party makes no warranties of any kind with respect to the Services or access to Systems, Facilities and Data to be provided hereunder; and (ii) each Party hereby expressly disclaims all warranties with respect to the Services or access to Systems, Facilities and Data to be provided hereunder, as further set forth immediately below.

EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE SERVICES OR ACCESS TO SYSTEMS, FACILITIES AND DATA TO BE PROVIDED UNDER THIS AGREEMENT WILL BE PROVIDED AS-IS, WHERE-IS, WITH ALL FAULTS, AND WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF NON-INFRINGEMENT, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, CONFORMITY TO ANY REPRESENTATION OR DESCRIPTION, TITLE OR ANY OTHER WARRANTY WHATSOEVER.

ARTICLE IV

FEES; PAYMENT

4.1 Fees. The Service Recipient will pay the Service Provider the Fees for the Services provided by such Service Provider under this Agreement. The Fees for the VSI Services are set forth on Annex B and the Fees for the SpinCo Services are set forth on Annex C, in each case, subject to adjustment for each Term Extension as provided in Section 6.2.

4.2 Taxes. All Fees to be paid are exclusive of any applicable taxes required by Law to be collected from the Service Recipient (including sales, use, excise or service tax, which may be assessed on the provision of any Service). If a withholding, sales, use, excise, services or similar tax is assessed on the provision of any of the Services, the Service Recipient will pay directly, or reimburse or indemnify the Service Provider for, such tax. In addition to any amounts otherwise payable hereunder, the

Service Recipient will be responsible for any and all sales, use, excise, services or similar taxes imposed on the provision of goods and services by the Service Provider to the Service Recipient ("Sales Taxes") and will either (a) remit such Sales Taxes to the Service Provider (and the Service Provider will remit the amounts so received to the applicable Governmental Authority) or (b) provide the Service Provider with a certificate or other proof, reasonably acceptable to the Service Provider evidencing an exemption from liability for such Sales Taxes. The Parties further agree that, notwithstanding the foregoing, neither Party will be required to pay any franchise taxes, taxes based on the income of the other Party or personal property taxes on property owned or leased by a Party and used by such Party to provide Services.

4.3 Invoices and Payment. Unless otherwise specified in Annex B or Annex C, within 30 days following the end of each month during the Term (or within 30 days after receipt of a third party supplier's invoice in the case of Services that are provided by a third party supplier), the Service Provider will submit to the Service Recipient for payment a written statement of amounts due under this Agreement for such month. The statement will set forth the Fees, in the aggregate and itemized, based on the descriptions set forth on Annex B or Annex C, as the case may be. Each statement will specify the nature of any amounts due for any Fees as set forth on Annex B or Annex C and will contain reasonably satisfactory documentation in support of such amounts as specified therein and such other supporting detail as the Service Recipient may reasonably require to validate such amounts due. All fees for Services provided by third party suppliers will be charged on a straight, pass-through basis and without mark-up of any kind.

4.4 Timing of Payment. Unless otherwise specified in Annex B or Annex C, the Service Recipient will pay all amounts due pursuant to each invoice under this Agreement no later than 30 days following the Service Recipient's receipt of such invoice (or, in the case of Services that are provided by a third party supplier, no later than 30 days following receipt of invoice by the Service Recipient) (the "Payment Due Date").

4.5 Non-Payment; Offsets. If either Party fails to pay the full amount of any invoice by the Payment Due Date, such failure will be considered a material default under this Agreement. In the event that the Service Provider is not paid in full under this Agreement, and has not been paid within two business days following notification for a failure to pay, such Service Provider will be entitled to offset amounts owed to the Service Recipient under the other agreements entered into between the Parties in connection with the transactions contemplated by the Separation and Distribution Agreement. The remedies provided to each Party by this Section 4.5 and by Section 6.4 will be cumulative with respect to any other applicable provisions of this Agreement. Payments made after the date they are due will bear interest at an annual rate equal to that published by *The Wall Street Journal* as its prime rate (the "Prime Rate") plus 2.0% (compounded monthly), provided that in no event will the aggregate amount of interest accrued in relation to any overdue payment exceed 10% of the entire amount of such payment.

4.6 Payment Disputes. The Service Recipient may object to any amounts for any Service invoiced to it at any time before, at the time of, or after payment is made, provided such objection is made in writing to the Service Provider within 60 days following receipt of invoice by the Service Recipient. The Service Recipient will timely pay the disputed items in full while resolution of the dispute is pending; provided, however, that the Service Provider will pay interest at an annual rate equal to the Prime Rate plus 2.0% (compounded monthly) on any amounts it is required to return to the Service Recipient upon resolution of the dispute, provided further that in no event will the aggregate amount of interest accrued in relation to any returned payment exceed 10% of the amount of such returned payment. Payment of any amount will not constitute approval thereof. Any dispute under this Section 4.6 will be resolved in accordance with the provisions of Section 7.9.

ARTICLE V

CONFIDENTIALITY

5.1 Confidentiality. Each Party agrees that the specific terms and conditions of this Agreement (to the extent not otherwise publicly disclosed by the Parties in connection with the Separation and Distribution) and any information, Service Recipient Data and Materials conveyed or otherwise received by or on behalf of a Party in conjunction herewith are confidential and are subject to the terms of the confidentiality provisions set forth in Section 6.8 of the Separation and Distribution Agreement.

5.2 Security.

(a) In this Section 5.2, the terms "personal data," "personal information" and "processing" will have the same meaning ascribed to them as under applicable data protection, privacy or similar Laws in the relevant country (the "Data Protection Laws"). Notwithstanding Section 5.2(b), each party will comply with Data Protection Laws that may apply in relation to any personal data or personal information processed in connection with this Agreement (the "Protected Data").

(b) If either Party (including its Affiliates and their employees, authorized agents and subcontractors) is given access to the other Party's computer systems or software, premises, equipment, facilities or data (including Protected Data) (individually and collectively, "Systems, Facilities and Data") in connection with the Services, the Party given access (the "Availed Party") will comply with (and will cause its Affiliates, and their employees, authorized agents and subcontractors to comply with) its policies and procedures in relation to the use of and access to such systems, facilities and data (collectively, "Safety and Security Policies") as if it were the Availed Party's own such Systems, Facilities and Data and with all Data Protection Laws, and will not tamper with, compromise or circumvent any safety, security or audit measures employed by such other Party. Upon the written request of the other party, the Availed Party will use commercially reasonable efforts to comply with the Safety and Security Policies of the other party. The Availed Party will access and use only those Systems, Facilities and Data of the other Party for which it has been granted the right to access

and use in connection with the Services. All personnel given access to the Systems, Facilities and Data of the other Party will, upon request, execute a customary confidentiality and data access agreement in form and substance reasonably acceptable to the owner of such Systems, Facilities and Data and in accordance with Data Protection Laws.

(c) In accordance with Data Protection Laws, each Party will use commercially reasonable efforts to ensure that only those of its personnel who are specifically authorized to have access to the Systems, Facilities and Data of the other Party gain such access, and use commercially reasonable efforts to prevent unauthorized access, use, destruction, alteration or loss of such Systems, Facilities and Data (including, in each case, any information contained therein), including notifying its personnel of the restrictions set forth in this Agreement and of the Safety and Security Policies.

(d) If, at any time, the Availed Party determines that any of its personnel or any third party has circumvented the Safety and Security Policies, that any unauthorized Availed Party personnel or third party has accessed the Systems, Facilities and Data, or that any of its personnel or a third party has engaged in activities that lead to the unauthorized access, use, destruction, alteration or loss of, or damage to, Systems, Facilities and Data, the Availed Party will promptly terminate any such person's access to the Systems, Facilities and Data (if the access involves personnel) and promptly notify the other Party of any such unauthorized access, use, destruction, alteration or loss of, or damage to, Systems, Facilities and Data. In addition, such other Party will have the right to deny personnel of the Availed Party access to its Systems, Facilities and Data upon notice to the Availed Party in the event that the other Party reasonably believes that such personnel have engaged in any of the activities set forth above in this Section 5.2(d) or otherwise pose a security concern. The Availed Party will use commercially reasonable efforts to cooperate with the other Party in investigating any apparent unauthorized access, use, destruction, alteration or loss of, or damage to, such other Party's Systems, Facilities and Data.

(e) If any Systems, Facilities and Data of a Party are damaged (ordinary wear and tear excepted) due to the conduct of the Availed Party or any of its Affiliates, or their employees, authorized agents or subcontractors, the Availed Party will be liable to the other Party for all costs associated with such damage, to the extent such costs exceed any available insurance proceeds, in accordance with the terms of this Agreement.

ARTICLE VI

TERMINATION

6.1 Term. The initial term of this Agreement (the "Term") will commence on the Distribution Date and end on the earliest to occur of (a) the last date on which either Party is obligated to provide a Service pursuant to this Agreement, as specified in Annex B and Annex C, (b) the date on which the provision of all Services has been

terminated by the Parties pursuant to Section 6.3 and (c) the date this Agreement is terminated pursuant to Section 6.4; provided that the end of the Term, including any Term Extension pursuant to Section 6.2, will not end later than the 24 month anniversary of the Distribution Date.

6.2 Option to Extend Term. Either Party may request an extension of the Service Term for one or more Services by providing written notice to the other at least 60 days in advance of the scheduled end date for such Service; provided that for any Services scheduled to conclude on or before the first anniversary of the date of this Agreement, such notice must be provided by October 31, 2021. Following the provision of such a notice, the Parties agree to enter into good faith negotiations regarding any proposed extensions to the Service Term and appropriate increases to pricing. Following such negotiations and upon mutual written agreement of the Parties prior to the end of the Service Term for such Service, the Parties may extend the Service Term of such Service for up to 180 days (or for such other period specified in Annex B, Annex C or otherwise agreed to by the Parties in writing with respect to such Service, but no more than 180 days), on the terms and conditions contained in this Agreement (such extension, a "Term Extension"). In the event a Term Extension for a Service would exceed the Term of this Agreement, the Term of this Agreement will be extended for the duration of the Term Extension (subject to the 24 month limitation set forth in Section 6.1).

6.3 Partial Termination.

(a) The Service Recipient will provide no less than ten Business Day's prior written notice (unless a shorter time is mutually agreed upon by the Parties or unless otherwise specified in Annex B or Annex C with respect to a Service) to the Service Provider of any Services that, prior to the expiration of the Service Term or Term Extension, for any reason, are no longer needed from the Service Provider, in which case this Agreement will terminate as to such Services (a "Partial Termination"). Notwithstanding the foregoing, a Partial Termination during the first 12 months after the Spin-off Date will not relieve the Service Recipient from its obligation to pay the entire amount owed for such Service for the initial 12 month period. The Parties will mutually agree as to the effective date of any Partial Termination.

(b) Subject to Section 6.3(a), in the event of any permitted termination prior to the scheduled expiration of the Service Term or of any Partial Termination hereunder, with respect to any terminated Services in which the Fee for such terminated Services is charged as a flat monthly rate, if termination occurs other than the end of the month, there will be no proration of the monthly rate. To the extent any amounts due or advances made hereunder related to costs or expenses that have been or will be incurred and that cannot be recovered by the Service Provider, such amounts due or advances made will not be prorated or reduced and the Service Provider will not be required to refund to the Service Recipient any prorated amount for such costs or expenses; and the Service Recipient will reimburse the Service Provider for (i) Service Recipient's proportional share of any third party costs or charges that are required to be paid in connection with the provision of any Services and that cannot be terminated and (ii) any third party cancellation or similar charges incurred as a result of the Service Recipient's early termination.

6.4 Termination of Entire Agreement. Subject to the provisions of Section 6.6, a Party will have the right to terminate this Agreement or effect a Partial Termination effective upon delivery of written notice to the other Party if:

(a) the other Party or such other Party's direct or indirect parent Affiliate makes an assignment for the benefit of creditors, or becomes bankrupt or insolvent, or is petitioned into bankruptcy, or takes advantage (with respect to its own property and business) of any state, federal or foreign bankruptcy or insolvency act, or if a receiver or receiver/manager is appointed for all or any substantial part of its property and business and such receiver or receiver/manager remains undischarged for a period of 30 days;

(b) the other Party materially defaults in the performance of any of its covenants or obligations contained in this Agreement and such default is not remedied within 21 days after receipt of written notice by the defaulting Party informing such Party of such default; provided, however, that the non-defaulting Party may seek a substitute third party service provider in accordance with Section 7.1(c) at the expense of the defaulting Party if such default is not remedied within five business days after receipt of written notice by the defaulting Party informing such Party of such default; or

(c) the other Party or any of such other Party's Affiliates engages in any act of gross negligence, willful misconduct, fraud or reckless disregard.

6.5 Procedures on Termination. Following any termination of this Agreement or Partial Termination, each Party will cooperate with the other Party as reasonably necessary to avoid disruption of the ordinary course of the other Party's and its Subsidiaries' businesses. Termination will not affect any right to payment for Services provided prior to termination.

6.6 Effect of Termination. Section 4.1 and Section 4.2 (in each case, with respect to Fees and Taxes attributable to periods prior to termination), Section 2.5, Section 3.2, Section 4.3, Section 4.4, Section 4.5, Section 4.6, and Section 6.5, this Section 6.6 and Article V, Article VII and Article VIII will survive any termination of this Agreement. In the event of a Partial Termination, this Agreement will remain in full force and effect with respect to the Services which have not been terminated by the Parties as provided herein. For the avoidance of doubt, the termination of this Agreement with respect to the Services provided under one Annex, but not the other Annex, will not be a termination of this Agreement.

ARTICLE VII

INDEMNIFICATION AND DISPUTE RESOLUTION

7.1 Limitation of Liability.

(a) No Party nor any of such Party's Affiliates will be liable, whether in contract, tort (including negligence and strict liability) or otherwise, for any special, indirect, punitive, incidental or consequential damages whatsoever that in any way arise out of, relate to, or are a consequence of, its performance or nonperformance hereunder, or the provision of or failure to provide any Service hereunder, including loss of profits, loss of data, diminution in value, business interruptions and claims of customers, whether or not such damages are foreseeable or any Party has been advised of the possibility or likelihood of such damages.

(b) Except for Liabilities arising out of or related to the gross negligence, willful misconduct or bad faith of the defaulting Party or in respect of negligence under Article V, in no event will a Party's cumulative aggregate liability arising under or in connection with this Agreement (or the provision of Services hereunder) exceed the amount of Fees paid or payable to such Party from the other Party pursuant to this Agreement in respect of the Service from which such Liability flows.

(c) Each Party will use commercially reasonable efforts to mitigate the Liabilities for which the other is responsible hereunder, including, among other things, engaging a third-party provider reasonable under the circumstances in the event of a material default not remedied within five business days after receipt of written notice by the defaulting Party informing such Party of such default (including in the event resulting in a termination by the non-breaching party under Section 6.4) and offsetting the reasonable expenses incurred against the fees owed to the Service Provider hereunder.

7.2 Indemnification by SpinCo. SpinCo will indemnify, defend and hold harmless each of VSI, each other member of the VSI Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "VSI Indemnitees") for any Liabilities attributable to any third party claims asserted against them to the extent arising from or relating to: (a) any material breach of this Agreement by SpinCo (including in the event resulting in a termination by VSI under Section 6.4); (b) any gross negligence, willful misconduct, fraud or bad faith by SpinCo, the other members of the SpinCo Group, or its or their employees, suppliers or contractors, in the provision of the SpinCo Services by SpinCo, the other members of the SpinCo Group or its or their employees, suppliers or contractors pursuant to this Agreement; and (c) the provision of the VSI Services by VSI, the other members of the VSI Group or its or their employees, suppliers or contractors, except to the extent that such third party claims for Liabilities are finally determined by a court of competent jurisdiction to have arisen out of the material breach of this Agreement, gross negligence, willful misconduct or bad faith of VSI, the other members of the VSI Group or its or their employees, suppliers or contractors in providing the VSI Services.

7.3 Indemnification by VSI. VSI will indemnify, defend and hold harmless each of the SpinCo Indemnitees for any Liabilities attributable to any third party claims asserted against them to the extent arising from or relating to: (a) any material breach of this Agreement by VSI (including in the event resulting in a termination by SpinCo under Section 6.4); (b) any gross negligence, willful misconduct, fraud or bad faith by VSI, the other members of the VSI Group, or its or their employees, suppliers or contractors, in the provision of the VSI Services by VSI, the other members of the VSI Group or its or their employees, suppliers or contractors pursuant to this Agreement; and (c) the provision of the SpinCo Services by SpinCo, the other members of the SpinCo Group or its or their employees, suppliers or contractors, except to the extent that such third party claims for Liabilities are finally determined by a court of competent jurisdiction to have arisen out of the material breach of this Agreement, gross negligence, willful misconduct or bad faith of SpinCo, the other members of the SpinCo Group or its or their employees, suppliers or contractors in providing the SpinCo Services.

7.4 Exclusive Remedy. Except for equitable relief and rights pursuant to Section 4.2, Section 4.5 or Article V, the indemnification provisions of this Article VII will be the exclusive remedy for breach of this Agreement.

7.5 Risk Allocation. Each Party agrees that the Fees charged under this Agreement reflect the allocation of risk between the Parties, including the disclaimer of warranties in Section 3.7 and the limitations on liability in Section 7.1. Modifying the allocation of risk from what is stated here would affect the Fees that each Party charges, and in consideration of those Fees, each Party agrees to the stated allocation of risk.

7.6 Indemnification Procedures. All claims for indemnification pursuant to Section 4.2 or this Article VII will be made in accordance with the provisions set forth in Article IV of the Separation and Distribution Agreement. Notwithstanding anything to the contrary hereunder, neither Party may assert against the other Party or submit to mediation or legal proceedings any cause of action, dispute or claim for indemnification which accrued more than two years after the later of (a) the occurrence of the act or event giving rise to the underlying cause of action, dispute or claim and (b) the date on which such act or event was, or should have been, in the exercise of reasonable due diligence, discovered by the Party asserting the cause of action, dispute or claim.

7.7 Express Negligence. THE INDEMNITY, RELEASES AND LIMITATIONS OF LIABILITY IN THIS AGREEMENT (INCLUDING ARTICLE II AND THIS ARTICLE VII) ARE INTENDED TO BE ENFORCEABLE AGAINST THE PARTIES IN ACCORDANCE WITH THE EXPRESS TERMS AND SCOPE THEREOF NOTWITHSTANDING ANY EXPRESS NEGLIGENCE RULE OR ANY SIMILAR DIRECTIVE THAT WOULD PROHIBIT OR OTHERWISE LIMIT INDEMNITIES BECAUSE OF THE NEGLIGENCE OR GROSS NEGLIGENCE (WHETHER SOLE, JOINT OR CONCURRENT OR ACTIVE OR PASSIVE) OR OTHER FAULT OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES.

7.8 Appointment of Service Coordinators. VSI will appoint a Representative who will be its authorized representative and empowered to act on its behalf in connection with this Agreement (the "VSI Service Coordinator"), and SpinCo will appoint a Representative who will be its authorized representative and empowered to act on its behalf in connection with this Agreement (the "SpinCo Service Coordinator", and together with the VSI Service Coordinator, the "Service Coordinators"). The Service Coordinators will have day-to-day responsibility for the provision and use of the Services. The VSI Coordinator and SpinCo Service Coordinator will be the Persons identified on Annex D. Each Party will promptly notify the other in writing in the event of any change to the appointment a Service Coordinator.

7.9 Dispute Resolution. Any Dispute arising out of or relating to this Agreement will be resolved as provided in Article VII of the Separation and Distribution Agreement; provided, however, that before commencing any Action relating to any such Disputes, the Parties will first attempt to resolve it by engaging in good faith discussions between the Service Coordinators, the functional leads and, if necessary, the Authorized Representatives.

ARTICLE VIII

MISCELLANEOUS

8.1 Counterparts; Entire Agreement; Corporate Power; Facsimile Signatures.

(a) This Agreement may be executed in one or more counterparts (including by facsimile, PDF or other electronic transmission), all of which will be considered one and the same agreement.

(b) This Agreement, including the Annexes hereto and the sections of the Separation and Distribution Agreement referenced herein, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter. Notwithstanding anything herein to the contrary, unless expressly set forth therein, in the case of any conflict between this Agreement and an Ancillary Agreement in relation to matters specifically addressed in such Ancillary Agreement, the Ancillary Agreement will control.

(c) Each Party represents and warrants to the other Party as follows:

(i) it has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

8.2 Governing Law. This Agreement will be governed by and construed and interpreted in accordance with the Laws of the State of Delaware without regard to rules of conflicts of laws.

8.3 Binding Effect; Assignability. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that no Party may assign any of its rights or assign or delegate any of its obligations under this Agreement without the express prior written consent of the other Party.

8.4 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and their respective Subsidiaries, Affiliates, successors and assigns and will not be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement. The Parties agree that each SpinCo Indemnitee and VSI Indemnitee who is not a party to this Agreement is an intended third party beneficiary of the indemnification provisions of this Agreement.

8.5 Notices. All notices, requests and other communications to any Party hereunder will be in writing and will be deemed given if delivered personally, emailed (which is confirmed) or sent by overnight courier (providing proof of delivery) to the Parties at the following addresses:

If to VSI, to:

Verint Systems Inc.
175 Broadhollow Road
Melville, New York 11747
Attention: Chief Administrative Officer
Email: peter.fante@verint.com

If to SpinCo to:

Cognyte Software Ltd.
33 Maskit
Herzliya Pituach 4673333
Israel
Attention: Ziv Levi, Chief Legal Officer
Email: ziv.levi@cognyte.com

A Party may, by notice to the other Party, change the address to which such notices are to be given. All such notices, requests and other communications will be deemed received on the date of actual receipt by the recipient thereof if received prior to 5:00 p.m. local time in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication will be deemed not to have been received until the next succeeding business day in the place of receipt.

8.6 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid, void or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties will negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect, as closely as possible, the original intent of the Parties.

8.7 Force Majeure. No Party will be deemed in default of this Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) will be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision will, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable.

8.8 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

8.9 Waivers of Default; Remedies Cumulative. Waiver by a Party of any default by another Party of any provision of this Agreement will not be deemed a waiver by the waiving Party of any subsequent or other default, nor will it prejudice the rights of another Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

8.10 Amendments. No provisions of this Agreement may be waived, amended, supplemented or modified, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

8.11 Interpretation. In this Agreement (a) words in the singular will be deemed to include the plural and vice versa and words of one gender will be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import will, unless otherwise stated, be construed to

refer to this Agreement as a whole (including all of the Annexes hereto) and not to any particular provision of this Agreement; (c) Annex, Article, Section, Schedule and Exhibit references are to the Annexes, Articles, Sections, Schedules and Exhibits to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement) will be deemed to include the exhibits, schedules and annexes to such agreement; (e) references to "$" will mean U.S. dollars; (f) the word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified; (g) the word "or" will not be exclusive; (h) unless otherwise specified in a particular case, the word "days" refers to calendar days; (i) references to "written" or "in writing" include in electronic form; (j) references to "business day" will mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Israel, as the context requires; (k) references herein to this Agreement or any other agreement contemplated herein will be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (l) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import will all be references to the date set forth in the Preamble.

8.12 Performance. VSI will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the VSI Group. SpinCo will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the SpinCo Group.

8.13 Mutual Drafting. This Agreement will be deemed to be the joint work product of the Parties, and any rule of construction that a document will be interpreted or construed against a drafter of such document will not be applicable.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

VERINT SYSTEMS INC.

By: _____
Name:
Title:

COGNYTE SOFTWARE LTD.

By: _____
Name:
Title:

[Signature Page to Transition Services Agreement]

Exhibit 4.4

FORM OF INTELLECTUAL PROPERTY CROSS LICENSE AGREEMENT

This INTELLECTUAL PROPERTY CROSS LICENSE AGREEMENT (the "**Agreement**") has been entered into as of [●], 2021 (the "**Effective Date**") by and between Verint Systems Inc. ("**VSI**"), a Delaware corporation having an office at 175 Broadhollow Road, Melville, New York 11747 USA and Cognyte Software Ltd. ("**SpinCo**"), an Israeli corporation having an office at 33 Maskit, Herzliya Pituach 4673333 Israel. VSI and SpinCo may also be referred to individually as a "**Party**" or collectively as "**Parties**".

RECITALS

WHEREAS, VSI and SpinCo have entered into this Agreement, and this Agreement will become effective, immediately prior to that certain Separation and Distribution Agreement dated as of [●], 2021 (the "**SDA**");

WHEREAS, in connection with the transactions contemplated by the SDA, VSI will license to SpinCo certain intellectual property rights that both VSI and SpinCo use in their respective businesses on the Effective Date, in accordance with the terms and restrictions set forth in this Agreement; and

WHEREAS, in connection with the transactions contemplated by the SDA, SpinCo will license to VSI certain intellectual property rights that both VSI and SpinCo use in their respective businesses on the Effective Date, in accordance with the terms and restrictions set forth in this Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement and the SDA, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. DEFINITIONS

Unless otherwise defined below or in this Agreement, any capitalized term used in this Agreement shall have the meaning given to it in the SDA. In this Agreement:

1.1 "Cognyte Ltd." means Cognyte Technologies Israel Ltd.

1.2 "Confidential Information" means: (a) any information or materials that a Party discloses to the other Party in connection with this Agreement and that is designated by the disclosing Party as confidential or proprietary at the time of disclosure; or (b) any other information or materials disclosed by a Party to the other Party in connection with this Agreement that should reasonably be understood to be confidential by the receiving Party at the time of the disclosure. "Confidential Information" includes the VSI Licensed IP or the SpinCo Licensed IP that is confidential.

1.3 "Controlled" means, with respect to any particular Intellectual Property, having the power and authority, whether arising by ownership, license, or other

authorization, to grant and authorize under such Intellectual Property the license of the scope granted to the other Party under this Agreement without (i) requiring payment of any royalty or other amounts to a third party, and/or (ii) giving rise to any violation of the terms of any written agreement between the granting Party and any third party existing at the time such license first comes into effect hereunder.

1.4 "Funded Companies" means Verint CES and Cognyte Ltd.

1.5 "IIA" means the Israel Innovation Authority.

1.6 "IIA Funded Technology" means, a technology that was developed by a Funded Company, with funding provided by the IIA. The IIA Funded Technology developed by Cognyte Ltd. is listed on **Schedule 1.6(a)** hereto and the IIA Funded Technology developed by Verint CES is listed on **Schedule 1.6(b)** hereto.

1.7 "Limited Use" means to use, practice, reproduce, distribute, perform, display, exploit, make, have made, sell, offer for sale, have sold, import, and supply Intellectual Property, and to commercialize and market products and services thereunder. Notwithstanding anything to the contrary in this Agreement, the term "Limited Use" expressly excludes preparation of modifications, derivative works or improvements, or any other form of research and development, of or on Intellectual Property.

1.8 "Intellectual Property" means all of the following whether arising under the Laws of the United States or of any foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions ("Patents"), (b) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (c) Trade Secrets, and (d) all industrial property rights (other than trademark, service mark, trade dress and other indicators of origin). As used in this Agreement, the term "Intellectual Property" expressly excludes Trademarks.

1.9 "SpinCo Business" means the SpinCo Business as defined in the SDA.

1.10 "SpinCo IP" means Intellectual Property (except for Patents) that is Controlled by SpinCo as of the Effective Date, after giving effect to the SDA.

1.11 "SpinCo Patents" means (i) Patents that are Controlled by SpinCo as of the Effective Date, after giving effect to the SDA, or (ii) a Patent obtained or acquired after the Effective Date that claims priority to the Patents in subsection (i).

1.12 "Trademarks" means all trademarks, service marks, logos, trade dress, trade names, domain names indicating the source of goods or services, and other indicia of commercial source or origin (whether registered, common law, statutory or otherwise), all registrations and applications to register and renewals of the foregoing anywhere in the world and all goodwill associated therewith.

1.13 "Trade Secrets" means confidential and proprietary information, including rights relating to know-how or trade secrets, including ideas, concepts, methods, models, techniques, inventions (whether patentable or unpatentable) and other works, whether or not developed or reduced to practice, customer, vendor and prospect lists and all associated information or databases, and other confidential or proprietary information.

1.14 "Use" or "Using" means to use, practice, reproduce, distribute, perform, display, exploit, make, have made, sell, offer for sale, have sold, import, supply, to prepare modifications, derivative works or improvements based upon the Intellectual Property, and to commercialize and market products and services thereunder.

1.15 "Used in the SpinCo Business" means Used (as defined above) in the SpinCo Business (including products or services under active development) as of the Effective Date as established by written records of SpinCo or VSI with respect to the SpinCo Business as of the Effective Date.

1.16 "Used in the VSI Business" means Used (as defined above) in the VSI Business (including products or services under active development) as of the Effective Date as established by written records of VSI or SpinCo with respect to the VSI Business as of the Effective Date.

1.17 "Verint CES" means Verint CES Ltd.

1.18 "VSI Business" means the CES Business as defined in the SDA.

1.19 "VSI IP" means Intellectual Property (except for Patents) that is Controlled by VSI as of the Effective Date, after giving effect to the SDA.

1.20 "VSI Patents" means (i) Patents that are Controlled by VSI as of the Effective Date, after giving effect to the SDA, or (ii) a Patent obtained or acquired after the Effective Date that claims priority to the Patents in subsection (i).

2. LICENSE GRANT FROM VSI TO SPINCO

2.1 License Grant. With respect to any VSI IP or VSI Patents that are Used in the SpinCo Business as of the Effective Date:

(a) VSI and its Affiliates hereby grant to SpinCo a non-exclusive, perpetual, irrevocable (except as provided herein), royalty-free, non-transferable, and non-sublicensable (except as permitted by Section 2.2) license to Use such VSI IP and VSI Patents solely within the SpinCo Business as it existed on the Effective Date, but also including any new product versions or new products that are developed internally by SpinCo or its Affiliates after the Effective Date which are within the scope of the SpinCo Business as it existed on the Effective Date.

(b) If after the Effective Date, SpinCo acquires any Person, the products and services of such Person that are in existence as of the date of such acquisition ("SpinCo Acquisition Date") shall be covered under the license provided by Section 2.1(a) from and after the SpinCo Acquisition Date, solely to the extent that such products and services are within the scope of the SpinCo Business as it existed on the Effective Date.

(c) If SpinCo undergoes a change in control with a third party or if all or substantially all of the equity or assets of SpinCo are sold, assigned, conveyed or otherwise transferred (in any manner by one transaction or a set of related transactions), including by operation of law, then the license granted under Section 2.1(a) shall terminate in its entirety as of the effective date of the transaction.

(d) If SpinCo sells, assigns or otherwise transfers (in any manner by one transaction or a set of related transactions), including by operation of law, to a third party a product line, a line of business, or a business unit, then the license granted under Section 2.1(a) shall be transferrable with respect to such product line, line of business, or business unit (as applicable), but shall not apply to any other products, product line, line of business, or business unit of the third party.

2.2 Sublicense Rights.

(a) SpinCo may sublicense any or all of the rights granted to SpinCo pursuant to Sections 2.1 and/or 2.2(b) to SpinCo's Affiliates. Any sublicenses granted to SpinCo Affiliates shall be and remain subject to all of the restrictions, limitations, and obligations set forth in this Agreement, including, without limitation:

(i) If a SpinCo Affiliate receives a sublicense of the rights granted to SpinCo under Section 2.1, the requirements and limitations in Section 2.1(c) shall apply to such SpinCo Affiliate in the following events: (1) if such SpinCo Affiliate undergoes a change in control with a third party, or (2) if all or substantially all of the equity or assets of such SpinCo Affiliate are sold, assigned, conveyed or otherwise transferred (in any manner by one transaction or a set of related transactions), including by operation of law.

(ii) If a SpinCo Affiliate receives a sublicense of the rights granted to SpinCo under Section 2.1, the requirements and limitations in Section 2.1(d) shall apply to such SpinCo Affiliate in the event such SpinCo Affiliate sells, assigns or otherwise transfers (in any manner by one transaction or a set of related transactions), including by operation of law, to a third party a product line, a line of business or a business unit.

(b) SpinCo may grant sublicenses on customary terms (including restrictions on use and disclosure at least as restrictive as those set forth herein) of the rights granted under Sections 2.1 subject to the limitations of the rights granted under Sections 2.1, to their customers, distributors, resellers and/or end-users in connection with any products or services provided by SpinCo solely for the purpose of permitting such customers, distributors, resellers and/or end-users to distribute or use such products or services in the ordinary course of business.

2.3 Other Licenses. For the avoidance of doubt, the foregoing license grants shall be in addition to any licenses that may be granted under the other Ancillary Agreements or a separate commercial arrangement that may be entered into by the Parties.

3. LICENSE GRANT FROM SPINCO TO VSI

3.1 License Grant. With respect to any SpinCo IP or SpinCo Patents that are Used in the VSI Business as of the Effective Date:

(a) SpinCo and its Affiliates hereby grant to VSI and its Affiliates a non-exclusive, perpetual, irrevocable (except as provided herein), royalty-free, non-transferable, and non-sublicensable (except as permitted by Section 3.2) license to Use such SpinCo IP and SpinCo Patents solely within the VSI Business as it existed on the Effective Date, but also including any new product versions or new products that are developed internally by VSI or its Affiliates after the Effective Date which are within the scope of the VSI Business as it existed on the Effective Date.

(b) If after the Effective Date, VSI acquires any Person, the products and services of such Person that are in existence as of the date of such acquisition ("VSI Acquisition Date") shall be covered under the license provided by Section 3.1(a) from and after the VSI Acquisition Date, solely to the extent that such products and services are within the scope of the VSI Business as it existed on the Effective Date.

(c) If VSI undergoes a change in control with a third party or if all or substantially all of the equity or assets of VSI are sold, assigned, conveyed or otherwise transferred (in any manner by one transaction or a set of related transactions), including by operation of law, then the license granted under Section 3.1(a) shall terminate in its entirety as of the effective date of the transaction.

(d) If VSI or an Affiliate of VSI sells, assigns or otherwise transfers (in any manner by one transaction or a set of related transactions), including by operation of law, to a third party a product line, a line of business, or a business unit, then the license granted under Section 3.1(a) shall be

transferrable with respect to such product line, line of business, or business unit (as applicable), but shall not apply to any other products, product line, line of business, or business unit of the third party.

3.2 Sublicense Rights. VSI and its Affiliates may grant sublicenses on customary terms (including restrictions on use and disclosure at least as restrictive as those set forth herein) of the rights granted under Sections 3.1, subject to the limitations of the rights granted under Sections 3.1, to their customers, distributors, resellers and/or end-users in connection with any products or services provided by VSI or its Affiliates solely for the purpose of permitting such customers, distributors, resellers and/or end-users to distribute or use such products or services in the ordinary course of business.

3.3 Other Licenses. For the avoidance of doubt, the foregoing license grants shall be in addition to any licenses that may be granted under the other Ancillary Agreements or a separate commercial arrangement that may be entered into by the Parties.

4. LICENSE OF IIA FUNDED TECHNOLOGY

4.1 License of IIA Funded Technology. Notwithstanding the provisions of Sections 2 and 3, with respect to any IIA Funded Technology, unless otherwise provided in Section 4.2, the licenses granted under Section 2 and Section 3 are for Limited Use rather than for Use.

4.2 Option for Development License. In the event that either Party determines that it has a bona fide business need to Use (rather than being restricted to Limited Use) IIA Funded Technology of the other Party that is licensed for Limited Use hereunder, then upon provision of a written request to such effect, the Funded Companies shall jointly approach the IIA to seek approval for the expansion of the license provided hereunder from a Limited Use license to a Use license and agree to cooperate and use their respective commercially reasonable efforts to obtain the approval of the IIA, including the execution of all customary documents that may be required by the IIA in connection with granting such approval. From and after the receipt of such approval from the IIA, the license granted under Section 2 or Section 3 (as applicable) with respect to the IIA Funded Technology that is covered by such IIA approval will automatically be a Use license, but subject to any limitations imposed by such IIA approval (including any limitations the IIA may impose on which Affiliates of the Parties the right to Use may extend to), without further action of the Parties. A Party that wishes to expand the license pursuant to this Section 4.2, shall be liable for any and all costs and expenses in relation thereto, including any payments to the IIA in connection with such Use license.

5. RESTRICTIONS AND CONFIDENTIALITY

5.1 Restrictions on SpinCo. SpinCo and its Affiliates shall not directly or indirectly: (a) participate in any standards-setting or similar organization that would require the VSI IP or VSI Patents to be licensed, disclosed or distributed to any third party;

(b) use the VSI IP in conjunction with any open source software in any manner that would require the VSI IP to be disclosed or distributed in source code form to any third party; or (c) disclose any of the information or materials contained in the VSI IP to any third party without the prior written consent of VSI, other than to SpinCo's personnel who have a business need-to-know, provided such personnel are themselves bound by written confidentiality agreements with restrictions at least as restrictive as those set forth in this Section 5.

5.2 Restrictions on VSI. VSI and its Affiliates shall not directly or indirectly: (a) participate in any standards-setting or similar organization that would require the SpinCo IP or SpinCo Patents to be licensed, disclosed or distributed to any third party; (b) use the SpinCo IP in conjunction with any open source software in any manner that would require the SpinCo IP to be disclosed or distributed in source code form to any third party; or (c) disclose any of the information or materials contained in the SpinCo IP to any third party without the prior written consent of SpinCo, other than to VSI's personnel who have a business need-to-know, provided such personnel are themselves bound by written confidentiality agreements with restrictions at least as restrictive as those set forth in this Section 5.

5.3 Confidentiality. The Party that receives, pursuant to this Agreement, any Confidential Information ("Receiving Party") of the other Party ("Disclosing Party") shall keep all such Confidential Information in Receiving Party's possession or reasonable control confidential and shall not disclose any such Confidential Information to any third party without the prior written consent of the Disclosing Party, other than the Receiving Party's representatives who have a business need-to-know such Confidential Information. The Receiving Party shall exercise at least the same degree of care to safeguard the confidentiality of the Disclosing Party's Confidential Information as it does to safeguard its own proprietary or confidential information of equal importance, but not less than a reasonable degree of care. The Receiving Party shall ensure, by instruction, contract, or otherwise with its representatives that such representatives comply with the provisions of this Section 5.3. The Receiving Party shall promptly notify the Disclosing Party in the event that the Receiving Party learns of any unauthorized use or disclosure of such Confidential Information by it or its representatives, and shall promptly take all actions necessary to correct and prevent such use or disclosure.

5.4 Exclusions. The confidentiality obligations in Section 5.3 shall not apply to any Confidential Information which: (a) is or becomes generally available to and known by the public (other than as a result of a non-permitted disclosure or other wrongful act directly or indirectly by the Receiving Party); (b) is or becomes available to the Receiving Party on a non-confidential basis from a source other than the Disclosing Party, provided that the Receiving Party has no knowledge that such source was at the time of disclosure to the Receiving Party was bound by a confidentiality agreement with, or other obligation of secrecy to, the Disclosing Party which was breached by the disclosure; (c) has been or is hereafter independently acquired or developed by the Receiving Party without reference to such Confidential Information and without otherwise violating any confidentiality agreement with, or other obligation of secrecy to, the Disclosing Party; (d) was in the possession of the Receiving Party at the time of disclosure by the Disclosing

Party without restriction as to confidentiality; or (e) is requested or required to be disclosed to a regulatory authority, provided that the Receiving Party promptly notifies, to the extent practicable, the Disclosing Party in writing of such request or demand for disclosure so that the Disclosing Party, at its sole expense, may seek to make such disclosure subject to an appropriate remedy to preserve the confidentiality of the Confidential Information.

6. TERM AND TERMINATION

6.1 Term. This Agreement and all rights and licenses granted hereunder shall commence on the Effective Date and shall continue until terminated by either Party in accordance with this Section 5.

6.2 Termination Rights.

(a) Termination by Mutual Agreement. At any time, for any reason whatsoever, this Agreement may be terminated effective immediately upon the Parties' mutual agreement.

(b) Termination for Breach. Either Party may terminate this Agreement if the other Party materially breaches this Agreement and fails to cure such breach within thirty (30) days after receipt of written notice thereof. If such breach is incurable, termination shall be effective immediately upon written notice to the breaching party.

(c) Termination for Bankruptcy/Insolvency. Either Party may, upon written notice to the other Party, immediately terminate this Agreement in the event the other Party files a voluntary petition under the United States Bankruptcy Code or the insolvency laws of any state or any other jurisdiction; or has an involuntary petition filed against it under the United States Bankruptcy Code, is the subject of a similar filing under the bankruptcy or insolvency laws of any other jurisdiction, or a receiver is appointed for its business, unless such petition or appointment of a receiver is dismissed within sixty (60) days.

6.3 Effect of Termination.

(a) In the event of termination of this Agreement pursuant to Section 6.2:

(i) any sublicenses granted by SpinCo or its Affiliates to customers, distributors, resellers and/or end-users pursuant to Section 2.2 shall remain in effect in accordance with the terms of any agreement then in place between SpinCo or its Affiliates, and such customers, distributors, resellers and/or end-users, as applicable, for the duration of the then-current term of such agreement; and

(ii) any sublicenses granted by VSI or its Affiliates to customers, distributors, resellers and/or end-users pursuant to Section 3.2 shall remain in effect in accordance with the terms of any agreement then

in place between VSI or its Affiliates, and such customers, distributors, resellers and/or end-users, as applicable, for the duration of the then-current term of such agreement.

(b) In the event of termination of this Agreement pursuant to Section 6.2(b) or Section 6.2(c), subject to 6.3(a), the licenses granted by the non-breaching Party (in the case of termination pursuant to Section 6.2(b)) or the non-bankrupt/insolvent Party (in the case of termination pursuant to Section 6.2(c)) shall immediately terminate and any and all rights granted pursuant to this Agreement to Use the Intellectual Property of the non-breaching Party (in the case of termination pursuant to Section 6.2(b)) or the non-bankrupt/insolvent Party (in the case of termination pursuant to Section 6.2(c)) shall cease and terminate. Further, the licenses and rights granted by the breaching Party to the non-breaching Party (in the case of termination pursuant to Section 6.2(b)) or granted by the bankrupt/insolvent Party to the non-bankrupt/insolvent Party (in the case of termination pursuant to Section 6.2(c)) shall survive such termination, but remain subject to the limitations and restrictions expressly set forth in this Agreement.

7. INDEMNIFICATION; ASSUMPTION OF RISK

7.1 Indemnification by SpinCo. SpinCo shall fully indemnify and hold harmless VSI and its Affiliates and their respective directors, officers, employees and agents (the "VSI Indemnified Parties") from and against any and all losses, damages, liabilities, costs (including reasonable attorneys' fees) and expenses (collectively, "Damages") incurred by any such VSI Indemnified Party based on any third party claim (a) arising out of or relating to SpinCo's breach of this Agreement, or (b) alleging that any VSI Indemnified Party is responsible for any action by any SpinCo Indemnified Party (as defined in Section 7.2) by reason of such SpinCo Indemnified Party's Use of the VSI IP or VSI Patents, solely to the extent such claim arises out of such Use.

7.2 Indemnification by VSI. VSI shall fully indemnify and hold harmless SpinCo and its Affiliates and their respective directors, officers, employees and agents (the "SpinCo Indemnified Parties") from and against any and all Damages incurred by any such VSI Indemnified Party based on any third party claim (a) arising out of or relating to VSI's breach of this Agreement, or (b) alleging that any SpinCo Indemnified Party is responsible for any action by any VSI Indemnified Party by reason of such VSI Indemnified Party's Use of the SpinCo IP or SpinCo Patents, solely to the extent such claim arises out of such Use.

7.3 Indemnity Procedures. Any indemnified Party submitting an indemnity claim under Section 7.1 or 7.2, as applicable ("Indemnified Party"), shall: (a) promptly notify the indemnifying Party under Section 7.1 or 7.2, as applicable ("Indemnifying Party"), of such claim in writing and furnish the Indemnifying Party with a copy of each communication, notice or other action relating to the event for which indemnity is sought; provided that no failure to provide such notice pursuant to this Section shall relieve the

Indemnifying Party of its indemnification obligations, except to the extent such failure materially prejudices the Indemnifying Party's ability to defend or settle the claim; (b) give the Indemnifying Party the authority, information and assistance necessary to defend or settle such suit or proceeding in such a manner as the Indemnifying Party shall determine; and (c) give the Indemnifying Party sole control of the defense (including the right to select counsel, at the Indemnifying Party's expense) and the sole right to compromise and settle such suit or proceeding; provided that the Indemnifying Party shall not, without the written consent of the Indemnified Party, compromise or settle any suit or proceeding unless such compromise or settlement (i) is solely for monetary damages (for which the Indemnifying Party shall be responsible), (ii) does not impose injunctive or other equitable relief against the Indemnified Party, (iii) includes an unconditional release of the Indemnified Party from all liability on claims that are the subject matter of such proceeding, and (iv) does not require the Indemnified Party to perform or refrain from performing any action. Notwithstanding anything in this Section 7.3, with respect to any claim covered by Section 7.1 or 7.2, as applicable, the Indemnified Party (in its capacity as such) may participate in the defense at its own expense.

7.4 Consequential Damages. NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF THE OTHER PARTY IN CONNECTION WITH THIS AGREEMENT, EXCEPT IN CONNECTION WITH A BREACH OF SECTION 5, IT BEING UNDERSTOOD THAT A PARTY'S BREACH OF ITS INDEMNITY OBLIGATIONS HEREUNDER SHALL BE DIRECT DAMAGES REGARDLESS OF WHETHER THE DAMAGES CLAIM FOR WHICH INDEMNITY IS SOUGHT IS CHARACTERIZED AS SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL.

8. MISCELLANEOUS

8.1 Reservation. All rights not expressly granted by a Party hereunder are reserved by such Party. Nothing contained herein shall be construed or interpreted as a grant, by implication or otherwise, of any licenses other than the licenses expressly set forth in Sections 2 and 3.

8.2 Section 365(n). (a) All rights and licenses granted under or pursuant to this Agreement are, and will otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(35A) of the U.S. Bankruptcy Code and all intellectual property, proprietary information, and other materials licensed under this Agreement are, and shall be deemed to be, "embodiment(s)" of "intellectual property" for purposes of same; (b) the parties will retain and may fully exercise all of their respective rights and elections under the U.S. Bankruptcy Code; (c) the parties agree that each party, as a licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code, and that upon commencement of a bankruptcy proceeding by or against the other party as licensor under the U.S. Bankruptcy Code, each party as a licensee will be entitled to a complete duplicate of or complete access to (as the licensee-party deems appropriate), any such intellectual property and all embodiments of such intellectual property; and (d) such intellectual property and all embodiments thereof will

be promptly delivered to the licensee-party (i) upon any such commencement of a bankruptcy proceeding upon written request therefor by the licensee-party, unless the licensor-party elects to continue to perform all of its obligations under this Agreement or (ii) if not delivered under (i) above, upon the rejection of this Agreement by or on behalf of the licensor-party upon written request therefor by the licensee party. The foregoing is without prejudice to any rights a licensee-party may have arising under the U.S. Bankruptcy Code or other applicable Law. In the event either Party, or any of their respective Affiliates, is the subject of proceedings under the bankruptcy or insolvency laws of any jurisdiction other than the United States, all of the rights and licenses granted under or pursuant to this Agreement shall be characterized, to the greatest extent possible under the laws of such jurisdiction, as necessary to preserve the benefits, rights, and licenses granted to the licensee-party as set forth in this Agreement.

8.3 Counterparts; Entire Agreement; Corporate Power

(a) This Agreement may be executed in one or more counterparts (including by facsimile, PDF or other electronic transmission), all of which will be considered one and the same agreement.

(b) This Agreement, including the annexes hereto, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter.

(c) Each Party represents and warrants to the other Party as follows:

(i) it has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

8.4 Governing Law. This Agreement will be governed by and construed and interpreted in accordance with the Laws of the State of Delaware without regard to rules of conflicts of laws.

8.5 Binding Effect; Assignability. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that no Party may assign any of its rights or assign or delegate any of its obligations under this Agreement without the express prior written consent of the other Party.

8.6 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and their respective Subsidiaries, Affiliates, successors and assigns and will not

be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement. The Parties agree that each SpinCo Indemnified Party and VSI Indemnified Party who is not a party to this Agreement is an intended third party beneficiary of the indemnification provisions of this Agreement.

8.7 Notices. All notices, requests and other communications to any Party hereunder will be in writing and will be deemed given if delivered personally, emailed (which is confirmed) or sent by overnight courier (providing proof of delivery) to the Parties at the following addresses:

If to VSI, to:

Verint Systems Inc.
175 Broadhollow Road
Melville, New York 11747
Attention: Chief Administrative Officer
Email: peter.fante@verint.com

If to SpinCo to:

Cognyte Software Ltd
33 Maskit
Herzliya Pituach 4673333
Israel
Attention: Ziv Levi, Chief Legal Officer
Email: ziv.levi@cognyte.com

A Party may, by notice to the other Party, change the address to which such notices are to be given. All such notices, requests and other communications will be deemed received on the date of actual receipt by the recipient thereof if received prior to 5:00 p.m. local time in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication will be deemed not to have been received until the next succeeding business day in the place of receipt.

8.8 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid, void or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties will negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect, as closely as possible, the original intent of the Parties.

8.9 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

8.10 Waivers of Default; Remedies Cumulative. Waiver by a Party of any default by another Party of any provision of this Agreement will not be deemed a waiver by the waiving Party of any subsequent or other default, nor will it prejudice the rights of another Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

8.11 Amendments. No provisions of this Agreement may be waived, amended, supplemented or modified, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

8.12 Interpretation. In this Agreement (a) words in the singular will be deemed to include the plural and vice versa and words of one gender will be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Annexes hereto) and not to any particular provision of this Agreement; (c) Annex, Article, Section, Schedule and Exhibit references are to the Annexes, Articles, Sections, Schedules and Exhibits to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement) will be deemed to include the exhibits, schedules and annexes to such agreement; (e) references to "$" will mean U.S. dollars; (f) the word "including" and words of similar import when used in this Agreement will mean "including, without limitation," unless otherwise specified; (g) the word "or" will not be exclusive; (h) unless otherwise specified in a particular case, the word "days" refers to calendar days; (i) references to "written" or "in writing" include in electronic form; (j) references to "business day" will mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Israel, as the context requires; (k) references herein to this Agreement or any other agreement contemplated herein will be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (l) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import will all be references to the date set forth in the Preamble.

8.13 Mutual Drafting. This Agreement will be deemed to be the joint work product of the Parties, and any rule of construction that a document will be interpreted or construed against a drafter of such document will not be applicable.

[Signatures on Following Page]

The Parties hereby execute this Agreement as of the Effective Date.

Verint Systems Inc.

By: _____
Name:
Title:

Cognyte Software Ltd.

By: _____
Name:
Title:

Agreed, Acknowledged, and Accepted:

Verint CES Ltd.

By: _____
Name:
Title:

Cognyte Technologies Israel Ltd.

By: _____
Name:
Title:

Exhibit 4.5

FORM OF TRADEMARK CROSS LICENSE AGREEMENT

This TRADEMARK CROSS LICENSE AGREEMENT (the "**Agreement**") has been entered into as of [●], 2021 (the "**Effective Date**") by and between Verint Systems Inc. ("**VSI**"), a Delaware corporation and Cognyte Software Ltd. ("**SpinCo**"), an Israeli corporation. VSI and SpinCo may also be referred to individually as a "**Party**" or collectively as "**Parties**".

RECITALS

WHEREAS, VSI and SpinCo have entered into this Agreement, and this Agreement will become effective, immediately prior to that certain Separation and Distribution Agreement dated as of [●], 2021 (the "**SDA**");

WHEREAS, in connection with the transactions contemplated by the SDA, VSI will grant to SpinCo a license to use certain trademarks, in accordance with the terms and restrictions set forth in this Agreement; and

WHEREAS, in connection with the transactions contemplated by the SDA, SpinCo will grant to VSI a license to use certain trademarks, in accordance with the terms and restrictions set forth in this Agreement.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement and the SDA, and other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. DEFINITIONS

Unless otherwise defined below or in this Agreement, any capitalized term used in this Agreement shall have the meaning given to it in the SDA. In this Agreement:

1.1 "Controlled" means, with respect to any particular Trademark, having the power and authority, whether arising by ownership, license, or other authorization, to grant and authorize under such Trademark the license of the scope granted to the other Party under this Agreement without (i) requiring payment of any royalty or other amounts to a third party, and/or (ii) giving rise to any violation of the terms of any written agreement between the granting Party and any third party existing at the time such license first comes into effect hereunder.

1.2 "SpinCo Other Marks" means the Trademarks that are Controlled by SpinCo as of the Effective Date, after giving effect to the SDA, except for the SpinCo Transition Marks.

1.3 "SpinCo Transition Marks" means the "Actionable Intelligence" Trademarks identified on Exhibit A.

1.4 "Trademarks" means all trademarks, service marks, logos, trade dress, trade names, domain names indicating the source of goods or services, and other indicia of commercial source or origin (whether registered, common law, statutory or otherwise), all registrations and applications to register and renewals of the foregoing anywhere in the world and all goodwill associated therewith.

1.5 "Use" means to use a certain Trademark, alone and in such combinations with other words, phrases, and logos that are in use in the ordinary conduct of a business.

1.6 "Used in the SpinCo Business" means Used in the SpinCo Business as of the Effective Date.

1.7 "Used in the VSI Business" means Used in the CES Business as of the Effective Date.

1.8 "VSI Other Marks" means the Trademarks that are Controlled by VSI as of the Effective Date, after giving effect to the SDA, except for the VSI Transition Marks.

1.9 "VSI Transition Marks" means the "Verint" and "Suntech Grupo Verint" Trademarks identified on Exhibit B.

2. LICENSE GRANT FROM VSI TO SPINCO

2.1 License Grant.

(a) VSI and its Affiliates hereby grant to SpinCo a non-exclusive, worldwide, non-transferable, sublicensable (as provided herein), royalty-free, and fully paid-up license to Use the VSI Transition Marks during the Term solely (i) as Used in the SpinCo Business, and/or (ii) for purposes of transitioning SpinCo to a separate business, independent of VSI, including transitioning promotional and marketing activities, stationery, business cards, or other general office, marketing, or similar items, provided that any such Use permitted by this Section 2.1(a) shall be in strict accordance with VSI's trademark and branding policies in effect as of the Effective Date.

(b) VSI and its Affiliates hereby grant to SpinCo a non-exclusive, worldwide, non-transferable, sublicensable (as provided herein), royalty-free, and fully paid-up license to Use the VSI Other Marks during the Term solely for purposes of transitioning SpinCo to a separate business, independent of VSI, including transitioning promotional and marketing activities, stationery, business cards, or other general office, marketing, or similar items, provided that any such Use permitted by this Section 2.1(b) shall be in strict accordance with VSI's trademark and branding policies and practices in effect as of the Effective Date.

(c) For the avoidance of doubt, the foregoing license grants shall be in addition to any licenses that may be granted under the other Ancillary Agreements or a separate commercial arrangement that may be entered into by the Parties.

2.2 Sublicenses.

(a) SpinCo may sublicense any or all of the rights granted to SpinCo pursuant to Sections 2.1 and 2.2(b) to SpinCo's Affiliates. Any sublicenses granted to SpinCo Affiliates shall be and remain subject to all of the restrictions, limitations, and obligations set forth in this Agreement.

(b) SpinCo may grant sublicenses on customary terms of the rights granted under Section 2.1, subject to the limitations of the rights granted under Section 2.1, to its customers, distributors, resellers and/or end-users in connection with any products or services provided by SpinCo solely for the purpose of permitting such customers, distributors, resellers and/or end-users to resell, distribute or use such products or services in the ordinary course of business.

3. LICENSE GRANT FROM SPINCO TO VSI

3.1 License Grant.

(a) SpinCo and its Affiliates hereby grant to VSI and its Affiliates a non-exclusive, worldwide, non-transferable, sublicensable (as provided herein), royalty-free, and fully paid-up license to Use the SpinCo Transition Marks during the Term solely (i) as Used in the VSI Business, and/or (ii) for purposes of transitioning SpinCo to a separate business, independent of VSI, including transitioning promotional and marketing activities, stationery, business cards, or other general office, marketing, or similar items, provided that any such Use permitted by this Section 3.1(a) shall be in strict accordance with the VSI trademark and branding policies applicable to such SpinCo Transition Marks immediately prior to the Effective Date.

(b) SpinCo and its Affiliates hereby grant to VSI and its Affiliates a non-exclusive, worldwide, non-transferable, sublicensable (as provided herein), royalty-free, and fully paid-up license to Use the SpinCo Other Marks during the Term solely for purposes of transitioning any of VSI's products, services or other lines of business away from SpinCo, including transitioning promotional and marketing activities, stationery, business cards, or other general office, marketing, or similar items, provided that any such Use permitted by this Section 3.1(b) shall be in strict accordance with the VSI trademark and branding policies applicable to such SpinCo Other Marks immediately prior to the Effective Date.

(c) VSI and its Affiliates may grant sublicenses on customary terms of the rights granted under this Section 3.1, subject to the limitations of the rights granted under this Section 3.1, to their customers, distributors, resellers and/or end-users in connection with any products or services provided by VSI or its Affiliates solely for the purpose of permitting such customers, distributors, resellers and/or end-users to resell, distribute or use such products or services in the ordinary course of business.

(d) For the avoidance of doubt, the foregoing license grants shall be in addition to any licenses that may be granted under the other Ancillary Agreements or a separate commercial arrangement that may be entered into by the Parties.

4. RESTRICTIONS; OWNERSHIP AND VALIDITY OF MARKS

4.1 Restrictions on SpinCo. SpinCo and its Affiliates shall not directly or indirectly: (a) use the VSI Other Marks or the VSI Transition Marks in any manner not specifically permitted under this Agreement without prior written approval by VSI; (b) use or register in any jurisdiction any Trademarks confusingly similar to, or consisting in whole or in part of, any VSI Other Marks or VSI Transition Marks; (c) register the VSI Other Marks or the VSI Transition Marks in any jurisdiction, without in each case the express prior written consent of VSI; and (d) do or cause to be done any act that disparages, disputes, attacks, challenges, impairs, dilutes, or in any way tends to harm the reputation or goodwill associated with VSI or its Affiliates or any of the VSI Other Marks or the VSI Transition Marks.

4.2 Restrictions on VSI. VSI and its Affiliates shall not directly or indirectly: (a) use the SpinCo Other Marks or the SpinCo Transition Marks in any manner not specifically permitted under this Agreement without prior written approval by SpinCo; (b) use or register in any jurisdiction any Trademarks confusingly similar to, or consisting in whole or in part of, any SpinCo Other Marks or SpinCo Transition Marks; (c) register the SpinCo Other Marks or the SpinCo Transition Marks in any jurisdiction, without in each case the express prior written consent of SpinCo; and (d) do or cause to be done any act that disparages, disputes, attacks, challenges, impairs, dilutes, or in any way tends to harm the reputation or goodwill associated with SpinCo or its Affiliates or any of the SpinCo Other Marks or the SpinCo Transition Marks.

4.3 Ownership and Validity of Marks. SpinCo acknowledges the validity, and VSI's ownership, of the VSI Other Marks and the VSI Transition Marks and agrees that any and all goodwill, rights or interests that might be acquired by the use of the VSI Other Marks and the VSI Transition Marks by SpinCo shall inure to the sole benefit of VSI. VSI acknowledges the validity, and SpinCo's ownership, of the SpinCo Other Marks and SpinCo Transition Marks and agrees that any and all goodwill, rights or interests that might be acquired by the use of the SpinCo Other Marks and the SpinCo Transition Marks by VSI shall inure to the sole benefit of SpinCo.

5. TERM AND TERMINATION

5.1 Term. Unless earlier terminated by either Party in accordance with this Section 5, this Agreement and all rights and licenses granted hereunder shall commence on the Effective Date and shall continue for twelve (12) months (the "**Term**").

5.2 Termination Rights.

(a) Termination by Mutual Agreement. At any time, for any reason whatsoever, this Agreement may be terminated effective immediately upon the Parties' mutual agreement.

(b) Termination by Either Party. Either Party may terminate this Agreement by notice in writing to the other Party:

(i) if such other Party is in breach of any of its material obligations hereunder (including any breach by SpinCo of any requirements of VSI's trademark and branding policies and practices in effect as of the Effective Date, and fails to remedy such breach within thirty (30) days after receipt of a written notice giving particulars of the breach and requiring it to be remedied; or

(ii) in the event that such other Party files a voluntary petition under the United States Bankruptcy Code or the insolvency laws of any state or any other jurisdiction; or has an involuntary petition filed against it under the United States Bankruptcy Code, is the subject of a similar filing under the bankruptcy or insolvency laws of any other jurisdiction, or a receiver is appointed for its business, unless such petition or appointment of a receiver is dismissed within sixty (60) days.

5.3 Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all rights and licenses granted herein by VSI (and its Affiliates) to SpinCo will immediately terminate and SpinCo (and its Affiliates) shall cease all uses of the VSI Transition Marks and the VSI Other Marks to the extent such uses are within the control of SpinCo or its Affiliates. Upon termination or expiration of this Agreement, all rights and licenses granted herein by SpinCo (and its Affiliates) to VSI (or its Affiliates) will immediately terminate and VSI (and its Affiliates) shall cease all uses of the SpinCo Transition Marks and the SpinCo Other Marks to the extent such uses are within the control of VSI or its Affiliates.

6. INDEMNIFICATION; ASSUMPTION OF RISK

6.1 Indemnification by SpinCo. SpinCo shall fully indemnify and hold harmless VSI and its Affiliates and their respective directors, officers, employees and agents (the "VSI Indemnified Parties") from and against any and all losses, damages, liabilities, costs (including reasonable attorneys' fees) and expenses (collectively, "Damages") incurred by any such VSI Indemnified Party based on (i) any third party claim (a) arising out of or relating to SpinCo's breach of this Agreement, or (b) alleging that any VSI Indemnified Party is responsible for any action by any SpinCo Indemnified Party (as defined in Section 6.2) by reason of such SpinCo Indemnified Party's use of the VSI Other Marks or the VSI Transition Marks, solely to the extent such claim arises out of such use, and/or (ii) any Use by SpinCo, or SpinCo's Affiliates, of the VSI Transition Marks or the VSI Other Marks in violation of this Agreement.

6.2 Indemnification by VSI. VSI shall fully indemnify and hold harmless SpinCo and its Affiliates and their respective directors, officers, employees and agents (the "SpinCo Indemnified Parties") from and against any and all Damages incurred by any such VSI Indemnified Party based on (i) any third party claim (a) arising out of or relating to VSI's breach of this Agreement, or (b) alleging that any SpinCo Indemnified Party is responsible for any action by any VSI Indemnified Party by reason of such VSI Indemnified Party's use of the SpinCo Other Marks or the SpinCo Transition Marks, solely to the extent such claim arises out of such use, and/or (ii) any Use by VSI, or VSI's Affiliates, of the SpinCo Transition Marks or the SpinCo Other Marks in violation of this Agreement.

6.3 Indemnity Procedures. Any indemnified Party submitting an indemnity claim under Section 6.1 or 6.2, as applicable ("Indemnified Party"), shall: (a) promptly notify the indemnifying Party under Section 6.1 or 6.2, as applicable ("Indemnifying Party"), of such claim in writing and furnish the Indemnifying Party with a copy of each communication, notice or other action relating to the event for which indemnity is sought; provided that no failure to provide such notice pursuant to this Section shall relieve the Indemnifying Party of its indemnification obligations, except to the extent such failure materially prejudices the Indemnifying Party's ability to defend or settle the claim; (b) give the Indemnifying Party the authority, information and assistance necessary to defend or settle such suit or proceeding in such a manner as the Indemnifying Party shall determine; and (c) give the Indemnifying Party sole control of the defense (including the right to select counsel, at the Indemnifying Party's expense) and the sole right to compromise and settle such suit or proceeding; provided that, the Indemnifying Party shall not, without the written consent of the Indemnified Party, compromise or settle any suit or proceeding unless such compromise or settlement (i) is solely for monetary damages (for which the Indemnifying Party shall be responsible), (ii) does not impose injunctive or other equitable relief against the Indemnified Party, (iii) includes an unconditional release of the Indemnified Party from all liability on claims that are the subject matter of such proceeding, and (iv) does not require the Indemnified Party to perform or refrain from performing any action. Notwithstanding anything in this Section 6.3, with respect to any claim covered by Section 6.1 or 6.2, as applicable, the Indemnified Party (in its capacity as such) may participate in the defense at its own expense.

6.4 Consequential Damages. NO PARTY SHALL BE LIABLE TO ANY OTHER PARTY FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OF THE OTHER PARTY IN CONNECTION WITH THIS AGREEMENT, EXCEPT IN CONNECTION WITH A BREACH OF SECTION 4, IT BEING UNDERSTOOD THAT A PARTY'S BREACH OF ITS INDEMNITY OBLIGATIONS HEREUNDER SHALL BE DIRECT DAMAGES REGARDLESS OF WHETHER THE DAMAGES CLAIM FOR WHICH INDEMNITY IS SOUGHT IS CHARACTERIZED AS SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL.

7. MISCELLANEOUS

7.1 Reservation. All rights not expressly granted by a Party hereunder are reserved by such Party. Nothing contained herein shall be construed or interpreted as a grant, by implication or otherwise, of any licenses other than the licenses expressly set forth in Sections 2 and 3.

7.2 Section 365(n). (a) All rights and licenses granted under or pursuant to this Agreement are, and will otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(35A) of the U.S. Bankruptcy Code and all intellectual property, proprietary information, and other materials licensed under this Agreement are, and shall be deemed to be, "embodiment(s)" of "intellectual property" for purposes of same; (b) the parties will retain and may fully exercise all of their respective rights and elections under the U.S. Bankruptcy Code; (c) the parties agree that each party, as a licensee of such rights under this Agreement, will retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code, and that upon commencement of a bankruptcy proceeding by or against the other party as licensor under the U.S. Bankruptcy Code, each party as a licensee will be entitled to a complete duplicate of or complete access to (as the licensee-party deems appropriate), any such intellectual property and all embodiments of such intellectual property; and (d) such intellectual property and all embodiments thereof will be promptly delivered to the licensee-party (i) upon any such commencement of a bankruptcy proceeding upon written request therefor by the licensee-party, unless the licensor-party elects to continue to perform all of its obligations under this Agreement or (ii) if not delivered under (i) above, upon the rejection of this Agreement by or on behalf of the licensor-party upon written request therefor by the licensee party. The foregoing is without prejudice to any rights a licensee-party may have arising under the U.S. Bankruptcy Code or other applicable Law. In the event either Party, or any of their respective Affiliates, is the subject of proceedings under the bankruptcy or insolvency laws of any jurisdiction other than the United States, all of the rights and licenses granted under or pursuant to this Agreement shall be characterized, to the greatest extent possible under the laws of such jurisdiction, as necessary to preserve the benefits, rights, and licenses granted to the licensee-party as set forth in this Agreement.

7.3 Counterparts; Entire Agreement; Corporate Power

(a) This Agreement may be executed in one or more counterparts (including by facsimile, PDF or other electronic transmission), all of which will be considered one and the same agreement.

(b) This Agreement, including the annexes hereto, contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter.

(c) Each Party represents and warrants to the other Party as follows:

(i) it has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

7.4 Governing Law. This Agreement will be governed by and construed and interpreted in accordance with the Laws of the State of Delaware without regard to rules of conflicts of laws.

7.5 Binding Effect; Assignability. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided that no Party may assign any of its rights or assign or delegate any of its obligations under this Agreement without the express prior written consent of the other Party.

7.6 No Third-Party Beneficiaries. This Agreement is solely for the benefit of the Parties and their respective Subsidiaries, Affiliates, successors and assigns and will not be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement. The Parties agree that each SpinCo Indemnified Party and VSI Indemnified Party who is not a party to this Agreement is an intended third party beneficiary of the indemnification provisions of this Agreement.

7.7 Notices. All notices, requests and other communications to any Party hereunder will be in writing and will be deemed given if delivered personally, emailed (which is confirmed) or sent by overnight courier (providing proof of delivery) to the Parties at the following addresses:

If to VSI, to:

Verint Systems Inc.
175 Broadhollow Road
Melville, New York 11747
Attention: Chief Administrative Officer
Email: peter.fante@verint.com

If to SpinCo to:

Cognyte Software Ltd.
33 Maskit
Herzliya Pituach 4673333
Israel
Attention: Ziv Levi, Chief Legal Officer
Email: ziv.levi@cognyte.com

A Party may, by notice to the other Party, change the address to which such notices are to be given. All such notices, requests and other communications will be deemed received on the date of actual receipt by the recipient thereof if received prior to 5:00 p.m. local time in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication will be deemed not to have been received until the next succeeding business day in the place of receipt.

7.8 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid, void or unenforceable, will remain in full force and effect and will in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties will negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect, as closely as possible, the original intent of the Parties.

7.9 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and will not affect in any way the meaning or interpretation of this Agreement.

7.10 Waivers of Default; Remedies Cumulative. Waiver by a Party of any default by another Party of any provision of this Agreement will not be deemed a waiver by the waiving Party of any subsequent or other default, nor will it prejudice the rights of another Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement will operate as a waiver thereof, nor will a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege. All rights and remedies existing under this Agreement are cumulative to, and not exclusive of, any rights or remedies otherwise available.

7.11 Amendments. No provisions of this Agreement may be waived, amended, supplemented or modified, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

7.12 Interpretation. In this Agreement (a) words in the singular will be deemed to include the plural and vice versa and words of one gender will be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import will, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Annexes hereto) and not to any particular provision of this Agreement; (c) Annex, Article, Section, Schedule and Exhibit references are to the Annexes, Articles, Sections, Schedules and Exhibits to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement) will be deemed to include the exhibits, schedules and annexes to such agreement; (e) references to “$” will mean U.S. dollars; (f) the word “including” and words of similar import when used in this Agreement will mean “including, without limitation,” unless otherwise specified; (g) the word “or” will not be exclusive; (h) unless otherwise specified in a particular case, the word “days” refers to calendar days;

(i) references to "written" or "in writing" include in electronic form; (j) references to "business day" will mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in the United States or Israel, as the context requires; (k) references herein to this Agreement or any other agreement contemplated herein will be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (l) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import will all be references to the date set forth in the Preamble.

7.13 Mutual Drafting. This Agreement will be deemed to be the joint work product of the Parties, and any rule of construction that a document will be interpreted or construed against a drafter of such document will not be applicable.

[Signatures on Following Page]

The Parties hereby execute this Agreement as of the Effective Date.

Verint Systems Inc.

By: _____
Name:
Title:

Cognyte Software Ltd.

By: _____
Name:
Title:

Exhibit 4.8

FORM OF COMPENSATION POLICY

COGNYTE SOFTWARE LTD.

Compensation Policy for Executive Officers and Directors

(As Adopted on [ ], 2021)

A. Overview and Objectives

1. Introduction

This document sets forth the Compensation Policy for Executive Officers and Directors (this "**Compensation Policy**" or "**Policy**") of Cognyte Software Ltd. ("**Cognyte**" or the "**Company**"), in accordance with the requirements of the Companies Law, 5759-1999 (the "**Companies Law**").

Compensation is a key component of Cognyte's overall human capital strategy to attract, retain, reward, and motivate highly skilled individuals that will enhance Cognyte's value and otherwise assist Cognyte to reach its business and financial long-term goals. Accordingly, the structure of this Policy is established to tie the compensation of each officer to Cognyte's goals and performance.

For purposes of this Policy, "Executive Officers" shall mean "Office Holders" as such term is defined in Section 1 of the Companies Law, excluding, unless otherwise expressly indicated herein, Cognyte's directors.

This policy is subject to applicable law and is not intended, and should not be interpreted as limiting or derogating from, provisions of applicable law to the extent not permitted.

This Policy shall apply to compensation agreements and arrangements which will be approved after the date on which this Policy is adopted and shall serve as Cognyte's Compensation Policy for five (5) years, commencing as of its adoption, unless amended earlier.

The Compensation Committee and the Board of Directors of Cognyte (the "**Compensation Committee**" and the "**Board**", respectively) shall review and reassess the adequacy of this Policy from time to time, as required by the Companies Law.

2. Objectives

Cognyte's objectives and goals in setting this Policy are to attract, motivate and retain highly experienced leaders who will contribute to Cognyte's success and enhance shareholder value, while demonstrating professionalism in a highly achievement-oriented culture that is based on merit and rewards excellent performance in the long term, and embedding Cognyte's core values as part of a motivated behavior. To that end, this Policy is designed, among others:

2.1. To closely align the interests of the Executive Officers with those of Cognyte's shareholders in order to enhance shareholder value;

2.2. To align a significant portion of the Executive Officers' compensation with Cognyte's short and long-term goals and performance;

2.3. To provide the Executive Officers with a structured compensation package, including competitive salaries, performance-motivating cash and equity incentive programs and benefits, and to be able to present to each Executive Officer an opportunity to advance in a growing organization;

2.4. To strengthen the retention and the motivation of Executive Officers in the long term;

2.5. To provide appropriate awards in order to incentivize superior individual excellency and corporate performance; and

2.6. To maintain consistency in the way Executive Officers are compensated.

3. Compensation Instruments

Compensation instruments under this Policy may include the following:

3.1. Base salary;

3.2. Benefits;

3.3. Cash bonuses;

3.4. Equity based compensation;

3.5. Change of control terms; and

3.6. Retirement and termination terms.

4. **Overall Compensation - Ratio Between Fixed and Variable Compensation**

4.1. This Policy aims to balance the mix of "Fixed Compensation" (comprised of base salary and benefits) and "Variable Compensation" (comprised of cash bonuses and equity-based compensation) in order to, among other things, appropriately incentivize Executive Officers to meet Cognyte's short and long-term goals while taking into consideration the Company's need to manage a variety of business risks.

4.2. The total annual target bonus and equity based compensation per vesting annum (based on the fair market value at the time of grant calculated on a liner basis) of each Executive Officer shall not exceed 95% of such Executive Officer's total compensation package for such year.

5. **Inter-Company Compensation Ratio**

5.1. In the process of drafting and updating this Policy, Cognyte's Board and Compensation Committee have examined the ratio between employer cost associated with the engagement of the Executive Officers, including directors, and the average and median employer cost associated with the engagement of Cognyte's other employees (including contractor employees as defined in the Companies Law) (the "**Ratio**").

5.2. The possible ramifications of the Ratio on the daily working environment in Cognyte were examined and will continue to be examined by Cognyte from time to time in order to ensure that levels of executive compensation, as compared to the overall workforce will not have a negative impact on work relations in Cognyte.

B. <u>Base Salary and Benefits</u>

6. **Base Salary**

6.1. A base salary provides stable compensation to Executive Officers and allows Cognyte to attract and retain competent executive talent and maintain a stable management team. The base salary varies among Executive Officers, and is individually determined according to the educational background, prior vocational experience, qualifications, company's role, business responsibilities and the past performance of each Executive Officer.

6.2. Since a competitive base salary is essential to Cognyte's ability to attract and retain highly skilled professionals, Cognyte will seek to establish a base salary that is competitive with base salaries paid to Executive Officers in a peer group of other companies operating in technology sectors which are similar in their characteristics to Cognyte's, as much as possible, while considering, among others, such companies' size and characteristics including their revenues, profitability rate, growth rates, market capitalization, number of employees and operating arena (in Israel or globally), the list of which shall be reviewed and approved by the Compensation Committee at least every two years. To that end, Cognyte shall utilize as a reference, comparative market data and practices, which will include a compensation survey that compares and analyses the level of the overall compensation package offered to an Executive Officer of the Company with compensation packages in similar positions (to that of the relevant officer) in such companies. Such compensation survey may be conducted internally or through an external independent consultant. Nothing in this paragraph shall require Cognyte to provide a specific or minimum level of compensation.

6.3. The Compensation Committee and the Board may periodically consider and approve base salary adjustments for Executive Officers. The main considerations for salary adjustment are similar to those used in initially determining the base salary, but may also include change of role or responsibilities, recognition for professional achievements, regulatory or contractual requirements, budgetary constraints or market trends. The Compensation Committee and the Board will also consider the previous and existing compensation arrangements of the Executive Officer whose base salary is being considered for adjustment. Any limitation herein based on the annual base salary shall be calculated based on the monthly base salary applicable at the time of consideration of the respective grant or benefit.

7. **Benefits**

7.1. The following benefits may be granted to the Executive Officers in order, among other things, to comply with legal requirements:

7.1.1. Vacation days in accordance with market practice;

7.1.2. Sick days in accordance with market practice;

7.1.3. Convalescence pay according to applicable law;

7.1.4. Monthly remuneration for a study fund, as allowed by applicable law and with reference to Cognyte's practice and the practice in peer group companies (including contributions on bonus payments);

7.1.5. Cognyte shall contribute on behalf of the Executive Officer to an insurance policy or a pension fund, as allowed by applicable law and with reference to Cognyte's policies and procedures and the practice in peer group companies (including contributions on bonus payments); and

7.1.6. Cognyte shall contribute on behalf of the Executive Officer towards work disability insurance, as allowed by applicable law and with reference to Cognyte's policies and procedures and to the practice in peer group companies.

7.2. Non-Israeli Executive Officers may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which they are employed. Such customary benefits shall be determined based on the methods described in Section 6.2 of this Policy (with the necessary changes and adjustments).

7.3. In events of relocation or repatriation of an Executive Officer to another geography, such Executive Officer may receive other similar, comparable or customary benefits as applicable in the relevant jurisdiction in which he or she is employed or additional payments to reflect adjustments in cost of living. Such benefits may include reimbursement for out of pocket one-time payments and other ongoing expenses, such as housing allowance, car allowance, and home leave visit, etc.

7.4. Cognyte may offer additional benefits to its Executive Officers, which will be comparable to customary market practices, such as, but not limited to: cellular and land line phone benefits, company car and travel benefits, reimbursement of business travel including a daily stipend when traveling and other business related expenses, insurances, other benefits (such as newspaper subscriptions, academic and professional studies), etc., provided, however, that such additional benefits shall be determined in accordance with Cognyte's policies and procedures.

C. <u>Cash Bonuses</u>

8. **Annual Cash Bonuses - The Objective**

8.1. Compensation in the form of an annual cash bonus is an important element in aligning the Executive Officers' compensation with Cognyte's objectives and business goals. Therefore,

annual cash bonuses will reflect a pay-for-performance element, with payout eligibility and levels determined based on actual financial and operational results, in addition to other factors the Compensation Committee may determine, including individual performance.

8.2. An annual cash bonus may be awarded to Executive Officers upon the attainment of pre-set periodical objectives and individual targets determined, subject to Section 9.1, by the Compensation Committee (and, if required by law, by the Board) for each fiscal year, or in connection with such officer's engagement, in case of newly hired Executive Officers, taking into account Cognyte's short and long-term goals, as well as its compliance and risk management policies. The Compensation Committee and the Board shall also determine applicable minimum thresholds that must be met for entitlement to the annual cash bonus (all or any portion thereof) and the formula for calculating any annual cash bonus payout, with respect to each fiscal year, for each Executive Officer. In special circumstances, as determined by the Compensation Committee and the Board (e.g., regulatory changes, significant changes in Cognyte's business environment, a significant organizational change, a significant merger and acquisition events etc.), the Compensation Committee and the Board may modify the objectives and/or their relative weights during the fiscal year, or may modify payouts following the conclusion of the year.

8.3. In the event the employment of an Executive Officer is terminated prior to the end of a fiscal year, the Company may (but shall not be obligated to) pay such Executive Officer an annual cash bonus (which may or may not be pro-rated).

8.4. The actual annual cash bonus to be paid to Executive Officers shall be approved by the Compensation Committee and the Board.

9. **Annual Cash Bonuses - The Formula**

Executive Officers other than the CEO

9.1. The performance objectives for the annual cash bonus of Cognyte's Executive Officers, other than the chief executive officer (the "**CEO**"), may be approved by Cognyte's CEO (in lieu of the Compensation Committee) and may be based on company, division and individual objectives. The performance measurable objectives, which include the objectives and the weight to be assigned to each achievement in the overall evaluation, will be based at least 25% on overall company performance measures, which are based on actual financial and operational results, such as (by way of example and not by way of limitation) revenues, operating income and cash flow and may further include, divisional or personal objectives which may include operational objectives, such as (by way of example and not by way of limitation) market share, initiation of new markets and operational efficiency, customer focused objectives, project milestones objectives and investment in human capital objectives, such as (by way of example and not by way of limitation) employee satisfaction, employee retention and employee training and leadership programs. The Company may also grant annual cash bonuses to Cognyte's Executive Officers, other than the CEO, on a discretionary basis.

9.2. The target annual cash bonus that an Executive Officer, other than the CEO, will be entitled to receive for any given fiscal year, will not exceed 100% of such Executive Officer's annual base salary.

9.3. The maximum annual cash bonus, including for overachievement performance, that an Executive Officer, other than the CEO, will be entitled to receive for any given fiscal year, will not exceed 200% of such Executive Officer's annual base salary.

CEO

9.4. The annual cash bonus of Cognyte's CEO will be mainly based on performance measurable objectives and subject to minimum thresholds as provided in Section 8.2 above. Such performance measurable objectives will be determined annually by Cognyte's Compensation Committee (and, if required by law, by Cognyte's Board) and may be based

on company and personal objectives. These performance measurable objectives, which include the objectives and the weight to be assigned to each achievement in the overall evaluation, will be based on overall company performance measures, which are based on actual financial and operational results, such as (by way of example and not by way of limitation) revenues, sales, operating income, cash flow or Company's annual operating plan and long-term plan.

9.5. The less significant part of the annual cash bonus granted to Cognyte's CEO, and in any event not more than 30% of the annual cash bonus, may be based on a discretionary evaluation of the CEO's overall performance by the Compensation Committee or the Board based on quantitative and qualitative criteria.

9.6. The target annual cash bonus that the CEO will be entitled to receive for any given fiscal year, will not exceed 100% of his or her annual base salary.

9.7. The maximum annual cash bonus including for overachievement performance that the CEO will be entitled to receive for any given fiscal year, will not exceed 200% of his or her annual base salary.

10. **Other Bonuses**

10.1. Special Bonus. Cognyte may grant its Executive Officers a special bonus as an award for special achievements (such as in connection with mergers and acquisitions, offerings, achieving target budget or business plan under exceptional circumstances, or special recognition in case of retirement) or as a retention award at the CEO's discretion for Executive Officers other than the CEO (and in the CEO's case, at the Compensation Committee's and the Board's discretion), subject to any additional approval as may be required by the Companies Law (the "**Special Bonus**"). Any such Special Bonus will not exceed 200% of the Executive Officer's annual base salary. Special Bonus can be paid, in whole or in part, in equity in lieu of cash.

10.2. Signing Bonus. Cognyte may grant a newly recruited Executive Officer a signing bonus, at the CEO's discretion for Executive Officers other than the CEO (and in the CEO's case, at the Compensation Committee's and the Board's discretion), subject to any additional approval as may be required by the Companies Law (the "**Signing Bonus**"). Any such Signing Bonus will not exceed 100% of the Executive Officer's annual base salary.

10.3. Relocation/ Repatriation Bonus. Cognyte may grant its Executive Officers a special bonus in the event of relocation or repatriation of an Executive Officer to another geography (the "**Relocation Bonus**"). Any such Relocation bonus will include customary benefits associated with such relocation and its monetary value will not exceed 100% of the Executive Officer's annual base salary.

11. **Compensation Recovery ("Clawback")**

11.1. In the event of an accounting restatement, Cognyte shall be entitled to recover from its Executive Officers the bonus compensation or performance-based equity compensation in the amount in which such compensation exceeded what would have been paid based on the financial statements, as restated, provided that a claim is made by Cognyte prior to the second anniversary following the filing of such restated financial statements.

11.2. Notwithstanding the aforesaid, the compensation recovery will not be triggered in the following events:

11.2.1. The financial restatement is required due to changes in the applicable financial reporting standards; or

11.2.2. The Compensation Committee has determined that Clawback proceedings in the specific case would be impossible, impractical, or not commercially or legally efficient.

11.3. Nothing in this Section 11 derogates from any other "Clawback" or similar provisions regarding disgorging of profits imposed on Executive Officers by virtue of applicable securities laws or a separate contractual obligation.

D. Equity Based Compensation

12. **The Objective**

12.1. The equity-based compensation for Cognyte's Executive Officers will be designed in a manner consistent with the underlying objectives of the Company in determining the base salary and the annual cash bonus, with its main objectives being to enhance the alignment between the Executive Officers' interests with the long-term interests of Cognyte and its shareholders, and to strengthen the retention and the motivation of Executive Officers in the long term. In addition, since equity-based awards are structured to vest over several years, their incentive value to recipients is aligned with longer-term strategic plans.

12.2. The equity-based compensation offered by Cognyte is intended to be in a form of share options and/or other equity-based awards, such as RSUs or performance stock units, in accordance with the Company's equity incentive plan in place as may be updated from time to time.

12.3. All equity-based incentives granted to Executive Officers (other than bonuses paid in equity in lieu of cash) shall normally be subject to vesting periods in order to promote long-term retention of the awarded Executive Officers. Unless determined otherwise in a specific award agreement or in a specific compensation plan approved by the Compensation Committee and the Board, grants to Executive Officers other than non-employee directors shall vest based on time, gradually over a period of at least 2-4 years, or based on performance. The exercise price of options shall be determined in accordance with Cognyte's policies, the main terms of which shall be disclosed in the annual report of Cognyte.

12.4. All other terms of the equity awards shall be in accordance with Cognyte's incentive plans and other related practices and policies. Accordingly, the Board may, following approval by the Compensation Committee, make modifications to such awards consistent with the terms of such incentive plans, subject to any additional approval as may be required by the Companies Law.

13. **General Guidelines for the Grant of Awards**

13.1. The equity-based compensation shall be granted from time to time and be individually determined and awarded according to the performance, educational background, prior business experience, qualifications, role and the personal responsibilities of the Executive Officer.

13.2. In determining the equity-based compensation granted to each Executive Officer, the Compensation Committee and the Board shall consider the factors specified in Section 13.1 above, and in any event, the total fair market value of an annual equity-based compensation at the time of grant (not including bonuses paid in equity in lieu of cash) shall not exceed: (i) with respect to the CEO - the higher of (w) 700% of his or her annual base salary or (x) 0.5% of the Company's fair market value; and (ii) with respect to each of the other Executive Officers - the higher of (y) 500% of his or her annual base salary or (z) 0.35% of the Company's fair market value.

13.3. The fair market value of the equity-based compensation for the Executive Officers will be determined by multiplying the number of shares underlying the grant by the market price of Cognyte's common shares on or around the time of the grant or according to other acceptable valuation practices at the time of grant, in each case, as determined by the Compensation Committee and the Board.

E. Retirement and Termination of Service Arrangements

14. **Advanced Notice Period**

Cognyte may provide an Executive Officer, other than the CEO, according to his/her seniority in the Company, his/her contribution to the Company's goals and achievements and the circumstances of retirement and the CEO a prior notice of termination of up to twelve (12) months in the case of the CEO and six (6) months in the case of other Executive Officers, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his/her equity-based compensation. Such advance notice may or may not be provided in addition to severance, provided, however, that the Compensation Committee shall take into consideration the Executive Officer's entitlement to advance notice in establishing any entitlement to severance and vice versa.

15. **Adjustment Period**

Cognyte may provide an additional adjustment period of up to six (6) months to the CEO or to any other Executive Officer according to his/her seniority in the Company, his/her contribution to the Company's goals and achievements and the circumstances of retirement, during which the Executive Officer may be entitled to all of the compensation elements, and to the continuation of vesting of his/her equity-based compensation.

16. **Additional Retirement and Termination Benefits**

Cognyte may provide additional retirement and terminations benefits and payments as may be required by applicable law (e.g., mandatory severance pay under Israeli labor laws), or which will be comparable to customary market practices.

17. **Non-Compete Grant**

Upon termination of employment and subject to applicable law, Cognyte may grant to its Executive Officers a non-compete grant as an incentive to refrain from competing with Cognyte for a defined period of time. The terms and conditions of the non-compete grant shall be decided by the Board and shall not exceed such Executive Officer's monthly base salary multiplied by twelve (12). The Board shall consider the existing entitlements of the Executive Officer in connection with the consideration of any non-compete grant.

18. **Limitation Retirement and Termination of Service Arrangements**

The total non-statutory payments under Section 14-17 above for a given Executive Officer shall not exceed the Executive Officer's monthly base salary multiplied by twenty-four (24). The limitation under this Section 18 does not apply to benefits and payments provided under other chapters of this Policy.

F. Exculpation, Indemnification and Insurance

19. **Exculpation**

Cognyte may exempt its directors and Executive Officers in advance for all or any of his/her liability for damage in consequence of a breach of the duty of care vis-a-vis Cognyte, to the fullest extent permitted by applicable law.

20. **Insurance and Indemnification**

20.1. Cognyte may indemnify its directors and Executive Officers to the fullest extent permitted by applicable law, for any liability and expense that may be imposed on the director or the Executive Officer, as provided in the indemnity agreement between such individuals and Cognyte, all subject to applicable law and the Company's articles of association.

20.2. Cognyte will provide directors' and officers' liability insurance (the **"Insurance Policy")** for its directors and Executive Officers as follows:

20.2.1. The limit of liability of the insurer shall not exceed the greater of $[200] million or 50% of the Company's shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee; and

20.2.2. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering Cognyte's exposures, the scope of coverage and the market conditions and that the Insurance Policy reflects the current market conditions, and it shall not materially affect the Company's profitability, assets or liabilities.

20.3. Upon circumstances to be approved by the Compensation Committee (and, if required by law, by the Board), Cognyte shall be entitled to enter into a "run off" Insurance Policy of up to seven (7) years, with the same insurer or any other insurance, as follows:

20.3.1. The limit of liability of the insurer shall not exceed the greater of $[200] million or 50% of the Company's shareholders equity based on the most recent financial statements of the Company at the time of approval by the Compensation Committee; and

20.3.2. The Insurance Policy, as well as the limit of liability and the premium for each extension or renewal shall be approved by the Compensation Committee (and, if required by law, by the Board) which shall determine that the sums are reasonable considering the Company's exposures covered under such policy, the scope of cover and the market conditions, and that the Insurance Policy reflects the current market conditions and that it shall not materially affect the Company's profitability, assets or liabilities.

20.4. Cognyte may extend the Insurance Policy in place to include cover for liability pursuant to a future public offering of securities as follows:

20.4.1. The Insurance Policy, as well as the additional premium shall be approved by the Compensation Committee (and if required by law, by the Board) which shall determine that the sums are reasonable considering the exposures pursuant to such public offering of securities, the scope of cover and the market conditions and that the Insurance Policy reflects the current market conditions, and it does not materially affect the Company's profitability, assets or liabilities.

G. <u>Arrangements upon Change of Control</u>

21. The following benefits may be granted to the executive officers **(**in addition to, or in lieu of, the benefits applicable in the case of any retirement or termination of service) upon or in connection with a "Change of Control" or, where applicable, in the event of a Change of Control following which the employment of the Executive Officer is terminated or adversely adjusted in a material way:

21.1. Vesting acceleration of outstanding options or other equity-based awards, on a double-trigger basis;

21.2. Extension of the exercising period of equity-based compensation for Cognyte's Executive Officers for a period of up to one (1) year, following the date of employment termination; and

21.3. Up to an additional six (6) months of continued base salary and benefits following the date of employment termination (the "**Additional Adjustment Period**"). For avoidance of doubt, such additional Adjustment Period may be in addition to the advance notice and adjustment periods pursuant to Sections 14 and 15 of this Policy, but subject to the limitation set forth in Section 18 of this Policy.

21.4. A cash bonus not to exceed 200% of the Executive Officer's annual base salary in case of an Executive Officer other than the CEO and 250% in case of the CEO.

H. Board of Directors Compensation

22. The following benefits may be granted to Cognyte's Board members:

22.1. All Cognyte's non-employee Board members may be entitled to an annual cash fee retainer of up to $75,000 (and up to $125,000 for the chairperson of Cognyte's Board), an annual committee membership fee retainer of up to $30,000, and an annual committee chairperson cash fee retainer of up to $50,000 (it is being clarified that the payment for the chairpersons would be in lieu of (and not in addition) to the payments referenced above for committee membership). In addition, all Cognyte non-employee Board members that reside outside of Israel may be entitled to a supplemental annual retainer of up to $40,000 (it being clarified that this payment shall be made to such non-employee Board members in addition to the foregoing payments discussed in this section 22.1).

22.2. The compensation of the Company's external directors, if elected, shall be in accordance with the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000, as amended by the Companies Regulations (Relief for Public Companies Traded in Stock Exchange Outside of Israel), 5760-2000, as such regulations may be amended from time to time.

22.3. Notwithstanding the provisions of Sections 22.1 above, in special circumstances, such as in the case of a professional director, an expert director or a director who makes a unique contribution to the Company, such director's compensation may be different than the compensation of all other directors and may be greater than the maximal amount allowed under Section 22.1.

22.4. Each non-employee member of Cognyte's Board may be granted equity-based compensation. The total fair market value of a "welcome" or an annual equity-based compensation at the time of grant shall not exceed the higher of (i) $250,000 or (x) 0.05% of the Company's fair market value.

22.5. All other terms of the equity awards shall be in accordance with Cognyte's incentive plans and other related practices and policies. Accordingly, the Board may, following approval by the Compensation Committee, make modifications to such awards consistent with the terms of such incentive plans, subject to any additional approval as may be required by the Companies Law.

22.6. In addition, members of Cognyte's Board may be entitled to reimbursement of expenses in connection with the performance of their duties.

22.7. It is hereby clarified that the compensation (and limitations) stated under Section H will not apply to directors who serve as Executive Officers.

I. Miscellaneous

23. Nothing in this Policy shall be deemed to grant to any of Cognyte's Executive Officers, employees, directors, or any third party any right or privilege in connection with their employment by or service to the Company, nor deemed to require Cognyte to provide any compensation or benefits to any person. Such rights and privileges shall be governed by applicable personal employment agreements or other separate compensation arrangements entered into between Cognyte and the recipient of such compensation or benefits. The Board may determine that none or only part of the payments, benefits and perquisites detailed in this Policy shall be granted, and is authorized to cancel or suspend a compensation package or any part of it.

24. An Immaterial Change in the Terms of Employment of an Executive Officer other than the CEO may be approved by the CEO, provided that the amended terms of employment are in accordance

with this Policy. An "Immaterial Change in the Terms of Employment" means a change in the terms of employment of an Executive Officer with an annual total cost to the Company not exceeding an amount equal to two (2) monthly base salaries of such employee.

25. In the event that new regulations or law amendment in connection with Executive Officers' and directors' compensation will be enacted following the adoption of this Policy, Cognyte may follow such new regulations or law amendments, even if such new regulations are in contradiction to the compensation terms set forth herein.

****

This Policy is designed solely for the benefit of Cognyte and none of the provisions thereof are intended to provide any rights or remedies to any person other than Cognyte.

Exhibit 4.9

Date: 27/12/20

To:

Cognyte Technologies Israel Ltd. (the "**Company**")

Dear Madam/Sir,

At your request, we hereby notify you that we, Bank Leumi Le-Israel B.M. (hereinafter - the **"Bank"**) will be willing subject to the conditions precedent below to provide you with a credit in an overall sum of up to US$50,000,000 (Fifty Million US Dollars) (hereinafter - the **"CF"**) to commence no earlier than February 1, 2021 for general corporate purposes, subject to all the terms and conditions set forth below in this letter:

In addition, the Bank shall have provided prior to the date of this letter and shall from time to time continue to provide to the Company at its request and at the Bank's discretion, issuance of bank guarantees, foreign exchange and hedging transactions (and related credit and securitization) and overdraft credit frameworks as shall be agreed between the Bank and the Company ("**Other Services**"). Each of the Other Services shall be provided subject to the specific terms agreed for such services and the General Account Terms (prior to the termination of the CF – as amended by the GAT Amendment) and compliance with the Covenants Letter (subject to the first paragraph of Section 11 of the Covenants Letter) and the Negative Pledge (until termination of the CF), and secured by the Guarantee.

In other words, the entry into force of this letter is not intended to impact the Other Services and the terms that apply thereto, except to define them as a group of services and to agree that the Covenants Letter, the Negative Pledge and the Guarantee (as such terms are defined below) shall also apply in relation thereto.

As of the Commencement Date, the Covenants Letter will replace a prior letter of covenants dated on or about July 29, 2019, a copy of which is attached as **Schedule F** hereto ("**Previous Covenants Letter**"). Upon termination of the CF, the Covenants Letter (subject to the first paragraph of Section 11 of the Covenants Letter) and the Guarantee shall continue to apply to the Other Services until such time as the parties may agree to replace or remove it, however the Negative Pledge shall terminate with the termination of the CF.

1. **The Credit Facility**

1.1 The credit facility that is provided will be allocated as follows:

A CF of up to US$50,000,000 (Fifty Million US Dollars) shall be made available to the Company for a term of 3 years commencing on the Commencement Date as defined below ("**CF Term**"). The Company shall be eligible to draw any amount under the CF in multiple drawings at any time. Each drawing shall be for a period of one month or a shorter period as may be indicated by the Company under the applicable draw-down request ("**CF Loan**"). The aggregate principal amount of the CF Loans outstanding at any time shall not exceed the amount of the CF. All outstanding amounts under the CF together with all accrued and unpaid interest thereon shall be immediately due and payable upon expiry of the CF Term.

The CF Term shall commence at the later to occur of February 1, 2021 or the fulfillment of the conditions precedent set out in Section 5 below (the "**Commencement Date**"). If the conditions precedent shall not be satisfied by March 31, 2021, this letter shall terminate and the offer to make the Credit available hereunder shall be withdrawn.

Each draw-down request shall be provided to the Bank, at least 3 business days prior to the requested draw-down date, using the Bank's Request to Receive Credit form (in the Bank's standard form in Hebrew). It is clarified that the provisions set out on the back of such form shall not apply to the CF to the extent they conflict with this letter, the Covenants Letter, the Negative Pledge or the General Terms of Operation of Account signed by the Company in favor of the Bank on 27/12/20, as amended by the GAT Amendment.

Interest

The CF Loan shall bear interest at an annual rate equal to one month LIBOR + 1.55% per annum. If the LIBOR rate is ever below zero, LIBOR will be deemed to be zero. Interest on the outstanding amount under each CF Loan shall accrue on a daily basis and shall be paid by the Borrower on the maturity date of the CF Loan.

For the purpose of this document, "**LIBOR**" (London Interbank Offered Rate) means the interest rate at which the London inter-bank market offers inter-bank deposits in the currency of the credit for a period equal to the interest period, as quoted at or about 11:00 (London time) and published by Thomson Reuters News Service.

In any event that (a) the methodology, formula and/or other means of determining LIBOR has, in the opinion of the Bank acting in good faith, materially changed; (b) in accordance with the instruction or recommendation of the central bank and/or any regulator and/or other supervisory authority, or anybody appointed by them, relevant to either the benchmark for the relevant currency and/or the Bank (hereinafter: the "**Authorized Body**") and/or according to a statement or publication of the Administrator of LIBOR or as a result of the insolvency of the Administrator, LIBOR is expected to permanently cease to be published and/or to serve as a benchmark interest rate ; or (c) in the opinion of the Bank acting in good faith, LIBOR no longer represents the interest rate benchmark acceptable in the market for the relevant currency and period, then the Bank shall notify the Borrowers thereof (hereinafter: the "**Notice of Replacement**") and following the period of time which will be specified in the Notice of Replacement (hereinafter: the "**Notice Period**"), the LIBOR rate shall be replaced by a new interest rate (hereinafter: the "**Alternative Interest Rate Benchmark**") in accordance with the instructions of the Authorized Body, if any. In the event that no such instructions shall be given, the LIBOR rate shall be replaced by the Alternative Interest Rate Benchmark as shall be determined by the Bank for all its customers with regards to credits in the

same currency and for the same period, and in accordance with acceptable market practice, all subject to amendments and/or adjustments required as a result of such replacement including, but not limited to, any increase/decrease that the Bank shall apply in connection with the replacement of LIBOR if the Alternative Interest Rate Benchmark is a risk- free interest rate.

2. **Collateral**

2.1 The provision of any credit and/or banking services hereunder and its continued maintenance will be subject to the condition that, to secure repayment of all your debts and performance of all your obligations to the Bank hereunder or in connection herewith, the following collateral is created and registered in favor of the Bank by Cognyte Software Ltd. ("**Top Company**") and you:

2.1.1 a general negative pledge in the form attached hereto as **Schedule A** (the "**Negative Pledge**");

2.2 In addition, the provision of any credit and/or banking services hereunder and its continued maintenance will also be conditional upon performance of all the following obligations:

2.2.1 you shall sign, vis-à-vis the Bank, a letter of covenants together with Top Company including *inter alia* financial covenants, on the terms and conditions and in form attached hereto as **Schedule B** (the "**Covenants Letter**");

2.2.2 Top Company shall sign a continuing guarantee unlimited in amount to secure all your debts and obligations to the Bank in form attached hereto as **Schedule C** (the "**Guarantee**").

3. **Additional Terms and Conditions for the Provision of the Credit**

In addition to the aforesaid, the provision of the credit hereunder, in whole or in part, and its continued maintenance, will be conditional upon fulfillment of all the additional conditions set forth below:

3.1 You shall sign and furnish to us, in reasonable promptness upon our demand, all the documents and approvals required in our discretion in good faith, in the form acceptable to us in good faith, for the purpose of providing the Credit and creating the collateral and obligations detailed above. None of such additional documents is intended to be contradictory to the terms of this letter the Covenants Letter, the Negative Pledge or the Guarantee. If any such document shall impose on Top Company or Company new liabilities, execution thereof shall be subject to their consent not to be unreasonably withheld.

3.2 The Bank and Company will enter into an amendment to the General Account Terms, which shall only apply in relation to the CF and the CF Loans and shall expire upon termination of the CF, in form attached hereto as **Schedule D** (the "**GAT Amendment**").

3.3 In the Bank's opinion formed in good faith: there is no impediment and/or restriction pursuant to the law to providing the credit, including, but not only, an impediment pursuant to the directives of the Bank of Israel or any other competent authority and/or there is no change preventing, prohibiting or restricting the Bank's possibilities for providing the credit, including any change in the law, or a change deriving from a requirement, directive or request given or addressed by the Bank of Israel or by any another competent authority.

3.4 For the avoidance of doubt only, it is clarified that the continued maintenance of the CF hereunder is subject to all the Bank's rights and subject to all your obligations pursuant to the documents signed by you in connection herewith and/or pursuant to any relevant law, and the provisions of this letter do not howsoever derogate from the Bank's rights and/or from your obligations pursuant to any other document signed by you in favor of the Bank, *provided, however*, that if and to the extent a contradiction exists in relation to the CF between the provisions hereof and any provision in any other document executed and/or to be executed by the Company or Top Company in favor of the Bank, including, without limitation, the General Account Terms, the provisions hereof shall prevail.

4. **Commission**

You hereby undertake to pay us the following commission:

4.1 Unutilization Fee

A non-refundable yearly Unutilization Fee of 0.4% on amounts eligible for draw-down but undrawn under the CF, during the period commencing on the Commencement Date and ending on earlier of the expiration of the CF Term and the termination hereof in accordance with the below provisions, calculated on a daily basis and payable on a monthly basis on the last day of the applicable calendar month.

4.2 Legal Fees

Legal Fees in the amount of US$20,000 (Twenty Thousand US Dollars) to be paid on the Commencement Date (but in any event no later than February 28, 2021).

5. **Conditions Precedent**

The entry into force of the CF envisaged by this letter is subject to the following conditions precedent:

5.1 The Company completing the planned split from its current parent company (the "**Current Parent**") to Top Company, a new indirect parent company (the "**Split**"), by no later than February 28, 2021.

5.2 Discharge of the pledge of the Company's shares and any other pledge over the Company's assets, if exists, in favour of that certain syndicate, in the framework of a syndicated loan granted by certain foreign lenders to the Current Parent (the "**Syndicated Loan**").

5.3 Release of the Company from the covenants it is obliged to meet in the framework of the Syndicated Loan.

5.4 Execution of the Covenants Letter and the Negative Pledge by the Company, receipt of corporate approvals and confirmation by counsel to the Company.

5.5 The Top Company is in compliance with the financial covenants (Sections 2.1-2.3 of the Covenants Letter as of the Commencement Date.

5.6 The Company shall prior to the Commencement Date provide to the Bank a certificate of compliance signed by the Company's CEO/CFO confirming the Company's compliance with the conditions precedent stated in sections 5.1 – 5.5 herein, in form attached hereto as **Schedule E** (the "**Compliance Certificate**").

6. **Termination**

6.1 The Company shall be entitled to terminate the CF and/or CF Loan(s) at any time and repay all amounts due to Bank hereunder under any CF Loan without payment of early prepayment fees.

6.2 Upon termination of the CF (either early or upon expiry of its term), the Company's (and Top Company's) obligations under the Guarantee shall survive such termination, but the Company's (and Top Company's) obligations under the Negative Pledge shall terminate.

6.3 The specific amendments to the General Account Terms made solely in relation to the CF and for its duration, and shall terminate upon termination of the CF as aforesaid.

7. The Company's rights pursuant hereto may not be transferred or assigned in any way to any third party. This letter or any part thereof may only be presented to another entity after receipt of our prior written approval.

8. Notwithstanding the foregoing, if by and including December 31, 2020 you do not return to us a copy of this letter countersigned by you below, signifying your agreement to comply with all the terms, conditions and obligations provided herein, our offer to provide the CF will become null and void and the Bank will not be under any obligation to provide the CF.

Yours faithfully,

/s/ Delia Pekelman

/s/ O. Steinberg

Bank Leumi le-Israel B.M.

Date: 27/12/20

Bank Leumi le-Israel B.M.

Dear Sir/Madam,

We hereby confirm our agreement to the above and to entering into the above commitment letter and instruct you to debit our bank account maintained with you with the fees and commissions specified in Section 4 above on the applicable dates provided for therein.

/s/ David Abadi /s/ Meir Talbi

Cognyte Technologies Israel Ltd.

I, the undersigned, Lior Davidovich, the lawyer acting for Cognyte Technologies Israel Ltd. (the "**Borrower**"), hereby confirm that the above signature composition binds the Borrower, and I confirm that the board of directors of the Borrower approved that the entry into this commitment letter by the Borrower by way of unanimous written resolution that was duly passed in accordance with the law and with the articles of association of the Borrower, and that the same have been duly signed by the directors of the Borrower.

27.12.2			/s/ Lior Davidovich, Adv.
Date	Name	Surname	Signature

Schedule A
Negative Pledge

Attached.

Name of Corporation Cognyte Technologies Israel Ltd. ____ Registration No. _____

Address: _____ Zip Code: _____

To: **Bank Leumi le-Israel B.M.** Date: 27/12/20

Re: Corporate Resolution

We are pleased to advise you that as per a written resolution of the Board of Directors of Cognyte Technologies Israel Ltd. (hereinafter **"the Corporation"),** a legal entity registered with the Registrar of Companies, under Registration No. 512704867, adopted on 27/12/20, the following Resolutions were passed:

(Clauses that are not relevant should be deleted)

1. Receipt of a loan/credit

1.1. To receive from Bank Leumi le-Israel B.M. **("the Bank"),** a loan or credit in the amount of US$50,000,000 (Fifty Million US Dollars), on such terms to be agreed with the Bank, in addition to all other banking facilities that the Bank has granted and may grant the Corporation at any time.

There shall serve as security for the loan/credit all securities and collateral given or to be given, from time to time, to the Bank by or on behalf of the Corporation.

1.2 The Corporation agreed to the term of a letter of intent dated 27/12/20 and undertake to act pursuant thereto and to pay the fees referred to therein, whether the balance in our account is a credit balance or a debit balance, or whether it goes into a debit balance as a result of this charge.

2. Letter of Covenants

To issue a letter of covenants in favor of the Bank together with Cogntye Software Ltd. in the text annexed hereto and forming an integral part hereof in accordance with which the Corporation provides various undertakings, including, but not limited to, an undertaking in respect Financial Covenants, an undertaking not to allow a change in control of the Corporation, maintaining equity, an undertaking not to effect a merger, an undertaking to furnish to the Bank financial reports of Cognyte Software Ltd. and additional reports, not to issue Bearer Securities, undertakings toward third parties, undertaking not to significantly change our type of business, all as more fully detailed in the letter.

3. Undertakings

3.1 Negative Pledge Undertaking

It was resolved that the Corporation shall sign an undertaking towards the Bank, according to which, inter alia, the Corporation undertakes not to pledge, sell, transfer, nor undertake to pledge, sell or transfer any of its assets (except for sales and transfers in the ordinary course of business) in favour of any third party, without the Bank's prior written consent.

4. Authorised Signatories

To confirm to the Bank that:

4.1 The persons authorised to operate the Corporation's accounts at all times, are authorised to sign in the name of the Corporation the letter of covenants/loan/credit/Undertakings and Covenants documents in connection with the above resolutions, in the Bank's customary form, together with all instruments and documents required in the opinion of the Bank in order to give effect to the loans and creditsguarantees/undertakings and covenants in connection with the above reolutions **("the Document" or "the Documents").**

4.2 **In addition to the provisions of paragraph 4.1 above, the following persons are authorised to individually/ _____ sign the Documents on behalf of the Corporation:

Name _____ I.D. No. _____

Name _____ I.D. No. _____

Name _____ I.D. No. _____

(If you intend to authorise additional signatories who are not the usual signatories of the Corporation, you must set out their details and the manner in which they will sign.)**

5. For the avoidance of doubt it is hereby clarified that if the date of the meeting is later than the date of the signing of any of the documents mentioned above or required hereunder, the resolutions relating the signing of such document shall be deemed to be resolutions ratifying the signing thereof.

6. We hereby confirm that the above Resolutions were duly passed in accordance with the documents of incorporation of the Corporation. We hereby give the Bank the instructions and notices contained in the above Resolutions and request the Bank to act in accordance with such instructions and notices.

Yours faithfully,

Cognyte Technologies Israel Ltd.

/s/ Meir Talbi
Director

/s/ David Abadi
Secretary

(* If the Corporation is a Partnership- <u>each</u> of the Partners must sign this Resolution.)**

I, the undersigned, Ziv Levi, Advocate, of Cognyte Technologies Israel Ltd. **("the Corporation")** hereby confirm that the written resolution of the Board of Directors dated 27/12/20, was duly adopted, and that the above Resolutions were duly passed in accordance with the documents of incorporation of the Corporation, and were signed by the Directors. I confirm that all resolutions, reports, disclosures and procedures required by Part Six of the Companies Law, 5759-1999, to the extent required, were complied with.

Furthermore, I hereby confirm that the Corporation has not created a first degree floating charge over its assets and has not created any prior pledges whatsoever which restrict the creation of the above Pledges or derogate from their priority, as a first degree pledge.

Name: Ziv Levi Date: 27/12/20 Signature of Lawyer: /s/ Ziv Levi

Clauses that are not relevant should be deleted

To: **Date: 27/12/20**

Bank Leumi le-Israel B.M.

General Negative Pledge

Whereas we, the undersigned, have received and/or are about to receive in the future credits and/or other banking facilities from Bank Leumi le-Israel B.M. ("the **Bank**"), all pursuant to that certain commitment letter dated 27/12/20, as shall be amended, replaced and extended from time to time in accordance with its terms (the "**Credit**" and the **"Credit Agreement",** respectively); and

Whereas the Bank has received and/or will receive from us various undertakings and guarantees in favour of the Bank or for its benefit in order to secure the Credit; and

Whereas as one of the conditions for granting the Credit, the Bank has required that we sign this document, to which we have agreed.

NOW, THEREFORE, we hereby declare and undertake towards you as follows:

(1) Not to pledge or charge and not to undertake to pledge or charge, in any manner whatsoever and for any reason whatsoever, any of our assets whatsoever and/or any part thereof, existing now or in the future, in favour of any third party whomsoever, without receiving the Bank's prior written consent, other than the following: (i) Existing Liens (as defined below), and (ii) future cash collaterals (i.e., cash deposits at financial institutions) not exceeding, in the aggregate (together with any remaining existing cash collaterals), an amount of US$ 52,000,000.

(2) Not to sell or transfer in any manner whatsoever (other than sales in the ordinary course of business, including grant of non-exclusive licenses in connection with our intellectual property on market terms) any of our assets whatsoever and/or any part thereof, existing now or in the future, to any third party whomsoever, without receiving the Bank's prior written consent, except within the framework of the exceptions mentioned under clause (1) above.

(3) We declare that as at the date hereof there are no pledges whatsoever over our assets and we have made no undertaking in favour of any third party to create such pledges, other than (i) in favour of the Bank, (ii) as set forth in the extract from the registrar of companies attached hereto as **Schedule A,** and (iii) existing cash collaterals (i.e., cash deposits at financial institutions, which were created prior to the date of the Credit) (collectively, the **"Existing Liens").**

(4) We shall provide you with reasonable advance written notice, of our intentions to undertake towards any third party whomsoever, including but without limitation, within the framework of an issuance of shares, obligations that limit or may reasonably limit in any manner whatsoever, our rights to create security obligations in favour of the Bank which are required or shall be from time to time required for the securing of existing and/or anticipated credit and/or banking services and/or under the Credit Agreement and/or the Other Services (the latter term as defined under the Credit Agreement). We are aware that such undertakings towards third parties may cause termination or a reduction in the Credit frameworks prior to the expiration and/or termination of the obligation to grant the Credit, as were provided or may have been provided under the Credit Agreement, and we hereby agree to such terms.

(5) We shall provide you with reasonable advance written notice, regarding our intentions to accept upon ourselves, towards any third party whomsoever, including without limitation, within the framework of an issuance of shares, financial covenants which if breached would confer, or may confer, upon such third party, the right to demand immediate repayment of our debt.

"Initials appear here"

The undertakings mentioned above shall remain in effect for as long as there are due or become due to you from us any amounts on account of the Credit and/or for as long as the undertakings and guarantees in your favour or for your benefit pursuant to the Credit Agreement shall remain in effect.

In any event of a breach of any of our above undertakings, in whole or in part, then, in addition to any other remedy available to you under any law or under any other undertaking of ours to you included or becoming included in any document whatsoever, such breach shall be deemed a breach of the provisions of the Credit Agreement and you shall be entitled to demand the immediate repayment of all or part of our debts and undertakings to you as provided in the General Terms of Operation of Account signed by the Company in favor of the Bank on 27/12/20

For the avoidance of doubt, the above does not derogate from our obligations to you under any document whatsoever and/or by law, and the above does not derogate from any event available to you, now or in the future, entitling you to demand immediate repayment, under any document whatsoever and/or by law.

Yours faithfully,

Name	**I.d. no./Reg. No.**	**Date**	**Signature**	
Cognyte Technologies Israel Ltd.	51-270486-7	27/12/20	/s/ David Abadi	/s/ Meir Talbi

"Initials appear here"

1. To branch / 2. To customer 03.11 608-46

Schedule B
Covenants Letter

Attached.

To: Bank Leumi le-Israel B.M.
(hereinafter the **"Bank")**

Date: 27/12/20

Dear Sirs,

Whereas as one of the conditions for the granting of loans, credits or other banking services to us and the receipt of various undertakings and guarantees from us, the undersigned Cognyte Technologies Israel Ltd. (the **"Company")** and its ultimate parent company, Cognyte Software Ltd. **("Top Company"),** all in connection with that certain binding letter of intent executed by Bank in favor of Company on or about the date hereof (the **"Commitment Letter"),** and the Other Services (as defined in the Commitment Letter and incorporated herein by reference), you have requested that we issue this letter of covenants and we have agreed to do so;

Now therefore we hereby declare and undertake as follows:

1 Definitions

"Interested Party"	As defined in the Securities Law, 5728-1968
"Financial Reports"	unless referring specifically to a different company, shall mean the annual and quarterly financial reports of Top Company, on a consolidated basis, as published by Top Company in accordance with US Generally Accepted Accounting Principles (US GAAP) including inter alia, a balance sheet, a profit and loss statement, a cash flow statement, a statement of changes in equity, and such other reports or notes as may be required by US GAAP and/or by any authority.
"Funded Debt"	the sum of all of Top Company's (on a consolidated basis) obligations for borrowed money, including indebtedness evidenced by a written obligation to repay money, purchase money indebtedness including conditional sales or other title-retention agreements and indebtedness in respect of capitalized lease obligations, less subordinated debts.
"Equity"	as presented in the Financial Reports, prepared in accordance with US GAAP, equity relates to the shareholders of the Top Company.
"Total Assets"	as defined in the Financial Reports.
"EBITDA"	as reported and evaluated in the Financial Reports. In the case of consolidated Financial Reports, prepared in accordance with US GAAP and excluding (i.e., before taking into account): Stock-based compensation expenses, Acquisitions expenses net, Restructuring expenses, Separation expenses, Impairment charges, Other extraordinary adjustments, Depreciation and Amortization.

"Initials appear here"

"Subsidiary", "Related Company"	as defined in the Securities Law, 5728-1968.
"control"	as defined in the Securities Law, 5728-1968.
"year"; "quarter"	shall mean (unless explicitly provided otherwise here) fiscal year and fiscal quarter (respectively) of Company and/or Top Company (as applicable), and 'yearly' and 'quarterly' shall be interpreted accordingly.

2 Financial Covenants

We agree that the provision of credit and banking services granted to Company and/or guaranteed by us in connection with the Commitment Letter and the Other Services, and the continuation thereof, shall be subject to Top Company fulfilling, on the relevant end of quarter, or (where so stated) end of month, measurement day (to be examined commencing on the end of the quarter or month (as applicable) during which the Commencement Date (as defined in the Commitment Letter) shall occur), each of the following Financial Covenants:

Leverage (Capital Structure)

2.1 The Top Company's consolidated Equity shall be not lower than USD 200,000,000 (Two Hundred Million USD) and not lower than 30% of the Top Company's consolidated Total Assets.

If there is a deviation in a particular quarter, this shall not be considered a breach of this covenant, if in the following quarter the Top Company is in compliance with the covenant.

Profit Ratio

2.2 The ratio of Top Company's annual consolidated of Funded Debt to EBITDA shall not exceed 3.5, which shall be measured each quarter, taking into account one year backwards from the end of quarter measurement day.

It is clarified that during the first year following the Commencement Date (as defined in the Commitment Letter), calculation of the above covenants shall be made also based upon pro-forma financial statements (included in final public filings under relevant securities laws) for past four (or less, as applicable) quarters commencing on the second fiscal quarter of 2020 (in each case – as of the time the relevant pro-forma statements shall become available), taking into account the applicable period preceding completion of the Split (as defined in the Commitment Letter). For the avoidance of doubt, in the event that the period reported publicly is shorter than four quarters, the relevant numbers and calculations shall be certified by the Top Company's CEO/CFO to the Bank as part of the Compliance Certificate (in Section 5.2 below).

Liquidity

2.3 Top Company shall maintain, on consolidated basis, an amount of unrestricted Cash and Cash Equivalents (including Cash/Cash Equivalents and short term investments) of at least US$25,000,000 (Twenty Five Million US Dollars). This covenant will be measured on a monthly basis.

The covenants stated in paragraphs 2.1 – 2.3 above **("the Financial Covenants")** are based on current standards of accounting, accounting principles and accounting policy **("the Accounting Standards")** as reflected in the Top Company's most recent Financial Reports **("the Latest Accounts").**

Different Accounting Standards other than those on the basis of which the Latest Accounts were prepared prior to the signing of this document, including, but not limited to the implementation of the US Generally Accepted Accounting Principles (US GAAP), or new or different accounting standards in Israel or abroad, changes in estimates, and/or accounting policies and also for the removal of doubt, due to any revision and/or update and/or addition and/or change in the applicable accounting standards **("the New Accounting Standards")** may affect the Financial Covenants.

Accordingly, the Top Company hereby agrees as follows:

If it becomes evident to either the Bank or Company, that there have been / are about to be changes in the Top Company's Financial Reports as a result of the New Accounting Standards which shall or would reasonably be expected to have a significant impact on the calculation of the Financial Covenants, the Bank may, after consultation with the Company and Top Company in good faith, inform Top Company of changes that need to be made to the Financial Covenants **("the Amended Financial Covenants"),** in order adapt them to such changes in the Financial Report, with the intent of adapting them according to the original financial purpose for which they were determined.

The Bank's notice of the Amended Financial Covenants in accordance with the foregoing shall bind the Company and Top Company as from the date of delivery of the aforementioned notice, and this document shall be deemed to include, as from such date, the Amended Financial Covenants.

3 **Undertaking not to Allow a Change of Control of the Company**

We hereby declare that there will not be any change in the control of Company, directly or indirectly, or in the percentage of holdings (directly or indirectly) of Top Company in the share capital of and in the voting rights in the Company, as presented to the Bank that shall exists upon consummation of the Split, without the prior written consent of the Bank.

4 **Undertaking Not to Merge**

We undertake not to effect, not to undertake to effect and not to take any actions whatsoever to effect a merger of Company with another/other corporation(s) or split shares without receiving the Bank's prior written consent thereto. For this purpose, the Company undertakes to provide the Bank with all information and documents needed by the Bank, at the Bank's discretion, about the requested merger/split with respect to the requested merger, in order that the Bank may determine its position with respect to such merger/split.

"Initials appear here"

In this document, the expression "merger", means - merger according to the eighth or ninth chapter of the Companies Law 5759-1999 and/or any action which results in the acquisition of the majority of the Company's assets by a person or corporation, or any action which results in the acquisition of the Company's shares granting the purchaser control of the Company and/or any action which results in the acquisition by the Company, directly or indirectly, of the majority of another corporation's assets or of another corporation's shares granting the Company control of such corporation, provided that the foregoing shall not apply in relation to an acquisition by Company of another corporation's shares and/or assets (including by way of merger in which the Company is the surviving entity) in consideration for a purchase price below USD 60,000,000, *provided, however,* that the Company shall provide Bank with written notice prior to the consummation of any such acquisition.

5 Undertaking to Provide Financial Reports

We undertake to deliver to the Bank the following reports:

5.1 Until May 31st of each calendar year, annual Financial Reports of Top Company, on a consolidated basis, including inter alia, a balance sheet, a profit and loss statement, and a statement of cash flow for the previous year, and such other reports as may be required by any authority in respect of the 31st of January of the previous year, audited by a qualified external accountant.

5.2 No later than 90 days after the end of each quarter, quarterly consolidated Financial Reports of Top Company in respect of the immediately preceding quarter, reviewed by a qualified external accountant. The aforementioned reports shall be accompanied by a **Compliance Certificate** signed by the Top Company's Chief Executive Officer/Chief Financial Officer/VP Finance, in the form attached hereto as **Schedule A,** confirming the compliance of Top Company with all of the Financial Covenants, which shall also include explanatory calculations as to how the Top Company complies with such Financial Covenants.

With respect to the reports set forth in Sections 5.1 and 5.2 above, it is hereby clarified that the Top Company shall be obliged to provide the said Financial Reports, whether or not they are obliged to provide them by law.

5.3 Until October 31st of each calendar year, (a) annual Financial Reports of the Company, on a solo basis, including inter alia, a balance sheet and a profit and loss statement for the previous year, and such other reports as may be required by any authority in respect of the 31st of January of the previous year, audited by a qualified external accountant; and (b) semi-annual report of the financial results of the Company in respect of the immediately preceding fiscal half-a-year, on a solo basis, signed by the Company's Chief Executive Officer/Chief Financial Officer/VP Finance.

5.4 In addition to the aforementioned and subject to applicable law, the Company shall provide the Bank with any additional existing report, document or information and any clarifications thereto that may be requested by the Bank in good faith.

6 Undertaking to Provide Additional Reports

We undertake to exercise commercially reasonable efforts to furnish the Bank with copies of any permit, notice, report or other document that we are obliged to provide to the Registrar of Companies and/or the Securities Authority.

"Initials appear here"

7 Undertaking not to Issue Bearer Securities

We undertake not to issue bearer securities without the prior written consent of the Bank. We declare that, as at the date of execution of this document, the Company has not issued any bearer securities.

8 Undertakings toward third parties

We undertake to provide the Bank with reasonable advance written notice, of our intentions to undertake towards any third party whomsoever (including but without limitation, within the framework of an issuance of shares), obligations that limit or may reasonably limit in any manner whatsoever, our rights to create security obligations in favour of the Bank which are required or shall be from time to time required for the securing of existing and/or anticipated credit and/or banking services and/or under the Commitment Letter and/or the Other Services, and to provide you with the draft of said undertaking before it is finalized. We are aware that such undertakings towards third parties may cause termination or a reduction in credit frameworks under the Commitment Letter or the Other Services prior to their expiration and/or termination of an obligation to grant credit and/or banking services under the Commitment Letter or the Other Services, as were provided or may have been provided, and we hereby agree to such terms. The foregoing shall not apply to a negative pledge provided to Bank Hapoalim B.M. entered into as part of a credit facility that is provided to us by that bank in connection with the Split. In the event that we will wish to enter into any additional negative pledge(s) with third parties, we will inform you in advance and provide you with details regarding such intended negative pledge(s) (provided that the other provisions set out hereinabove in this paragraph shall not apply thereto).

We undertake to inform the Bank, in a reasonable amount of time in advance and in writing, of our intention to accept upon ourselves towards any third party, including, but not limited to, within the framework of a share issue, financial covenants the breach of which shall or may entitle such third party to require immediate repayment of our debts **("Third Party Financial Covenants").** In such a case, the Bank shall be authorized, subject to our consent after having negotiated in good faith, to notify us what are the required changes in the financial covenants given by us to the Bank **("Amended Financial Covenants"),** and at the Bank's request such Amended Financial Covenants shall oblige us as from the delivery of the aforementioned notice.

9 Undertaking not to significantly change its type of business

We undertake that there shall occur no significant change in our type of business activities (including through companies controlled by us).

10 Undertaking to Notify the Bank regarding Events of Default and Legal Proceedings

We undertake to notify the Bank immediately upon becoming aware of the occurrence of any event which entitles the Bank to require immediate repayment of our debts under the Commitment Letter or the Other Services or any part thereof, whether under this document, the Commitment Letter or the General Terms of Operation of Account

"Initials appear here"

signed by the Company in favor of the Bank on _____ (as amended only in relation to the CF and for the duration thereof by the GAT Amendment (as defined in the Commitment Letter), the **"General Account Terms")** and any other document signed or to be signed between us and the Bank in relation to Other Services **("Breach Event"),** and/or immediately upon becoming aware that a Breach Event is about to occur. Without derogating from the generality of the foregoing, we undertake to notify the Bank about any legal proceedings that have a value of over USD 5,000,000 (Five Million USD).

11 Extent of Undertaking

The aforesaid undertakings shall be in force so long as there are or will become due to the Bank by the Company any amounts whatsoever under any facilities covered by the Commitment Letter (namely the CF and Other Services as defined therein). Notwithstanding the foregoing, Section 2.2 above shall not apply once the CF is fully repaid and the CF is terminated.

In any event of failure to meet the Financial Covenants in whole or in part, or in event of breach of any of the undertakings herein provided by us in this document (subject to the cure period provided for such a breach under the Amended GAT (as defined in the Commitment Letter) (if provided)), the Bank shall, without prejudicing any other right of the Bank, be entitled but not obliged to declare our indebtedness and undertakings in connection with the Commitment Letter and the Other Services, in whole or in part, to be immediately due and payable as provided in the unamended General Terms of Operation of Account signed by the Company in favor of the Bank on _____.

It is hereby clarified that any failure by the Bank to exercise any remedies in connection with an existing breach of an undertaking or as a result of the non-fulfillment of one or more of our undertakings towards the Bank, whether such undertaking is included in this document or in another document, shall not constitute a waiver or cancellation by the Bank of its rights and/or as a justification or excuse to allow the continuation of the breach and/or as to the existence of any other breach or non-fulfillment of any other term or undertaking of ours as aforesaid.

For the avoidance of doubt, the forgoing shall not in any way derogate from our undertakings under any document signed or to be signed by us, nor shall the forgoing in any way diminish the rights of the Bank under any document signed or to be signed by us; *provided, however,* that if and to the extent a contradiction exists between the provisions hereof and any provision in any other document executed and/or to be executed by the Company or Top Company in favor of the Bank, including, without limitation, the General Account Terms, the provisions hereof shall prevail.

12 Additional Condition

The Company, parties having control in the Company, any entity which is or which shall be part of the Company's group of companies and anyone on the Company's or their behalf (all such persons/entities, collectively, in this sub-Section **"Company"),** shall not appear on any of the following Sanctions Lists:

"Initials appear here"

The list declared by the Israeli Ministry of Defense

a. The European Union

b. The United States of America (OFAC)

c. The United Nations

and/or if the Company is incorporated and/or shall incorporate in accordance with the laws of any country which appears on any of the above Sanctions Lists.

In the event that Company should appear on any of the above Sanctions Lists, this shall entitle the Bank not to grant Company any credit and/or to require immediate repayment of any credit granted to Company and/or to freeze or restrict activities in the Loan Account.

13 Termination of Prior Covenants

Upon the Commencement Date (as defined in the Commitment Letter) this letter of covenants shall enter into force and the Bank agrees to the termination of a letter of covenants provided by the Company dated on or about July 29, 2019, which is replaced by this letter of covenants as regards both the CF (for the duration of the CF) and the Other Services, subject to the provisions of the Commitment Letter.

Yours faithfully,

/s/ David Abadi /s/ Meir Talbi

(signature)
Cognyte Technologies Israel Ltd.

/s/ David Abadi /s/ Meir Talbi

(signature)
Cognyte Software Ltd.

Schedule C
Guarantee

Attached.

Name of Corporation ____ Cognyte Software Ltd. _____ Registration No. _____

Address:_____ Zip Code: _____

To: **Bank Leumi le-Israel B.M.** Date: 27/12/20

Re: **Corporate Resolution**

We are pleased to advise you that per a written resolution of the Board of Directors of Cogntye Software Ltd. (hereinafter **"the Corporation"**), a legal entity registered with the Registrar of Companies, under Registration No. 516196425, adopted on 27/12/20, the following Resolutions were passed:

(Clauses that are not relevant should be deleted)

1. Receipt of a loan/credit

1.1. To receive from Bank Leumi le-Israel B.M. ("**the Bank**"), a loan or credit to be provided to Cogntye Technologies Israel Ltd. ("**Subsidiary**") in the amount of US$50,000,000 (Fifty Million US Dollars), on such terms to be agreed with the Bank, in addition to all other banking facilities that the Bank has granted and may grant the Subsidiary at any time.

There shall serve as security for the loan/credit all securities and collateral given or to be given, from time to time, to the Bank by or on behalf of the Subsidiary.

2. Letter of Covenants

To issue a letter of covenants in favor of the Bank in the text annexed hereto and forming an integral part hereof in accordance with which the Corporation provides various undertakings, including, but not limited to, an undertaking in respect Financial Covenants, an undertaking not to allow a change in control of the Corporation, maintaining equity, an undertaking not to effect a merger, an undertaking to furnish to the Bank financial reports of the Corporation and additional reports, not to issue Bearer Securities, undertakings toward third parties, undertaking not to significantly change our type of business, all as more fully detailed in the letter.

3. Undertakings

3.1 Negative Pledge Undertaking

It was resolved that the Corporation shall sign an undertaking towards the Bank, according to which, inter alia, the Corporation undertakes not to pledge, sell, transfer, nor undertake to pledge, sell or transfer any of its assets (except for sales and transfers in the ordinary course of business) in favour of any third party, without the Bank's prior written consent.

4. Guarantee

4.1 All resolutions and approvals required in accordance with the incorporation documents of the Corporation and by any law including those required in accordance Part Six of the Companies Law 5759 - 1999 for the transaction of signing a guarantee by the Corporation in favour of the Bank as security for the debts and obligations of Subsidiary towards the Bank, and same :

☐ In connection with a loan _____ /credit facility _____ / _____ ("the Credit") and same for the entire period that the Credit is granted and maintained.

☐ By way of a continuing guarantee in the amount of _____ NIS.

☒ By way of a continuing guarantee unlimited in amount.

4.2 The guarantee shall be on terms and in the text agreed to or which shall be agreed to between the persons authorized to sign on behalf of the Corporation and the Bank, at their discretion.

4.3 That the aforesaid transaction is to the benefit of the Corporation and its duration is reasonable in the circumstances.

5. Authorised Signatories

To confirm to the Bank that:

5.1 The persons authorised to operate the Corporation's accounts at all times, are authorised to sign in the name of the Corporation the letter of covenants/Guarantees/Undertakings and Covenants documents in connection with the above resolutions, in the Bank's customary form, together with all instruments and documents required in the opinion of the Bank in order to give effect to the guarantees/undertakings and covenants in connection with the above resolutions ("**the Document" or "the Documents**").

5.2 **In addition to the provisions of paragraph 5.1 above, the following persons are authorised to individually/ _____ sign the Documents on behalf of the Corporation:

Name _____ I.D. No. _____

Name _____ I.D. No. _____

Name _____ I.D. No. _____

(If you intend to authorise additional signatories who are not the usual signatories of the Corporation, you must set out their details and the manner in which they will sign.)**

[1] *Describe the debt to be secured by the guarantee*

6. For the avoidance of doubt it is hereby clarified that if the date of the meeting is later than the date of the signing of any of the documents mentioned above or required hereunder, the resolutions relating the signing of such document shall be deemed to be resolutions ratifying the signing thereof.

7. We hereby confirm that the above Resolutions were duly passed in accordance with the documents of incorporation of the Corporation. We hereby give the Bank the instructions and notices contained in the above Resolutions and request the Bank to act in accordance with such instructions and notices.

Yours faithfully,

/s/ David Abadi	/s/ Meir Talbi
Director	Secretary

(* If the Corporation is a Partnership-<u>each</u> of the Partners must signature Resolution.)**

I, the undersigned, Ziv Levi, Advocate, of Cognyte Software Ltd. ("**the Corporation**") hereby confirm that the written resolution of the Board of Directors dated 27/12/20, was duly adopted, and that the above Resolutions were duly passed in accordance with the documents of incorporation of the Corporation, and were signed by the director. I confirm that all resolutions, reports, disclosures and procedures required by Part Six of the Companies Law, 5759-1999, to the extent required, were complied with.

Furthermore, I hereby confirm that the Corporation has not created a first degree floating charge over its assets and has not created any prior pledges whatsoever which restrict the creation of the above Pledges or derogate from their priority as a first degree pledge.

Name: Ziv Levi Date: 27/12/20 Signature of Lawyer: /s/ Ziv Levi

Clauses that are not relevant should be deleted

To: **Cognyte Software Ltd. (Registration No. 516196425)** Date: 27/12/20 20

Name	**I.D. / Registration No.**
Cognyte Technologies Israel Ltd	**512704867**

(hereinafter jointly and severally (the "Debtors")

Notice to Guarantor in respect of a Guarantee Unlimited in Amount

Re: Your Guarantee to Bank Leumi le-Israel B.M. to secure the debts of the Debtors

As you have agreed to give your guarantee in favour of Bank Leumi le-Israel B.M. ("the Bank") for the debts of the Debtors, we draw your attention to the following: -

1. **Your guarantee relates to all amounts, of any kind whatsoever, due today or becoming due in the future to the Bank in any of its branches from the Debtors on account of:**

   a. **loans, overdrafts, credits and various banking services which the Debtors have received and/or shall receive from time to time from the Bank; and**

   b. **undertakings and guarantees, of whatever kind, signed/to be signed by the Debtors towards the Bank or in favour of the Bank from time to time; and**

   c. **bills signed, endorsed or guaranteed by the Debtors, delivered or to be delivered to the Bank by the Debtors or by any third parties from time to time;**

   d. **and in respect of any other indebtedness of the Debtors towards the Bank not included above.**

   Your guarantee to repay the amounts arising as aforesaid shall apply whether the abovementioned amounts, in whole or in part, are due or become due in the Debtors' own name or in their business name or in any other name, whether due or becoming due from the Debtors solely or jointly with another or others, whether due now or in the future, whether due or becoming due on account of any contingent indebtedness (including undertakings of the Debtors in connection with bank guarantees, letters of indemnity, letters of credit and documentary credits) and whether due or becoming due as a result of any other indebtedness whatsoever, whether due or becoming due as a result of any indebtedness originating from banking activity/activities or orginating from any other source, whether or not the abovementioned amounts, in whole or in part, have crystalised by virtue of a judgment of a court or tribunal.

2. The total liabilities of the Debtors towards the Bank, **known on the 27 day of December 2020** amount to 61,071,000 NIS

This sum includes linkage differentials and exchange rate differentials calculated to the said date, but does not include liabilities in respect of interest, commissions and other expenses which in the course of regular bank practice have not yet been debited to the current account of the Debtors.

We wish to clarify that the details specified above do not include obligations of the Debtors not yet utilized, including an unutilized credit facility.

We wish to emphasize that the state of obligations specified above is likely to change and your guarantee shall also apply to the liabilities of the Debtors towards the Bank, as mentioned in Clause 1 above, which are created and increased after your signing the Guarantee.

/s/ Delia Pekelman	/s/ O. Steinberg	/s/ Meir Talbi	/s/ David Abadi
4848	5031	Signature_x	

3. Additional Information

☒ As at the date of this Notice, the Debtors owe debts to the Bank.

☐ The debts of the Debtors specified in this Notice include, inter alia, a loan/ credit* which replaces an existing debt of the Debtors to the Bank.

☒ As at the date of this letter, the Debtors are duly discharging their debts to the Bank.

☐ The Debtors have not paid their debts to the Bank.

☐ The Debtors are not paying their debts to the Bank.

☐ The Debtors are restricted customers.

☐ Your guarantee replaces the guarantee of a shareholder(s) of the Debtors.

☐ Your guarantee replaces the guarantee of a director(s) of the Debtors.

☐ Your guarantee replaces the guarantee of the spouse of a shareholder(s) of the Debtors.

☐ Your guarantee replaces the guarantee of the spouse of a director(s) of the Debtors.

☒ There are no additional guarantors for the amounts specified in Clause 1 above and your proportionate liability for the payment of the aforesaid amounts is 100%.

☐ In addition to the above, the Debtors are also liable to us in respect of guarantees which they have signed in favour of the Bank to secure the debts of third parties.

Any alternative not marked in this clause is ineffective and only the marked alternative is valid.

Yours faithfully,

Bank Leumi le-lsrael B.M.
864 Branch

/s/ Delia Pekelman
4848

/s/ O. Steinberg
5031

I, the undersigned, confirm that my signature on this document constitutes my confirmation that I have received a copy of this document.

Guarantor's Name: Cognyte Software Ltd. Date 27/12/20 Signature _ x /s/ Meir Talbi /s/ David Abadi

Date: 27/12/20

Names of Guarantors:

Name	I.D No./ Reg .No.	Sex	Date of Birth/ Incorporation	Address
Cognyte Software Ltd.	51-619642-5		21.05.2020	3 Maskit Street, Herzliya 4673333, Israel

(Hereinafter: "**The Guarantors")**

Names of Debtors:

Name	I.D No./ Registration No.	Address
Cognyte Technologies Israel Ltd.	51-270486-7	3 Maskit Street, Herzliya 4673333, Israel

(Hereinafter: **"The Debtors")**

CONTINUING GUARANTEE WITHOUT LIMITATION IN AMOUNT

To:

Bank Leumi Le-Israel B.M
_____ Branch

1. The Guarantee and the Secured Sums

The undersigned (hereinafter **"the Guarantors"),** jointly and severally, hereby guarantee to **Bank Leumi Le-Israel B.M** (Hereinafter **"the Bank")** the full and punctual payment of all sums due or to become due or liable to become due to the Bank from the Debtors on account of the Secured Sums (as defined below), and by virtue of this Guarantee the Guarantors hereby undertake to pay to the Bank, forthwith upon its first demand, every amount of the Secured Sums.

For the purpose of this Guarantee, the expression **"Secured Sums"** shall mean all amounts whether in Israeli currency or in foreign currency or the countervalue of foreign currency – principal, any interest whatsoever, linkage differentials or exchange rate differentials, if any, resulting from the linkage of principal and interest or of either of them to any rate of exchange whatsoever or to the Consumer Price Index or to any other index, commissions, bank charges and expenses of any kind whatsoever- due or to become due or liable to become due to the Bank from the Debtors on account of, in respect of or in connection with that certain commitment letter dated 27/12/20 by and between the Debtors and the Bank as amended, replaced or extended from time to time in accordance with its terms including but not limited to Other Services as defined therein (the **"Credit Facility")** as well as:

a. Loans, overdrafts, credits and banking services of whatever kind;

b. Undertakings and guarantees of whatever kind of the Debtors towards or in favor of the Bank;

and in respect of or in connection with every other indebtedness/liability of whatever kind, pursuant to the Credit Facility, whether such amounts, in whole or in part, are due or shall become due from the Debtors in the Debtors' own names or in their business name or in any other name, whether such amounts are due or shall become due from the Debtors solely or together with other(s) whether the date for payment has arrived or whether such date is in the future, whether due or to become due on account of any contingent indebtedness (including any undertaking of the Debtors in connection with bank guarantees, letters of indemnity, letters of credit and documentary credits) or on account of any other indebtedness whatsoever, whether due or to become due from any banking activity/ies or otherwise, whether such amounts, in whole or in part, have crystallized by virtue of the judgment of a court or tribunal or not.

2. Demands for Payment

a. The Bank shall be entitled, at its option exercised in good faith, to demand payment of the Secured Sums from the Guarantors by one or more demands, without first being obliged to demand payment thereof from the Debtors.

b. Each amount which the Guarantors shall be required to pay to the Bank by virtue of this Guarantee and which shall not be paid to the Bank within 7 (seven) days of the date of its written demand therefor shall, for the period commencing from the date of the Bank's aforesaid demand until the date of actual payment, bear Interest at the Maximum Rate, as defined in Clause 22 (b) below, or shall bear linkage differentials to the CPI and/or the foreign currency and/or exchange rate differentials together with Interest at the Maximum Rate, as defined in clause 22 (b), below which interest is itself linked as aforesaid; all provided that in any event the Bank shall not be entitled to and shall not collect an amount exceeding the Secured Sums.

c. Each amount due or to become due to the Bank from the Debtors on account of the Secured Sums in or in respect of foreign currency shall be paid by the Guarantors to the Bank (if they are required to pay the same) by paying the counter value thereof in Israeli currency calculated according to the Customary Rate at the Bank prevailing at the date of actual payment; save that the Bank shall be entitled to demand payment from the Guarantors, in whole or in part, in the relevant foreign currency, *provided, however,* that any amounts paid to the Bank in US dollars with respect to any Secured Sums which were borrowed in US dollars shall be repaid in US dollars, unless prevented by law.

3. Validity of the Guarantee

a. This Guarantee and all the Bank's rights thereunder shall be in addition to, and independent of, all other collateral and securities which the Bank has already received or shall hereafter receive from or for the Debtors and shall not affect or be affected by the same; and this Guarantee shall serve as a continuing guarantee binding upon the Guarantors (and their successors, including heirs, executors, administrators, receivers and liquidators) and shall continue to remain in full force and effect until the Bank shall confirm to the Guarantors in writing that their liability under this Guarantee has been terminated even if at any time prior to such confirmation there shall exist no indebtedness/liability whatsoever of the Debtors to the Bank. Once the Credit Facility shall have been terminated in accordance with its terms, the Guarantor may request the Bank to terminate this Guarantee.

For the avoidance of doubt, it is hereby declared that where the Bank has sent or shall send to the Guarantors or to any one or more of them reminder(s) concerning the existence of this Guarantee, such fact shall not be deemed to impose an obligation on the Bank to send such reminder(s) and the omission by the Bank to send such reminder(s) shall not be interpreted as confirmation by the Bank of the termination of the liability of the Guarantors as aforesaid.

b. Each one of the Guarantors or – in the event of death, lack of capacity, bankruptcy or liquidation- his successors, shall be entitled to terminate his guarantee hereunder by the giving of at least 30 (thirty) days prior notice in writing to the Bank provided always that such notice of termination as aforesaid shall not in any manner prejudice the liability of the remaining Guarantors who signed this Guarantee (who shall continue to be Guarantors as if this Guarantee had been signed, at the outset, by them alone) and provided further that such notice of termination as aforesaid shall not affect the liability of the giver of such notice for the payment of Secured Sums existing at the time of termination (whether or not the same be then due for payment) and for the payment of Secured Sums to become due to the Bank from the Debtors on account of, for or in connection with indebtedness/liabilities which shall be created up to a period expiring 30 (thirty) days from the date on which the Bank shall have received such notice of termination (whether or not the same be then due for payment).

c. Subject to sub-clauses (a) and (b) above, this Guarantee shall also apply to each amount on account of the Secured Sums due or to become due to the Bank on account of, for or in connection with, any indebtedness/liabilities under the Credit Facility -

1. Created after death or the commencement of bankruptcy or liquidation proceedings of the Debtors (but prior to the Bank having been notified of such death or the commencement of bankruptcy or liquidation proceedings);

2. Created after the Bank shall have demanded from the Guarantors or from any one or more of them discharge of the Secured Sums, in whole or in part, or after the Guarantors or any one or more of them shall have paid the Bank the balance of the Secured Sums outstanding at the time of such payment.

4. Termination of the Guarantee

Where any Guarantor shall have given notice terminating his guarantee as mentioned in Clause 3 (b) above, the Bank, notwithstanding such notice of termination, shall be entitled (but not obliged) to enable the Debtors to continue to operate each of their accounts at the Bank (and even to continue to grant the Debtors credits or overdrafts in such accounts as aforesaid) and the liability of such Guarantor shall continue to subsist, as mentioned in Clause 3 (b) above, with regard to any debit balances on such accounts as aforesaid (and with regard to other Secured Sums) disregarding any debit or credit entries effected in such accounts after receipt of such notice of termination.

5. Change in the Debtors

If the Debtors or any one or more of them shall be an unincorporated body such as an unregistered partnership, joint accountholders or a committee and there shall occur a change in his or its name, composition, or constitution whether as a result of death, retirement, addition of new partners or members or for any other reason whatsoever, this Guarantee shall serve as a continuing guarantee also for indebtedness/liabilities which shall be created after such change.

6. Various Arrangements

The Bank shall be entitled at all times, in its sole discretion, and without being obliged to notify the Guarantors thereof to (subject to applicable law):-

a. Increase, renew, reduce, cease (and to change in any other manner the conditions of) any loan, overdraft or credit and any other banking service given or to be given by the Bank to the Debtors;

b. Grant to the Debtors or to any one or more of them or to any one or more of the Guarantors or to another or others extension of time or any similar or other indulgence;

c. Compromise, waive or come to any other arrangement of whatsoever kind with the Debtors or with any one or more of them or with any one or more of the Guarantors or with another or others;

d. Exchange, renew, vary, amend, cancel, release or desist from realizing or enforcing any collateral or securities which the Bank has received or shall receive, or any rights which have been or will be created in favour of the Bank, as security for the whole or part of the Secured Sums-

the doing of any of the above acts by the Bank or the omission on the part of the Bank to effect the same shall not prejudice, cancel or affect in any manner the Guarantors' liability under this Guarantee.

7. Defect in the Guaranteed Debt

The validity of this Guarantee shall not be prejudiced and the liability of the Guarantors shall not be affected, in consequence or as a result of the fact that the Bank has not received or shall not receive, as security for the discharge, in whole or in part, of the Secured Sums, any collateral or securities whatsoever or in consequence or as a result of lack of validity, incapacity, defect or irregularity in such collateral or securities (if in fact the Bank has received or shall receive such collateral or securities) or with respect to any indebtedness/liability whatsoever of the Debtors to the Bank (excluding cases in which at the time of signature by the Guarantors, the Bank knew or should have known, by reasonable means at its disposal, of defects in the debit/obligation of the Debtors to the Bank and the Guarantors did not know of such defects) or in any other document signed or to be signed by the Debtors or by any one or more of them or by other(s) for or in connection with the Secured Sums or any part thereof or in consequence or as a result of any claim of prescription, lack of legal capacity or lack of power of the Debtors or of any one or more of them or of any one or more of the Guarantors; and whenever for whatever reason the Bank shall not be entitled to claim the payment of the Secured Sums or any part thereof from the Guarantors on the footing of their guarantee the Guarantors shall nevertheless remain liable to pay the Secured Sums to the Bank as principal debtors.

8. Waiver of Indemnity and Collateral

Payment to the Bank of the Secured Sums or any part thereof shall not give the Guarantors the right to receive from the Bank any collateral or securities whatsoever, even if the Bank shall have received or shall receive the same as security for the whole or part of the Secured Sums and the Guarantors hereby waive in advance any right to receive such collateral or securities as aforesaid.

9. (a) Save where the Bank shall have given its prior written consent thereto or shall have confirmed in writing that their liability under this Guarantee shall have been terminated, the Guarantors shall not be entitled to demand from the Debtors (even by way of counterclaim or set-off) or take any other steps against the Debtors whatsoever or to file proof of debt with trustees or liquidators of the Debtors for or in connection with the whole or part of the Secured Sums which the Guarantors shall have paid or shall be required to pay or may be required to pay to the Bank.

(b) The Guarantors hereby warrant that they have not received from the Debtors (or from any one or more of them) any collateral in connection with this Guarantee; and they hereby undertake not to receive any such collateral without the prior written consent of the Bank thereto.

10. Sums Received

Any payment which the Bank shall receive from the Guarantors or from any one or more of them pursuant to this Guarantee may be placed by the Bank to the credit of a suspense account for a period which the Bank shall consider appropriate, without the Bank being obliged to utilize such payment, in whole or in part, in reduction of the Secured Sums (provided that such payments shall be deemed reducing the Secured Sums for purpose of accrual of interest); and where bankruptcy, liquidation or other similar proceedings shall be taken against the Debtors or any of them, the Bank shall be entitled to claim, demand, file proof of debt, agree to receive any dividend or to compromise with respect to the Secured Sums or any part thereof as if this Guarantee had not been given and as if the Bank had not received from the Guarantor(s) any payment whatsoever.

11. Where any payment from whatever source received or to be received by the Bank on account of the Secured Sums or any collateral or security whatsoever furnished or to be furnished to the Bank by the Debtors, by the Guarantors, by any one or more of them or by any third party' for them shall be deemed to be void pursuant to the provisions of any law whatsoever relating to bankruptcy or liquidation in force at that time and thereafter it shall become apparent that, in reliance on such payment, collateral or security aforesaid, the Bank has confirmed that the liability of the Guarantors or of any one or more of them under this Guarantee has been terminated or the Bank has entered into any other arrangement with the Guarantors or any one or more of them, then the Guarantors shall continue to guarantee to the Bank the payment of the Secured Sums as if such confirmation or arrangement aforesaid had never been given or entered into.

12. **Right of lien**

(a) The Bank shall have a right of lien over all the Amounts and Assets Due to the Guarantors by the Bank (as such term is defined in this Clause below) and the Bank may at any time, without being obliged to notify the Guarantors thereof in advance, detain them until the discharge of all the Secured Sums, whilst maintaining a reasonable ratio between the Amounts and Assets Due to the Guarantors by the Bank that are detained as aforesaid, and the Secured Sums. In respect of those parts of the Secured Sums whose payment date has not yet occurred, the Bank shall be entitled to act in accordance with the foregoing, if it has a reasonable concern that such amounts will not be paid to the Bank in full and on time.

(b) In addition to the aforesaid, if an attachment is imposed over any amount and/or any asset of the Amounts and Assets Due to the Guarantors by the Bank - the Bank shall have a right of lien in respect of the said amount and/or asset, as the case may be, until the said attachment's removal; provided that the right of lien pursuant to this sub-clause shall only apply to the Amounts and Assets Due to the Guarantors by the Bank in an overall amount and/or value not exceeding the undischarged balance of the Secured Sums from time to time.

(c) In the cases set forth in Clauses 12(a) and 12(b) above, the Guarantors shall not be entitled to withdraw the Amounts and Assets Due to the Guarantors from the Bank or any part thereof or to act therein or in relation thereto in any other manner without the Bank's consent, and the Bank may prevent the Guarantors from effecting any disposition therein.

(d) The Bank shall notify the Guarantors of its exercise of any of its rights according to this Clause following such exercise.

(e) For the purpose of this Clause **"the Amounts and Assets Due to the Guarantors from the Bank"** shall mean all monies, in Israeli currency or in foreign currency, due or that shall be due to the Guarantors from the Bank in any account and/or deposit of the Guarantors at the Bank and/or in any way or on any cause, and over all the bills, securities, bills of lading, documents, moveable property and other assets of whatsoever type of the Guarantors (whether the Guarantors have given or shall give them to the Bank or any third party has given or shall give them to the Bank for them for collection, collateral or safekeeping and/or for any other purpose) and over their proceeds, including over the rights of the Guarantors in connection with all the aforesaid.

13. **Right of set-off**

Furthermore, without prejudice to the Bank's right of lien aforementioned, whenever the Guarantors shall be demanded to pay to the Bank any amount becoming due to it from them under this Guarantee then, from such time:

a. The Bank may (but is not obliged) at any time, without being obliged to further notify the Guarantors thereof in advance:

i. to set off any Amount Due to the Bank from the Guarantors (as such term is defined in this Clause below) from the Amounts Due to the Guarantors from the Bank even prior to the payment date of the Amounts Due to the Guarantors from the Bank as aforesaid, against which the set off is effected;

ii. to purchase any amount in foreign currency required for the purpose of discharging any Amount Due to the Bank from the Guarantors or sell any foreign currency standing to the credit of the Guarantors at the Bank, and use the sale proceeds for the discharge of any Amount Due to the Bank from the Guarantors or, as the case may be, for the purchase of another foreign currency required for the discharge of the Amount Due to the Bank from the Guarantors;

iii. to debit any account and deposit of the Guarantors at the Bank, whether or not mentioned herein, in any amount from the Amount Due to the Bank from the Guarantors, and if the aforesaid amounts or some of them are in respect of foreign currency credit - debit any account and deposit as aforesaid of the Guarantors maintained in such currency, or any account of the Guarantors maintained in Israeli currency or in another foreign currency in the counter-value thereof (in Israeli currency or in the other foreign currency) in accordance with the Bank's customary rate on the date of debiting the account as aforesaid.

b. Notwithstanding the provisions of Clause 13.a above, in the following cases the Bank may effect the set-off subject to giving prior notice to the Guarantors:

i. in the event of the set-off of Amounts Due to the Guarantors from the Bank the date for payment whereof is not yet due;

ii. in the event of the set-off of a fixed deposit which, but for the set-off, would be extended or renewed automatically, such that certain rights or benefits would have derived to the Guarantors.

Notwithstanding the aforesaid, if the delay in effecting the set-off might adversely affect the Bank's position or prejudice any of its rights - the set-off shall be effected immediately. Furthermore, if notice has been sent and during the period specified therein there is an attachment, notice of receivership of, the Guarantors' assets or a similar incident - the set-off shall be effected immediately.

c. Any purchase or sale as set forth in Clause 13.a.ii above shall be effected (if effected) at the Bank's customary rate, from amounts in Israeli currency or from amounts in foreign currency, as the case may be, standing to the Guarantors' credit at the Bank or received from the realization of any collateral given to the Bank by or for the Guarantors.

d. Any debit as set forth in Clause 13.a.iii above and any debit mentioned below shall be effected (if effected) in an existing account or deposit or in an account or deposit to be opened for such purpose by the Bank in the Guarantors' name, whether the account or deposit to be debited has a credit balance or a debit balance or goes into a debit balance as a result of being debited as aforesaid; and the debit balance (if any) in the account or deposit debited as aforesaid shall bear Interest at the Maximum Rate. However, if as a result of any debit in respect of foreign currency as aforesaid or as set forth below, any account goes into a debit balance or the debit balance therein increases, then, if the said account is managed in Israeli currency, the Bank may, at any time, credit the account and debit in the counter-value thereof any account or deposit of the Guarantors in the relevant foreign currency at the Bank's customary rate on the date of debiting the account or deposit in foreign currency as aforesaid; and if the said account is maintained in foreign currency, the Bank may, at any time, credit the account and debit in the counter-value thereof any account or deposit of the Guarantors in Israeli currency at the Bank's customary rate on the date of debiting the account as aforesaid.

e. Where the Bank exercises rights of set-off as aforesaid prior to the payment date of any amount from the Amounts Due to Guarantors from the Bank, in the Guarantors' deposits at the Bank, there may be changes to the Guarantors' detriment concerning their rights in respect of or in connection with the said amount (for example with regard to interest rates, linkage, exchange rate differentials, rights to bonuses or loans, an exemption from or reduction in income tax and deductions at source) and the Bank may deduct from said amounts commissions, expenses and payments customarily charged by the Bank on the breaking of any kind of deposits including, savings, Israeli currency deposits and foreign currency deposits by the Guarantors.

f. For the purpose of this Clause the following expressions shall bear the meanings set forth alongside them:

"the Amounts Due to the Guarantors from the Bank" — all monies, in Israeli currency or in foreign currency, due or that shall be due to the Guarantors, subject to any law, from the Bank, in any account and/or deposit of the Guarantors at the Bank and/or in any way or on any cause.

"the Amounts Due to the Bank from the Guarantors" shall mean all monies, in Israeli currency or in foreign currency, due to the Bank from the Guarantors on the day of the set off in any account and/or in any way or on any cause notwithstanding amounts that their payment date has occurred due to a demand for immediate repayment and/or acceleration of repayment under law and/or according to an agreement with the Guarantors.

14. <u>Exemption from Duties of a Holder of a Bill</u>

The Guarantors hereby release the Bank – in respect of any Bill signed or endorsed by the Guarantors — from all duties of a holder (for example presentation for acceptance or payment, protest or giving notice of non — acceptance or dishonour).

15. <u>Legal Proceedings</u>

Without prejudice to the provisions of Clause 2 (b) above, whenever proceedings shall be instituted by the Bank against the Guarantors for payment of whatsoever sum due or to become due from the Guarantors to the Bank under this Guarantee, the Bank shall be entitled to claim, for the period commencing on the day of the institution of such proceedings until actual payment thereof in full, Interest at the Maximum Rate as defined in Clause 22 (b) below or linkage differentials and/or rate differentials and under any law, any such interest, including when linked as aforesaid, and such interest accruing due every month or for such other period as is customary in the Bank from time to time, shall be capitalized and shall itself bear Interest at the Maximum Rate; if the Bank should claim interest at the rate aforesaid, the Guarantors hereby agree to the competent judicial authorities adjudicating against them such interest as aforesaid; all—provided that in any event the Bank shall not collect an amount exceeding the Secured Sums.

16. <u>Expenses</u>

All reasonable expenses due or to become due to the Bank from the Debtors in connection with the Secured Sums, and all reasonable expenses incurred by the Bank in connection with this Guarantee and with the exercise of rights thereunder and in connection with the recovery of the Secured Sums, including fees of the Bank's lawyers—shall be borne by the Guarantors and shall be paid to the Bank upon its first written demand. The abovementioned expenses shall bear Interest at the Maximum Rate with respect to the period commencing on the date incurred by the Bank until payment by the Guarantors. The advocates' professional fees shall be as determined in a judgment or decision of a court and in the case of execution proceedings, if advocates' professional fees are not noted, the minimum fees prescribed by virtue of section 81 of the Chamber of Advocates Law, 5721-1961 shall apply, and in any other case - as agreed between the Bank and the Guarantors.

17. Books of the Bank and Certificate of the Bank

a. All the Entries in the Books of the Bank, a copy of such Entries, or the last page of such Entries will serve as admissible evidence in order to prove the correctness thereof.

b. The Guarantors shall examine each copy statement of account, notice and letter sent or delivered to them in any manner by the Bank, or through any automatic machine or computer terminal, and shall furnish the Bank with their observations (if any) thereon, in writing, within 60 (sixty) days of the date of their being sent or given by the Bank, and copies of any account, notice or letter sent to the Guarantors through any automatic machine or computer terminal shall be deemed to have been delivered to the Guarantors by the Bank.

c. The Bank's certificate in writing concerning the interest rates, Interest at the Maximum Rate, the Bank's customary rate or the Bank's commissions for the period or periods to which such certificate relates—shall serve as prima facie proof of that stated therein.

18. Waivers and or compromises

(a) No waiver by the Bank or compromise shall bind the Bank, unless made in writing.

(b) A waiver by the Bank in favour of the Guarantors of a prior breach or non-observance of one or more of their obligations under this Guarantee in favour of the Bank shall not be deemed to be a justification or excuse for a further breach or non-observance of any condition or undertaking as aforesaid; and the forbearance of the Bank from the exercise of any right granted to it under this Guarantee or by law shall not be construed as a waiver of such right.

19. Address and Notices

The Guarantor's mailing address, including for the service of legal process is as mentioned above, or any other address in Israel which the Guarantors notify the Bank in writing thereof.

With the Bank's consent, the Guarantors may also give the Bank, as a mailing address, their e-mail address, which shall be deemed the Guarantors' address for all intents and purposes.

All notices, demands, copy statements of account or any other document of whatsoever kind (including any negotiable instrument) may be sent or delivered by the Bank to any of the Guarantors by ordinary mail or by any other method it may select. Any such document sent by the Bank to the Guarantors by ordinary mail at their address aforementioned, shall be deemed to have been received by the Guarantors within 3 business days after the date of its dispatch. A written certificate from the Bank attesting to the fact and time of dispatch or delivery as aforementioned shall serve as prima facie proof against the Guarantors of the time, dispatch or deliver) therein mentioned.

20. Governing law

This Guarantee shall be governed by and interpreted in accordance with, the laws of the State of Israel.

21. Place of Jurisdiction

The Bank and the Guarantors hereby agree that the exclusive place of jurisdiction for all purposes of this document shall be the Court in the city nearest to the branch in which the relevant Account of the Debtors is operated, amongst the following: Jerusalem, Tel Aviv, Haifa, Beer Sheva, Nazareth or Eilat, or, at the plaintiffs's election, the court nearest to the branch in which the Account of the Debtors is operated.

22. Definitions

In this Guarantee, the following expressions shall bear the meanings set forth alongside them, unless another meaning is attributed to them in the relevant clause:-

a. **"Consumer Price Index"** or **"CPI" —** the index known as the "Consumer Price Index" including fruit and vegetables, published by the Central Bureau of Statistics, including such index even if published by any other official institute or body, and also any other official index which shall replace it, whether or not based on the same data as those upon which the existing index is based. If it shall be replaced by another index which shall be published by an official institute or body as aforesaid and such institute or body does not determine the relationship between it and the replaced index, then the Central Bureau of Statistics shall determine this relationship, and if not so determined as aforesaid, then the Bank will determine in consultation with economic experts chosen by it the relationship between the said index and the replaced index;

b. **"maximum interest"** or **"interest at the maximum rate" -** the highest interest rate prevailing at the Bank, from time to time, including the rate of the supplement for arrears, in respect of debit balances in checking accounts/debit accounts, credit accounts or foreign currency accounts (in accordance with the type of account and the case), exceeding the credit line and/or balance not paid to the Bank on time, however not higher than the interest permitted under any law at the relevant time. Such interest accruing due every month or for the duration of any other period as shall be customary in the Bank from time to time shall be capitalized and shall itself bear interest at the Maximum Rate.

c. **"the Bank's customary rate" -** the **"Bank Leumi Rate" as** defined below.

d. **"Bank Leumi Rate",** with respect to any sale of foreign currency by the Guarantors or the credit of the Guarantors' account in Israeli currency in the counter-value of the foreign currency - the rate for transfers and cheques, or of banknotes, as the case may be, to be determined by the Bank on the relevant date as the "Bank Leumi Rate", at which the Bank purchases the relevant foreign currency from its customers in exchange for Israeli currency; and with respect to any purchase of foreign currency by the Guarantors or debiting of the Guarantors' account in Israeli currency in the counter-value of the foreign currency - it means the rate for transfers and cheques, or of banknotes, as the case may be, to be determined by the Bank on the relevant date as the "Bank Leumi Rate", at which the Bank sells the relevant foreign currency to its customers in exchange for Israeli currency. Exchange rate commission and all taxes, levies, compulsory or other payments and the like shall apply to any such purchase or sale.

e. **"Bill"-** every promissory' note, bill of exchange, cheque, drawing and payment order and every negotiable instrument of whatsoever kind;

f. **"Books of the Bank" -** shall be construed so as to include also any book, register, statement of account or deposit, loan agreement, letter of undertaking. Bill signed by the Guarantors or the Debtors, card index, ledger sheet, spool, any means of data storage for purposes of electronic computers and any other means for the storage of data made during the Bank's ordinary course of business.

g. **"Entries" -** shall be construed so as to include also any entry or copy thereof, whether recorded or copies in handwriting or by typewriter, and whether recorded or copies by any method of printing, duplication or photography (including microfilm or microfiche) or by means of any mechanical, manual, magnetic, optic, electrical or electronic machine or by means of electronic computer recording or any other method of recording or presenting words or figures or any other symbols whatsoever customary in banks;

h. **"the Bank" -** shall include each and every one of the Bank's branches or offices, whether in Israel or abroad.

i. **"Securities"** shall be construed so as to include (in addition to its ordinary meaning) also rights, options, gold and coins, foreign securities and other assets (whether tangible or intangible), records of which are or will be maintained at the Bank within the framework of deposits of the same type as the deposit scope of an Account or Deposit and every right and benefit (financial or otherwise) attaching to or for the Securities.

23. <u>The Guarantee Document</u>

(a) The Guarantors shall not be entitled to receive this document - but only a copy thereof – unless and until the Secured Sums are discharged in full to the Bank or until the Bank shall confirm to them in writing that their liability under this Guarantee has been terminated.

(b) This Guarantee is an additional guarantee and does not replace any guarantee whatsoever and/or any security given by the Guarantors or any of them in favour of the Bank in respect of the Debtors.

24. <u>Status of the signatories to this document</u>

(a) The provisions of this document shall bind all the signatories hereto, even if one or more of those who should have signed it did not do so.

(b) All references to the Debtors - shall be deemed to refer to the Debtors jointly, to several of them and to each one of them severally.

25. <u>Signature by a Sole Guarantor</u>

If this Guarantee is signed by a sole Guarantor, every reference herein shall be deemed, in so far as it refers to the Guarantors, to have been written in the singular, if this Guarantee refers to a sole Debtor, every reference herein shall be deemed, in so far as it refers to the Debtors, to have been written in the singular.

26. Signature by Several Guarantors

Each right granted or to be granted to the Bank against the Guarantors under this Guarantee, shall be deemed to be granted to the Bank against the Guarantors jointly, against several of them and against each one of them severally.

27. Stamp Duty

All expenses in connection with the stamping of this document shall be borne by the Guarantors, if and insofar as applicable, and the Guarantors hereby undertake to pay the Bank forthwith upon its first demand all such expenses.

28. Verification of Information and Keeping of Guarantors' Particulars

The Guarantors hereby authorise the Bank to confirm the data and the particulars, which they have delivered or shall deliver to the Bank, with the bank in which their accounts are maintained, and to receive such information about them as shall be required by the Bank.

The particulars and data delivered and/or to be delivered to the Bank will be held, in whole or in part, in data banks maintained by the Bank or by other entities on behalf of the Bank, who deal with the technical side only of handling such data for the Bank and same for the purpose of making decisions by the Bank concerning the granting of loans, credits and other banking services to the Debtors or the continuation of their granting and the scope thereof, all in accordance with applicable law.

29. Headings

The headings to the clauses herein contained are for ease of reference only, and are not to be taken into account in the interpretation of the terms of this document.

30. Date of the Guarantee

The date of this Guarantee shall be the last date on which all of the Guarantors shall have signed this document.

31. Scope of Obligation

It is hereby clarified that, the obligation of the Guarantors in accordance with this document is broader than the normal obligation of a guarantor in accordance with the Guarantee Law, 5727-1967.

32. Right to Debit Account

Without derogating from the terms of this document, it is clarified, for the avoidance of doubt that the Bank shall be entitled to debit any account maintained by the Guarantors in the Bank or which shall be opened by the Bank for this purpose in the name of the Guarantors whether in Israeli currency or in foreign currency, in any amount that is due and/or shall become due to the Bank from the Guarantors, and same on the date that the Guarantors are obligated to pay it. The Bank is entitled to do so whether the account has a credit balance or debit balance or goes into a debit balance as a result of the said debit. The debit balance that shall exist, if any, in the account that shall be debited as aforesaid shall bear Interest at the Maximum Rate.

Name of Guarantor	I.D. No.	No. of Guarantors	Guarantor's Portion in the Secured Sums	Signature of Guarantor	Date	Confirmation of signature and identity of Guarantor
Cognyte Software Ltd.	51-619642-5	1	**100%**	/s/ David Abadi	27/12/20	/s/ Lior Davidovich, Adv.
				/s/ Meir Talbi		45923
			100%			
			100%			

Exhibit 4.10

Date: 27.12.2020

To:

Cognyte Software Ltd., company no. 51-619642-5 (**"Cognyte Software"**)

Cognyte Technologies Israel Ltd., company no. 51-270486-7 (**"Cognyte Technologies"**)
(Each of Cognyte Software and Cognyte Technologies, shall be referred to, jointly and severally, as – **"the Company"**)

Re: Credit Facility Approval

Pursuant to your request we hereby inform you that we, Bank Hapoalim B.M. (hereinafter: **"the Bank"**), shall allocate to you a credit facility up to the sum of 50,000,000 (Fifty Million) US Dollars (hereinafter: **"the Credit Facility"** and **"the Credit Facility Amount"**, respectively).

You may utilize the Credit Facility solely in US Dollars.

The Credit Facility shall enter into force, subject to the terms set out hereunder, commencing on the date to be requested by you in writing 7 Business Days in advance, but provided such date is not later than 28.2.2021 (hereinafter: **"the Credit Facility Commencement Date"**), subject to the fulfillment of the conditions set out in Clause 2 below, and shall remain in force until the date falling 36 (thirty-six) months following the Credit Facility Commencement Date (hereinafter: **"the Credit Facility Termination Date"**), and shall be allocated in the following accounts:

The bank account of Cognyte Software that shall be opened with the Bank, on or about the date hereof, in connection with the Credit Facility (hereinafter: **"Cognyte Software's Facility Account"**).

Account No. 662340 at Branch No. 600 of the Bank, in the name of Cognyte Technologies (previously known as Verint Systems Ltd.) (hereinafter: **"Cognyte Technologies' Facility Account"**).

(Each of Cognyte Software's Facility Account and Cognyte Technologies' Facility Account, shall be referred to, jointly and severally, as – **"the Facility Accounts"**),

all - subject to the terms set forth herein.

1. Terms of the Credit Facility; Types of Credit and the Available Credit Facility:

1.1 The Types of Credit Which Can Be Utilized Under the Credit Facility:

1.1.1 The Credit Facility will enable you to receive from the Bank, in the Facility Accounts, short term loans in US Dollars, the repayment date of which is not later than (at your discretion): (a) at the end of 3 (three) months from their utilization date, or (b) at the end of 1 (one) month (or less – if so designated under the applicable loan utilization form) from their utilization date, and in no case not later than Credit Facility Termination Date (hereinafter: **"the Loan"**).

1.1.2 The credit shall be utilized pursuant to the terms, amounts and periods to be agreed between you and the Bank, and as shall be further detailed in the documents under which it shall be provided.

1.1.3 Without derogating from the above, the interest rate on each loan utilized under the Credit Facility, for each relevant calculation period, shall be the aggregate of LIBOR, plus a margin of (a) in case of short term loans as specified under Clause 1.1.1(a) above - 1.65%, or (b) in case of short term loans as specified under Clause 1.1.1(b) above - 1.55%, in each case, as shall be further detailed in the "request for the extension of loans in foreign currency" (20ww) delivered to the Bank by each utilization date, pursuant to Clause 3.2 below.

1.2 Calculation of the Amount of the Balance Available for Utilization Under the Credit Facility:

The remaining amount of the Credit Facility available for utilization is equal to the Credit Facility Amount, after deduction of the outstanding balance of the Credit Amounts utilized under the Credit Facility (hereinafter: **"the Balance Available for Utilization"**).

2. Conditions Precedent to the Allocation of the Credit Facility:

The allocation of the Credit Facility will be conditional upon the fulfillment of all of the following conditions:

2.1 You have duly executed each Credit Document, in form and substance agreed between you and the Bank, including, among others, your deed of undertaking (the "**Deed of Undertaking**") and the deeds of guarantee, pursuant to which Cognyte Software shall secure all indebtedness or obligations owed by Cognyte Technologies to the Bank, and Cognyte Technologies shall secure all indebtedness or obligations owed by Cognyte Software to the Bank, as well as any other document that may be required by the Bank in connection with any anti-money laundering and KYC requirements.

2.2 The Bank has satisfactorily completed its internal compliance examinations in connection with the Spin-Off.

2.3 Cognyte Software US has duly executed, in the form and substance agreed between you and the Bank, a deed of undertaking in favour of the Bank, as well as a deed of guarantee, pursuant to which it shall guarantee all indebtedness or obligations owed by Cognyte Technologies or Cognyte Software to the Bank.

2.4 You have provided the Bank with a legal opinion of the legal advisers of Cognyte Software US in the State of Delaware (and, as applicable – in Israel), as shall be approved by the Bank, substantially in the form attached as **Schedule 2.4** hereto or otherwise in form and substance satisfactory to the Bank and relating, *inter alia*, to capacity, validity and enforceability of the documents executed by Cognyte Software US.

2.5 The Facility Accounts have been opened and the Account Opening Documentation for each of the Facility Accounts, and any other documents required by the Bank for the purpose of opening of these accounts (including any KYC, FATCA and Tax documentation, to the extent required by the Bank), have been duly executed by you and delivered to the Bank.

2.6 You have provided to the Bank an up-to-date copy (certified as true copy) of your and Cognyte Software US's organizational documents, consisting of the certificate of incorporation, memorandum of association (if applicable) and articles of association or other organizational or governing documents, as well as a good standing certificate from the Secretary of State of Delaware with respect to Cognyte Software US.

2.7 You have provided to the Bank a full recent extract from the Israeli Pledges Registrar with respect to Cognyte Software US, and a full recent extract from the Israeli Registrar of Companies, with respect to each of you, pursuant to which none of you are a "Company in Violation" under section 362A to the Israeli Companies Law, 5759-1999.

2.8 All the fees, costs and expenses then due from you pursuant to the Credit Documents have been paid.

2.9 There will be no prevention, restriction or prohibition including any prevention, restriction or prohibition which applies by operation of law or by the Bank of Israel or any government body or under any order or under your organizational documents or any other document, with regard to the credit or with regard to the repayment thereof or with regard to collateral provided or to be provided as security therefor, the creation and validity of such collateral, the rights thereunder or the realization and enforcement thereof.

2.10 None of your undertakings under this letter shall have been breached, and there shall not occur any event entitling the Bank to cancel the Credit Facility or to reduce the Credit Facility Amount, as set forth herein under Clause 5 below (but without taking into account any notice, waiting or cure period, to the extent agreed upon in writing).

2.11 Without derogating from the generality of the foregoing – the provision of the credit out of the Credit Facility, is conditional upon the limitations established under the regulations of the Supervisor of Banks – Proper Conduct of Banking Business (including Directive 313) with regard to a single borrower/group of borrowers or any other limitation in that regard not being exceeded, according to the Bank's calculations. If this condition precedent is not fulfilled and the full amount of the credit out of the Credit Facility cannot be provided, the terms of the Credit Facility will be adjusted by agreement between the Bank and yourselves.

2.12 You have provided the Bank with evidence, in form and substance satisfactory to it, as to the completion of the Spin-Off.

2.13 You have provided the Bank with holding charts, in form and substance satisfactory to it, detailing:

2.13.1 Cognyte Technologies' shareholders and the holders of their means of control (אמצעי שליטה) (as such term is defined in the Securities Law, 5728-1968), directly or indirectly, the relative proportions of their holdings of its shares and means of control (אמצעי שליטה) (as such term is defined in the Securities Law, 5728-1968) as aforesaid, on a fully diluted basis and not on a fully diluted basis, and a description of the manner in which they are held (should it be indirectly), including details of each entity's: corporate status (private/public/reporting); country of incorporation; tax residency; and, if applicable – relevant stock exchange where securities of such entity are traded; and

2.13.2 the interested parties (בעלי ענין) (as such term is defined in the Securities Law, 5728-1968) and parties in control of Cognyte Software, directly or indirectly, their holdings of Cognyte Software's share capital and means of control (אמצעי שליטה) (as such term is defined in the Securities Law, 5728-1968), on a fully diluted basis and not on a fully diluted basis, and a description of the manner in which they are held (should it be indirectly), including the details set out in the above paragraph,

all – as shall be immediately following the completion of the Spin-Off, provided that such holding charts shall not deviate, in any material respect, subject to the Bank's discretion, from the information provided by you to the Bank, on or about the date hereof, in connection with your holding structure following the Spin-Off, including, *inter alia,* pursuant to Cognyte Software's draft Form 20-F Registration Statement that has been delivered by you to the Bank, on or about date hereof.

2.14 Bank has received satisfactory evidence, that, as of January 31, 2021, a cash balance (including restricted cash, cash equivalents and short-term investments) of at least 100,000,000 (one hundred million) US Dollars is standing to the credit of Cognyte Software's and its subsidiaries' bank accounts on a consolidated basis, as appearing in Cognyte Software's consolidated financial statements, including confirmation from Cognyte Software's chief financial officer, in form and substance satisfactory to the Bank, in connection with the foregoing.

If the Credit Facility Commencement Date shall occur after February 1, 2021, then Bank shall receive an additional satisfactory evidence that the aforesaid cash balance exists also as of the end of the Business Day preceding the Credit Facility Commencement Date (in this Clause: the "**New Testing Date**"), unless you requested to reduce the required cash balance amount due to payments made by you to employees, suppliers, service providers or similar parties in the ordinary course of your business, in which case the Bank shall discuss with you in good faith the foregoing cash balance required to be standing as of the New Testing Date.

The amount of any restricted cash to be included in the aforesaid required cash balance shall not exceed, when taken together with the amount of any other existing Restricted Permitted Security (as defined in the Deed of Undertaking), an aggregate amount of 52,000,000 (fifty-two million) US Dollars.

3. Conditions Precedent to the Utilization of the Credit Facility:

The utilization of the Credit Facility will be conditional upon the fulfillment of all of the following conditions:

3.1 All of documents delivered, under Clause 2 above are in full force and effect, as of the applicable utilization date.

3.2 You have provided the Bank with a duly signed "request for the extension of loans in foreign currency" (20ww), no later than 3 (three) Business Days prior to the requested date of the utilization under the Credit Facility, substantially in the form attached hereto as **Schedule 3.2,** or in any other standard bank form which shall replace it.

3.3 There shall be no deviation from the Credit Facility Amount as a result of performing your request to utilize any credit on account of the Credit Facility.

3.4 The conditions set out in Clauses 2.8-2.11 are satisfied, as of the applicable utilization date.

4. Multiple Owners

4.1 By signing this letter, each of you:

4.1.1 Waives his right to banking secrecy (insofar as such rights are granted to it under any law, agreement or any other source) with respect to the disclosure of information by the Bank to each of you in connection with this letter, including with respect to the credit that any of you has utilized or shall utilize under the Credit Facility;

4.1.2 Agrees that the Bank is entitled (but not obligated) to provide each of you with any information in connection with all of the above, in any means of communication the Bank deems appropriate;

4.1.3 Undertakes not to make any claim, demand or initiate any proceeding against the Bank, its employees or anyone on its behalf, in connection with the provision of such information to any of you for any reason;

4.1.4 Undertakes to bear responsibility for any damage or loss that may be caused to any of you due to the provision of any such information by the Bank to any of you.

4.2 Since the Facility Accounts are not managed collectively for each of you, jointly and severally, then by signing this letter, each of you:

4.2.1 Agree that each of you may utilize the Credit Facility, pursuant to the terms hereof and in accordance with the composition of the authorization and the other terms of the management of the relevant Facility Accounts, without any further approval from any of you who does not co-own such account;

4.2.2 Agree that in case of a utilization of the Credit Facility Amount, in part or in whole, by any of you, the other Facility Account owners shall be entitled to utilize the available amount remaining to be utilized on account of the Credit Facility, to the extent possible, and hereby waives any demand or claim against the Bank in respect thereof.

4.3 In addition to the provision of Clause 3 above, the utilization of the Credit Facility shall be conditioned upon the existence of mutual guarantees by each of you in favor of the Bank, unlimited in amount, in order to secure the full and timely payment of all of your indebtedness to the Bank, all in form and conditions customary at the Bank.

5. Cancellation/Reduction of the Credit Facility:

5.1 The Bank may cancel the Credit Facility or reduce the Credit Facility Amount at the level of the balance of the amounts actually utilized, forthwith and without giving any prior notice, in the following cases:

5.1.1 If an event has occurred, pursuant to the Credit Documents, entitling the Bank to accelerate and demand the immediate repayment and payment of any amount under the Credit Amounts (even if the Bank may not exercise such right, but subject to any notice, waiting or cure period, to the extent agreed upon in writing or otherwise existing under applicable law);

5.1.2 In other events permitted under any law.

Simultaneously with the cancellation of the Credit Facility, or the reduction of the Credit Facility Amount, the Bank shall send you a notice in that regard.

6. Events of Default

6.1 Without prejudice to any of the rights of the Bank under the Credit Documents and under any law, the Bank may, upon the occurrence of any of the events listed in **Schedule 6.1** hereto (irrespective of whether they occurred in Israel or outside Israel), accelerate the Credit Amounts, in whole or in part, and demand their immediate repayment (or payment, as applicable) to the Bank. Before the Bank takes such action, the Bank shall give prior notice thereof if and in as much as it is required by law to do so, which includes giving us 21 (twenty-one) business days' prior notice, as required under Section 5.A.1 of the Banking (Service to the Customer) Law, 5741-1981 (in such cases where the Bank is obliged to give such notice), or such other mandatory period which there may be from time to time pursuant to the aforesaid provision of law, subject to and in accordance with the reservations and the clarifications prescribed under the aforesaid provision of law. It is hereby clarified, that during such applicable notice period and subject to the foregoing, you shall be entitled to cure any breach or event detailed in Schedule 6.1 which, once so cured, shall no longer be considered an event of default.

6.2 In addition to and without derogating from any of the rights of the Bank pursuant to the Credit Documents or pursuant to any law, upon the occurrence of any of the events listed in Schedule 6.1 hereto, and so long as it is continuing (but without taking into account any notice, waiting or cure period, to the extent agreed upon in writing), the Bank may refrain from providing or continuing to provide, and will not be under obligation to provide or continue to provide, us with any credit which the Bank undertook to provide us (or to continue to provide), including utilization of the Credit Facility, or, subject to any notice, waiting or cure period, to the extent agreed upon in writing or otherwise existing under applicable law, may cancel the Credit Facility or reduce the Credit Facility Amount at the level of the balance of the amounts actually utilized, as set out in Clause 5 above.

6.3 We undertake to pay the Bank, upon its demand, all of the amounts required by the Bank as provided in Clause 6.1 above including any fees in connection with the prepayment of any Loan, as set out in **Schedule B** hereto.

6.4 In addition, upon the occurrence of any of the events listed in Schedule 6.1 hereto (subject to any notice, waiting or cure period, to the extent agreed upon in writing or otherwise existing under applicable law), the Bank may take whatever measures it deems fit for the collection of all of the amounts as provided in Clause 6.1 above and realize its rights pursuant to any of the Credit Documents, including debiting any account with the Bank maintained in our name with any of the amounts as provided in Clause 6.1 above, in whole or in part, and realize any of collateral granted by us, all at its discretion, by any means permitted by law.

6.5 The Bank may enforce any of its rights pursuant to this Clause 6 upon the occurrence of any of the events set forth in any of the sub-clauses of Schedule 6.1 hereto, and the Bank may enforce each one of its rights as aforesaid separately and independently of any other.

6.6 Without derogating from the above, and notwithstanding section 6.1.21 of Schedule 6.1 hereto, in connection with the events listed in Schedule 6.1 hereto, such events shall be exhaustive with respect to the Credit Facility and any utilization thereunder, until the earlier of the Credit Facility Termination Date or, if earlier, upon cancellation of the Credit Facility. Following any of the foregoing, the Bank shall be entitled to any of its rights or remedies pursuant to any Credit Documents and any law, upon the occurrence of an event entitling the Bank, under the Credit Documents, to accelerate and demand the immediate repayment and payment of any amount under the Credit Amounts.

7. Fees:

7.1 Non–utilization fee - "Large Enterprise" (עסק גדול)

You shall pay the Bank the following fee for the allocation of the Facility:

7.1.1 Period for the payment of the fee: From Credit Facility Commencement Date until the Credit Facility Termination Date.

7.1.2 Annual rate: 0.4%, as agreed between you and the Bank.

7.1.3 Calculation of the fee: The amount of the fee for each day on which the Credit Facility was unutilized, in whole or in part, in the course of such period, shall be calculated by multiplying the rate of the fee as specified above, by the daily Balance Available for Utilization, divided by the full number of days in such year (365 or 366 as the case may be). The US Dollars amount of the fee shall be converted into New Israeli Shekels in accordance with the Representative Rate for US Dollars, and changes in the amount of the fee may apply in accordance with changes in the aforesaid Representative Rate.

7.1.4 Estimated annual amount: As of the date hereof, the maximum amount of the fee (assuming the Credit Facility will not be utilized at all) is 200,000 US Dollars (subject to the provisions of Clause 7.2 below).

7.1.5 Payment dates of the fee: On the beginning of each calendar quarter, for the preceding quarter.

7.2 We note that the fee set out in Clause 7.1 above will be debited in the Cognyte Technologies' Facility Account in New Israeli Shekels, and therefore you shall ensure that on each payment date of the above specified fees, Cognyte Technologies' Facility Account shall have sufficient funds and monies in New Israeli Shekel, for the payment of the applicable fee.

7.3 In addition to the fee set out above, you shall pay the Bank, a special one-time payment in an amount of 30,000 US Dollars, in connection with the transactions contemplated by this letter and the other Credit Documents, which required, *inter alia*, a due diligence review by the Bank (and on its behalf) and specific examinations and analysis (both financial and legal), including in connection with the Spin-Off, *provided, however,* that such payment shall not be payable in case the Credit Facility is maintained (in its full amount) following 12 (twelve) months from the Credit Facility Commencement Date.

7.4 The account to be charged with the fees and payments detailed in this Clause 7:

Account Number 662340 at Branch No. 600 of the Bank, in the name of Cognyte Technologies (previously known as Verint Systems Ltd.), will be debited with the fees.

Without derogating from the foregoing, each of you acknowledges and approves that, although the obligation to pay the above-mentioned fees shall be joint and several, the account to be charged as set out above shall be Cognyte Technologies' Facility Account.

8. Miscellaneous

8.1 This letter is addressed to you alone and shall in no way create any liability of the Bank towards any third party. Your rights hereunder are not in any way assignable or transferable.

8.2 This letter shall enter into force subject to having been signed by you in the form set out below and returned to us by not later than 15.1.2021, provided, *however*, that any of our obligations herein, including with respect to the allocation of the Credit Facility, shall terminate in case the Credit Facility Commencement Date has not occurred by 28.2.2021.

8.3 This letter and the other Credit Documents shall be deemed to complement each other and shall be interpreted as adding to on another. In any case of conflict between the provisions of this letter and the provisions of the other Credit Documents, with respect to any of the matters detailed herein, or if any specific matter is expressly agreed both under the provisions hereof and under any other Credit Document, the provisions of this letter shall prevail.

9. Definitions

9.1 **"Account Opening Documentation"** – the document entitled "application to open an account and general conditions for operating an account" (חשבון ותנאים כלליים לניהול חשבון בקשה לפתיחת) which we have or shall be signed in connection with the Facility Accounts, any other document that serves to amend or replace the said documents or which expressly states therein that it constitutes part thereof, and all of the documents which include general conditions pertaining to the areas of activity or the channels of service thereunder, as shall be agreed with you.

9.2 **"Cognyte Software US"** – Cognyte Software, Inc., a corporation organized under the laws of the State of Delaware (file no. 6672017) , whose principal place of business is at 175 Broadhollow Road, Melville, New York 11747.

9.3 **"Credit Amounts"** – shall mean any amount you owe or will owe to the Bank, due to or in connection with the Credit Facility and the credit thereunder, including principal amounts, interests, default interests, fees, expenses, linkage differences and any other amount under this letter and the other Credit Documents.

9.4 **"Credit Documents"** – shall mean the Account Opening Documentation for the Facility Accounts, and all other documents signed, or that shall be signed, by you, or granted, or that shall be granted, to you, in connection with the credit under the Credit Facility or any part thereof, including this letter and all of the agreements, deeds of pledge, debentures, deeds of undertaking and deeds of guarantee and all of the conditions and documents dealing with collaterals securing the Credit Amounts, as agreed or shall be agreed with you.

9.5 **"Representative Rate"** – with respect to each relevant calculation date – shall mean the representative rate of exchange of the respective foreign currency published by the Bank of Israel just before the date on which the respective calculation is to take place, or if the Bank of Israel does not publish at its usual time the representative rate of exchange of the respective foreign currency, any other rate of exchange of the respective foreign currency published by a competent authority just before the date on which the respective calculation is to take place, and which is determined by the Bank as being a representative rate of exchange for such foreign currency for each and every customer of the Bank, taken as a whole.

9.6 **"Spin-Off"** – shall mean the corporate restructuring, by way of a spin-off, to be performed by Verint Systems, Inc., a Nasdaq listed corporation duly incorporated under the laws of the State of Delaware, (**"Verint Systems US"**) pursuant to which Verint Systems US intends, *inter alia*, to separate into two publicly traded independent entities, such that Cognyte Software's outstanding share capital shall be distributed (in kind) to the shareholders of Verint Systems US and listed in the Nasdaq stock exchange, and subsequently Cognyte Technologies shall be transferred to Cognyte Software US, following which Cognyte Technologies shall become a wholly and directly owned subsidiary of Cognyte Software US, which in turn shall become a directly owned subsidiary of Cognyte Software and Cognyte Systems Ltd.

[Signature page to follow]

Yours faithfully,

Signature Illegible

Bank Hapoalim B.M.

To

Bank Hapoalim B.M.

We the undersigned hereby confirm our agreement to all of the provisions contained in the above letter and undertake to observe all of the terms and conditions therein contained.

We undertake to manage the Facility Accounts such that at no time there shall be any deviation in them with respect to the Credit Facility Amount and to repay any amount that is in deviation immediately upon its formation.

We hereby irrevocably instruct the Bank to debit Cognyte Technologies' Facility Account with the amounts and at the times specified in Clause 7 above, all as set forth in the above letter.

Further, by signing this letter, we hereby confirm the receipt of the Bank's (a) notice in connection with the discontinuation of the LIBOR, in the form attached hereto as **Schedule A**; and (b) explanatory notes with respect to the prepayment of the loans made available under the Credit Facility, in the form attached hereto as **Schedule B**.

/s/ David Abadi /s/ Meir Talbi	27/12/20
Cognyte Software Ltd.	**Date**

Advocate's Confirmation

I, the undersigned Lior Davidovich, Advocate, being the Advocate of Cognyte Software Ltd., company no. 51-619642-5 (**"the Company"**), hereby confirm that the aforesaid company has signed the above document by means of its authorized signatories Messrs. David Abadi and Meir Talbi in accordance with the Company's resolution duty adopted and in accordance with its up-to-date incorporation papers, and that the above signatures are binding on the company for all intents and purposes.

27.12.20	/s/ Lior Davidovich
Date	Stamp and Signature

/s/ David Abaid /s/ Meir Talbi	27.12.20
Cognyte Technologies Israel Ltd.	**Date**

Advocate's Confirmation

I, the undersigned Lior Davidovich, Advocate, being the Advocate Cognyte Technologies Israel Ltd., company no. 51-270486-7 (**"the Company"**), hereby confirm that the aforesaid company has signed the above document by means of its authorized signatories Messrs. David Abadi and Meir Talbi in accordance with the Company's resolution duty adopted and in accordance with its up-to-date incorporation papers, and that the above signatures are binding on the company for all intents and purposes.

27.12.20	/s/ Lior Davidovich
Date	Stamp and Signature

To

Bank Hapoalim B.M.

Ladies and Gentlemen:

Re: Confirmation Regarding the Adoption of a Resolution By the Board of Directors of Cognyte Software Ltd.

We the undersigned, Cognyte Software Ltd. (company no. 51-619642-5) (hereinafter: **"the Company"**) hereby confirm that at a meeting of the Board of Directors of the Company, duly convened, and in accordance with the incorporation papers of the Company and which was held on 27/12/20 at Herzliya at which were present directors constituting a quorum for meetings of the Board of Directors, it was resolved as follows:

1. To receive from Bank Hapoalim B.M. (hereinafter – **"the Bank"**), together with Cognyte Technologies Israel Ltd., a credit facility up to the amount of 50,000,000 USD (Fifty Million US Dollars) (hereinafter respectively: **"the Credit Facility"** and **"the Credit Facility Amount"**), which will enable the Company to receive from time to time from the Bank, credits of the types specified in the letter of the Bank to the Company dated 27/12/20 regarding the approval of the Credit Facility (hereinafter: **"the Credits"** and **"the Letter"**), all as set forth in the Letter.

2. To receive from the Bank, from time to time, the Credits, in whole or in part, up to the amount out of the Credit Facility Amount, remaining from time to time for utilization of the respective Credit, all in accordance with the provisions of the Letter, and for the period, at the interest and on the terms as may be determined by the Bank.

3. To grant a power of attorney to the directors Messrs. Meir Talbi I.D. 028025658 and David Abadi I.D. 027700486, the combination of signatures being: Severally / Jointly / Jointly and Severally (*) and without having to obtain any further agreement from the Company:

    a. To adopt on behalf of the Company any resolution and to come to an agreement with the Bank from time to time, all their discretion, as to the terms of any kind or class in connection with the aforesaid resolutions, and that includes the terms of interest and linkage.

    b. To resolve from time to time to receive the Credits as aforesaid, in whole or in part, at their discretion.

    c. To sign on behalf of the Company the Letter and all of the agreements and the documents in connection with the Credit Facility or in connection with the Credits or in connection with the aforesaid resolutions, as may be agreed at any time and from time to time between themselves and the Bank, their signature together with the stamp of the Company or its printed name being binding on the Company.

4. It is confirmed by the Board of Directors of the Company that all of the approvals required by law and in accordance with the incorporation papers of the Company have been obtained for the purpose of adopting the aforesaid resolutions and for the transactions and operations which are the subject of the aforesaid resolutions, including all of the approvals, the reports, the disclosure and the processes required under Chapters Three and Five of Part Six of the Companies Law, 5759-1999, in as much as they are required, and that the aforesaid resolutions were adopted in accordance with business considerations of the Company for the realization of its profits.

27/12/20	/s/ David Abadi /s/ Meir Talbi
Date	Stamp and Signature

Advocate's Confirmation

I the undersigned Lior Davidovich, Advocate, acting as legal advisor to Cognyte Software Ltd. (company no. 51-619642-5) (hereinafter: **"the Company"),** hereby confirm that:

1. The above document was signed by the authorized signatories of the Company, whose signatures together with the stamp of the Company are binding on the Company.
2. The above resolutions of the Company were duly adopted, in accordance with the incorporation papers of the Company, and they are binding on the Company for all intents and purposes.
3. The signatures of the authorized persons (mentioned in Clause 3 above) according to the combination of signatures specified above, together with the stamp of the Company or its printed name, are binding on the Company for all intents and purposes.

Date 27.12.20 Signature and stamp /s/ Lior Davidovich

To

Bank Hapoalim B.M.

Ladies and Gentlemen:

Re: Confirmation Regarding the Adoption of a Resolution By the Board of Directors of Cognyte Technologies Israel Ltd.

We the undersigned, Cognyte Technologies Israel Ltd. (company no. 51-270486-7) (hereinafter: **"the Company"**) hereby confirm that at a meeting of the Board of Directors of the Company, duly convened, and in accordance with the incorporation papers of the Company and which was held on 27/21/20 at Herzliya at which were present directors constituting a quorum for meetings of the Board of Directors, it was resolved as follows:

1. To receive from Bank Hapoalim B.M. (hereinafter – **"the Bank"**), together with Cognyte Software Ltd., a credit facility up to the amount of 50,000,000 USD (Fifty Million US Dollars) (hereinafter respectively: **"the Credit Facility"** and **"the Credit Facility Amount"**), which will enable the Company to receive from time to time from the Bank, credits of the types specified in the letter of the Bank to the Company dated 27/12/20 regarding the approval of the Credit Facility (hereinafter: **"the Credits"** and **"the Letter"**), all as set forth in the Letter.

2. To receive from the Bank, from time to time, the Credits, in whole or in part, up to the amount out of the Credit Facility Amount, remaining from time to time for utilization of the respective Credit, all in accordance with the provisions of the Letter, and for the period, at the interest and on the terms as may be determined by the Bank.

3. To grant a power of attorney to the directors Messrs. David Abadi I.D. 027700486 and Meir Talbi I.D. 028025658, the combination of signatures being: Severally / Jointly / Jointly and Severally (*) and without having to obtain any further agreement from the Company:

    a. To adopt on behalf of the Company any resolution and to come to an agreement with the Bank from time to time, all their discretion, as to the terms of any kind or class in connection with the aforesaid resolutions, and that includes the terms of interest and linkage.

    b. To resolve from time to time to receive the Credits as aforesaid, in whole or in part, at their discretion.

    c. To sign on behalf of the Company the Letter and all of the agreements and the documents in connection with the Credit Facility or in connection with the Credits or in connection with the aforesaid resolutions, as may be agreed at any time and from time to time between themselves and the Bank, their signature together with the stamp of the Company or its printed name being binding on the Company.

4. It is confirmed by the Board of Directors of the Company that all of the approvals required by law and in accordance with the incorporation papers of the Company have been obtained for the purpose of adopting the aforesaid resolutions and for the transactions and operations which are the subject of the aforesaid resolutions, including all of the approvals, the reports, the disclosure and the processes required under Chapters Three and Five of Part Six of the Companies Law, 5759-1999, in as much as they are required, and that the aforesaid resolutions were adopted in accordance with business considerations of the Company for the realization of its profits.

27.12.20	/s/ David Abadi /s/ Meir Talbi
Date	Stamp and Signature

Advocate's Confirmation

I the undersigned Lior Davidovich, Advocate, acting as legal advisor to Cognyte Technologies Israel Ltd. (company no. 51-270486-7) (hereinafter: **"the Company"),** hereby confirm that:

1. The above document was signed by the authorized signatories of the Company, whose signatures together with the stamp of the Company are binding on the Company.
2. The above resolutions of the Company were duly adopted, in accordance with the incorporation papers of the Company, and they are binding on the Company for all intents and purposes.
3. The signatures of the authorized persons (mentioned in Clause 3 above) according to the combination of signatures specified above, together with the stamp of the Company or its printed name, are binding on the Company for all intents and purposes.

Date 27.12.20 Signature and stamp /s/ Lior Davidovich

Schedule 6.1
Events of Default

6.1.1 If the Company breaches or fails to perform any of the terms or conditions set out in the Credit Documents, and such breach or failure remains uncured during a period of (a) 7 days in case of a material breach or failure, or (b) 14 days in case of any other breach or failure, in each case, from the earlier of receipt of notice from the Bank specifying the breach or failure, or from the occurrence of such breach or failure;

It is hereby clarified that the provision of this Clause 6.1.1 shall not apply to any of the other events listed in this Schedule 6.1.

6.1.2 If any declaration or representation made, or that shall be made, by the Company in the Credit Documents is incorrect, inaccurate or incomplete in any material respect;

6.1.3 If the Company adopts any resolution with regard to any Structural Change or if any Structural Change has been made with respect to the Company, in each case, not in accordance with the provisions of the Deed of Undertaking;

For the purpose hereof, **"Structural Change"** shall have the meaning ascribed to it under the Deed of Undertaking of Cognyte Software and Cognyte Technologies Israel in favour of the Bank, that shall be executed prior to the Credit Facility Commencement Date, in the form attached hereto as **Exhibit A** **("Deed of Undertaking").**

6.1.4 If the Company adopts a voluntary winding-up or dissolution resolution or if any petition for commencing insolvency proceedings of any kind with respect to the Company is filed, including any winding-up petition or bankruptcy petition or if any petition is filed in respect of the Company for an order for commencing proceedings, provided that if such petition was not filed by the Company, its affiliate or with their consent - such petition was not dismissed or withdrawn within fifteen (15) days; or if an application is filed for a freeze of proceedings with respect to the Company, provided that if such application was not filed by the Company, its affiliate or with their consent - such application was not dismissed or withdrawn within fifteen (15) days, or an order freezing proceedings is given with respect to the Company; or if a temporary or permanent liquidator, special manager or receiver in bankruptcy, trustee or other Appointee (בעל תפקיד) is appointed to the Company in connection with any of the events set out in this sub-clause;

6.1.5 If the Company declares its intention to conduct negotiations or if negotiations are being conducted for the purpose of forming an arrangement or compromise proposal between the Company and its creditors or between the Company and any of them or between the Company and its shareholders or between the Company or a particular class of them pertaining (among other things) to the Company's debt to any of the creditors, the members or the shareholders as aforesaid; or if an application is filed with the court for an arrangement or compromise as aforesaid with respect to the Company, provided that if such application was not filed by the

Company, its affiliate or with their consent - such application was not dismissed or withdrawn within fifteen (15) days, or if any such arrangement or compromise proposal is approved by the creditors or members or shareholders as aforesaid or by the court; or if an application is filed with the court for the appointment of an expert to examine a debt arrangement with respect to the Company or if an expert is appointed as aforesaid or other Appointee (בעל תפקיד) in connection with any of the events set out in this sub-clause above, whether under a permanent or under a temporary appointment;

6.1.6 If a petition is filed for the receivership over all of the Company's property or over an asset or assets owned by the Company, which by their nature or extent are material, or over any Deposited Assets (נכסים מופקדים) or over any other Collateral Securities (בטוחות) which may be given to the Bank by the Company or on its behalf as security for the Company's Indebtedness (חבות), in whole or in part, provided that if such petition was not filed by the Company, its affiliate or with their consent, and over any of the Collateral Securities (בטוחות) - such petition was not dismissed or withdrawn within thirty (30) days, or if a receiving order is given as aforesaid or if an Appointee (בעל תפקיד) is appointed in order to realize assets as aforesaid, whether by temporary or permanent appointment (including a receiver or a trustee);

6.1.7 If application is made for an attachment or if an attachment is levied or any similar act of execution is taken or any other collection proceeding is instituted over all of the Company's property or over an asset or assets owned by the Company, which by their nature or extent are material, or over any Deposited Assets (נכסים מופקדים), or over any of the rest of the Collateral Securities (בטוחות) given or which may be given to the Bank by the Company or on its behalf as security for the Company's Indebtedness (חבות), in whole or in part; provided that if such application was not filed by the Company, its affiliate or with their consent, and over any of the Collateral Securities (בטוחות) – such application was not dismissed or withdrawn within thirty (30) days;

6.1.8 If a Change of Control occurs;

For the purpose hereof. **"Change of Control"** shall have the meaning ascribed to it under the Deed of Undertaking.

6.1.9 If the Company gives notice that it is or will be unable to pay all or any of its debts as they become due or if the Company ceases to pay all or any of its debts or to conduct its business;

6.1.10 If work at the Company's business or a part thereof ceases for 30 days or more, or if the Company changed its area of activity not in accordance with the provisions of section 6 of the Deed of Undertaking;

6.1.11 If an event or a change occurred (or a series of events or changes) which has (or have) a Material Adverse Effect. With reference thereto, the term **"Material Adverse Effect"** means: any cause or circumstance which have, or probably have, a material adverse effect on the Company, including its business activity, financial condition, business performance, assets, property, its ability to carry out and perform any of its obligations under the Credit Documents, or on the effectiveness of such documents or any of them, the ability to enforce them or to enforce any of the rights of the Bank pursuant thereto;

6.1.12 If the Company does not make a payment of any amount of the Credit Amounts, or any other amount owed by it to the Bank pursuant to any Credit Document, on its due date or more than 7 (seven) days thereafter;

6.1.13 If one or more of the following events occurred with respect to the Company: legal incapacity; act of bankruptcy; an order is issued against us for the commencement of proceedings pursuant to the Insolvency and Economic Recovery Law, 5778-2018;

6.1.14 If, at the discretion of the Bank and its good faith estimation, a material deterioration has occurred in the Collateral Securities (בטוחות) given or which may be given for securing the discharge of any of the Company's Indebtedness (חבות) towards the Bank, including in their value, validity, lawfulness, enforceability or in the rights that they confer as of the date of their creation;

6.1.15 If the Company shall be required to repay or discharge any debts or obligations, in whole or in part, in an aggregate amount exceeding US$3,000,000, which it owes or may owe to other creditors, by way of immediate repayment or by early payment other than in accordance with the original payment schedule of such debts or obligations;

6.1.16 If any licence or concession which is material to the Company's activity is revoked;

6.1.17 If the Company is in breach of its undertaking to deliver to the Bank any financial statements, or any other report or information in accordance with the provision of any Credit Document, or if the Company is in breach of any law or requirement, directive or other instruction of any competent authority which obligates it to provide or to publish any reports or documents and, in each case, other than with respect to the delivery of financial statements, as aforesaid, such breach remains uncured during a period of thirty (30) days;

6.1.18 If the Company's name is about to be removed or is removed from any register kept by operation of law, or if there is a record in any register kept with respect to the Company with the Registrar of Companies for any warning of any intention to register the Company as an infringing company (as set forth in section 362A(a) of the Israeli Companies Law, 5759-1999) or if the Company is recorded in such register as such infringing company, provided that with respect to the event relating to the intention to register, or registration of, the Company as an infringing company was not cured within thirty (30) days;

6.1.19 If any of the events listed in the sub-clauses of this Schedule 6.1 occurs, *mutatis mutandis,* in respect of any guarantor for the performance of any of the Company's Indebtedness (חבות) under any Credit Document, provided, *however,* that with respect to Cognyte Software US, only Clauses 6.1.1, 6.1.2 and 6.1.8 shall apply, and with respect to the other events set out in in the sub-clauses of this Schedule

6.1, this Clause 6.1.19 shall only apply to the extent that the occurrence of any of the events listed thereunder is likely to result in the Bank's rights to receive payment in full of any Credit Amount then outstanding under the Credit Documents being prejudiced;

6.1.20 If any holder of a security which is subordinated to the rights of the Bank (the **"Subordinated Party"** and the **"Subordinated Security",** respectively) breaches any of its obligations to the Bank in connection with the Subordinated Security or its enforcement, or if the Subordinated Party shall notify or declare its intention to realize the Subordinated Security or if it turns to the Bank in request for its consent for the realization of the Subordinated Security, or takes any action or initiates any proceeding in connection with such realization, without the prior written consent of the Bank, including submitting an application to the court or the bureau of execution for the realization of the Subordinated Security or for the appointment of any Appointee (בעל תפקיד) (temporary or permanent) with respect to the Subordinated Security or if any order is given by the court or the bureau of execution for the realization of the Subordinated Security or for the appointment of the Appointee (בעל תפקיד) (temporary or permanent) in connection with the Subordinated Security.

6.1.21 If there occurs one or more of the events listed in any other documents signed, or that shall be signed, by the Company or on its behalf, in favour of the Bank and that upon their occurrence the Bank may accelerate and demand the immediate repayment or payment of any Indebtedness (חבות) ..

Notwithstanding anything to the contrary in Clause 6 to this letter, in the event that a delay in acting pursuant to Clause 6 to this letter, due to the operation of any notice, waiting or cure period specified under any Credit Document, would materially prejudice the ability of the Bank to receive payment in full of any Credit Amount then outstanding under the Credit Documents (including as a consequence of the enforcement of any Collateral Securities (בטוחות) thereunder), such that an immediate action is unavoidably required to preserve the Bank's rights under the Credit Documents or to permit recovery, the Bank may, by written notice to you, shorten or cancel any such notice, waiting or cure period.

Further, any notice, waiting or cure period specified under Clause 6 to this letter, shall, subject to any law, overlap, and not accumulate, with any other notice, waiting or cure period the Bank is obligated to grant the Company under any law.

Exhibit A

Date _____

To

Bank Hapoalim B.M.

Dear Sirs/Mesdames,

Re: Deed of Undertaking

WHEREAS we the undersigned, Cognyte Software Ltd., incorporation no. 51-619642-5 (hereinafter: **"Cognyte Software")** and Cognyte Technologies Israel Ltd., incorporation no. 51-270486-7 (hereinafter: **"Cognyte Technologies")** (Cognyte Software and Cognyte Technologies, hereinafter collectively: **"the Corporations")** have received or may receive from time to time from the Bank the Banking Services (as defined below), in whole or in part, and third parties (hereinafter, each third party as aforesaid and each one of the above mentioned: **"the Guaranteed Party")** have received or may receive from time to time from the Bank the Banking Services (as defined below), in whole or in part, against the receipt of a guarantee or an indemnity undertaking from us, on terms as have been or may be agreed upon between you and us from time to time with respect to any Banking Service;

NOW, THEREFORE we declare, confirm, agree and undertake hereby towards the Bank that so long as we or the Guaranteed Party may owe the Bank any amount of the Credit Amounts (as defined below), all of the following provisions shall apply:

1. Definitions

Unless otherwise expressly provided the terms herein contained shall have the meaning as set out next to them:

1.1.	**the "Accounting Principles" -**	US GAAP, and the accounting principles applicable to the Corporations by operation of law, including any applicable securities law, as they may be from time to time;
1.2.	**"Asset" -**	Any asset or right of the Corporations, whether owned by them or in their possession or otherwise held by them, including immovable and movable property and rights of any kind, whether in their possession or otherwise held by them, the goodwill of the Corporation, and in the case of a company - the unissued share capital of that company;
1.3.	**the "Bank" -**	Bank Hapoalim B.M. comprising each one of its branches and offices in Israel, as well as any successor or any one acting on its behalf and any transferee of the Bank, and also Bank Hapoalim B. M. in its capacity as credit agent or as security agent on its own behalf and on behalf of any transferee of the Bank or on behalf of any subsequent transferee, according to the terms of the documents signed or which may be signed in favour of the Bank by the Corporations or by the Guaranteed Party or on behalf of any of them;

1.4. **the "Banking Services" -** Credit, documentary credit, various loans, overdrafts in current account, in revolving debitory account or in any other account, any letters of indemnity and guarantees for the Corporations or for the Guaranteed Party or for others at the request of the Corporations or the Guaranteed Party, discounting of bills, grace periods and various banking facilities and various other banking services that the Bank is accustomed to give to its customers, according to the current acceptable practice from time to time:

1.5. **"Change of Control"-** (A) Until the Spin-Off – If Verint US has ceased to hold by itself directly or indirectly (by means of an Israeli corporation fully owned by it), 100% of the issued and paid up share capital (on a Fully Diluted Basis) of the Corporations and of all of the related rights thereto; or

(B) Following the Spin-Off, and subject thereto –

(1) If Cognyte Software (hereinafter in this sub-clause **– "the Controlling Party"):** (a) Has ceased to hold solely and directly or indirectly (through Cognyte Software US which shall remain wholly owned by it) at least 51% of the issued and paid up share capital of Cognyte Technologies (on a Fully Diluted Basis) and of each of the other Means of Control thereof; or (b) Has ceased to control solely Cognyte Technologies or if any other person controls (solely or jointly, together with others (including for the prevention of doubt, together with the Controlling Party)) Cognyte Technologies or holds (as this term is defined in the Securities Law) more than 50% of any Means of Control thereof; or (c) Has ceased to hold solely and directly or indirectly (through Cognyte Software US which shall remain wholly owned by it) the largest quantity of any Means of Control of Cognyte Technologies, such that there is another person who holds solely or jointly, together with others (including together with the Controlling Party), an equal or greater quantity of the relevant Means of Control of Cognyte Technologies than it (and for this purpose – with reference to the other person only – "holding" as this term is defined in the Securities Law); or – (d) Has ceased to be the person with the ability to appoint by itself and solely the majority of the members of the board of directors (who are not external directors (as defined in the Companies Law) of Cognyte Technologies); or
(e) Where the Controlling Party is a corporation – the Controlling Party has ceased to consolidate Cognyte Technologies in its financial statements;

(2) If Cognyte Software US has ceased to hold solely and directly 100% of the issued and paid up share capital of Cognyte Technologies (on a Fully Diluted Basis) and of each of the other Means of Control thereof; or

(3) If any person not in control of Cognyte Software at the date of the Spin-Off acquires such control.

For the purpose of this paragraph the term **"control"** shall have the meaning ascribed to it in the Securities Law and without taking into account the presumption of control specified in such definition, in case of a certain holding share; and the terms **"controls", "to control", "controlled"** and the like shall be construed accordingly.

For the avoidance of doubt, circumstances where the discretion of the holder of Means of Control of the kind of voting rights or rights to appoint a director is not independent, such as in circumstances where a trustee or other similar office holder is appointed, who is involved in the exercise of such rights, shall be deemed for the purpose of the foregoing as the holding by such entity of Means of Control as aforesaid not solely but jointly, together with others;

1.6. **"Cognyte Software US"-** Cognyte Software. Inc., a limited partnership organized under the laws of the State of Delaware, whose principal place of business is at 175 Broadhollow Road, Melville, New York 11747;

1.7. **the "Companies Law" -** The Companies Law, 5759-1999, and the Companies Ordinance, 5743-1983 which is in force;

1.8. **the "Credit Amounts" -** The total amount of the outstanding balance of the amounts of principal of any Banking Service, as well as interest of any kind, costs and expenses (including realization expenses and costs of collection), fees, commissions and charges and all of the other payments, of any kind or nature, which the Corporations or the Guaranteed Party owe or may owe the Bank in connection with any of the Banking Services or any part thereof, on terms agreed upon or as may be agreed upon from time to time with respect to each Banking Service;

1.9. **the "Credit Documents" -** As the case may be and in as much as relevant to the Credit Amounts: The application to open the account or the accounts under which any of the Credit Amounts are maintained, all of the documents which include general conditions pertaining to areas of activity or

		channels of service in connection with the Credit Amounts, and any application, letters of undertaking and any other document which has been executed or which may be executed between ourselves and the Bank and between the Guaranteed Party and the Bank in connection with the Credit Amounts and including this Deed and all of the agreements, deeds of pledge, debentures, deeds of undertaking and letters of guarantee and all of the conditions and documents dealing with collaterals securing the Credit Documents, in whole or in part, or regulating any matter pertaining to the collaterals as aforesaid;
1.10.	**"Event of Default" -**	Any of the events upon the occurrence of which the Bank may accelerate and demand the immediate repayment or payment of the Credit Amounts, in whole or in part, pursuant hereto or to any of the Credit Documents, without taking into account cure, notice or waiting periods, if and in as much as agreed upon in writing;
1.11.	**the "Financial Statements" -**	The annual or quarterly financial statements of the Corporations audited or reviewed (as the case may be) by a qualified external independent accountant, in accordance with the Accounting Principles, on a consolidated basis (which include the opinion of the accountant making the audit/review, a report on the balance sheet (statement of financial condition), statement of profit and loss (report on the overall profit), cash flows, statement of changes in equity and notes to all of the aforesaid statements, and any other statement or note to the statement which is required to be prepared according to the Accounting Principles);
1.12.	**the "Solo Financial Statements" -**	With respect to any Corporation, the data relating solely to it and reported in the annual, semi-annual or quarterly financial results, and in the notes to any of the financial results, and in any other report or note which is required to be prepared in accordance with the Accounting Principles, including the opinion of the signed by the independent, qualified, external auditor of the Corporations;
1.13.	**"Interested Party" -**	As defined in the Securities Law;
1.14.	**"Means of Control" -**	As defined in the Banking (Licensing) Law, 5741- 1981;
1.15.	**"On a Fully Diluted Basis" -**	On the basis of the assumption that all options, convertible capital notes, convertible loans, convertible securities and any promise to issue such security, of any kind or nature, were realized or (as the case may be) were fully converted into shares;

1.16.	**"Party in a Related Group" -**	(a) With respect to any company: Any shareholder or Related Party to the shareholder or Interested Party of the shareholder or of the said Related Party or a Relative of any of them; (b) With respect to any partnership: Any partner (limited or general) or Related Party to a partner or an Interested Party of the partner or of the said Related Party or a Relative of any of them; (c) With respect to any other corporation; The owner of any Means of Control or a Related Party to the owner of the Means of Control or of the said Related Party or a Relative of any of them;
1.17.	**"Quarter" -**	A fiscal quarter, that is to say: 1st February to 30th April (inclusive); 1st May to 31st July (inclusive); 1st August to 31st October (inclusive); 1st November to 31st January (inclusive);
1.18.	**A "Related Company" -**	As defined in the Securities Law, and corporations that are not companies that comply with the said definition;
1.19.	**"Related Party" -**	In relation to any person, any other person: Who controls him, is controlled by him, or is under similar control, and also a Relative of any one of the foregoing; For the purpose of this paragraph the term **"control"** means: within the meaning thereof in the Securities Law; and the terms "control", "to control", "is controlled" and such like shall be construed accordingly; the term **"person"** also means: a body of persons, irrespective of whether or not it is a corporation;
1.20.	**"Relative" -**	As defined in the Companies Law;
1.21.	**"Spin-Off' -**	The corporate restructuring, by way of a spin-off, to be performed by Verint US pursuant to which Verint US intends, *inter alia,* to separate into two publicly traded independent entities, such that Cognyte Software's outstanding share capital shall be distributed (in kind) to the shareholders of Verint US and listed in the Nasdaq stock exchange, and subsequently Cognyte Technologies shall be transferred to Cognyte Software US, following which Cognyte Technologies shall become a wholly and directly owned subsidiary of Cognyte Software US, which in turn shall become a directly owned subsidiary of Cognyte Software and Cognyte Systems Ltd.;
1.22.	**"Structural Change"-**	With respect to any corporation, any one of the following: (a) Merger or split, within the meaning of these terms in Part 5 "B" of the Income Tax Ordinance [New Version] or in the Companies Law (including any consolidation and reorganization, all of which - irrespective of whether effected pursuant to Part Eight

or Part Nine of the Companies Law or in any other way) or any action the result of which is similar with respect to a partnership or incorporation outside Israel, unless, with respect to a merger - the Corporations are the surviving entities as a result of such Structural Change; (b) Any action the result of which is the transfer of assets which are material for the corporation in their extent or nature or the receipt of a material undertaking as aforesaid; (c) Receipt of assets in return for shares or other securities or other rights of the corporation, when the assets relevant to the action as aforesaid are material for the corporation, in their extent or nature; all of which - whether in one transaction or in a series of transactions;

1.23. **"Verint US"-** Verint Systems, Inc., a Nasdaq listed corporation duly incorporated under the laws of the State of Delaware, whose principal place of business is at 175 Broadhollow Road, Melville, New' York 11747.

2. Ownership, Change of Control, and Structural Change

2.1 (a) **Schedule 2.1(a)** hereof sets out the following: Cognyte Technologies' shareholders and the holders of our Means of Control, directly or indirectly, the relative proportions of their holdings of our shares and Means of Control as aforesaid (on a Fully Diluted Basis and not on a Fully Diluted Basis) and a description of the manner in which they are held (should it be indirectly), including details of each entity's: corporate status (private/public/reporting); country of incorporation; tax residency; and, if applicable – relevant stock exchange where securities of such entity are traded; all - as of the date hereof and as shall be following the Spin-Off; (b) **Schedule 2.1(b)** hereof sets out the interested parties (as such term is defined in the Securities Law) and parties in control of Cognyte Software, directly or indirectly, their holdings of Cognyte Software's shares and Means of Control (on a Fully Diluted Basis and not on a Fully Diluted Basis) and a description of the manner in which they are held (should it be indirectly), including the details set out in paragraph (a) above, all - as of the date hereof and as shall be following the Spin-Off.

2.2 No Structural Change of the Corporations will occur without the Bank's prior written consent, provided, however, that for the purpose of this Clause 2.2 the Spin-Off shall not be deemed as a Structural Change.

2.3 A Change of Control occurring without the Bank's prior written consent, shall constitute an Event of Default.

2.4 Cognyte Software hereby undertakes, that following the completion of the Spin-Off, it shall not suspend or cease to be listed as a publicly-traded corporation, or otherwise de-list any of its securities traded under the Nasdaq stock exchange, without the Bank's prior written consent.

3. Limitations on the Creation of Charges and the Giving of Guarantees

3.1 As of the date of signature of this Deed:

3.1.1 Other than as detailed under **Schedule 3.1.1** hereto, we have not created any Security Interest of any kind over any of our Assets and we have not given any guarantee in favour of any third party, and we have also not undertaken to create any Security Interest or to give any guarantee as aforesaid.

3.1.2 (a) No guarantee or security (whether personal or *in rem)* or undertaking to indemnify (in this Clause 3.1.2: the **"Security")** on behalf of a Party in a Related Group or on behalf of any other party was provided to any third party as security for any debts and obligations of the Corporations; (b) We or a Party in a Related Group or any other party have not undertaken to provide to any third party any Security as aforesaid; and (c) we shall insure that no such Security shall be provided by a Party in a Related Group or any other party to any third party as security for any debts and obligations of the Corporations unless similar Security is provided to the Bank, *mutatis mutandis.*

3.2 Other than the Permitted Securities, we shall not create or agree to subsist any Security Interest on any of our Assets, whether existing or future, in whole or in part, in any form or way, for any purpose and for any reason, in favour of any third party, and we shall not give any guarantee in favour of any third party (or any undertaking to indemnify any entity that provides such guarantee as aforesaid), and we shall not undertake in any way to execute any of the aforesaid transactions, all of which without the Bank's prior written consent.

3.3 In Sub-Clauses 3.1 and 3.2 above:

3.3.1 The term **"Security Interest"** shall also include any charge, pledge (within the meaning ascribed to it in the Law of Pledge, 5727-1967), an assignment by way of pledge and a mortgage, as well as granting rights of set-off, rights of retention, retention of title or conditional sale in as much as they operate to enable an Asset or right to serve as collateral, including any retention requirements, restriction on release or transfer or trust arrangements in connection with cash and cash equivalents, and any other transaction of a similar nature.

The term **"Permitted Securities"** shall mean any (a) Security Interests existing as of the date hereof on our Assets, or any guarantee granted by us in favor of any third party, as detailed under Schedule 3.1.1 hereto; (b) Security Interest over any cash collateral (present or future) in any of our bank accounts; (c) guarantee by us of our subsidiaries' obligations, in favour of any third party in the ordinary course of business and on market terms; (d) any undertaking to indemnify any banking or other financial corporation that issues bank guarantees at our request, with respect to any of our, or our subsidiaries', obligations towards customers, suppliers or service providers, in the ordinary course of business and on market terms; and (e) cross guarantees between ourselves, in favour of another financial institution that

provided or will provide us with credit in connection with the Spin Off, provided, *however,* that the aggregate amounts of the collateral detailed in Sub-Clauses (a) and (b) above (without double counting), together with any guarantee provided by us (or issued at our request) securing any financial indebtedness of our subsidiaries **("Restricted Permitted Securities")** shall not exceed, at any time, a sum of US $52,000,000.

3.4 Notwithstanding the provisions of Clause 3.2 above, we may create a fixed charge over new Assets which may be acquired by us, provided that such charge is only created in favour of the person which finances (but not by way of refinancing) the entire or partial acquisition of the Asset which is the subject of the specific charge, and subject to all of the following conditions:

3.4.1 We shall give the Bank 10 days' prior written notice regarding our intention to receive the financing referred to in Clause 3.4 above, together with details of the amount thereof, the type of financing, the maturity thereof, the name of the party providing such financing in whose favour the aforesaid specific charge will be registered by us, as well as the details of the Asset being charged as security for such financing.

3.4.2 The debenture creating the charge shall specify the amount of the financing to be made available to us for the purpose of acquiring the charged Asset.

3.4.3 We shall not sign any such debenture unless it includes an express provision which states that the said charge shall be deemed null and void immediately upon the repayment of the financing which was given for the acquisition of the charged Asset.

4. <u>Collateral</u>

As a security for the full and punctual payment of any and all Credit Amounts, each of the Corporations and Cognyte Software US shall grant in favor of the Bank the following collaterals:

4.1 A deed of guarantee by Cognyte Software, unlimited in amount, securing all Credit Amounts owed by Cognyte Technologies to the Bank;

4.2 A deed of guarantee by Cognyte Technologies, unlimited in amount, securing all Credit Amounts owed by Cognyte Software to the Bank;

4.3 A deed of guarantee by Cognyte Software US, unlimited in amount, securing all Credit Amounts owed by the Corporations to the Bank.

all – in form and substance as agreed between the Bank and us and as detailed under the Credit Documents.

5. <u>Sale and Purchase of Assets</u>

We shall not sell, dispose of, transfer, deliver, lease out or hire out any of our assets, as they are now and as they may be in the future, in whole or in part, and we shall not undertake to do so, other than in the ordinary course of business and on market terms, to any third party including to a Party in a Related Group, without the Bank's prior written consent thereto, and we shall not make any such disposition with respect to our intellectual property. Without derogating from the above, it is hereby clarified that we shall be permitted to provide licenses with respect to our intellectual property in the ordinary course of our business and on market terms.

6. Changing Areas of Activity

Without the prior written consent of the Bank we shall not make any material change in our fields of activity or any other change in our activity so that our main activity becomes materially riskier.

7. Delivering Reports and Information

7.1 We hereby undertake that within (a) 120 days of the 31st of January of each fiscal year, we shall deliver to the Bank all of our annual Financial Statements as at such date, and (b) 270 days of the 31st of January of each calendar year, we shall deliver to the Bank Cognyte Technologies' Solo Financial Statements as at such date, in each case, as required according to the Accounting Principles, after having been audited by the independent, qualified external auditor of each of us and prepared in accordance with the Accounting Principles.

In addition, we hereby undertake that within 90 days of the last day of each Quarter, we shall deliver to the Bank our quarterly Financial Statements as at the last day of such Quarter, after having been reviewed by the independent, qualified, external auditor of each of us and prepared in accordance with the Accounting Principles.

Further, we hereby represent and warrant, that the Corporations are under no legal obligations pursuant to any applicable law, to issue any other Financial Statements, or Solo Financial Statements, or to issue any such statements earlier than as required pursuant to Clause 7.1 above.

7.2 We hereby undertake that within 90 days following January 31st and July 31st of each year, we shall deliver to the Bank a compliance certificate, signed by Cognyte Software's Chief Financial Officer, setting forth the details and manner of calculation with respect to our compliance (or non-compliance), as of the date of the said Financial Statements or Solo Financial Statements, as applicable, with the financial covenants set forth under Clause 8 below. Such approval shall also specify the full amount of the guarantees given by the Corporations and the companies included in their Financial Statements or Solo Financial Statements, as applicable, as security for the payment of any third-party debts (including any Party in a Related Group).

7.3 We shall deliver to the Bank, not later than 120 days following the completion of the Spin-Off, Cognyte Software's *pro forma* financial statements (substantially similar to those provided to the Bank prior to the execution of this Deed of Undertaking), giving effect to the transaction contemplated under the Spin-Off, in form and substance satisfactory to the Bank, provided that the information contained therein shall not deviate in any material respect, subject to Bank's discretion, from the corresponding information detailed in Cognyte Software's draft Form 20-F Registration Statement that has been furnished by us to the Bank, prior to the date hereof.

7.4 We shall deliver to the Bank, promptly upon its request, any required information, concerning the Spin-Off, including with respect to its progress, as well as any change, alteration or other modification to the manner in which the Spin-Off is to be carried out, so long as it affects each Corporation in any material respect or in any other manner, that at Bank's discretion, affects Bank's credit or compliance analysis with respect thereto.

7.5 In addition, we shall deliver to the Bank from time to time, at its reasonable request, additional information and documents in connection with our assets, our affairs, the holdings in our Corporations and our financial condition.

8. Financial Covenants

8.1 We shall comply with each one of the financial covenants, as shall be reported in our Financial Statements, at all times, as set forth herein:

8.1.1 Definitions

The terms contained in this Clause 8 shall have the meaning as set out next to them:

"Equity Capital" - with reference to any respective date - the equity of Cognyte Software, within the meaning thereof according to the Accounting Principles; - as reported in the Financial Statements of Cognyte Software, for the period ending on the respective date to which they refer;

8.1.2 The Financial Covenants

8.1.2.1 **Percentage of Equity Capital -** the percentage of the Equity Capital of the total amount of the balance sheet of Cognyte Software, shall at no time be less than 30%;

8.1.2.2 **Amount of Equity Capital -** the Equity Capital of Cognyte Software shall at no time be less than the amount of US $200,000,000.

8.2 **Cure Period**

8.2.1 In the event that we shall breach any financial covenant referred to in Clause 8.1 above, then, following our written request, the Bank shall agree that for a one time period of not more than three (3) consecutive Quarters, such non-compliance shall not constitute an Event of Default, provided that:

8.2.1.1 the financial covenant detailed in Clause 8.1.2.1 above is not less than 20%; or (b) the financial covenant detailed in Clause 8.1.2.2 above is not less than US $100,000,000;

8.2.1.2 no other Event of Default has occurred or is continuing;

8.2.1.3 the Corporations have paid and are duly paying, as required under the Credit Documents, all applicable additional interest payments as set out in Clause 8.5 (if any).

8.2.2 For the avoidance of doubt, the cure referred to in Clause 8.2.1 above may not be made more than once during the period until the full repayment of the Credit Amounts.

8.3 **Changing the Accounting Treatment:**

8.3.1 We are aware that the financial covenants are based on accounting standards, Accounting Principles, estimates and accounting policy (hereinafter in this Clause 8: **"the Accounting Treatment"**) as applied to our latest Financial Statements. Any accounting treatment, which is different from that on the basis of which the latest Financial Statements, were prepared as aforesaid, in our Financial Statements, and that includes due to the application of any new or other accounting standards, changes in estimates or changes in accounting policy (all of the foregoing being referred to hereinafter in this Clause 8 as: **"New Accounting Treatment"),** may cause changes which could affect the financial covenants.

8.3.2 Accordingly, it is agreed that we will notify the Bank immediately upon us becoming aware of a New Accounting Treatment that is expected to affect the calculation of the above financial covenants.

8.3.3 If the Bank considers that changes have been made or are about to be made in our Financial Statements, due to New Accounting Treatment, that, at Bank's reasonable discretion, affect or may affect the financial covenants set out hereunder materially in a manner that requires their adjustment in order to reflect the original economic purpose according to which the financial covenants were determined, the Bank may, after consultation with us in good faith, notify us what changes are required by the Bank in the financial covenants in order to adjust them to such changes, with the intention of adjusting them to such original economic purpose (hereinafter: **"the Amended Financial Covenants").**

8.3.4 Once the Bank notifies us of the Amended Financial Covenants - they shall be binding upon us from the date of delivery of the Bank's notice. If the Corporations do not agree to the Amended Financial Covenants determined by the Bank, the Corporations may continue to deliver to the Bank, together with each Financial Statement which is delivered to the Bank pursuant to Clause 7 above, an adjusted statement signed by an independent, qualified, external accountant, adjusting the Accounting Treatment which was applied by the Corporations prior to the adoption of the New Accounting Treatment, and the financial covenants will continue to be examined on the basis of the said adjusted statement.

8.4 If at any time we will undertake towards any third party to comply with any financial covenants and such undertaking includes different or additional financial covenants to those detailed herein, we shall notify the Bank thereof immediately, and at the request of the Bank, we will agree to the amendment of this Deed of Undertaking as to include the different or additional financial covenants as aforesaid.

8.5 **Addition of Step-Up Interest**

8.5.1 In the event that the following has occurred:

8.5.1.1 the financial covenant detailed in Clause 8.1.2.1 above is less than 25% but not less than 20%; or

8.5.1.2 the financial covenant detailed in Clause 8.1.2.2 above is less than US $130,000,000 but not less than US $100,000,000,

and so long as the Bank does not accelerate or demand the immediate prepayment or payment of the Credit Amounts, each of the Credit Documents shall be deemed amended such that interest at the rate of 0.5 percent (0.5%) per annum shall be added to the agreed interest rate payable under any of the Credit Documents for so long as we are in breach of any of our obligations as aforesaid (hereinafter in this Clause 8 - **"the Default Period").** At the end of the Default Period as aforesaid, the interest will be reduced to the agreed interest rate between the Bank and the Corporations under each of the Credit Documents. This additional interest will be added to the payments of the interest on account of the Credit Amounts as set forth above, and together they will constitute the new agreed interest according to each of the Credit Documents.

8.5.2 For the avoidance of doubt, it is agreed that the above additional interest will not be refunded to us in any case or circumstances, even after the default has been remedied, and that the right of the Bank to additional interest as aforesaid, shall not derogate from, delay or affect any remedy or relief or right or cause of action which may be available to the Bank against us hereunder or under any of the Credit Documents and the provisions of this clause are in addition thereto.

It is further agreed that the interest at the rate as provided in Clause 8.5.1 above, does not constitute Default Interest (ריבית פיגורים) or Interest at the Maximum Rate (שיעור הריבית בשיעור המירבי) as defined in the Credit Documents, and in the applicable cases specified in the Credit Documents (relating to non-payment of any of the Credit Amounts), the Bank may debit us with Default Interest (ריבית פיגורים) or Interest at the Maximum Rate (שיעור הריבית בשיעור המירבי) as aforesaid, all in accordance with the relevant Credit Documents.

9. <u>Events of Default</u>

9.1 A breach of any of our undertakings towards the Bank hereunder, or any declaration, representation or confirmation contained herein being incorrect or incomplete, is an Event of Default.

9.2 Events of Default hereunder will be added to the events which upon their occurrence, the Bank may, according to the Credit Documents, accelerate or demand the immediate repayment or payment of the Credit Amounts, in whole or in part, or take any steps for the collection thereof, and upon the occurrence thereof there shall be available to the Bank all of the rights and remedies which arise pursuant to the provisions of the Credit Documents in such cases (subject to the duties of giving notices or granting waiting or cure periods, in so far as there are any according to the provisions of the Credit Documents).

10. Waivers

Any waiver, extension, concession, acquiescence or forbearance (hereinafter in this Clause 10: **"waiver")** on the part of the Bank as to the non-performance or partial or incorrect performance of any obligation of ours pursuant hereto or pursuant to the Credit Documents shall not be treated as a waiver on the part of the Bank of any right but as a limited consent given in respect of the specific instance.

11. General

11.1 Tax: Without derogating from any of the provisions of the Credit Documents, we confirm that any tax (of any type and under any law applicable to us in any jurisdiction) payable in connection with the transactions and actions contemplated by the Credit Documents, or with respect to or in relation to any Credit Amounts (except for income tax payable to the Israeli tax authorities on the Bank's income deriving from interest and fees payable by us to the Bank under the Credit Documents) - shall all be borne and paid by us, and we shall bear the sole responsibility for such taxes. We further confirm that we are, and shall be, also solely responsible to examine all tax issues relating to the above, with respect to any jurisdiction outside of Israel.

11.2 Our obligations to the Bank under the Credit Documents shall at all times rank at least equally *(pari passu),* in terms of right and priority of payment with all of our other unsubordinated obligations, existing both presently and in the future (except for obligations which by operation of law are preferred unconditionally over other obligations). For the prevention of any doubt it is clarified that this undertaking does not prevent the existence of debts having a shorter term than our obligations to the Bank or which are to be repaid according to a different (or even earlier) repayment schedule, so long as it concerns repayments or repayment schedules in the ordinary course of business of dealing with the indebtedness of the Corporations, arising from its current requirements.

11.3 The recitals to this Deed of Undertaking and the schedules attached hereto form an integral part hereof and of the terms hereof.

11.4 Clause headings are inserted herein for ease of reference only and shall not be taken into account in the interpretation hereof.

11.5 The provisions hereof are in addition to and not in derogation of or as a substitute for any other obligation which we have assumed towards the Bank or in favour of the Bank in any other document, irrespective of whether incurred prior hereto or hereafter. In any case of conflict between the provisions of this Deed of Undertaking and the provisions

of the other Credit Documents, with respect to any of the matters detailed herein, or if any specific matter is expressly agreed both under the provisions hereof and under any other Credit Document, the provisions herein shall prevail, unless agreed otherwise between us and the Bank in any of the Credit Documents, following the date hereof.

11.6 By signing this Deed of Undertaking, the irrevocable undertaking executed by Cognyte Technologies (previously known as Verint Systems Ltd.) in favour of the Bank, dated January 23, 2011 (as amended on February 8, 2011 and on March 20, 2011) is hereby terminated and shall have no further force and effect.

11.7 The provisions hereof shall not be construed as if to obligate the Bank to provide us or the Guaranteed Party or third parties with the Credit Amounts or any part thereof or to give us any Banking Services.

11.8 The rights of the Bank in connection with this Deed of Undertaking may be transferred, assigned, endorsed, sold or howsoever disposed of, to any of the entities listed in sections (2)-(4) of the first schedule (תוספת ראשונה) to the Israeli Securities Law, 5728-1968, in accordance with the terms as agreed upon or as may be agreed upon from time to time in connection with the disposition of the rights of the Bank with respect to any Banking Service.

AND IN THE WITNESS WHEREOF WE HAVE SIGNED ON _____, 2021

[Signature page to follow]

To

Bank Hapoalim B.M.

Re: Confirmation of Adoption of Resolution and Authorization

I, the undersigned, _____ Advocate, acting as legal advisor of Cognyte Software Ltd. (Identifying Number: 516196425) (hereinafter: **"the Corporation")** hereby confirm that there was presented to me a Deed of Undertaking which the Corporation signed in favour of Bank Hapoalim B. M. on _____ (hereinafter, respectively: **"the Bank"** and **"the Deed of Undertaking")** as well as the up-to-date incorporation documents of the Corporation (hereinafter: **"the Incorporation Documents of the Corporation")** and I certify as follows:

1. The Deed of Undertaking was signed on behalf of the Corporation by (hereinafter:

   "the Authorized Persons"): Name: _____

   I. D. _____ and Name: _____

   I. D. _____, the joint signatures of whom together with the stamp of the Corporation or its printed name is binding on the Corporation.

2. All of the resolutions required for the purpose of entering into the Deed of Undertaking have been adopted by the competent organ of the Corporation, (which is: Board of directors of a company), and they were adopted according to applicable law and according to the Incorporation Documents of the Corporation and are binding on the Corporation for all intents and purposes.

3. The Corporation has the authority to enter into the terms of the Deed of Undertaking with the Bank, and to act as provided therein, and subject to its terms.

4. The Authorized Persons are authorized to sign on behalf of the Corporation the Deed of Undertaking and any document or form which may be required from time to time in connection with the Deed of Undertaking and the terms thereof, and to adopt on behalf of the Corporation any resolution and to give on behalf of the Corporation any of the notices required under the Deed of Undertaking, and to settle with the Bank from time to time, at their discretion, the terms and conditions of any kind or nature in connection with the aforesaid resolutions.

Date	Signature and stamp

To

Bank Hapoalim B.M.

Re: Confirmation of Adoption of Resolution and Authorization

I, the undersigned, _____ Advocate, acting as legal advisor of Cognyte Technologies Israel Ltd. (Identifying Number: 512704867) (hereinafter: **"the Corporation")** hereby confirm that there was presented to me a Deed of Undertaking which the Corporation signed in favour of Bank Hapoalim B. M. on (hereinafter, respectively: **"the Bank"** and **"the Deed of Undertaking")** as well as the up-to-date incorporation documents of the Corporation (hereinafter: **"the Incorporation Documents of the Corporation")** and I certify as follows:

1. The Deed of Undertaking was signed on behalf of the Corporation by (hereinafter:

   "the Authorized Persons"): Name: _____

   I. D. _____ and Name: _____

   I. D. _____, the joint signatures of whom together with the stamp of the Corporation or its printed name is binding on the Corporation.

2. All of the resolutions required for the purpose of entering into the Deed of Undertaking have been adopted by the competent organ of the Corporation, (which is: Board of directors of a company), and they were adopted according to applicable law and according to the Incorporation Documents of the Corporation and are binding on the Corporation for all intents and purposes.

3. The Corporation has the authority to enter into the terms of the Deed of Undertaking with the Bank, and to act as provided therein, and subject to its terms.

4. The Authorized Persons are authorized to sign on behalf of the Corporation the Deed of Undertaking and any document or form which may be required from time to time in connection with the Deed of Undertaking and the terms thereof, and to adopt on behalf of the Corporation any resolution and to give on behalf of the Corporation any of the notices required under the Deed of Undertaking, and to settle with the Bank from time to time, at their discretion, the terms and conditions of any kind or nature in connection with the aforesaid resolutions.

Date	Signature and stamp

Exhibit 8.1

Subsidiaries of Cognyte Software Ltd.

Name	Jurisdiction of Incorporation or Organization
Cognyte Analytics India Private Limited	India
Cognyte Brasil S.A.	Brazil
Cognyte Bulgaria EOOD	Bulgaria
Cognyte Canada Inc.	Canada
Cognyte Software LP	Delaware
Cognyte Software México S.A. de C.V.	Mexico
Cognyte Software UK Limited	United Kingdom
Cognyte Solutions Ltd.	Israel
Cognyte Systems Ltd.	Israel
Cognyte Taiwan Ltd.	Taiwan (Republic of China)
Cognyte Technologies Israel Ltd.	Israel
Cognyte Technology Inc.	Delaware
Focal Info Israel Ltd. (In dissolution)	Israel
Gita Technologies Ltd.	Israel
Syborg GmbH	Germany
Syborg Grundbesitz GmbH	Germany
Syborg Informationsysteme b.h. OHG	Germany
UTX Technologies Limited	Cyprus
Verint Systems B.V.	The Netherlands
Verint Systems Romania S.R.L.	Romania

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form 20-F of our report dated September 24, 2020, relating to the combined financial statements of the Cognyte Business of Verint Systems, Inc.. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ Deloitte & Touche LLP

New York, New York
January 13, 2021

Important Notice Regarding the Availability of Materials

VERINT SYSTEMS INC.

You are receiving this communication because you hold securities in the company listed above. They have released informational materials regarding its spin-off of its wholly owned subsidiary, Cognyte Software Ltd., or "Cognyte," that are now available for your review. **This notice provides instructions on how to access Verint Systems Inc. materials for informational purposes only. It is not a form for voting and presents only an overview of the Verint Systems Inc. materials, which contain important information and are available, free of charge, on the Internet or by mail. We encourage you to access and review closely the Verint Systems Inc. materials.**

To effect the spin-off, Verint Systems Inc. will distribute all of the Cognyte ordinary shares on a pro rata basis to the holders of Verint Systems Inc. common stock. Each Verint shareholder will receive one Cognyte ordinary share for every one share of Verint Systems Inc. common stock. Immediately following the distribution, which is expected to be effective as of February 1, 2021, Cognyte will be an independent, publicly traded company. Verint Systems Inc. is not soliciting proxy or consent authority from shareholders in connection with the spin-off.

You may view the materials online at *www.materialnotice.com* and easily request a paper or e-mail copy (see reverse side).

[redacted]

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REGISTRATION STATEMENT ON FORM 20-F

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