Verint Systems UK Limited

Annual report and financial statements

for the year ended 31 January 2023

Registered number: 02602824 (England and Wales)

Verint Systems UK Limited

Contents

Verint Systems UK Limited

Company information

Directors	P Fante N Nonini D Robinson (resigned 24 May 2023) G Highlander (appointed 24 May 2023)
Company number	02602824
Registered office	2nd Floor The Forge 43 Church Street Woking England GU1 6HT
Independent auditor	Deloitte (NI) Limited Lincoln Building 27-45 Great Victoria Street Belfast BT2 7SL
Solicitors	Jones Day 21 Tudor Street London Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
Principal bankers	HSBC Bank PLC 8 Canada Square London E14 5HQ Barclays Bank PLC PO Box 299 Birmingham B1 3PF

Verint Systems UK Limited

Strategic report

The purpose of the Strategic Report is to inform members of the company and help them assess how the directors have performed their duty under section 172 of the Companies Act 2006 (duty to promote success of the company).

Review of the business and key performance indicators

Verint Systems helps brands provide Boundless Customer Experience™. Verint provides the technology and domain expertise brands require to effectively build enduring customer relationships. Verint is uniquely positioned to help organisations close the Engagement Capacity Gap™ with our differentiated Verint Customer Engagement Cloud Platform. Brands today are challenged by new workforce dynamics, ever-expanding customer engagement channels and exponentially more consumer interactions – often while facing limited budgets and resources. As a result, brands are finding it more challenging to deliver the desired customer experience. This creates a capacity gap, which is widening as the digital transformation continues. Organizations are increasingly seeking technology to close this gap with solutions that are based on artificial intelligence ("AI") and are developed specifically for customer engagement. These solutions automate workflows across enterprise silos to optimize the workforce expense and at the same time drive an elevated consumer experience.

The company is a fully owned subsidiary of Verint Systems Inc. (NASDAQ: VRNT) which has headquarters in Melville, New York.

The company's turnover increased by 19.3% (2022: decrease 1.4%) in the year reflecting the impact of the continued expansion of our cloud-based software revenues and transition to a recurring revenue model. The strong return from affiliated companies relating to the ownership of intellectual property and research and development activities have continued in the current year. Those organisations that have invested in the company's technology continue to recognise the return on investment expected.

The increase in gross margin to 67% (2022: 62%) is a result of several factors including the continued move towards a mix of higher margin sales, the increased return on the ownership of intellectual property, and continued focus on costs in the post COVID environment.

Administrative expenses increased in the year for a number of reasons, including an increase in employment costs as the company invested significantly in new talent to support in the group's research and development activities, certain additional one-off costs around the reimagining of the workplace, notably related to the closure and sale of the Glasgow property as we transition to a hybrid working model, and an increase in management charges.

Overall, the company's net assets decreased by £3.1m (2022: increase of £4.3m) during the year after payment of an interim dividend of £15m. The net current asset position improved by £1.1m (2022: £10.5m).

Section 172 Statement

The board of directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its member as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the company are appropriately guided by s172.

As part of the board's decision-making process, the board consider the potential impact of decisions on relevant stakeholders whilst also having regard to a number of broader factors, including the impact of the company's operations on the community and environment, responsible business practices and the likely consequences of decisions in the long term.

Verint is built on five core values that shape the way we do business with our customers, our partners, and each other. They express the company we want Verint to be — from the people we hire to the way we design our products — and they guide us in the decisions we make every day.

- The **integrity** to do what's right.
- The **innovation** to create leading solutions for real-world challenges.
- The **transparency** that fuels mutual trust and productive, collaborative working relationships
- The **humility** to view our successes as milestones in our journey, and our mistakes as opportunities for improvement
- A **passion** for making our customers and partners successful.

These values embody the spirit of Verint and form the foundation for superior solutions, unparalleled service, and an unwavering commitment to our customers' success.

Details of the company's key stakeholders and how we engage with them are set out below.

Shareholders

The company is a wholly owned subsidiary of Verint Systems, Inc. a company incorporated in the state of Delaware in the United States of America and listed on the NASDAQ. The company relies on the support of the group and its shareholders, and their opinions are important to us. Engagement with the group's shareholders is extensive and through various forums and covers a wide range of topics. Shareholder feedback is regularly reported to and discussed at the group board level and their views are considered as part of decision-making by the company's board.

Colleagues

At Verint, we are dedicated to providing a productive, ethical, and safe working environment in which Verint innovation and market leadership can flourish. Our rich and diverse corporate culture is built on five core Verint values that shape the way we do business with our customers, our partners, and each other.

We recognize that our employees are the driving force behind Verint's success. That is why we engage outstanding talent in every area of our business — experienced professionals who thrive in a dynamic environment that values initiative, innovation, and a customer-centric focus. Our fast-paced, challenging, and collaborative work environment nurtures professional growth and offers a wide array of career advancement opportunities, and workforce planning provides managers with a framework for thinking strategically about the talent our company requires to meet or exceed our business goals.The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, surveys, correspondence, and electronic mail. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Equality Diversity and Inclusion

Our mission is to have our company reflect the communities in which we work and the customers we serve. We are dedicated to fostering an inclusive and diverse global workforce and believe that our business is further strengthened by that diversity. Our efforts to recruit, develop and retain a more diverse workforce continues to be a priority and we focus on promoting an environment that attracts and retains the best talent, values diversity, educates our employees and encourages innovation.

Customers

At Verint, we are dedicated to delivering innovation solutions that empower our customers to achieve their objectives today and in the future.

Ours is a customer-centric culture, dedicated to delivering the solutions and services our customers need to be successful. Verint product design, implementation, and support are driven by customer requirements and feedback. Our ongoing investment in Research and Development enables us to develop advanced technologies that address our customers' changing business requirements. Our robust service and support portfolio allows our customers to realise optimal value from their investments in Verint solutions.

In addition to direct contact with our customers through solutions delivery we showcase our thought leadership, customer achievements and best practice through publications and events such as our Engage customer conference.

Suppliers and partners

We build strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews to discuss shared goals and build relationships. We set high standards for our own corporate and individual behaviour and require our suppliers, partners, and contractors to embrace this commitment.

The board recognises that relationships with suppliers are important to the company's long-term success and is briefed on supplier feedback and issues on a regular basis.

Communities

At Verint, we are committed to "giving back" to the communities in which we live and work. In 2005, we launched the Verint Next Generation program, which engages Verint employees around the globe in projects that benefit children in need.

Verint is proud to support our employees' community service activities with programs for donating employee time to qualified children's organizations and matching grants. The Verint Next Generation Programme puts Verint's values to work in our local communities, with the goal of affording the next generation greater opportunities and the tools for making the most of them.

We are committed to reducing our environmental footprint in all our activities and to providing our customers with environmentally friendly solutions and services to help them reduce their environmental impact.

Principal risks and uncertainties of the company

The directors have considered the risks attached to the company's operations and its financial instruments, including the impact of events in the wider macroeconomic environment such as the recent COVID-19 pandemic, the ongoing conflict in Ukraine, rising interest rates and inflation. These instruments principally comprise operating debtors, operating creditors, cash, and loans to and from other group companies. The directors have taken a prudent approach to their consideration of the various risks attached to the financial instruments of the company.

The directors' policy on hedging is to hedge all the financial risk where it is feasible and cost effective to do so. The company has no hedged transactions during the current or prior year.

Impact of the COVID-19 pandemic

The COVID-19 pandemic resulted in significant impacts to businesses and supply chains globally. The initial outbreak of COVID-19 and the resulting imposition of work, social and travel restrictions, as well as other actions by government authorities to contain the outbreak, led to a significant decrease in global economic activity and global trade. While COVID-19 restrictions have since eased globally, a resurgence of the COVID-19 pandemic or a future pandemic, depending on its duration and severity, could adversely impact the global economy and our industry, operations and financial condition and performance.

Cash flow risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The treasury department of Verint Systems Inc. manages these risks at a group level.

Interest bearing assets are held at variable rates to ensure the best rate is obtained at all times. There are no third-party interest-bearing liabilities.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables and amounts owed by company undertakings and investments.

The company's credit risk is primarily attributable to its trade receivables and its amounts owed by company undertakings. Both amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with relatively high credit ratings assigned by international credit-rating agencies.

Liquidity risk

The company continues to generate significant liquidity arising from its activities as a distributor of Verint's worldwide product offerings and from returns associated with the shared intellectual property ownership of its enterprise intelligence product suites. As such the company maintains sufficient liquidity to ensure that sufficient funds are available for both on-going operations and future business development in the form of short-term cash deposits.

Strategic report (continued)

Commercial risks

The company also faces a variety of commercial risks, including but not limited to, the specific risks identified below:

- General economic conditions and economic downturns affecting our customers' ability to invest in our offerings
- Failure to protect intellectual property resulting in third parties using technology for their own benefit
- Increasing and evolving regulatory requirements, particularly in data privacy, may result in increased compliance costs
- Claims by others that our software infringes their intellectual property which could require the incurrence of substantial costs, or prevention from selling software or services
- Long sales cycles make it more difficult to plan expenses and forecast results
- Increased competition in our markets could adversely affect our revenue, profitability, and market share
- The industry in which we operate is characterized by rapid technological changes, evolving industry standards and challenges and changing market potential requiring the business to anticipate and react to changes rapidly
- Attraction and retention of key personnel to manage and grow effectively

The company and the Verint group as a whole continue to invest significantly in research and development to provide new, innovative, and integrated solutions to its client base in order to maintain and grow its market position. The company also maintains its position as an attractive employer by investing in its professional workforce, focusing on employee development within a structure of core values that provide a fair and challenging workplace.

Future developments

The directors will continue to manage the business to support the planned growth of the company within the wider framework of the overall goals and values of the Verint group, ensuring Verint maintains its market leadership in actionable intelligence.

Approved by the Board and signed on its behalf by:

G Highlander

Director

28 June 2023

Verint Systems UK Limited

Directors' report

The directors present their annual report, together with the financial statements and auditor's report, for the year ended 31 January 2023.

Results and dividends

The company's profit for the year was £12.5m (2022: £1.8m).

The directors paid an interim dividend of £15m during the year (2022: £nil).

Going concern

After making enquiries and taking into account the support of our parent company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Future developments

Details of future developments can be found in the Strategic Report.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in the note 21 to the financial statements.

Research and development

During the year the company continued to invest in research and development and core releases of its product suite were made generally available. Further significant new releases and enhancements are expected in the forthcoming year. The acquisitions made in recent years and the continued investment in research and development capabilities in the company's key locations have also enabled the provision of research and development services to other group companies in relation to the Verint Customer Engagement Cloud Platform™. This is an area which the company continues to invest in to enable the business to contribute to the development of the Verint product suite which is marketed on a global basis. Details of research and development spend for the year are given in note 5.

Financial risk management objectives and policies

Details of the company's financial risk management objectives and policies can be found in the Strategic Report on page 4.

Directors

The directors, who served throughout the year and to the date of this report, except as noted, were as follows:

D Robinson (resigned 24 May 2023)
N Nonini
P Fante
G Highlander (appointed 24 May 2023)

Directors' indemnities

The company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Directors' report

Engagement with employees

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, surveys, correspondence, and electronic mail. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully since its inception. In addition, most employees receive a bonus related to the overall profitability of the company and the Verint group.

Engagement with suppliers, customers, and others

Please refer to the strategic report, specifically the Section 172 statement for an understanding of how the directors have had regard to the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the company during the financial year.

Energy and carbon reporting

For periods commencing on or after 1 April 2019, large unquoted companies are required by the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155) to report on carbon emissions and energy use.

We have reported on all sources of GHG emissions and energy usage as required under *The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008* as amended.

GHG emissions and energy usage data for period 1 February 2022 to 31 January 2023

GHG emissions and energy usage

GHG emissions and energy usage data for period 1 February 2022 to 31 January 2023	
	2022/2023
Emissions from combustion of gas (Scope 1 – tonnes of CO_2e)	212.22
Emissions from combustion of fuel for transport purposes (Scope 1 – tonnes of CO_2e)	0
Emissions from electricity purchased for own use, including for the purposes of transport (Scope 2 – tonnes of CO_2e)	119.83
Total gross CO_2e based on above	**332.05**
Energy consumption used to calculate emissions – kwh	1,713,923.64
Tonnes of carbon dioxide equivalent per Full time equivalent employee (tCO2e/FTEE)	1.12

Reporting boundary and methodology

The reporting boundary used for collation of the above data includes all facilities under operational control.

We have adopted the operational control approach, as defined in The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition), 2004 and ISO 14064-1 (2006) to calculate the above disclosures.

Materiality was set at group level at 5%, with all facilities estimated to contribute >1% of total emissions included.

Energy efficiency actions taken
During the year ended 31 January 2023 we have continued to take a number of steps to improve energy efficiency.

During the summer of 2022, the company permanently closed its Weybridge office and relocated to the second floor of The Forge in Woking, opening the new office to staff in September 2022. This has resulted in a reduction in square footage by 10,468 sq ft with the new space being utilized as a drop in and collaborative space. To encourage travel by public transport or car-share, the number of parking spaces has been limited and electric charging facilities provided. As a result of these changes, the energy consumption and amount of waste generated is expected to decrease, albeit recent years have been positively impacted by enforced closure as a result of the Covid 19 pandemic.

In March 2022, at the end of the lease period, the Belfast office was closed, moving to a smaller serviced office space. As of March 2023, this space was not renewed. In planning the closure of the offices a reuse, recycle policy was adopted resulting in no office furniture going to landfill.

The Glasgow property which the company owned and part used for its own purposes was sold in November 2022, having been closed for our own use earlier in the year. Prior to its closure, several initiatives were implemented to reduce energy consumption including the installation of efficient boilers, heating pumps and chillers, roof repair works to improve thermal efficiency, addition of signage to turn off lights and equipment when not in use. The reuse, recycle approach was adopted on closure to reduce the amount of waste going to landfill.

The company has set a number of objectives for 2023/24 including:

- Work towards achieving ISO14001 certification
- Research and establish a "Net Zero" roadmap
- Report on annual energy reduction for the remaining office in Woking
- Establish an environmental committee

Auditor

Each of the persons who are a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:

G Highlander

Director

28 June 2023

Verint Systems UK Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the member of Verint Systems UK Limited

Opinion
In our opinion the financial statements of Verint Systems UK Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of which comprise:

- the Profit and Loss Account;
- the Balance Sheet;
- the Statement of Changes in Equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the member of Verint Systems UK Limited (continued)

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included UK employment law and the Data Protection Act 2018.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

Independent auditor's report to the member of Verint Systems UK Limited (continued)

Revenue Recognition

- We assessed the design, determined the implementation of and tested the operating effectiveness of the key controls over the allocation of the transaction price in product revenue contracts and the allocation of transfer pricing revenue; and
- we selected a sample of product revenue contracts to assess the appropriateness of the recognition in accordance with accounting standards and performed detailed testing on the allocation of transfer pricing revenue in line with signed agreements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion,.based on the work undertaken in the course of the audit:

- The information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Independent auditor's report to the member of Verint Systems UK Limited (continued)

Use of our report

This report is made solely to the company's member, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Ian Kelsall

Ian Kelsall (Senior Statutory Auditor)
For and on behalf of Deloitte (NI) Limited
Chartered Accountants & Statutory Audit Firm
Statutory Auditor
Lincoln Building
27 - 45 Great Victoria Street
Belfast
BT2 7SL

30 June 2023

Verint Systems UK Limited

Profit and loss account
For the year ended 31 January 2023

	Note	2023 £000	2022 £000
Turnover	3	134,331	112,556
Cost of sales		(44,448)	(42,521)
Gross profit		89,883	70,035
Distribution costs		(7)	(6)
Administrative expenses		(77,837)	(71,542)
Other operating income		2,619	4,600
Operating profit		14,658	3,087
Net finance income / (charge)	4	218	(173)
Profit before taxation	5	14,876	2,914
Tax on profit	9	(2,411)	(1,071)
Profit and total comprehensive income for the year		12,465	1,843

There are no recognised gains and losses in either period, other than those set out above, and hence, no Statement of Comprehensive Income is presented.

All results in the year ended 31 January 2023 arose from the continuing operations of the company. The accompanying notes form an integral part of these financial statements.

Verint Systems UK Limited

Balance sheet
At 31 January 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	11	21,380	24,862
Tangible assets	12	5,635	6,676
Investments	13	10	10
		27,025	31,548
Current assets			
Debtors			
– due within one year	14	64,861	65,195
– due after one year	14	7,621	8,113
Cash at bank and in hand		15,780	13,836
		88,262	87,144
Creditors: amounts falling due within one year	15	(59,414)	(59,441)
Net current assets		28,848	27,703
Total assets less current liabilities		55,873	59,251
Creditors: amounts falling due after more than one year	15	(1,620)	(1,844)
Provisions for liabilities	16	(282)	(302)
Net assets		53,971	57,105
Capital and reserves			
Called-up share capital	17	-	-
Capital contribution	17	5,704	5,704
Profit and loss account	17	48,267	51,401
Shareholder funds		53,971	57,105

The financial statements of Verint Systems UK Limited (registered number 02602824) were approved by the board of directors and authorised for issue on 28 June 2023. They were signed on its behalf by:

G Highlander
Director

Verint Systems UK Limited

Statement of changes in equity
At 31 January 2023

	Called-up share capital £'000	Share option reserve £'000	Capital contribution reserve £'000	Profit and loss account £'000	Total £'000
At 1 February 2021	-	-	5,678	47,124	52,802
Total comprehensive income for the year	-	-	-	1,843	1,843
Contribution from parent	-	8,830	26	-	8,856
Recognition of equity-settled share-based payments	-	(8,830)	-	8,830	-
Distribution to parent	-	-	-	(6,396)	(6,396)
At 31 January 2022	-	-	5,704	51,401	57,105
Total comprehensive income for the year	-	-	-	12,465	12,465
Contribution from parent	-	7,519	-	-	7,519
Recognition of equity-settled share-based payments	-	(7,519)	-	7,519	-
Dividends Paid	-	-	-	(15,000)	(15,000)
Distribution to parent	-	-	-	(8,118)	(8,118)
At 31 January 2023	-	-	5,704	48,267	53,971

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year, unless otherwise stated.

a. General information and basis of accounting

Verint Systems UK Limited is a private company limited by shares, incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is given on page 1.

The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Verint Systems UK Limited is considered to be pounds Sterling because that is the currency of the primary economic environment in which the company operates.

Verint Systems UK Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Verint Systems UK Limited is consolidated in the financial statements of its parent, Verint Systems Inc., copies of which may be obtained at 175 Broadhollow Road, Melville, New York 11747, USA. Exemptions have been taken in these separate company financial statements in relation to share-based payments, financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

b. Going concern

After making enquiries and taking into account the support of our parent company, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

c. Turnover

Revenue and associated direct costs to obtain and fulfil revenue contracts are recognised in accordance with the 5-step model set out below.

This policy requires entities to recognise revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services.

The entity recognises revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services. To determine revenue recognition for contracts that are within the scope of new standard, we perform the following five steps:

1. **Accounting policies (continued)**

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. The majority of our contracts are governed by a master agreement between us and the customer, which sets forth the general terms and conditions of any individual contract between the parties, which is then supplemented by a customer purchase order to specify the different goods and services, the associated prices, and any additional terms for an individual contract. Multiple contracts with a single counterparty entered into at 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.

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. 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. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone 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 standalone 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.

1. Accounting policies (continued)

5) Recognise 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 recognised at the time the related performance obligation is satisfied by transferring a promised good or service to a customer. In the case of contracts that include customer acceptance criteria, revenue is not recognised 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.

Costs to Obtain and Fulfil Contracts

We capitalise 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. Capitalised 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, which ranges from immediate to as long as six years, if commission amounts paid upon renewal are not commensurate with amounts paid on the initial contract. A portion of the initial commission payable on the majority of Customer Engagement contracts is amortized over the anticipated renewal period, which is generally four to six years, due to commissions paid on PCS renewal contracts not being commensurate with amounts paid on the initial contract.

d. Intangible assets - capitalised software

Where software development costs are incurred on a separately identified commercial project whose profitable outcome is reasonably foreseeable, the related costs are capitalised and included within intangible fixed assets and amortised over the estimated useful life of the software. The period is 5 years. Provision is made for any impairment.

All other expenditure on research and development is charged to profit and loss in the period in which it is incurred.

e. Intangible assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

f. Other intangible assets

Intangible fixed assets, other than goodwill, comprise acquired technology, acquired trade names and trademarks and acquired customer base, which are amortised to nil by equal annual instalments over their estimated useful lives. Provision is made for any impairment.

g. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	period of the lease following commissioning
Buildings	50 years
Land	not depreciated
Equipment	3-5 years
Office furniture	2-8 years

1. Accounting policies (continued)

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

g. Investments

Investments in subsidiaries are measured at cost less impairment.

h. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the relevant contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

1. Accounting policies (continued)

(i) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

i. Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

j. Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

k. Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

1. Accounting policies (continued)

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

l. Share based payments

The company provides equity-settled share-based payments, in respect of restricted stock units (RSUs) in the parent company, to certain employees (including directors). Equity-settled share-based payments are measured at fair value being the share price of Verint Systems Inc. at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest. A transfer is made from the share option reserve to the profit and loss reserve on an annual basis as the company has no further obligations in respect of the options as they will ultimately vest in the parent company.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

Where the equity settlement is forfeited before the vesting conditions are met any previously recognised expenses in respect of the forfeited options are reversed in the period of forfeiture.

Share option costs are recharged by the parent company. Where the recharge is greater than the capital contribution the excess is debited directly to equity as a distribution.

National Insurance contributions on share options

Provision is made for National Insurance contributions on outstanding share options that are expected to be exercised. The provision is calculated at the latest enacted National Insurance rate applied to the difference between the market value of the underlying shares at the balance sheet date and the option exercise price and allocated over the period from the date of grant to the end of the performance period. The provision is updated each period up to the date of exercise by using the current market value of the shares.

m. Employee benefits

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1. **Accounting policies (continued)**

n. ***Provisions***

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

o. ***Leases***

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

p. ***Group accounts***

The company was, at the end of year, a wholly owned subsidiary of Verint Systems Inc., a company incorporated outside the EEA and in accordance with Section 401 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts. These financial statements present information about the company as an individual undertaking. They do not present information regarding the group.

The company and its subsidiaries are included, by full consolidation, in the consolidated financial statements of Verint Systems Inc., a company registered in the state of Delaware in the United States of America. Copies of the financial statements of Verint Systems Inc. are available from 175 Broadhollow Road, Melville, New York 11747, USA.

q. ***Profit on disposal of operations***

A discontinued operation is a component of the company that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group constituting the discontinued operation.

Verint Systems UK Limited

Notes to the financial statements
For the year ended 31 January 2023

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

There are no critical judgements in applying the Company's accounting policies. However, there are key sources of estimation uncertainty (which are dealt with separately below) that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key source of estimation uncertainty –impairment of intangible assets

Determining the asset life and assessing whether intangible assets are impaired requires an estimation of their value in use to the company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value.

3. Turnover and revenue

An analysis of the company's turnover by class of business is set out below.

	2023 £000	2022 £000
Turnover:		
Sale of software	25,534	18,433
Sale of services	84,199	74,470
Sale of software and services via affiliated companies	24,598	19,653
	134,331	112,556

The directors have not disclosed information relating to the geographical split of the turnover on the grounds that this would be seriously prejudicial to the interests of the company.

4. Finance income/(charge) (net)

	2023 £000	2022 £000
Investment income	373	117
Less: interest payable and similar charges	(155)	(290)
	218	(173)

Investment income

	2023 £000	2022 £000
Net interest from group undertakings	104	115
Bank interest	34	2
Gain on foreign exchange	204	-
Interest on taxation	29	-
Other interest	2	-
	373	117

Interest payable and similar charges

	2023 £000	2022 £000
Interest on finance leases	(35)	(38)
Other interest expense	(6)	(10)
Loss on foreign exchange	-	(242)
Interest on taxation	(114)	-
	(155)	(290)

5. Profit before taxation

Profit before taxation is stated after:	2023 £000	2022 £000
Depreciation of tangible fixed assets (note 12)	1,985	1,435
Impairment of tangible fixed assets (note 12)	-	1,227
Amortisation of goodwill (note 11)	2,808	2,808
Amortisation of intangible assets (note 11)	2,425	3,701
Loss on disposal of tangible assets	176	186
Research and development	25,501	19,143
Operating lease rentals		
- Other assets	469	167
- Land and buildings	588	1,195
Foreign exchange (gain) / loss	(3,304)	414

6. Auditor's remuneration

Fees payable to Deloitte (NI) Limited for the audit of the company's annual accounts were £77,000 (2022: £70,000).

7. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	2023	2022
Management staff	4	4
Sales	139	123
Administrative, engineering and development staff	628	589
	771	716

Their aggregate remuneration comprised:

	2023 £000	2022 £000
Wages and salaries	58,138	50,896
Social security costs	8,107	7,275
Other pension costs	4,780	4,005
Equity settled share-based payments	7,825	9,200
	78,850	71,376

Included in wages and salaries above is £1,981k (2022: £579k) of termination benefits paid to employees.

8. Directors' remuneration and transactions

Directors' remuneration	2023 £000	2022 £000
Emoluments	397	553
Company contributions to money purchase pension schemes	59	31
	456	584

The number of directors who:	**Number**	**Number**
Are members of a defined contribution pension scheme	1	1
Exercised options over shares in the parent company	-	-
Had awards receivable in the form of shares in the parent company under a long-term incentive scheme	1	1

Remuneration of the highest paid director:	2023 £000	2022 £000
Emoluments	397	553
Company contributions to money purchase pension schemes	59	31

Two directors (2022: two) are remunerated for their services to the company by another group company, and apportionment is not practicable.

9. Tax on profit

The tax charge comprises:

	2023 £000	2022 £000
Current tax on profit		
UK corporation tax	2,344	1,362
Adjustments in respect of prior years	18	230
Total current tax	2,362	1,592
Deferred tax		
Origination and reversal of timing differences	53	200
Effect of change in tax rate	-	(755)
Adjustments in respect of prior years	(4)	34
Total deferred tax	49	(521)
Total tax on profit	2,411	1,071

9. Tax on profit (continued)

In the March 2021 Budget, it was announced the main rate of UK Corporation Tax will increase to 25% from 1 April 2023. This was substantively enacted on 24 May 2021, and the effects of this are included in the measurement of any deferred tax as at the balance sheet date.

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2023 £000	2022 £000
Profit before tax	14,876	2,914
Tax on profit at standard UK corporation tax rate of 19% (2022: 19%)	2,826	553
Effects of:		
- Expenses not deductible for tax purposes	1,239	1,034
- Other permanent adjustments	(522)	(207)
- Share based compensation	(260)	589
- Variance in effective rate and deferred tax rate	(86)	58
- Group relief claimed	(631)	(465)
- Effect of deferred tax asset not recognised	(169)	-
- Effect of change in tax rate	-	(755)
- Adjustments to tax charge in respect of previous periods	14	264
Total tax charge for period	2,411	1,071

10. Share-based payments

The company participates in the parent company's restricted stock unit (RSU) scheme. The required disclosures are therefore included in Verint Systems Inc. consolidated financial statements. Verint Systems UK Limited measures its share-based payment expense at fair value being the share price of Verint Systems Inc. at the date of grant.

11. Intangible fixed assets

	Goodwill £000	Capitalised software development £000	Customer base £000	Patents £000	Technology £000	Total £000
At 1 February 2022	28,341	5,533	9,116	24	9,609	52,623
Additions	-	1,751	-	-	-	1,751
Disposals	-	-	(173)	-	-	(173)
At 31 January 2023	28,341	7,284	8,943	24	9,609	54,201
Amortisation						
At 1 February 2022	11,581	3,037	4,298	10	8,835	27,761
Charge for the year	2,808	838	810	3	774	5,233
Disposals	-	-	(173)	-	-	(173)
At 31 January 2023	14,389	3,875	4,935	13	9,609	32,821
Net book value						
At 31 January 2023	13,952	3,409	4,008	11	-	21,380
At 31 January 2022	16,760	2,496	4,818	14	774	24,862

Where software development costs are incurred on a separately identified commercial project whose profitable outcome is reasonably foreseeable, the related costs are capitalised and included within intangible fixed assets and amortised over the estimated useful life of the software. The period is 5 years. Provision is made for any impairment. Capitalised software development includes £1,183k (2022: £647k) of assets not yet live and therefore not amortised.

Development costs have been capitalised in accordance with the requirements of FRS 102 and are therefore not treated, for dividend purposes, as a realised loss.

12. Tangible fixed assets

	Leasehold improvements £000	Land and buildings £000	Equipment £000	Office furniture £000	Total £000
Cost or valuation					
At 1 February 2022	560	3,840	7,683	1,048	13,131
Additions	499	-	660	86	1,245
Transfers from affiliates	-	-	4,396	-	4,396
Disposals	(560)	(3,840)	(1,129)	(912)	(6,441)
At 31 January 2023	499	-	11,610	222	12,331
Depreciation					
At 1 February 2022	558	1,340	3,991	566	6,455
Charge for the year	27	-	1,848	110	1,985
Transfers from affiliates	-	-	1,739	-	1,739
Disposals	(559)	(1,340)	(1,028)	(556)	(3,483)
At 31 January 2023	26	-	6,550	120	6,696
Net book value					
At 31 January 2023	473	-	5,060	102	5,635
At 31 January 2022	2	2,500	3,692	482	6,675

Assets held under finance leases

The net book value of equipment includes an amount of £1,276k (2022: £1,232k) in respect of assets which are considered to meet the definition of finance leases and are accounted for accordingly. Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and the Company typically has the right to purchase the assets outright at the end of the lease term for a nominal sum.

13. Fixed asset investments

	Shares in subsidiary undertakings £'000
At 1 February and 31 January 2023	10

The following companies were directly held subsidiary undertakings at the end of the year:

Subsidiary undertakings	Country of registration or incorporation	Registered office	Shares held Class	%
Verint Systems Middle East FZ-LLC	Dubai, UAE	2203A, 22nd Floor, Business Central Towers, Dubai Media City, TECOM (DCCA), PO Box 4705, Dubai, UAE	Ordinary	100%

Notes to the financial statements
For the year ended 31 January 2023

14. Debtors

	2023 £000	2022 £000
Amounts falling due within one year:		
Trade debtors	25,767	21,768
Contract assets	9,204	8,277
Amounts owed by Group undertakings	18,083	22,382
Corporation tax	2,503	3,857
Other debtors	289	621
Deferred commission asset	6,257	5,870
Prepayments and accrued income	2,758	2,420
	64,861	65,195

	2023 £000	2022 £000
Amounts falling due after more than one year:		
Amounts owed by Group undertakings	-	3,751
Contract assets	4,726	1,418
Deferred tax asset	2,895	2,944
	7,621	8,113

Included in amounts owed by group undertakings due after more than one year is a balance of £nil (2022: £3,751k) on which interest was due at 2.75% per annum repayable on 31 January 2024. Amounts owed by group undertakings are unsecured.

Deferred tax asset

Deferred tax is provided as follows:

	2023 £000	2022 £000
Accelerated capital allowances	(563)	(637)
Tax losses	1,524	1,893
Other timing differences	1,934	1,688
Provision for deferred tax	2,895	2,944

The movement in the deferred taxation account during the year was:	2023 £000	2022 £000
Balance brought forward	2,944	2,423
Profit and loss account movement arising during the year	(49)	521
Balance carried forward	2,895	2,944

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the company.

Notes to the financial statements
For the year ended 31 January 2023

15. Creditors

Amounts falling due within one year

	2023 £000	2022 £000
Trade creditors	2,506	2,294
Amounts owed to Group undertakings	10,583	9,537
Other taxation and social security	4,215	4,734
Finance lease liabilities	371	330
Other creditors	-	62
Accruals and deferred income	41,739	42,484
	59,414	59,441

Stock bonus programs and restricted stock units granted subsequent to 5 April 1999 under unapproved schemes are subject to employers' and employees' national insurance on the gain made on exercise of such options by UK employees. An accrual of £696k has been made at 31 January 2023 (2022: £1,075k) based on the year-end share price of $39.42 (2022: $51.33) and the elapsed portion of the relevant vesting periods.

Amounts falling due after one year

	2023 £000	2022 £000
Deferred income	1,043	1,267
Finance lease liabilities	538	525
Other creditors	39	51
	1,620	1,844

Finance leases are repayable as follows:

	2023 £000	2022 £000
Minimum lease payments		
Within one year	416	357
In the second to fifth years inclusive	600	543
	1,016	900
Less: future finance charges	(55)	(46)
Present value of lease obligations	961	855

Notes to the financial statements
For the year ended 31 January 2023

16. Provisions for liabilities

	Dilapidation costs £000	Onerou s leases £000	Total £000
At 1 February 2022	223	79	302
Charged to profit and loss account	59	-	59
Utilisation of provision	-	(79)	(79)
At 31 January 2023	282	-	282

	2023 £'000	2022 £'000
Amounts due within one year	270	302
Amounts due after more than one year	12	-
At 31 January	282	302

Dilapidation costs

The provision for dilapidation costs relates to our best estimate of the costs required to reinstate our leased premises to their original state at the balance sheet date in accordance with our obligations under the lease contracts. Certain provisions were released during the year as certain leased premises were vacated and our obligation either settled or released.

Onerous leases

The provision for onerous leases related to obligations under operating leases from which the company no longer derives any economic benefit.

17. Called-up share capital and reserves

	2023 £	2022 £
Allotted, called-up and fully paid 100 ordinary shares of £1 each	100	100

The company has one class of ordinary shares which carry no right to fixed income.

The company's other reserves are as follows:

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

The capital contribution reserve represents additional paid in capital as a result of the hive across of the net assets of ForeSee Results Limited, Transversal Limited, Ciboodle Land and Estates Limited and Conversocial (UK) Limited during previous years.

18. Financial commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2023		2022	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
- within one year	307	888	323	452
- between two and five years	1,193	929	1,412	754
- after five years	-	-	94	-
	1,500	1,817	1,829	1,206

19. Contingent liabilities

The company has entered into a guarantee with HMRC for duty deferment totalling £400,000 (2022: £400,000). The guarantee was reduced to £200,000 on 15 March 2023.

20. Related party transactions

As noted above, Verint Systems UK Limited is a qualifying entity under Financial Reporting Standard 102 and as a wholly owned subsidiary has taken the exemption available from disclosing transactions between group members.

No additional transactions with related parties were undertaken as such as are required to be disclosed under Financial Reporting Standard 102.

21. Post balance sheet event note

On 3 April 2023, the trade and assets of Qudini Limited, a sister company in the Verint Group, were hived across into Verint Systems UK Limited.

There have been no other material post balance sheet events.

22. Controlling party

The immediate parent company is Verint WS Holdings Limited, a company incorporated in the United Kingdom.

The ultimate parent company and controlling party of Verint Systems UK Limited is Verint Systems Inc., a company incorporated in the state of Delaware in the United States of America. Verint Systems Inc. is also the smallest and largest company in which the accounts of Verint Systems UK Limited are consolidated.

Copies of the financial statements of Verint Systems Inc. are available from 175 Broadhollow Road, Melville, New York 11747, USA. The directors consider Verint Systems Inc. to be the ultimate controlling party.