

eGain Corporation Annual Report 2026



#1 AI Knowledge Platform
for CX Automation

easy with eGain 

Dear Fellow Stockholders,

Fiscal 2026 marked an important milestone for eGain and the market we serve. Shortly after our June 30 fiscal year-end, Gartner published its first-ever Magic Quadrant for Customer Service Knowledge Management Systems and named eGain a Leader.

For more than two decades, we have built eGain on one belief: **enterprises run on knowledge, and every customer interaction is only as good as the knowledge behind it.** In the age of AI, trusted knowledge has become a requirement. Even the most capable AI systems fall short when the knowledge they rely on is incomplete, outdated, or unreliable. Gartner's decision to establish a dedicated Magic Quadrant underscores the importance of trusted knowledge as foundational infrastructure for enterprise AI.

Fiscal 2026 was also the year we went all in on AI Knowledge. We now manage and report our business around customers who actively use our AI offerings, because they represent the future of the company. Revenue from those customers grew 20% this year, significantly outpacing our overall growth. Our responsibility now is to convert our product capabilities and customer momentum into sustained growth and long-term stockholder value.

Fiscal 2026 Financial Performance: Profitable Growth, Increasingly AI-Led

We delivered the year we committed to, and generated record operating cash:

- **Total revenue:** \$91.1 million, up 3% from \$88.4 million.
- **AI customer revenue:** up 20%. AI customer ARR now represents 72% of total SaaS ARR, up from 63% a year ago.
- **GAAP net income:** \$8.9 million, or \$0.32 per diluted share.
- **Adjusted EBITDA:** \$13.6 million, a 15% margin, up from \$8.6 million, or 10%, in fiscal 2025.
- **Cash from operations:** a record \$21.2 million, a 23% margin. We ended the year with \$73.3 million in cash and no debt.
- **Shares repurchased:** approximately 1.6 million shares, totaling \$11.5 million.

Two trends underpin our 3% total growth. Our AI customers grew revenue by 20%. Our legacy business declined, as we expected, while remaining highly profitable. The legacy business is helping fund the AI business, and we are stronger for it.

Trusted Knowledge Is the Instruction Layer for Enterprise AI

Knowledge is more than unstructured data. It is the instruction layer for AI. It tells AI systems what to say, how to act, and sometimes why. When the knowledge is incomplete, outdated or unreliable, even capable AI systems can produce confident but incorrect answers.

This helps explain why so many enterprise AI projects can stall between prototype and production. Enterprises have access to powerful models, but they often lack a governed, trusted source of knowledge those models can use. Without that foundation, promising AI projects can struggle to deliver reliable results and measurable business impact.

Our platform addresses this challenge by helping enterprises capture and curate knowledge, maintain its quality, and make it accessible to employees and AI applications. This is especially important in banking, insurance, healthcare, and government, where accuracy and compliance are critical.

Gartner's inaugural Magic Quadrant for Customer Service Knowledge Management Systems highlights the growing importance of this market. eGain is positioned highest for Ability to Execute and furthest for Completeness of Vision. In the companion Critical Capabilities report, we received the highest product score among eight vendors for the Compliance-Driven Service Center use case.

We believe this recognition creates an opportunity to introduce eGain to a broader group of enterprise decision-makers. The commercial value will come from demonstrating our platform's benefits and converting that interest into customer adoption.

The need for trusted knowledge spans enterprise operations. The research we co-authored with Deloitte estimates the cost of institutional knowledge lost to retirements at up to \$9 trillion. Our own research shows that more than 80% of organizations remain at the earliest stages of AI knowledge maturity. These findings underscore the scale of the problem and the work enterprises still need to do to make enterprise AI effective. We believe trusted knowledge will become a foundational layer of enterprise AI, and we intend to lead that transition.



A Leader in the Gartner® Magic Quadrant™ for
Customer Service Knowledge Management Systems





Customer Wins and Expansions: From First Workflow to Enterprise Foundation

New logo wins increased by 27% in fiscal 2026. Pipeline opportunities of \$500,000 or more doubled, and opportunities in our core regulated verticals grew by 40%. Our customer experience illustrates how an initial deployment can create opportunities for broader use across an enterprise. A clear pattern emerged throughout the year: clients land with us in customer service, then make eGain the knowledge foundation for the whole enterprise.

In the first quarter, one of New York's largest health insurers selected eGain to centralize knowledge for 8,000 users and went live in under 100 days. A multinational energy company serving more than 20 million customers did the same. Its employees named the new tool "Watt!"

In the second quarter, one of the world's largest business software providers chose eGain for an enterprise knowledge mandate serving more than 100,000 users. One of Europe's largest insurance groups selected eGain to power 21,000 users on its journey to become a digital insurer.

In the third quarter, a top-10 U.S. insurer expanded from 3,000 licenses in one business unit to an additional 5,600 in a second, creating a single knowledge hub across divisions. RFP activity in the U.S. roughly doubled our normal pace.

In the fourth quarter, a leading Dutch insurer chose eGain as the foundation for enterprise AI search and AI-powered service. A global multi-energy operator deployed our knowledge and AI Agent to its contact center, with a blueprint to scale to 500 agents and into self-service. Our U.S. megabank client expanded again, adding eGain to its enterprise resiliency infrastructure. We also began paid pilots with a global life sciences leader, a global quality assurance leader, and a leading lottery technology provider. In one pilot, our AI Agent achieved 95% response accuracy.

Every one of these stories begins the same way. AI ambition meets fragmented knowledge, and the client realizes the foundation must come first.

Product Innovation: Capture, Curate, Act

Fiscal 2026 was the most productive year of innovation in our history. Our launches followed one loop: capture knowledge faster, keep it trustworthy, and put it to work wherever AI and people need it.

- **Capture and curate.** The eGain AI Knowledge Method applies AI to the craft we have refined for decades, with an expert in the loop. We believe it can accelerate most knowledge tasks tenfold and cut implementation time by two to three times. eGain Evaluator now provides continuous quality assurance for AI-generated answers.
- **Act.** AI Agent 2 combines deterministic and model-based reasoning to handle compliance-sensitive transactions, not just trivial questions. Agentic Studio orchestrates multiple agents to resolve requests end to end. AI Agent IVA brings the same accuracy to voice.
- **Connect everywhere.** eGain Composer gives developers a modular platform for building trusted knowledge. New connectors reach Copilot, Claude, Gemini, and Cursor through APIs and MCP, as well as Teams, Slack, Salesforce, Cisco Webex, and Zoom.

We also launched AI Knowledge Suites for retail banking and healthcare, purpose-built for the regulated industries where we win. Knowledge built once can now serve every human and AI agent. That is “Easy with eGain.”

Market Momentum: Brand, Partners and Thought Leadership

The trusted knowledge message is resonating. Marketing-qualified leads in North America grew 29% for the year and 41% in the fourth quarter. Prompted inbound interest, driven by our thought leadership, became our single largest source of pipeline.

Partners are a growing engine. Partner-sourced opportunities rose 67% through the first nine months of the year. A new partner-ecosystem program added more than 20 prospective relationships in its first quarter.

We published the third edition of **Knowledge Management for Dummies** with Wiley and released Deloitte Insights research on the knowledge exodus. eGain was named to the KMWorld AI100, and one of our insurance clients won an industry award for excellence in customer service. At eGain Solve in London, more than 120 customers, prospects, and partners shared their AI journeys. The best proof of our value still comes from our clients.

Looking Ahead: All In on AI Knowledge

We enter fiscal 2027 focused on growing our AI customer business while managing the legacy business for cash as it runs off over the next few years.

For fiscal 2027, we expect:

- **Total revenue of \$84.5 to \$86.0 million**, reflecting the planned runoff of our legacy business, with revenue from that business expected to decline by about 40%.

- **AI customer revenue is expected to be between \$59.5 and \$60.5 million**, representing growth of 8-10%. We also expect AI customer ARR to grow by approximately 20%.

The total revenue decline largely reflects the runoff of our legacy business. Beneath that, our AI business is accelerating: AI customer ARR growth moves from 13% in fiscal 2026 to about 20% in fiscal 2027. That is the trajectory on which we are building the company.

We are investing where leadership in this market is being decided: building top-of-funnel brand awareness and adding forward-deployed engineers to help clients move from pilot to production. We are making these investments deliberately, from a position of strength.

To provide investors with clear visibility into where this strategy can lead, we introduced a long-term financial model through fiscal 2030. By then, we are targeting:

- **AI customer ARR of \$100 to \$120 million**, roughly double the \$54 million we achieved in fiscal 2026.
- **AI customer revenue of \$105 to \$115 million**, implying growth of 20% or more annually.
- **A predominantly AI-led company**, with AI customers accounting for roughly 95% of total revenue and nearly all of our SaaS ARR.

As the legacy runoff completes, the gap between our AI growth and our total growth will narrow. What emerges is a focused, AI-led, recurring-revenue business with the scale, growth profile, and platform to lead its category.

Disciplined Capital Allocation

Our \$73.3 million cash balance and absence of debt give us flexibility to fund the transition. We intend to use those resources, together with cash generated by the legacy business, to support investment in our AI capabilities and commercial execution.

We will continue to weigh investments in growth against returning capital to stockholders, with long-term value guiding our decisions. Maintaining financial flexibility and evaluating the results of our investment remain important responsibilities.

A Message to Our Stockholders

We enter fiscal 2027 with stronger financial resources, broader product capabilities and evidence of customer demand, along with validation of our category. The market now has a name for what we have been building, and eGain is a Leader in it.

We also recognize that our strategy involves a period of lower consolidated revenue and profitability as the business mix changes and we invest for growth.

Our focus is on building the AI customer business, converting opportunities into deployments, and clearly communicating our progress. Stockholders should assess our execution through AI customer ARR and revenue growth, customer adoption and expansion, and the financial results of our investment.

Thank you to our employees for their dedication and hard work, our customers for their trust, and our stockholders for their continued support.

With appreciation and conviction,

Ashu Roy

Chairman and Chief Executive Officer

This letter contains forward-looking statements, including our goals and strategy, fiscal 2027 outlook and fiscal 2030 long-term targets. Forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially, including the risks and uncertainties described in our Annual Report on Form 10-K for the fiscal year ended June 30, 2026. Adjusted EBITDA is a non-GAAP measure; a reconciliation to GAAP net income, the most directly comparable GAAP measure, is set forth below.

eGain Corporation
GAAP to Non-GAAP Reconciliation Table
(in thousands)
(unaudited)

	Year Ended June 30,	
	2026	2025
Net income	\$ 8,876	\$ 32,254
Add:		
Depreciation and amortization	388	340
Issuance of common stock warrant for services	1,350	—
Stock-based compensation expense	2,802	2,449
Interest income, net	(2,250)	(2,469)
Provision for income taxes	1,920	2,347
Benefit from income taxes related to the release of valuation allowance	—	(28,964)
Other income (expense), net	(581)	1,265
Severance and related charges	1,118	1,407
Adjusted EBITDA	\$ 13,623	\$ 8,629

Adjusted EBITDA is defined as net income, adjusted for the impact of depreciation and amortization, issuance of common stock warrant for services, stock-based compensation expense, interest income, net, provision for income taxes, benefit from income taxes where applicable, other income (expense), net, and severance and related charges. We believe Adjusted EBITDA provides investors with an additional tool to evaluate our operating performance and to compare it to prior periods for trend analysis. Adjusted EBITDA margin is Adjusted EBITDA divided by total revenue of \$91,136 thousand and \$88,431 thousand for fiscal 2026 and 2025, respectively.

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

FORM 10-K

(Mark One)

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

For the Fiscal Year Ended June 30, 2026

or

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

For the transition period from _____ to _____

Commission File Number: 001-35314

eGain Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

77-0466366
(I.R.S. Employer
Identification No.)

1252 Borregas Avenue
Sunnyvale, California 94089
(Address of principal executive offices, including zip code)
(408) 636-4500
(Registrant's telephone number, including area code)

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

<u>Title of Each Class</u>	<u>Trading Symbol</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.001 per share	EGAN	The Nasdaq Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in this filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates (based on the closing price on Nasdaq) on December 31, 2025, was approximately \$181.7 million.

There were 26,171,467 shares of the Registrant's Common Stock, par value \$0.001 per share, outstanding on September 3, 2026.

DOCUMENTS INCORPORATED BY REFERENCE

Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K incorporate by reference information from the registrant's proxy statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for the registrant's 2026 Annual Meeting of Stockholders.

EGAIN CORPORATION
TABLE OF CONTENTS
2026 FORM 10-K

<u>Item No.</u>	<u>Page</u>
Forward-Looking Statements	3
Summary Risk Factors.....	4
PART I	
1. Business.....	7
1A. Risk Factors	15
1B. Unresolved Staff Comments	34
1C. Cybersecurity	34
2. Properties	36
3. Legal Proceedings	36
4. Mine Safety Disclosures	36
PART II	
5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	37
6. Reserved	39
7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	39
7A. Quantitative and Qualitative Disclosures About Market Risk	52
8. Financial Statements and Supplementary Data	53
9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure	87
9A. Controls and Procedures	87
9B. Other Information.....	88
9C. Disclosure Regarding Foreign Jurisdictions That Prevent Inspections	88
PART III	
10. Directors, Executive Officers and Corporate Governance	89
11. Executive Compensation	89
12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	89
13. Certain Relationships and Related Transactions and Director Independence	90
14. Principal Accounting Fees and Services.....	90
PART IV	
15. Exhibits and Financial Statement Schedules	91
16. Form 10-K Summary	93
Signatures	94

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements relate to future periods, future events or our future operating or financial plans or performance. Often, these statements include the words “believe,” “expect,” “target,” “anticipate,” “intend,” “plan,” “seek,” “estimate,” “potential,” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” or “may,” or the negative of these terms, and other similar expressions. These forward-looking statements that involve risks and uncertainties include statements as to:

- our belief that it is useful to exclude certain non-cash charges and non-core operational charges from non-GAAP operating income;*
- our expectation that SaaS revenue will continue to increase;*
- expected benefits of our solutions;*
- our value proposition;*
- our market opportunities;*
- customer and market expectations in the market in which we operate, and our ability to meet expectations and satisfy such needs;*
- our lengthy sales cycles and the difficulty in predicting timing of sales or delays;*
- our expectations with respect to revenue, cost of revenue, expenses and other financial metrics;*
- our belief that contact centers offer a great opportunity within any business operation to automate using artificial intelligence (AI);*
- our business plans, strategies, target, goals and outlook;*
- changes in technology, including AI technology and services;*
- our expectations related to our product development plan;*
- competition in the markets in which we do business and our competitive advantages;*
- our beliefs regarding our prospects for our business;*
- changes in demand for our solutions;*
- our expectations regarding the composition of our customers;*
- our reliance on strategic and third-party distribution partnerships;*
- the risk of unauthorized access to a customer’s data or our data or our IT systems and cybersecurity attacks;*
- our ability to timely adapt and comply with changing European regulatory and political environments;*
- the effect of changes in U.S. tax legislation;*
- the effect of compliance with privacy laws and regulations on our business and our customers;*
- the effect of changes to trade policies;*
- our ability to take adequate precautions against claims or lawsuits made by third parties, including alleged infringement of proprietary rights;*
- the adequacy of our capital resources and our ability to raise additional financing;*
- the risks related to our international operations;*

- *the potential impact of foreign currency fluctuations and inflation; and*
- *the potential impact of health epidemics.*

These forward-looking statements reflect our current views with respect to future events, are based on assumptions and are subject to risks and uncertainties. These risks and uncertainties could cause actual results to differ materially from those projected and include, but are not limited to:

- *our ability to manage our business plans, strategies, targets, and outlooks and any business-related forecasts or projections;*
- *our ability to improve our current solutions;*
- *our ability to innovate and respond to rapid technological change and competitive challenges;*
- *our ability to execute our sales and marketing strategy;*
- *customer acceptance of our existing and future solutions;*
- *our ability to predict subscription renewals;*
- *the impact of new legislation or regulations on our business;*
- *the impact of accounting pronouncements and our critical accounting policies, judgments, estimates, models and assumptions on our financial results;*
- *our ability to compete;*
- *the success of our strategic and distribution partnerships;*
- *our ability to obtain capital when needed;*
- *our ability to manage future growth;*
- *our ability to retain key personnel and hire additional personnel;*
- *risks related to protection of our intellectual property;*
- *foreign currency fluctuations and inflation;*
- *the global economic environment, including trade policies and tariffs;*
- *risks related to public health pandemics; and*
- *the risks set forth under “Risk Factors.”*

Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. Except as required by federal securities laws, we undertake no obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

All references to “eGain”, the “Company”, “our”, “we” or “us” mean eGain Corporation and its subsidiaries, except where it is clear from the context that such terms mean only eGain and exclude its subsidiaries.

eGain and eGain® are trademarks of eGain Corporation. We also refer to trademarks of other corporations and organizations in this report.

Summary Risk Factors

Our business is subject to numerous risks and uncertainties that could affect our ability to successfully implement our business strategy and affect our financial results. You should carefully consider all of the information in this report and,

in particular, the following principal risks and all of the other specific factors described in Item 1A. of this report, “Risk Factors,” before deciding whether to invest in our company.

- Our business is influenced by a range of factors that are beyond our control and that we have no comparative advantage in forecasting.
- Our revenue and operating results have fluctuated in the past and are likely to fluctuate in the future, and because we recognize revenue from subscriptions over a period of time, downturns in revenue may not be immediately reflected in our operating results.
- Our SaaS business model is subject to risk.
- We cannot accurately predict subscription renewal rates and the impact these rates may have on our future revenue and operating results.
- Our lengthy sales cycles and the difficulty in predicting timing of sales or delays may impair our operating results.
- Because we depend on a relatively small number of customers for a substantial portion of our revenue, the loss of any of these customers or our failure to attract new significant customers could adversely impact our revenue and harm our business.
- The market for customer engagement software, including generative AI product offerings, is competitive, and our business will be adversely affected if we are unable to successfully compete.
- If we fail to expand and improve our sales performance and marketing activities, or retain our sales and marketing personnel, we may be unable to grow our business, which could negatively impact our operating results and financial condition.
- Our failure to maintain, develop, or expand strategic and third-party distribution channels would impede our revenue growth.
- Difficulties and delays in customers implementing our products could harm our revenue and margins.
- We conduct a significant portion of our business and operations outside of the U.S., which exposes us to additional risks that may not exist in the U.S. These risks in turn could cause our operating results and financial condition to suffer.
- Unplanned system interruptions, delays in service or inability to increase capacity, including internationally, at our third-party data center facilities or third-party Platform-as-a-Service (PaaS) provider could impair the use or functionality of our cloud operations and harm our business.
- Software errors could be costly and time-consuming for us to correct, and could harm our reputation and impair our ability to sell our solutions.
- The terms we agree to in our Service Level Agreements or other contracts may result in increased costs or liabilities, which would in turn affect our results of operations.
- If we are unable to increase the profitability of SaaS revenue, if we experience significant customer attrition, or if we are required to delay recognition of revenue, our operating results could be adversely affected.
- We depend on broad market acceptance of our applications and of our business model. If our expectations regarding the market for our applications are not met, our business could be seriously harmed.
- We may be unable to respond to the rapid technological change, including advances in artificial intelligence, and changing customer preferences in digital customer engagement, marketing, and service and this may cause our business to suffer.
- We employ third-party technologies for use in or with our platform and the inability to license such technologies on commercially reasonable terms or the inability to maintain these licenses or errors in the software we license could result in increased costs, or reduced service levels, which could adversely affect our business.

- Our offshore product development, support and professional services may prove difficult to manage or may not allow us to realize our cost reduction goals, produce effective new solutions and provide professional services to drive growth.
- If our cybersecurity systems or the systems of our vendors, partners and suppliers are breached and unauthorized access is obtained to a customer's data, our data or IT systems, our service may be perceived as not being secure, customers may curtail or stop using our service and we may incur significant legal and financial exposure and liabilities.
- Changes in privacy and data protection laws and regulations, including in the European Union (such as the GDPR), the United Kingdom, and other jurisdictions in which we operate, could expose us to risks of noncompliance and costs associated with compliance.
- Privacy concerns and laws, evolving regulation of cloud computing, AI and other domestic or foreign regulations may limit the use, functionality and adoption of our solutions and adversely affect our business.
- Changes in domestic and foreign trade policies, including the imposition of tariffs and retaliatory tariffs, and other factors beyond our control may adversely impact our business, financial condition, and results of operations.
- Geopolitical instability, including the military conflict involving Iran and broader escalation in the Middle East, could adversely affect our business, financial condition, and results of operations.

PART I

ITEM 1. BUSINESS

Overview

eGain powers AI-driven knowledge management for the enterprise. We sell our SaaS platform to enterprises that want to deliver trusted, consumable answers to customers, employees, and AI agents — aiming to reduce cost and improve outcomes across knowledge-intensive workflow. Our platform centralizes enterprise knowledge and puts it to work across customer service, employee support, and AI-powered automation. We are headquartered in Sunnyvale, California, USA. We also operate in the United Kingdom and India.

In July 2026, Gartner named eGain a Leader in the first-ever Magic Quadrant for Customer Service Knowledge Management Systems, positioned highest for Ability to Execute and furthest for Completeness of Vision. Our solutions are used by large enterprises and government organizations across North America and Europe.

Industry Background

Introduction

Our assessment, based on more than two decades of serving clients, is that good contact center agents ignore most information piled on their screens across multiple windows and tabs when they are interacting with customers. They focus on the customer conversation. Meanwhile, businesses expect agents to remember and refresh growing know-how that is needed to answer customer questions across complex, expanding product portfolios and compliance-heavy processes, and then recall it contextually in the moment of truth, when the customer is on the line. In addition, this is expected of an entry-level workforce that is not well-paid, routinely replaced, and globally dispersed, mainly for cost reasons. This knowledge and guidance gap helps explain why Gartner has identified knowledge management systems, alongside live chat and self-service portals, as essential tools for fast, scalable support, and why 58% of customer service leaders in a Gartner survey published in December 2025 said they plan to upskill agents into knowledge management specialists.

AI Economy Demands Modern Knowledge Management

In a world selling commoditized, yet complex products to time-strapped customers, smart tools must increasingly automate self-service interactions and augment agent-assisted customer experiences. In a hybrid workplace, businesses realize that they need to invest in tools that can guide agents and customers with trusted answers, ensuring compliance. Further, AI investments are struggling to deliver value at scale because of the “Garbage In Garbage Out” problem of fragmented knowledge content across an enterprise. We believe the answer is a centralized knowledge hub, a single source of truth that is powered by AI and orchestrated by experts in the loop. Gartner expects this shift to accelerate, predicting that by 2028, 40% of large enterprises will adopt AI-powered customer service knowledge automation, up from less than 5% in 2025.

AI Knowledge for Customer Engagement

To automate customer engagement, generative AI needs trusted content from a knowledge hub that ensures correct, compliant content is served with adequate controls. A knowledge hub can be built and maintained with much less time and cost using AI. It is a perfect technology bootstrap - AI needs trusted knowledge as input and trusted knowledge can be built much easier using AI.

Contact Centers are a Brand Battleground

Contact centers offer a great opportunity within any business operation to automate using AI. According to Forrester Research, there are roughly 15 million contact center agents working globally in 2026. Time-starved customers consuming complex products and grappling with extreme choices generate stubbornly high levels of customer contact. They need quick, correct, and assured help. Gartner predicts that by 2029, agentic AI will autonomously resolve 80% of common customer service issues without human intervention, leading to a 30% reduction in operational costs.

Customer Experience Automation is a Large, Growing Market

Businesses continue to invest in digital transformation, especially in customer experience. To further reduce cost and improve experience, businesses want to harness AI knowledge to automate customer service via omnichannel, conversational interfaces. According to McKinsey, the aggregate cost of customer operations in the global economy is \$1.5 trillion, and businesses could reduce this cost by 35% using AI. Gartner predicts that by 2028, over 50% of customer service organizations will double their technology spend, and in a Gartner survey published in February 2026, 91% of customer service leaders reported executive pressure to implement AI in 2026. Realizing this opportunity depends on foundations that many enterprises have not yet built. Gartner predicts that over 40% of agentic AI projects will be canceled by the end of 2027 due to escalating costs, unclear business value, or inadequate risk controls. We believe a governed, centralized knowledge foundation is what separates the AI projects that succeed from those that do not.

The eGain Approach and Benefits

What Customers Want

We believe customer service queries fall into three categories: informational, transactional, and situational. A customer contact could span one or more of these three categories as the conversation develops. Tools must orchestrate customer contact with context, accounting for machine-human hand-offs (mixed-initiative interaction), channel switching, multimodal interaction, and conversational pause-and-resume. During these interactions, customers increasingly want guidance and trusted answers.

The eGain Solution is Comprehensive

eGain offers a comprehensive solution organized into three hubs, eGain AI Agent™, eGain AI Knowledge Hub™, and eGain Conversation Hub™, to automate customer experiences. In fiscal year 2026, we extended this portfolio with eGain AI Agent 2™ with Assured Actions™, eGain Composer™, our modular AI knowledge development platform, Agentic Studio™ for multi-agent orchestration, and eGain Evaluator™ for continuous quality assurance of AI-generated answers.

eGain AI Agent helps businesses easily deploy enterprise-grade agentic solutions built on trusted knowledge and guided actions. Our AI Agent for contact center assists human agents by actively listening to customer conversations and proactively guiding them step-by-step, across intent identification, issue resolution and contact wrap up. Our AI Agent is available for leading contact center platforms, including Amazon Connect, Cisco Webex Contact Center, Genesys, Salesforce, and Zoom Contact Center.

eGain AI Knowledge Hub helps businesses to centralize knowledge, policies, procedures, situational expertise, and best-practices, while delivering guided, personalized, and trusted answers to customers, agents, and field staff. We believe our guided knowledge applications help agents handle contacts consistently regardless of tenure or expertise, and shorten the time it takes new agents to reach competence.

eGain Conversation Hub offers comprehensive, scalable capabilities for digital-first interaction management within a modern, omnichannel desktop. Human agents are proactively guided by AI knowledge to efficiently serve customers via chat, short message service (SMS), email, social media, phone, video, fax, and letter.

Open, Secure APIs and Third-Party Connectors Deliver Quick Value

Our open, secure platform APIs enable clients and partners to extend and enhance our solutions and to integrate with enterprise assets to enable a single view of the customer. Pre-built integrations include connectors to Adobe, Apple Business Chat, Atlassian Jira, Avaya, Amazon Connect, Cisco, Facebook Messenger, Five9, Google Dialogflow, Genesys, Talkdesk, IBM Watson, Microsoft Dynamics, Microsoft SharePoint, Microsoft Teams, Salesforce, SAP, ServiceNow, and Zendesk. In fiscal year 2026, we extended this architecture with connectors that support the Model Context Protocol (MCP), enabling enterprise AI platforms and development tools, including Microsoft Copilot, Anthropic Claude, and Google Gemini CLI, to retrieve governed answers from the eGain AI Knowledge Hub. We also released integrations for Microsoft Teams, Slack, and Zoom Team Chat to deliver knowledge in the flow of employee work. We offer a novel “Bring Your

Own” composable architecture to plug large language models, external bots, messaging channels, and third-party agent desktops to compose differentiated customer experiences.

Compelling Benefits

Our solution delivers quick value, easy innovation, and big business impact. Specifically, we help businesses:

- **Enhance customer experience** with digital-first, omnichannel service, powered by AI knowledge.
- **Reduce operating costs** with self-service automation, improved agent productivity and time-to-competence.
- **Ensure compliance** with regulations, policies, procedures, and best practices.
- **Deliver insights** to improve service, enhance products and design new offerings.

Competitive Strengths

Analyst-Recognized Leadership in AI Knowledge Management

In July 2026, Gartner named eGain a Leader in the Magic Quadrant for Customer Service Knowledge Management Systems, the first Magic Quadrant Gartner has published for this market, positioning eGain highest for Ability to Execute and furthest for Completeness of Vision. In the companion Critical Capabilities report, eGain received the highest product score of the eight vendors evaluated for the Compliance-Driven Service Center use case, and the second-highest score for the High-Volume Contact Center and Technical and Field Support use cases. In November 2025, Gartner rated eGain an Emerging Leader in its Emerging Market Quadrant for Generative AI Applications, published in the Innovation Guide for Generative AI Technologies. We believe this recognition reflects the depth of our knowledge management capability relative to both established application vendors and newer entrants.

Composable Platform with Rich APIs, Events, and UX Widgets

The eGain solution is a comprehensive omnichannel solution for the customer engagement market, with AI and knowledge applications at its core. We unlock the full power of our cloud platform with extensive APIs on a composable architecture, served via a developer portal to enable knowledge everywhere to power omnichannel customer and employee experiences.

Enterprise-Grade, Secure Cloud Service with Differentiated Offerings

Our cloud offering is secure, scalable, and offers unique capabilities. With respect to security and certification, we offer SOC2, PCI, HIPAA, FedRAMP, and GDPR certification. We are also approved as a supplier on Crown Commercial Service’s (CCS) G-Cloud Framework in the UK market. The Internal Revenue Service uses our solutions served from the eGain Cloud.

Transformative Value at Scale Across Diversified Customer Base

Our solution delivers transformative value at scale. We believe that our understanding of the customer need and our ability to fulfill it with enterprise-grade capability is unmatched. Our clients range from over a hundred thousand users at a healthcare client using our solution on a 24x7 basis to a Property and Casualty (P&C) insurer with fifteen thousand contact center advisors and thirty thousand field agents. Customers who have publicly announced their use of our solutions include Achmea, one of Europe's largest cooperative insurance and financial services groups, which deployed the eGain AI Knowledge Hub and eGain AI Agent to approximately 21,000 contact center and enterprise users; Cabinetnetworks Group; and Hackensack Meridian Health.

Market-leading Innovation with Risk-free Trial Models

To de-risk customer decisions, we offer both self-sign ups and guided pilots at no charge:

- AI Agent self-signup with free trial.

- **Innovation in 30 Days™** program—a 30-day guided pilot in the eGain Cloud – at no cost and no strings attached. Businesses can experience our product with their data, content, and process in a production setting.

Direct Go-to-market Strategy, Complemented by a Growing Partner Ecosystem

We take our solutions to market through a direct sales model, primarily in North America and Western Europe. We complement direct sales with resell partnerships and with product integrations with leading contact center and CRM platform providers, including Amazon Connect, Cisco, Five9, Genesys, Salesforce, Talkdesk, and Zoom. We also partner with System Integrators and boutique consultants.

Customers

We mostly sell to large enterprises, which we define as businesses with over a billion dollars in annual revenue or government organizations. Over 89% of our total revenue for the fiscal year ended June 30, 2026 (which we refer to as fiscal year 2026) came from such large enterprises.

For fiscal year 2026, North America (NA) and combined Europe, Middle East, and Africa (EMEA) revenue accounted for 79% and 21% of total revenue.

One of our largest customers, who is also our partner, accounted for 15% of total revenue in fiscal year 2026.

In fiscal year 2026, we introduced “AI customers” as a customer-focused operating metric. We define AI customers as customers who actively utilize one or more of our AI offerings. This includes all offerings associated with a customer and not solely the AI offerings. Management believes adoption of our AI Knowledge solutions is an important indicator of customer engagement and is intended to help management evaluate customer adoptions, retention, and expansion trends.

Annual recurring revenue from our eGain AI customers was \$54.3 million and \$48.1 million during the fiscal years ended June 30, 2026 and 2025, respectively, which represented an increase of 13% or \$6.2 million. Annual recurring revenue from our eGain AI customers represents 63% and 55% of total annual recurring revenue for the fiscal years ended June 30, 2026 and 2025, respectively.

Competition

We compete with application software providers, including NICE Ltd. and Verint Systems Inc. In the knowledge management systems market specifically, we also compete with providers of knowledge management systems, including KMS Lighthouse, Shelf, Talkdesk, Upland Software, Inc., and USU. In addition, we occasionally compete with some of our platform partners where some of our product capabilities overlap, including Five9, Genesys, Microsoft, Salesforce, and ServiceNow. We also face competition from providers of general-purpose generative AI platforms and from enterprises that elect to build knowledge and AI capabilities using internal resources.

Our target market is highly competitive and some of our competitors may have longer operating histories, greater economies of scale, greater financial resources, greater engineering and technical resources, greater sales and marketing resources, stronger strategic partnerships and distribution channels, larger user bases, products and services with different functions, and feature sets and greater brand recognition than we have. We believe the principal competitive factors in our market include the following:

- proven track record of customer success;
- speed and ease of implementation;
- quick value realization;
- rich product functionality;
- strong analyst ratings;
- strong customer references;

- financial stability and viability of the vendor;
- strong product adoption;
- ease of use and rates of user adoption;
- low total cost of ownership and demonstrable cost-effective benefits for customers;
- performance, security, scalability, flexibility and reliability of the service;
- ease of integration with existing applications;
- quality of customer support;
- availability and quality of implementation, consulting and training services; and
- vendor reputation and brand awareness.

Growth Strategy

We are investing in multiple programs to accelerate growth.

Advance Product and Platform Leadership

Innovation is in our DNA. We are investing actively in experimenting with, enhancing, and applying AI technologies to accelerate and automate tasks in the knowledge management and customer engagement lifecycle. In addition, we are expanding our platform connectivity to CRM, CCaaS, UCaaS, and CMS platforms with enhanced APIs and connectors.

Invest in Direct Sales and Marketing

We design and execute scalable and personalized marketing programs to boost brand awareness, based on client success, product leadership and no-risk trial offers. To complement our marketing investment, we have built and trained a field sales team to maintain high-touch presence in target accounts.

Develop New Partner Relationships

We are developing new partnerships with complementary platform providers (with large customer bases) to enhance their proposition with our Knowledge-powered customer engagement capabilities. At the same time, we are investing in delivery partnerships to scale our delivery capabilities.

Land and Expand in the Enterprise

With the sustained progress we have made in customer success, we see a replicable pattern emerging: land enterprise logos with a small footprint in one business unit, demonstrate business value, and then expand in the enterprise. We believe we are increasing the value of investment in eGain for our clients by deeply integrating our capabilities via our enhanced APIs with enterprise assets like enterprise collaboration platforms, CRM systems, transaction and billing, and content sources.

Selectively Pursue Acquisitions

From time to time, we pursue inorganic strategies to strengthen our product portfolio. As opportunities arise, we look for strategic acquisitions we believe will deliver compelling value faster than organic options.

Sales and Marketing

Sales Strategy

Our sales strategy is to pursue North America and Europe-based enterprises with more than five thousand employees, through a combination of direct sales and partners. These enterprises typically have thousands of customer service agents

in their contact centers. Our direct sales force is organized into teams that include sales representatives and sales consultants. Our direct sales force is complemented by sales development representatives.

Marketing and Partner Strategy

Our brand is built around three pillars: thought leadership, product leadership, and customer advocacy. We have a long track record of thought leadership in this market. Our popular “Knowledge Management for Dummies” publication, for example, enjoys thousands of digital downloads and physical distribution in our target community. The revised second edition of this pioneering work incorporates generative AI updates, including relevant AI-powered product info, customer case studies, and best-practices. In June 2026, research on enterprise knowledge loss co-authored by eGain and Deloitte was published in Deloitte Insights.

Our partners help extend the breadth and depth of our product offerings, drive market awareness, and augment our professional service capabilities. We believe these relationships are important to deliver successful integrated products and services to our customers.

SaaS Services

Our SaaS services provide customers with access to our software on a cloud-based platform that we manage and offer on a subscription basis. These SaaS services allow our customers to easily consume our product innovation without dealing with infrastructure, installation and ongoing administration. We generally offer these services through a 36-month contract, with pricing based on the number of agents or self-service sessions.

Professional Services

Our worldwide professional services organization provides consulting, implementation, training, and managed services to deliver business value, drive customer success and build customer loyalty.

- *Consulting and Implementation Services.* Our offering includes rapid implementation services, platform-based solution extension, and systems integration services. Our consultants work with customers to understand their requirements, analyze their business needs, and implement effective solutions. We provide these services independently or in partnership with distribution partners who have developed expertise on our platform.
- *Training Services.* We provide comprehensive training options to customers and partners. Training programs are offered either online (remote training) or in-person at the customer site. We also offer complementary e-learning through our eGain University education portal to our customers and partners.
- *Managed Services.* We provide a comprehensive set of processes and activities that range from implementation to monitoring the evolution and support of eGain solutions in a company.

Customer Support

We offer 24/7 customer support via online and phone channels worldwide under support agreements. Our customer support centers are in the United States, the United Kingdom, and India.

Research and Development

The market for our products changes rapidly and is characterized by evolving industry standards, swift changes in customer requirements, and frequent product introductions. Automation of CX with AI is an exciting, global market opportunity that is being reimagined. We are investing heavily in product innovation to seize this opportunity in enterprises looking to drive impact at scale in CX, a critical business function.

We continuously analyze market and customer requirements and evaluate external technology that we believe will enhance our competitiveness, increase our lifetime customer value, and expand our target market. Our product roadmap effectively combines build, partner, and buy options.

Intellectual Property

We regard our intellectual property as critical to our success. We rely on intellectual property and other laws, in addition to confidentiality procedures and licensing arrangements, to protect the proprietary aspects of our technology and business.

As of June 30, 2026, we had 17 issued patents in the United States, including certain patents for which petitions for reinstatement are pending following the inadvertent nonpayment of maintenance fees. Our issued U.S. patents expire at various times between 2028 and 2040.

We continually assess the strength of our intellectual property protection for those aspects of our technology that we believe constitute innovations providing significant competitive advantages. Future applications may or may not receive the issuance of valid patents or registered trademarks.

We routinely require our employees, customers, and potential business partners to enter into confidentiality and nondisclosure agreements before we disclose any sensitive aspects of our products, technology, or business plans. In addition, we require employees to agree to surrender to us any proprietary information, inventions or other intellectual property they generate or come to possess while employed by us. Despite our efforts to protect our proprietary rights through confidentiality and license agreements, unauthorized parties may attempt to copy or otherwise obtain and use our products or technology. These precautions may not prevent misappropriation or infringement of our intellectual property. In addition, some of our license agreements with certain customers and partners require us to place the source code for our products into escrow. These agreements typically provide that some party will have a limited, non-exclusive right to access and use this code as authorized by the license agreement if there is a bankruptcy proceeding instituted by or against us, or if we materially breach a contractual commitment to provide support and maintenance to the party.

Human Capital

Our key human capital management objectives are to attract, retain and develop the highest quality talent. To support these objectives, our human resources programs are designed to develop talent to prepare them for critical roles and leadership positions for the future; reward and support employees through competitive pay and benefits; enhance our culture through efforts aimed at making the workplace more engaging and inclusive; and acquire talent and facilitate internal talent mobility to create a high-performing and diverse workforce. As of June 30, 2026, we had 422 employees, including 420 full-time employees, of which 197 were in product development, 128 in services and support, 56 in sales and marketing, and 41 in finance and administration.

None of our employees are covered by collective bargaining agreements. While we believe our relations with our employees are good, our future performance depends largely upon the continued service of our key technical, sales and

marketing, and senior management personnel, none of whom are bound by employment agreements requiring service for a defined period of time.

Available Information

We were incorporated in Delaware in September 1997, and our website is located at www.egain.com. We make available free of charge on our website, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, as soon as reasonably practicable after we electronically file or furnish such materials to the Securities and Exchange Commission at www.sec.gov. Our website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

Information About Our Executive Officers

The following table sets forth information regarding eGain's executive officers as of September 10, 2026:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Ashutosh Roy	60	Chief Executive Officer and Chairman
Eric N. Smit	64	Chief Financial Officer
Rao J. Chandrasekhar	63	Senior Vice President, Products and Services

Ashutosh Roy co-founded eGain and has served as Chief Executive Officer and a Director of eGain since September 1997 and as President since October 1, 2003. From May 1995 through April 1997, Mr. Roy served as Chairman of WhoWhere? Inc., an Internet-services company co-founded by Mr. Roy. From June 1994 to April 1995, Mr. Roy worked at Parsec Technologies, a call center company based in New Delhi, India, which he co-founded. From August 1988 to August 1992, Mr. Roy worked as a software engineer at Digital Equipment Corporation, a major company in the computer industry at the time. Mr. Roy holds a B.S. in Computer Science from the Indian Institute of Technology, New Delhi, a Master's degree in Computer Science from Johns Hopkins University and an M.B.A. from Stanford University.

Eric N. Smit has served as Chief Financial Officer since August 2002. Prior to that, Mr. Smit served in a variety of roles at eGain, including Vice President, Operations from April 2001 to July 2002, Vice President, Finance and Administration from June 1999 to April 2001, and Director of Finance from June 1998 to June 1999. From December 1996 to May 1998, Mr. Smit served as Director of Finance for WhoWhere? Inc., an Internet services company. From April 1993 to November 1996, Mr. Smit served as Vice President of Operations and Chief Financial Officer of Velocity Incorporated, a software game developer and publishing company. Mr. Smit holds a Bachelor of Commerce in Accounting from Rhodes University, South Africa.

Rao J. Chandrasekhar (also known as J.C. Rao) has served as Senior Vice President, Products and Services since September 2024. J.C. Rao joined the Company in August 1999 and has served in a variety of roles, including as Senior Vice President, Services, Support, and Operations from November 2022 to September 2024, and prior to that, other leadership roles in product management and engineering. J.C. Rao earned his Bachelor of Technology from Indian Institute of Technology Madras and M.S. from the University of Texas, Austin.

ITEM 1A. RISK FACTORS

The risks and uncertainties described below are not the only ones facing us. Other events that we do not currently anticipate or that we currently deem immaterial also may affect our results of operations, cash flows and financial condition.

Risks Related to Our Business and Strategy

Our business is influenced by a range of factors that are beyond our control and that we have no comparative advantage in forecasting.

Factors influencing our business include:

- general economic and business conditions;
- currency exchange rate fluctuations;
- the overall demand for enterprise software and services;
- customer acceptance of cloud-based and AI-enabled solutions;
- governmental budgetary constraints or shifts in government spending priorities; and
- general political and regulatory developments.

The global economic climate continues to influence our business. This includes factors such as a general tightening in the credit markets, lower levels of liquidity, increases in the rates of default and bankruptcy, and extreme volatility in credit, equity and fixed income markets. These macroeconomic developments have negatively affected our business, operating results and financial condition in the past, and may continue to do so in the future. A general weakening of, and related declining corporate confidence in, the global economy or the curtailment in government or corporate spending has caused, and may in the future cause, certain current or potential customers to reduce their technology budgets or be unable to fund software or services purchases, which has resulted, and may in the future result, in customers delaying, decreasing or cancelling purchases of our products and services or delaying payment for previously purchased products and services.

Our revenue and operating results have fluctuated in the past and are likely to fluctuate in the future, and because we recognize revenue from subscriptions over a period of time, downturns in revenue may not be immediately reflected in our operating results.

Because we recognize revenue when we have satisfied performance obligations to customers in connection with our sales contracts, most of our revenue each quarter results from recognition of deferred revenue related to agreements entered into during previous quarters. Consequently, declines in new or renewed subscription agreements that occur in one quarter will largely be felt in future quarters, both because we may be unable to generate sufficient new revenue to offset the decline and because we may be unable to adjust our operating costs and capital expenditures to align with the changes in revenue. In addition, our subscription model makes it more difficult for us to increase our revenue rapidly in any period, because revenue from new customers must be recognized over the applicable subscription term.

Other factors that have caused, and may in the future cause, our revenue and operating results to fluctuate include:

- timing of customer budget cycles;
- the priority our customers place on our products compared to other business investments;
- size, timing and contract terms of new customer contracts, and unpredictable and often lengthy sales cycles;
- reduced renewals;
- competitive factors, including new product introductions, upgrades and discounted pricing or special payment terms offered by our competitors, as well as strategic actions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;

- technical difficulties, errors or service interruptions in our solutions that cause customer dissatisfaction with our solutions;
- consolidation among our customers, which may alter their buying patterns, or business failures that may reduce demand for our solutions;
- operating expenses associated with expansion of our sales force or business, and our product development efforts;
- cost, timing and management efforts related to the introduction of new features to our solutions;
- our ability to obtain, maintain and protect our intellectual property rights and adequately safeguard the information imported to our solutions or otherwise provided to us by our customers; and
- extraordinary expenses such as impairment charges, litigation or other payments related to settlement of disputes.

Any of these developments may adversely affect our revenue, operating results and financial condition. Furthermore, we maintain a provision for credit losses resulting from the inability of our customers to make required payments. We have experienced instances in which customers have failed to make required payments, and in such cases, we may be required to defer revenue recognition on sales to affected customers. We have recorded, and may in the future be required, to record additional reserves or write-offs, or defer revenue on sales transactions, which could negatively impact our financial results.

Our SaaS business model is subject to certain risks.

Our business is highly dependent on our ability to continue to expand our SaaS business and cloud operations, including keeping pace with the market transition to SaaS solutions. Some customers have elected not to renew their subscriptions, and customers have reduced, and may in the future reduce, their subscriptions. If customers choose not to renew, or further reduce, their subscriptions, our operating results and financial results will suffer.

The deferral or loss of one or more significant orders has adversely affected, and may in the future materially adversely affect our operating results, especially in a given quarter. As with other software-focused companies, a large amount of our quarterly business tends to come in the last few weeks, or even the last few days, of each quarter. This trend complicates the process of accurately predicting revenue and other operating results, particularly on a quarterly basis. In addition, our business is subject to seasonal factors that have caused, and may continue to cause, our results to fluctuate from quarter to quarter.

We cannot accurately predict subscription renewal rates and the impact these rates may have on our future revenue and operating results.

We allow our customers to elect not to renew their subscriptions for our service after the expiration of their initial subscription period, which is typically 12 to 36 months, and some customers have elected not to renew. In addition, some customers have renewed, and other customers may in the future renew, for fewer subscriptions (in quantity or products) or for shorter contract lengths. We cannot accurately predict renewal rates given our varied customer base of enterprise customers and the number of multiyear subscription contracts. Our renewal rates have fluctuated and may decline or fluctuate as a result of a number of factors, including customer dissatisfaction with our service, decreases in customers' spending levels, decreases in the number of users at our customers, pricing changes and general economic conditions. If our customers do not renew their subscriptions for our service or reduce the number of paying subscriptions at the time of renewal, our revenue will be adversely affected, and our business may suffer.

Our future success also depends in part on our ability to sell additional features and services, more subscriptions or enhanced editions of our service to our current customers. This may also require increasingly sophisticated and costly sales efforts that are targeted at senior management. Similarly, the rate at which our customers purchase new or enhanced services depends on a number of factors, including general economic conditions and our customers' reactions to price changes related to these additional features and services. If our efforts to upsell to our customers are not successful and negative reaction occurs, our business may suffer.

Our lengthy sales cycles and the difficulty in predicting timing of sales or delays may impair our operating results.

The long sales cycle for our products has caused, and may continue to cause, SaaS revenue and operating results to vary significantly from period to period. The sales cycle for our products can be six months or more and varies substantially from customer to customer. Because we sell complex and deeply integrated solutions, it can take many months of customer education to secure sales. Since our potential customers may evaluate our products before, if ever, executing definitive agreements, we may incur substantial expenses and spend significant management and legal effort in connection with a potential customer.

Our multi-product offering and the increasingly complex needs of our customers contribute to a longer and unpredictable sales cycle. Consequently, we often face difficulty predicting the quarter in which expected sales will actually occur. This has contributed, and may continue to contribute, to the uncertainty and fluctuations in our future operating results. In particular, the corporate decision-making and approval process of our customers and potential customers has become more complicated. This has caused our average sales cycle to further increase and, in some cases, has prevented the closure of sales that we believed were likely to close.

Because we depend on a relatively small number of customers for a substantial portion of our revenue, the loss of any of these customers or our failure to attract new significant customers could adversely impact our revenue and harm our business.

We derive a substantial portion of our revenue from sales to a relatively small number of customers. For the fiscal year ended June 30, 2026, our ten largest customers accounted for approximately 56% of our total revenue, compared with approximately 58% for the fiscal year ended June 30, 2025. Our largest customer accounted for approximately 15% and 16% of our total revenue for fiscal 2026 and fiscal 2025, respectively. The composition of these customers has varied in the past, and we expect that it will continue to vary over time. The loss of any significant customer or a decline in business with any significant customer has adversely affected, and could in the future materially and adversely affect our financial condition and results of operations.

The market for customer engagement software, including generative AI product offerings, is competitive, and our business will be adversely affected if we are unable to successfully compete.

The market for customer engagement software is intensely competitive. Other than product innovation and existing customer relationships, there are no substantial barriers to entry in this market, and established or new entities may enter this market in the future. We compete with application software providers, including NICE Ltd. and Verint Systems Inc. In the knowledge management systems market specifically, we also compete with providers of knowledge management systems, including KMS Lighthouse, Shelf, Talkdesk, Upland Software, Inc., and USU. In addition, we occasionally compete with some of our platform partners where some of our product capabilities overlap, including Five9, Genesys, Microsoft, Salesforce, and ServiceNow. We also compete with providers of general-purpose generative AI platforms and with enterprises that develop knowledge management, AI and related capabilities using their own internal resources.

We believe that competition will continue to be fierce as current competitors increase the sophistication of their offerings and as new participants enter the market. Many of our current and potential competitors have longer operating histories, larger customer bases, broader brand recognition, and significantly greater financial, marketing and other resources. Our brand awareness and market visibility may also be more limited than that of certain larger or more established competitors, which has adversely affected, and may continue to adversely affect, our ability to attract prospective customers and compete for enterprise opportunities. With more established and better-financed competitors, these companies have been, and may continue to be, able to undertake more extensive marketing campaigns, adopt more aggressive pricing policies, and make more attractive offers to businesses to induce them to use their products or services. If we are unable to compete successfully, our business will be adversely affected.

We are also investing in AI across the entire company and integrating generative AI capabilities into our product and service offerings. AI technology and services are highly competitive and rapidly evolving markets. We have incurred, and expect to continue to incur, significant development and operational costs to build and support the generative AI capabilities, products, and services necessary to meet the needs of our customers. To compete effectively, we must also be responsive to technological change, potential regulatory developments, and public scrutiny. Such competitive pressure has

resulted, and may continue to result, in decreased sales volumes, price reductions, and/or increased operating costs, such as for research and development, marketing, and sales activities. This has adversely affected, and may continue to adversely affect, lower revenue, gross margins, and operating income. In addition, customers are currently assessing and evolving their AI utilization strategy, so it is difficult to estimate with any reasonable degree of precision the impact of generative AI product offerings on our future revenue, the expected timing or demand for our products and services, and the extent to which customer investment in AI-enabled solutions may displace or accelerate purchases of our existing offerings.

If we fail to expand and improve our sales performance and marketing activities, or retain our sales and marketing personnel, we may be unable to grow our business, which could negatively impact our operating results and financial condition.

Expansion and growth of our business is dependent on our ability to expand our sales force and on the ability of our sales force to increase sales. For example, we have experienced workforce reductions and turnover, and additional reductions or turnover may limit our capacity to develop and maintain awareness of our products in a cost-effective manner. This could hinder widespread adoption of our existing and future products and could result in a failure to expand and attract new customers and enhance relationships with existing customers. This could impede our efforts to improve operations in our other areas and may result in declines in the market price of our common stock.

Due to the complexity of our customer engagement hub platform and related products and services, we must utilize highly trained sales personnel to educate prospective customers regarding the use and benefits of our products and services as well as provide effective customer support. If we have turnover in our sales and marketing teams, we may not be able to successfully compete with our competitors, and our results of operations and financial condition may be harmed.

Our failure to maintain, develop, or expand strategic and third-party distribution channels would impede our revenue growth.

Our success and future growth depend in part upon the skills, experience, performance, and continued service of our distribution partners, including software and hardware vendors and resellers. Our distribution partners engage with us in a number of ways, including assisting us to identify prospective customers, distributing our products and services in geographies where we do not have a physical presence and distributing our products and services where they are considered complementary to other products of the partner or third-party products distributed by the partner. We believe that our future success depends in part upon our ability to develop, maintain and expand strategic, long-term and profitable partnerships and reseller relationships. We have experienced, and may in the future experience, instances in which distribution partners have not marketed, resold, implemented or supported our products to the extent anticipated, or have devoted greater resources to competing products and services. If we are unable to develop, maintain and expand these relationships for any reason, including as a result of any change in the leadership of our distribution partners, or if any existing or future distribution partners fail to successfully market, resell, implement or support our products for their customers, or if distribution partners represent multiple providers and devote greater resources to market, resell, implement and support competing products and services, our future revenue growth could be impeded.

We sometimes rely on distribution partners to recommend our products to their customers. We likewise depend on broad market acceptance by these distribution partners of our product and service offerings. Our agreements generally do not prohibit competitive offerings and our distribution partners may develop market or recommend software applications that compete with our products. We have devoted resources to partnerships that have not always proceeded or generated revenue or other results as anticipated, and this may occur again in the future. Once partnerships are forged, some relationships may not be renewed, and we may be unable to renew other relationships in the future or may only be able to renew them on less favorable terms. If we lose strategic third-party relationships, fail to renew or develop new relationships, or fail to fully exploit revenue opportunities within such relationships, our results of operations and future growth may suffer.

Difficulties and delays in customers implementing our products could harm our revenue and margins.

We generally recognize revenue upon the transfer of control of promised services to our customers in the amount that is commensurate with the consideration that we expect to receive in exchange for those services. If an arrangement requires

significant customization or implementation services from us, recognition of the associated subscription and service revenue has been, and may in the future be, delayed. The timing of the commencement and completion of these services is subject to factors that may be beyond our control, as this process may require access to the customers' facilities and coordination with the customer's personnel after delivery of the software obligations. In addition, customers could cancel or delay product implementations. Implementation typically involves working with sophisticated software, computing and communications systems. If we experience difficulties with implementation or do not meet project milestones in a timely manner, we could be obligated to devote more customer support, engineering, and other resources to a particular project. Some customers have required, and may in the future require, us to develop customized features or capabilities. If new or existing customers cancel or have difficulty deploying our products or require significant amounts of our professional services, support, or customized features, revenue recognition could be cancelled or further delayed and our costs could increase, causing increased variability in our operating results.

Implementation services may be performed by our own staff, by a third-party partner, or by a combination of the two. Our strategy is to work with partners to increase the breadth of capability and depth of capacity for delivery of these services to our customers, and we expect the number of our partner-led implementations to continue to increase over time. If a customer is not satisfied with the quality of work performed by us or a partner or with the type of professional services or functionality delivered, even if we are not contractually responsible for the partner services, then we could incur additional costs to address the situation, the profitability of that work might be impaired and the customer's dissatisfaction with our or our partner's services could damage our ability to expand the scope of functionality subscribed to by that customer. In addition, negative publicity related to our customer relationships, regardless of its accuracy, may further damage our business by affecting our ability to compete for new business with current and prospective customers.

We conduct a significant portion of our business and operations outside of the U.S., which exposes us to additional risks that may not exist in the U.S. These risks in turn could cause our operating results and financial condition to suffer.

We derived 21% and 22% of our revenue from EMEA sales during the fiscal years ended June 30, 2026 and 2025, respectively. In addition to those discussed elsewhere in this section, our EMEA sales operations are subject to a number of specific risks, such as:

- general economic conditions in each country or region in which we do or plan to do business;
- foreign currency fluctuations and imposition of exchange controls;
- changes in data privacy laws including European Union's General Data Protection Regulation (GDPR) and other emerging privacy or AI-related regulations;
- difficulty and costs in staffing and managing our international operations;
- difficulties in collecting accounts receivable and longer collection periods;
- health or similar issues, such as a pandemic or epidemic;
- various international trade restrictions and tax consequences;
- hostilities or geopolitical conflicts in various parts of the world, such as the ongoing war between the United States and Iran, the ongoing war between Russia and Ukraine, and continuing geopolitical instability and hostilities in the Middle East; and
- reduced intellectual property protections in some countries.

We have experienced, and may continue to experience, adverse effects from certain of these risks, including foreign currency fluctuations, increased costs of staffing and managing our international operations, and geopolitical and regulatory developments. Any of the above risks could adversely affect our international operations, reduce our revenue from customers outside of the United States or increase our operating costs, each of which could adversely affect our business, results of operations, financial condition, and growth prospects.

As of June 30, 2026, approximately 44% of our workforce was employed in India. Of our employees in India, 57% are allocated to research and development. Although the movement of certain operations internationally was principally

motivated by cost cutting, the continued management of these remote operations requires significant management attention and financial resources that have affected, and may continue to affect, our operating performance. In addition, with the significant increase in the number of foreign businesses that have established operations in India, the competition to attract and retain employees there has increased significantly. As a result of the increased competition for skilled workers, we have experienced increased compensation costs and expect these costs to increase in the future. Our reliance on our workforce in India makes us particularly susceptible to disruptions in the business environment in that region. In particular, sophisticated telecommunications links, high-speed data communications with other eGain offices and customers, and overall consistency and stability of our business infrastructure are vital to our day-to-day operations, and we have experienced, and may in the future experience, disruptions or impairments to such infrastructure that could adversely affect our financial condition and results. In addition, the maintenance of stable political relations between the U.S., the European Union (EU) and India are also of great importance to our operations. Changes in U.S.-India trade policy have introduced uncertainty into the relationship, including the imposition in 2025 of additional tariffs on certain Indian goods and subsequent modifications to those tariffs in 2026. Future changes in tariffs, trade restrictions or other trade policies could create additional uncertainty or adversely affect the broader business environment in India.

Any of these risks have had, and may in the future have, a significant impact on our product development, customer support, or professional services. To the extent the benefit of maintaining these operations abroad does not exceed the expense of establishing and maintaining such activities, our operating results and financial condition will suffer.

Unplanned system interruptions, delays in service or inability to increase capacity, including internationally, at our third-party data center facilities or third-party Platform-as-a-Service (PaaS) providers could impair the use or functionality of our cloud operations and harm our business.

Our customers have in the past experienced some interruptions with our cloud operations. We believe that these interruptions may continue to occur from time to time. These interruptions have resulted, and may in the future result, from hardware and operating system failures, issues with third-party PaaS platforms, or other operational disruptions. Such interruptions have affected, and may in the future affect, the availability or performance of our hosted operations and our ability to provide remote management services. Our business could be materially harmed if we experience frequent or long system interruptions. We have also experienced, and may continue to experience, occasional temporary capacity constraints due to sharply increased traffic or other Internet-wide disruptions, which have caused, and may in the future cause, unanticipated system disruptions, slower response times, impaired quality, and degradation in levels of customer service. If these interruptions or disruptions become more frequent or prolonged, our business and reputation could be seriously harmed.

Our success largely depends on the efficient and uninterrupted operation of our computer and communications hardware network systems, and third-party cloud platforms. We currently serve our customers from third-party data center facilities and third-party PaaS providers operated in the U.S. and other international locations. We have experienced, and may in the future experience, service interruptions or impairments resulting from issues affecting our systems or those of our third-party providers. Any damage to, or failure of, our systems or those of our third-party providers generally could interrupt service or impair the use or functionality of our cloud operations. In addition, as we continue to increase the number of customers and users on our cloud operations, we will need to increase the capacity of our data center and PaaS infrastructure. If we do not increase our capacity in a timely manner, customers could experience interruptions or delays in access to our cloud operations. Customer data that we store in third-party data centers may also be vulnerable to damage or interruption from floods, fires, earthquake, power loss, telecommunications failures and similar events. Any damage to, or failure of, our systems, or those of our third-party providers, could result in impairment of, or interruptions in, our service. Impairment or interruptions in our service may reduce our revenue, cause us to issue credits, pay penalties, or cause customers to terminate their subscriptions and adversely affect our renewal rate and our ability to attract new customers. Our business will also be harmed if our customers and potential customers believe our cloud operations are unreliable.

We maintain a business continuity plan for our customers in the event of an outage. We maintain other co-locations for the purpose of disaster recovery as well as maintaining backups of our customer's information. We provide premium disaster recovery and standard disaster recovery to our customers. If a customer opts not to pay for premium disaster recovery, we will only assure that their data is available within 72 hours. This delay could cause severe disruptions to our

customers' customers and may result in customer termination of our solutions. Our premium disaster recovery service provides for an alternative data center and a return to operations within one business day.

We have entered into support obligations with our customers that require minimum performance standards, including standards regarding the response time of our support services. If we fail to meet these standards, our customers could terminate their relationships with us, and we could be subject to contractual refunds, and exposure to claims for losses from our customers.

Software errors could be costly and time-consuming for us to correct, and could harm our reputation and impair our ability to sell our solutions.

Our solutions are based on complex software that may contain errors, or "bugs," that could be costly to correct, harm our reputation, and impair our ability to sell our solutions to new customers. Moreover, customers relying on our solutions may be more sensitive to such errors, and potential security vulnerabilities and business interruptions for these applications. If we incur substantial costs to correct any errors of this nature, our operating margins could be adversely affected. Because our customers depend on our solutions for critical business functions, any service interruptions could result in lost or delayed market acceptance and lost sales, higher service-level credits and warranty costs, diversion of development resources, and product liability suits.

The terms we agree to in our Service Level Agreements or other contracts may result in increased costs or liabilities, which would in turn affect our results of operations.

Our Service Level Agreements provide for service credits for system unavailability, and in some cases, indemnities for loss, damage, or costs resulting from use of our system. If we were required to provide any of these in a material way, our results of operations would suffer.

If we are unable to increase the profitability of SaaS revenue, if we experience significant customer attrition, or if we are required to delay recognition of revenue, our operating results could be adversely affected.

We have invested, and expect to continue to invest, substantial resources to expand, market, implement, and refine our cloud offerings. If we are unable to increase the volume of our subscription business, we may not be able to achieve sustained profitability.

Factors that could harm our ability to improve our gross margins, which may affect our operating profitability, include:

- increased costs to license and maintain third-party software embedded in our software applications or the cost to create or substitute such third-party software if it can no longer be licensed on commercially reasonable terms;
- our inability to maintain or increase the prices customers pay for our products and services based on competitive pricing pressures and general economic conditions limiting customer demand;
- increased cost of third-party services providers, including data centers for our cloud operations and professional services contractors performing implementation and technical support services to cloud customers;
- customer contractual requirements that delay revenue recognition until customer implementations commence production operations or customer-specific requirements are met;
- significant attrition as customers decide for their own economic or other reasons to not renew their subscription contracts when they are up for renewal negatively impacting the efficiency of our data centers and leading to the costs being spread over fewer customers negatively impacting gross margin; and
- the inability to implement, or delays in implementing, technology-based efficiencies and efforts to streamline and consolidate processes to reduce operating costs.

We depend on broad market acceptance of our applications and of our business model. If our expectations regarding the market for our applications are not met, our business could be seriously harmed.

We depend on the widespread acceptance and use of our applications as an effective solution for businesses seeking to manage high volumes of customer interactions across multiple channels, including Web, phone, email, print, in-person and AI-enabled digital channels. While we believe the potential to be very large, we cannot accurately estimate the size or growth rate of the potential market for such product and service offerings generally, and we do not know whether our products and services in particular will achieve broad market acceptance. The market for customer engagement software is rapidly evolving, and concerns over the security and reliability of online transactions, the privacy of users and quality of service or other issues may inhibit the growth of the Internet and commercial online services. If the market for our applications fails to grow or grows more slowly than we currently anticipate, our business will be seriously harmed.

Furthermore, our business model is premised on business assumptions that are still evolving. Our business model assumes that customers will increasingly elect to communicate through multiple channels, including AI-enabled digital channels, as well as demand integration of these channels into the traditional telephone-based call center. If any of these assumptions are incorrect or if customers and companies do not adopt digital and AI-enabled technologies in a timely manner, our business will be seriously harmed and our stock price will decline.

We may be unable to respond to the rapid technological change, including advances in artificial intelligence, and changing customer preferences in digital customer engagement, marketing, and service and this may cause our business to suffer.

If we are unable, for technological, legal, financial or other reasons, to adapt in a timely manner to changing market conditions in the online sales, marketing, customer service and/or e-commerce industry or our customers' or Internet users' requirements or preferences, our business, results of operations and financial condition would be materially and adversely affected. Business on the Internet is characterized by rapid technological change. In particular, generative AI, agentic AI and other AI technologies are evolving rapidly and are changing customer expectations regarding the functionality, performance, automation and cost of customer engagement and knowledge management solutions. In addition, the market for online sales, marketing, customer service and expert advice solutions is relatively new. Changes in customer and Internet user requirements and preferences, frequent new product and service introductions embodying new technologies, including AI-enabled technologies, and the emergence of new industry standards and practices such as but not limited to security standards could render our services and our proprietary technology and systems obsolete or less competitive. We have invested, and expect to continue to invest, significant resources in developing and integrating AI capabilities into our products and services. However, the pace and direction of AI development and customer adoption are difficult to predict, and our AI offerings may not develop as anticipated or achieve the level of customer adoption that we expect. The rapid evolution of these products and services will require that we continually improve the performance, features and reliability of our services. Our success will depend, in part, on our ability to:

- enhance the features and performance of our services, including our AI-enabled capabilities;
- develop and offer new services that are valuable to companies; and
- respond to technological advances in AI and other technologies and emerging industry standards and practices in a cost-effective and timely manner.

If any of our new services, including upgrades to our current services, or new or enhanced AI capabilities, do not meet our customers' expectations, our business may be harmed. Our development and deployment of AI-enabled offerings may also require substantial investments in technology, infrastructure, third-party models and services, personnel, security and compliance. Updating our technology may require significant additional capital expenditures and could materially and adversely affect our business, results of operations, and financial condition.

If new services require us to grow rapidly, this could place a significant strain on our managerial, operational, technical, and financial resources. In order to manage our growth, we could be required to implement new or upgraded operating and financial systems, procedures and controls. Our failure to expand our operations in an efficient manner could cause our expenses to grow, our revenue to decline or grow more slowly than expected and could otherwise have a material adverse effect on our business, results of operations and financial condition.

We employ third-party technologies for use in or with our platform and the inability to license such technologies on commercially reasonable terms or the inability to maintain these licenses or errors in the software we license could result in increased costs, or reduced service levels, which could adversely affect our business.

Our platform incorporates certain third-party software obtained under licenses from other companies, and we use third-party software development tools and other third-party technologies, including APIs, libraries, cloud-based services and AI models, as we continue to develop and enhance our platform. We anticipate that we will continue to rely on such third-party software in the future. Although we believe that there are commercially reasonable alternatives to many of the third-party software we currently license, this may not always be the case, or it may be difficult or costly to replace such software. In addition, integration of the software used in our platform with new third-party software may require significant work and require substantial investment of our time and resources. Also, to the extent that our platform depends upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our platform, delay new feature introductions, result in a failure of our functionality, and injure our reputation. Third-party providers may also modify, discontinue or restrict access to their technologies, change their pricing or licensing terms, or impose new technical, contractual or usage limitation. Our use of additional or alternative third-party software would require us to enter into license agreements with

third parties. To the extent we need to license third-party technologies, we may be unable to do so on commercially reasonable terms or at all.

Third-party licenses may expose us to increased risks, including risks associated with the integration of new technology, the diversion of resources from the development of our own proprietary technology, dependency on the continued availability and performance of third-party technologies, and our inability to generate revenue from new technology sufficient to offset associated acquisition and maintenance costs. In the event that we are not able to maintain our licenses to third-party software, or cannot obtain licenses to new software as needed, or in the event third-party software used in conjunction with our platform contains errors or defects, or become unavailable or materially more costly, our business, operating results, and financial condition may be adversely affected.

Our offshore product development, support and professional services may prove difficult to manage or may not allow us to realize our cost reduction goals, produce effective new solutions and provide professional services to drive growth.

We use offshore resources to perform new product and services development and provide support and professional consulting efforts, which requires detailed technical and logistical coordination. We must ensure that our international resources and personnel are aware of and understand development specifications and customer support, as well as implementation and configuration requirements and that they can meet applicable timelines. If we are unable to maintain acceptable standards of quality in support, product development and professional services, our attempts to reduce costs and drive growth through new products and margin improvements in technical support and professional services may be negatively impacted, which would adversely affect our results of operations. Outsourcing services to offshore providers may expose us to misappropriation of our intellectual property or that of our customers, or make it more difficult to defend intellectual property rights in our technology.

If we are unable to hire and retain key personnel, our business and results of operations would be negatively affected.

Our success depends in large part on the skills, experience and performance of our senior management, engineering, sales, marketing and other key personnel. The loss of the services of any of our senior management or other key personnel, including our Chief Executive Officer and co-founder, Ashutosh Roy, could harm our business. Additionally, in the technology industry, there is substantial and continuous competition for highly skilled business, product development, technical and other personnel. We have experienced, and expect to continue to experience, significant competition for qualified personnel and increased compensation costs in certain markets. Such increased cost may not be offset by either improved productivity or higher sales. Our failure to recruit new personnel and to retain and motivate existing personnel could have significant negative effects on us, including impairing our ability to expand our business, and our results of operations could suffer.

We may not be able to realize the benefits of offering the limited, free “Innovation in 30 Days” version of our service.

We offer a limited version of our subscription service to customers or potential customers free of charge (known as “Innovation in 30 Days”) in order to promote usage, brand and product awareness, and adoption, and we invest time and resources for such initial engagements without compensation from the customers. Some customers do not enter into definitive contracts for our paid subscription service despite the time and effort we may have expended on such initiatives. To the extent that these customers do not become paying customers, we will not realize the intended benefits of this marketing effort, and our ability to grow our business and revenue may be harmed.

We may not be able to raise additional capital on acceptable terms, if at all, or without dilution to our stockholders, which could limit our ability to grow our business and expand our operations.

Our working capital requirements in the foreseeable future are subject to numerous risks and will depend on a variety of factors. We may seek additional funding to finance our operations or should we make acquisitions. We may also need to secure additional financing due to unforeseen or unanticipated market conditions. We may try to raise additional funds through public or private financings, strategic relationships, or other arrangements. Such financing may be difficult to

obtain on terms acceptable to us, if at all. If we raise additional funds through the issuance of equity or convertible securities, then the issuance could result in substantial dilution to existing stockholders. If we raise additional funds through the issuance of debt securities or preferred stock, these new securities would have rights, preferences, and privileges senior to those of the holders of our common stock. In addition, the terms of these securities could impose restrictions on our operations. If we are not able to raise additional funds on terms acceptable to us, if and when needed, our ability to fund our operations, take advantage of opportunities, and develop or expand our business could be significantly limited.

Our provision may be insufficient to cover accounts receivable we are unable to collect.

We assume a certain level of credit risk with our customers in order to do business. Conditions affecting any of our customers have caused, and may in the future cause, them to become unable or unwilling to pay us in a timely manner, or at all, for products or services we have already provided. In the past, we have experienced collection delays from certain customers, and we may continue to experience similar or more severe delays in the future. Although we have established a provision to cover losses due to delays or inability to pay, there can be no assurance that such reserves will be sufficient to cover our losses. If losses due to delays or inability to pay are greater than our reserves, it could harm our business, operating results and financial condition.

If we acquire companies or technologies, we may not realize the expected business benefits, the acquisitions could prove difficult to integrate, disrupt our business and adversely affect our operations.

As part of our business strategy, we may periodically make investments in, or acquisitions of, if any, complementary businesses, joint ventures, services and technologies and intellectual property rights, and we expect that we will continue to evaluate such investments and acquisitions in the future. Acquisitions and investments involve numerous risks, including:

- the potential failure to achieve the expected benefits of the combination or acquisition;
- difficulties in and the cost of integrating operations, technologies, services and personnel;
- diversion of financial and managerial resources from existing operations;
- risks of entering new markets in which we have little or no experience or where competitors may have stronger market positions;
- potential write-offs of acquired assets or investments, and potential financial and credit risks associated with acquired customers;
- potential loss of key employees;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- the inability to maintain relationships with customers and partners of the acquired business;
- the difficulty of transitioning the acquired technology onto our existing platforms and integrating such technology in a manner consistent with our security, privacy and other operational standards;
- potential unknown liabilities associated with the acquired businesses;
- unanticipated expenses related to acquired technology and its integration into existing technology;
- negative impact to our results of operations because of the depreciation and amortization of amounts related to acquired intangible assets, fixed assets and deferred compensation, and the loss of acquired deferred revenue and unbilled deferred revenue;
- delays in customer purchases due to uncertainty related to any acquisition;
- the need to implement controls, procedures and policies at the acquired company;
- challenges caused by distance, language and cultural differences;
- in the case of foreign acquisitions, the challenges associated with integrating operations across different cultures and languages and any currency and regulatory risks associated with specific countries; and
- the tax effects of any such acquisitions.

If we are unable to successfully identify, complete and integrate acquisitions or investments, or if we fail to realize the anticipated benefits of any such transaction, our business, financial condition and results of operations could be adversely affected.

We may be subject to legal liability and/or negative publicity for the services provided to consumers through our technology platforms.

Our technology platforms enable representatives of our customers as well as individual service providers to communicate with consumers and other persons seeking information or advice on the Internet. We may have limited ability to control the information, advice or other content transmitted through our platforms by our customers or their users. Users of our technology platforms may provide negligent, unlawful or otherwise inappropriate information or content through our technology platforms, or otherwise engage in unlawful conduct, and we may be subject to claims or regulatory scrutiny arising from such activities.

Claims could be made against providers of online services under both U.S. and foreign law based on fraud, defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories relating to content or activities occurring through their services. Laws governing online platforms, intermediary liability, user-generated content and content moderation continue to evolve in the United States and internationally, and changes in these laws or their interpretation could increase our potential liability or compliance obligations. Our defense of any of these actions could be costly and involve significant time and attention of our management and other resources.

Certain U.S. laws provide limitations on liability for qualifying online service providers. For example, Section 512 of the Digital Millennium Copyright Act (DMCA) provides limitations on liability for certain copyright claims if applicable statutory requirements are satisfied. We cannot assure that these protections will apply to us in any particular circumstance or that we will satisfy all requirements necessary to qualify for applicable safe harbors. If these protections are unavailable, narrowed or otherwise limited, we could face increased exposure to claims, litigation, regulatory scrutiny and associated costs.

If our cybersecurity systems or the systems of our vendors, partners and suppliers are breached and unauthorized access is obtained to a customer's data, our data or IT systems, our service may be perceived as not being secure, customers may curtail or stop using our service and we may incur significant legal and financial exposure and liabilities.

Security incidents have become more prevalent across industries and the methods and techniques used by threat actors continue to evolve at a rapid pace, including through the use of artificial intelligence and other increasingly sophisticated tools. We have experienced, and may continue to experience, cybersecurity threats and incidents affecting or targeting our systems. We may be unable to identify current attacks, anticipate these attacks or implement adequate security measures. Our service involves the storage and transmission of customers' proprietary information, and security incidents could expose us to a risk of loss of this information, loss of access, litigation and possible liability. The techniques used to effect unauthorized penetration of computer systems are constantly evolving and have been increasing in sophistication. While we have security measures in place that are designed to protect customer information and prevent data loss and other security breaches, these security measures may be breached as a result of third-party action, including intentional misconduct by computer hackers (which may involve nation states and individuals sponsored by them), employee error, malfeasance or otherwise and result in someone obtaining unauthorized access to our customers' data or our data, including our intellectual property and other confidential business information, or our IT systems. Additionally, third-parties have attempted, and may continue to attempt, through phishing, social engineering or otherwise, to fraudulently induce employees or customers into disclosing sensitive information such as usernames, passwords or other information in order to gain access to our customers' data or our data or IT systems.

Employees or contractors have introduced vulnerabilities in, and enabled the exploitation of, our IT environments in the past and may do so in the future. These cybersecurity attacks threaten to misappropriate our proprietary information, cause interruptions of our IT services and commit fraud. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. Further, if unauthorized access or sabotage remains undetected for an extended period of time, the effects of such incidents could be exacerbated. In addition, our ability to defend against and mitigate cyberattacks depends in part on prioritization decisions that we and third parties upon whom we rely on to address vulnerabilities and security defects. While we endeavor to address all identified vulnerabilities in our products, we must make determinations as to how we prioritize developing and deploying the respective fixes, and we may be unable to do so prior to an attack.

In addition, our customers may authorize third-party access to their customer data located in our cloud environment. Because we do not control the transmissions between customer authorized third parties, or the processing of such data by customer authorized third parties, we cannot ensure the integrity or security of such transmissions or processing.

Cybersecurity attacks could require significant expenditures of our capital and diversion of our resources. If these attacks are successful, they could result in the theft of proprietary, personally identifiable, confidential and sensitive information of ours, our employees, our customers and our business partners, and could materially disrupt business for us, our customers and our business partners. A successful cybersecurity attack involving our data center, network or software products could also negatively impact the market perception of the effectiveness of our products or lead to contractual

disputes, litigation or government regulatory action against us, any of which could materially adversely affect our business, reputation and resulting operations.

We may also experience disruptions, outages, and other performance problems on our systems due to service attacks, unauthorized access, or other security-related incidents. For example, third parties may conduct attacks designed to temporarily deny customers access to our services. Any successful denial of service attack could result in a loss of customer confidence in the security of our platform and damage to our brand.

Any security incidents could negatively affect our ability to attract new customers, cause existing customers to elect to not renew their subscriptions, result in reputational damage or subject us to third-party lawsuits, regulatory fines, or other action or liability, which could adversely affect our operating results. Any insurance coverage we may have related to security and privacy damages may not be adequate for liabilities actually incurred and we cannot be certain that insurance will continue to be available to us on economically reasonable terms, or at all. These risks are likely to increase as we continue to grow the scale and functionality of our platform and process, store, and transmit increasingly large amounts of our customers' information and data, which may include proprietary or confidential data or personal or identifying information.

Changes in privacy and data protection laws and regulations, including the European Union (such as the GDPR), the United Kingdom, and other jurisdictions in which we operate, could expose us to risks of noncompliance and costs associated with compliance.

We transfer personal data from the European Economic Area (EEA), the United Kingdom, and Switzerland to the U.S. Historically, these transfers relied on the U.S.-EU and U.S.-Swiss Safe Harbor Frameworks and their successors, the EU-U.S. and Swiss-U.S. Privacy Shield Frameworks, which were invalidated by the EU Court of Justice. We have self-certified to the EU-U.S. Data Privacy Framework (EU-U.S. DPF), the UK extension to the EU-U.S. DPF (UK DPF Extension), and the Swiss-U.S. DPF, which serve as the current lawful transfer mechanisms for personal data transfers to the U.S. from the EEA, the United Kingdom, and Switzerland, respectively. Like their predecessors, these frameworks remain subject to legal challenge, and the European Commission may suspend, amend, or limit their scope. In addition to our DPF certifications, we rely on standard contractual clauses (SCCs) approved by the European Commission as a supplementary transfer mechanism. These developments regarding cross-border data transfers have created uncertainty and increased the risk around our international operations and may require us to review and amend the legal mechanisms by which we make or receive personal data transfers to the U.S. and other jurisdictions. We may, among other things, be required to implement additional contractual and technical safeguards for any personal data transferred out of the EEA, Switzerland, the United Kingdom or other regions which may increase compliance costs, lead to increased regulatory scrutiny or liability, may require additional contractual negotiations, and may adversely impact our business, financial condition and operating results.

We have also experienced, and may continue to experience, increased customer scrutiny and contractual requirements relating to international data transfers and data localization. Certain European or multi-national customers may be hesitant or unwilling to use services that involve transfers of personal data to the United States or may require data to be stored or processed within particular jurisdictions. Satisfying such requirements may require additional infrastructure, contractual commitments or operational changes and could increase our costs or lengthen sales cycles.

We publicly post our privacy policies and practices concerning our processing, use and disclosure of personal information. If our actual practices are inconsistent, or are alleged to be inconsistent, with these statements or applicable privacy requirements, we could be subject to potential governmental or regulatory action, litigation, contractual claims or reputational harm. Further, the costs of compliance with, and other burdens imposed by, such laws, regulations and policies that are applicable to us may limit the use and adoption of our products and solutions and could have a material adverse impact on our results of operations.

Privacy concerns and laws, evolving regulation of cloud computing, AI and other domestic or foreign regulations may limit the use, functionality and adoption of our solutions and adversely affect our business.

We are subject to a growing number of federal, state and foreign laws, regulations and standards governing data privacy, cybersecurity and the collection, processing, storage, use and transfer of personal information. These requirements are

evolving rapidly and have increased, and may continue to increase, our compliance obligations, operational complexity and costs. Unfavorable laws, regulations, or interpretations could limit demand for our services, increase compliance costs, or restrict our ability to offer our services and solutions in certain locations. Although we have implemented contracts, diligence programs, policies and procedures designed to address compliance with applicable laws and regulations, there can be no assurance that our employees, contractors, partners, suppliers, data providers or agents will not violate such laws and regulations or our contracts, policies and procedures. Additionally, public perception and standards related to the privacy of personal information can shift rapidly, in ways that may affect our reputation or influence legislators to enact regulations and laws, or regulators to enforce such laws or issue guidance, in each case that may limit our ability to provide certain products and services.

In the U.S., the California Consumer Privacy Act (CCPA), as amended by the California Privacy Rights Act (CPRA) provides California residents with expanded rights regarding personal information and impose significant compliance obligations. The CCPA, also applies to our collection and use of personal information relating to personnel. This may require separate compliance workflows for personnel data, increasing our administrative burden and compliance costs. In addition, numerous other states have adopted comprehensive privacy laws with varying requirements and enforcement mechanisms, including obligations related to sensitive personal information, data subject rights, and cybersecurity programs. Compliance with these laws increases operational complexity and costs, and failure to comply could result in investigations, fines, litigation, contractual liability, or reputational harm.

Internationally, global “digital” regulations continue to develop and evolve, including the EU’s GDPR, ePrivacy Directive, Network and Information Systems 2 Directive, Digital Operational Resilience Act, Cyber Resilience Act, Data Act, and Digital Services Act. In addition, India’s Digital Personal Data Protection Act, 2023 (DPDP Act), with implementing rules notified in November 2025 and core compliance obligations commencing in May 2027, applies broadly to personal data processed within India and personal data outside the territory of India if such processing is in connection with any activity related to offering of goods or services to data subjects. We will continue to monitor developments related to existing and new “digital” laws which will require us to incur additional costs and expenses in an effort to monitor and comply with such laws. In addition to costs involved in monitoring and analyzing such laws to determine to what extent they apply, and costs involved in any compliance measures, there are also financial risks in the event of enforcement action, with many imposing penalties for noncompliance. Further, to the extent that any new laws may limit our ability to provide our solutions to customers, our business, financial condition, and operating results could be adversely affected.

At the U.S. state level, states have enacted AI-specific regulations that may impose obligations on both developers and deployers of AI systems. Colorado SB 26-189’s (the Colorado Artificial Intelligence Act) and California’s regulations governing Automated Decision-Making Technology (ADMT) under the CCPA may require transparency, impact assessments, and opt-out rights. As a deployer of AI, eGain may be subject to obligations under these or similar frameworks. Compliance with these requirements could increase costs, limit the functionality or availability of our solutions, or otherwise adversely affect our business.

In addition to government activity, privacy advocacy and other industry groups have established or may establish new self-regulatory standards that may place additional burdens on us. Our customers expect us to meet voluntary certification or other standards established by third parties, such as TRUSTe and other privacy, security and compliance frameworks. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our solutions to certain customers and could harm our business.

The costs of compliance with and other burdens imposed by laws, regulations and standards have increased, and may continue to increase, our costs and operational requirements and may limit the use and adoption of our service and reduce overall demand for it, or lead to significant fines, penalties or liabilities for any noncompliance.

Furthermore, concerns regarding data privacy may cause our customers’ customers to resist providing the data necessary to allow our customers to use our service effectively. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements could inhibit sales of our products or services, and could limit adoption of our subscription solution. Moreover, as our customers face increased scrutiny for data privacy breaches, they have sought, and may continue to seek, to allocate additional privacy and cybersecurity risk to us through contractual requirements, indemnities and liability provisions, which may increase our contractual exposure.

Issues in the development and use of AI may result in reputational or competitive harm or liability.

We are integrating AI into several of our offerings and anticipate significant growth in this area. However, like many innovations, AI comes with risks and challenges that could impact its adoption and our business. These may include flawed algorithms or training methods, inadequate or biased datasets and outputs, hallucinations, concept drift, and harmful, misleading, or unlawful content that may be generated by AI systems. AI systems may be deployed without adequate human oversight, particularly in customer service contexts. These risks may be heightened in our regulated industry verticals, including financial services, insurance, healthcare, and telecommunications, where inaccurate or harmful AI outputs or AI-based decisions could cause customer harm, trigger regulatory scrutiny or claims, and result in legal liability, reputational damage, or competitive harm. While eGain does not control or assume responsibility for such AI-generated outputs, their use by customers could nonetheless result in disputes, regulatory scrutiny, legal liability, or reputational harm that may indirectly affect us. In addition, poor development or deployment practices could undermine customer confidence, hinder AI acceptance, cause harm, or result in products not performing as intended.

The regulatory environment for AI is evolving rapidly. Emerging laws and regulations, including the EU AI Act, U.S. federal and state initiatives, and other international measures, may require transparency, documentation, risk assessment, monitoring, and mitigation. In the absence of comprehensive federal AI legislation in the U.S., a growing number of states have enacted AI-specific laws, creating a patchwork of regulatory requirements. These state laws vary in scope, definitions, and compliance requirements, which may increase our operational complexity and costs. Compliance with these evolving laws and regulations could increase our costs, and any failure to comply may harm our reputation, customer trust, operations, and financial condition. Further, a number of countries and states are still considering their legislative approach to AI and the law in this area, creating uncertainty. These challenges, along with other issues related to innovative technologies, could expose us to increased compliance costs, competitive harm, regulatory actions, legal liabilities, and reputational damage. Some AI applications raise ethical concerns or have broad societal impacts. If our AI solutions lead to unintended consequences, misuse, or controversy due to their effects on human rights, privacy, employment, or other social, economic, or political issues, we may face reputational harm, negatively affecting our business and financial performance. We also rely in part on third-party AI technologies, such as those provided by OpenAI and other partners. If these partners experience disruptions, errors, restrictions on training data, regulatory challenges, or cease to provide access on commercially reasonable terms, our ability to offer AI-enabled solutions could be impaired.

The FTC and state attorneys general are increasingly scrutinizing AI systems for potential consumer harm, unfair or deceptive practices, and algorithmic discrimination. Enforcement actions and investigations in this area are growing, and any such action involving us, our customers, or our AI-enabled solutions could increase compliance costs, restrict our operations, or result in penalties, litigation, or reputational harm.

The inherent uncertainty of AI technologies, combined with evolving legal, ethical, and societal expectations, could materially and adversely affect our business, financial condition, operating results, and prospects.

Anti-corruption, anti-bribery, and similar laws, and failure to comply with these laws, could subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to anti-corruption and anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the UK Bribery Act 2010, and other applicable laws in the countries in which we conduct activities. These laws are interpreted broadly and generally prohibit companies and their employees, agents and other intermediaries from promising, authorizing, making or offering improper payments or other benefits to government officials and, in some jurisdictions, private parties. As we conduct business internationally and engage with customers, partners, resellers and other third parties in multiple jurisdictions, we face compliance risks under these laws, which may increase as our international business expands. We have implemented policies and procedures designed to promote compliance with applicable anti-corruption and anti-bribery laws, but we cannot assure that our employees, agents, partners or other third parties will always comply with such

requirements. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, adverse media coverage, and other consequences. Any investigations, actions, or sanctions could harm our business, operating results, and financial condition.

Industry-specific regulation is evolving and unfavorable industry-specific laws, regulations or interpretive positions could limit our ability to provide services and harm our business.

Our customers and potential customers conduct business in a variety of industries, including financial services, the public sector, healthcare, telecommunications and other highly regulated industries. Regulators in certain industries have adopted and continue to adopt and interpret regulations and guidance regarding the use of cloud computing, AI and other outsourced services. The costs of compliance with, and other burdens imposed by, industry-specific laws, regulations and interpretive positions have affected, and may continue to affect customers' use and adoption of our services and reduce overall demand for our services. For example, some financial services regulators have imposed guidelines for use of cloud computing services that mandate specific controls or require financial services enterprises to obtain regulatory approval prior to outsourcing certain functions. If we are unable to comply with these guidelines or controls, or if our customers are unable to obtain regulatory approval to use our service where required, our business may be harmed. Our business is also subject to an evolving and increasingly complex regulatory environment relating to AI, cybersecurity, outsourcing and data governance, including the EU Artificial Intelligence Act, Network and Information Systems 2 Directive, and Digital Operational Resilience Act in the EU, as well as U.S. and international regulatory requirements and frameworks applicable to AI and cloud services. These developments have resulted, and may continue to result, in increased customer diligence, contractual requirements and requests for additional controls, transparency, documentation and monitoring. We may be faced with questions and additional requirements from customers, and compliance may require us to implement additional controls, transparency measures, or monitoring obligations. In addition, an inability to satisfy certain certification, authorization or compliance frameworks that our customers may require or expect, such as an attestation of compliance with the PCI Data Security Standards, requirements applicable under HIPAA, FEDRAMP requirements or similar frameworks, may adversely affect our ability to provide services to certain customers. Requirements under these frameworks continue to evolve, and maintaining compliance or applicable certifications or authorizations may require significant resources. If we are unable to achieve or maintain these industry-specific certifications or other requirements or standards relevant to our customers, it could adversely affect our ability to provide our services to certain customers and harm our business.

In some cases, industry-specific laws, regulations or interpretive positions may also apply directly to us as a service provider. Any failure or perceived failure by us to comply with such requirements could have an adverse impact on our business.

We face risks related to pandemic and public health emergencies which could have a material adverse effect on our business, financial condition and results of operations.

Pandemics, such as the COVID-19 pandemic, and other public health emergencies, have caused, and may in the future cause, disruptions to businesses, financial markets and economic activity globally and in the United States. Such events have affected, and may in the future affect, our business and the businesses of our customers, partners and vendors, including through reduced or delayed technology spending, slower purchasing decisions, lengthened sales cycles, pressure on pricing and payment terms, disruptions to workforce availability and operations, increased cybersecurity risks, and volatility in foreign currency exchange rates and financial markets. The scope and duration of future pandemics or public health emergencies, and the governmental, business and societal responses to them, are inherently uncertain. Any significant outbreak or related disruption could adversely affect our operations, customer demand, revenue, operating results, cash flows and financial condition.

Changes to current accounting policies could have a significant effect on our reported financial results or the way in which we conduct our business.

Generally accepted accounting principles (GAAP) and the related accounting pronouncements, implementation guidelines and interpretations for some of our significant accounting policies are highly complex and require subjective judgments and assumptions. We have been, and may continue to be, required to modify our accounting policies, judgments, estimates

or disclosures as a result of changes in GAAP, new accounting pronouncements or evolving interpretations and implementation guidance. Some of our more significant accounting policies that require significant judgment or could be affected by such changes include:

- recognition of revenue;
- contingencies and litigation; and
- accounting for income taxes.

Changes in these or other rules, or scrutiny of our current accounting practices, or a determination that our judgments or assumptions in the application of these accounting principles were incorrect, could have a significant adverse effect on our reported operating results or the way in which we conduct our business.

Changes in domestic and foreign trade policies, including the imposition of tariffs and retaliatory tariffs, and other factors beyond our control may adversely impact our business, financial condition, and results of operations.

The U.S. government has implemented, and continues to consider and modify, significant changes to its trade policies, including tariffs, trade restrictions and potential changes to existing trade arrangements, resulting in a dynamic and uncertain trade environment. Such measures can be adopted with little or no notice, and retaliatory actions by other countries have occurred and may continue to occur, further increasing costs and disrupting global supply chains. Higher tariffs or trade restrictions have increased, and may continue to increase, the cost of products sold by our customers, vendors, partners, and suppliers, reducing demand, compressing margins, and impairing their financial performance and ability to meet obligations. This, in turn, could adversely impact our financial condition and results of operations. Tariffs or other trade restrictions have also contributed to, and may continue to contribute to continuing uncertainty and volatility in U.S. and global financial markets and economic conditions. Disruptions and volatility in the financial markets may lead to adverse changes in the availability, terms and cost of capital, all of which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Geopolitical instability, including the military conflict involving Iran and broader escalation in the Middle East, could adversely affect our business, financial condition, and results of operations.

The ongoing conflict involving the United States and Iran has disrupted, and may continue to disrupt, global markets, energy supplies and transportation routes, increase energy and operating costs, heighten cybersecurity risks and contribute to volatility in customer spending and enterprise technology budgets. Broader sanctions, trade restrictions, supply chain disruptions, or instability affecting customers, partners, vendors, and cloud infrastructure providers have created, and may continue to create, economic and operational uncertainty and could delay purchasing decisions, reduce demand for our solutions, impair collections, and disrupt business operations. Any prolonged geopolitical instability or related economic downturn could have a material adverse effect on our business, financial condition, and results of operations.

Risks Related to Intellectual Property

We have been and may in the future be sued by third parties for various claims including alleged infringement of proprietary rights that can be time-consuming, incur substantial costs, and divert the attention of management, which could adversely affect our operations and cash flow.

We are, and may in the future be, subject to claims, lawsuits, and other proceedings in the ordinary course of business, including those involving alleged infringement of third-party patents and other intellectual property rights, and commercial, labor and employment, and other matters.

The software and Internet industries are characterized by the existence of a large number of patents, trademarks and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. We have received and may receive in the future communications from third parties claiming that we or our customers have infringed the intellectual property rights of others. In addition, we have been, and may in the future be, sued by third parties for alleged infringement of their claimed proprietary rights. Our technologies and those of our customers may be subject to injunction if they are found to infringe the rights of a third-party or we may be required to pay damages, or both. Many

of our customer agreements require us to indemnify our customers against third-party intellectual property infringement claims, which would increase the cost to us of an adverse ruling on such a claim.

The outcome of any litigation, regardless of its merits, is inherently uncertain. Any claims and lawsuits, and the disposition of such claims and lawsuits, could be time-consuming and expensive to resolve, divert management attention from executing our business plan, lead to attempts on the part of other parties to pursue similar claims and, in the case of intellectual property claims, require us to change our technology, change our business practices or pay monetary damages, or enter into short- or long-term royalty or licensing agreements.

Any adverse determination related to intellectual property claims or other litigation could prevent us from offering our service to customers, could be material to our financial condition or cash flows, or both, or could otherwise adversely affect our operating results. In addition, depending on the nature and timing of any such dispute, a resolution of a legal matter could materially affect our future results of operation or cash flows or both.

We rely on trademark, copyright, trade secret laws, contractual restrictions and patent rights to protect our intellectual property and proprietary rights and, if these rights are impaired, then our ability to generate revenue will be harmed.

If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology, and our business might be harmed. In addition, defending our intellectual property rights might entail significant expense. Any of our trademarks or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. While we have some U.S. patents and pending U.S. patent applications, we may be unable to obtain patent protection for the technology covered in our patent applications. In addition, our existing patents and any patents issued in the future may not provide us with competitive advantages, or may be successfully challenged by third parties. Furthermore, legal standards relating to the validity, enforceability and scope of protection of intellectual property rights are uncertain. Effective patent, trademark, copyright and trade secret protection may not be available to us in every country in which our service is available. The laws of some foreign countries may not be as protective of intellectual property rights as those in the U.S., and mechanisms for enforcement of intellectual property rights may be inadequate. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon or misappropriating our intellectual property.

We have incurred, and may in the future incur, significant resources to monitor and protect our intellectual property rights. We may initiate claims or litigation against third parties for infringement of our proprietary rights or to establish the validity of our proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel.

Our failure or inability to develop non-infringing technology or license proprietary rights on a timely basis would harm our business.

We have been, and may in the future be, subject to legal proceedings and claims from time to time in the ordinary course of our business, including claims of alleged infringement of the patents and other intellectual property rights of third parties. Our products may inadvertently infringe on issued patents or other intellectual property rights held by third parties, including rights arising from patent applications that were not publicly available when relevant products or technologies were developed. Intellectual property litigation is expensive, time consuming, and could divert management's attention away from running our business. Litigation could also require us to develop non-infringing technology or enter into royalty or license agreements. These royalty or license agreements, if required, may not be available on acceptable terms, if at all, in the event of a successful claim of infringement.

General Risk Factors

Our stock price has demonstrated volatility and continued market conditions may cause declines or fluctuations.

The price at which our common stock trades has been, and will likely continue to be, highly volatile and subject to wide fluctuations due to factors such as the following:

- concerns related to liquidity of our stock;

- actual or anticipated fluctuations in our operating results, our ability to meet announced or anticipated revenue and/or profitability goals and changes in or failure to meet securities analysts' expectations;
- announcements of technological innovations and/or the introduction of new services by us or our competitors;
- developments with respect to intellectual property rights and litigation, regulatory scrutiny and new legislation;
- market developments and changing investor expectations relating to customer engagement platforms, AI solutions and the broader technology industries; and
- general market and economic conditions.

Furthermore, the stock market has experienced significant price and volume fluctuations that have affected, and may continue to affect, the market prices for the common stock of technology companies, regardless of the specific operating performance of the affected company. These broad market fluctuations may cause the market price of our common stock to decline.

Our insiders who are significant stockholders have the ability to exercise significant control over matters requiring stockholder approval, including the election of our board of directors, and may have interests that conflict with those of other stockholders.

Our directors and executive officers, together with their affiliates and members of their immediate families, beneficially owned, in the aggregate, approximately 37% of our outstanding capital stock as of June 30, 2026, of which our Chief Executive Officer, Ashutosh Roy, beneficially owned approximately 34% as of such date. As a result of these concentrated holdings, Mr. Roy individually or together with this group has the ability to exercise significant control over most matters requiring our stockholders' approval, including the election and removal of directors and the approval of significant corporate transactions, such as a merger or sale of our company or its assets.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

RISK MANAGEMENT AND STRATEGY

Protecting our business information, intellectual property, customer and employee data, and technology systems is crucial for our business continuity, regulatory compliance, and stakeholder trust. We have implemented enterprise cybersecurity risk mitigation and governance processes, detailed in our Information Security Protection Program (Security Plan). Our strategy is guided by the Security Plan's principles, which involve monitoring threats and vulnerabilities, assessing and monitoring related controls, and supporting the Chief Information Security Officer (CISO). Our cybersecurity policies, standards, processes, and practices are integrated into our overall risk management system to enhance our ability to protect our operations and information. This includes annual cybersecurity reporting to the board of directors by senior leadership.

We engage third-party providers to conduct evaluations of our security controls, through penetration testing, independent audits or consulting on best practices. These evaluations include testing both the design and operational effectiveness of our security controls.

Our Security Plan

Our Security Plan, developed in collaboration with third-party consultants, aligns with the National Institute of Standards and Technology (NIST) and ISO27001. This program encompasses security and privacy, risk-based controls, and integrates lessons learned from past cybersecurity incidents. Under the Security Plan, cyber risks, including threats and incidents, are continuously assessed, treated, and monitored. We incorporate insights from incident response and risk

mitigation into our cyber risk management strategy to enhance overall cybersecurity. The Security Plan is led by specific management positions selected for their expertise, as detailed below.

Following best practices in cyber risk management, we have worked with recognized third-party experts to align the foundational processes, metrics, monitoring, and reporting of the Security Plan with common frameworks such as NIST.

Third-Party Cyber Risk Management

Our Third-Party Cyber Risk Management Plan ensures that due diligence is carried out on third parties prior to and during engagement. Prior to engagement, third parties are assessed using a questionnaire that covers all areas of security including cyber risk and external documentation is requested such as SOC2 T2, penetration testing, and ISO27001 certification and scope. We include security and privacy clauses within our third party contracts where applicable, which cover the implementation of security controls and self reporting. During engagement, third parties are regularly reviewed, at least annually, to ensure that cyber risks are evaluated and assessed on a continual basis.

Cyber Incident Response Plan

Our Cyber Incident Response Plan outlines the processes for detecting, identifying, prioritizing, and analyzing information security events. Depending on the incident's scope, business impact, and potential material risk, our CISO, legal counsel, and business stakeholders are engaged. This cross-functional team assesses the appropriate response and mitigation pathway. Once security events are identified through our enterprise detection and monitoring ecosystem, the Incident Response Plan establishes a prioritization and decision workflow to determine the scope, business impact, and potential material risk, implemented in collaboration with the CISO, legal counsel, and business stakeholders.

Additionally, we have implemented an information security training program for employees, which includes security awareness training on cybersecurity risks, simulated phishing emails, and regular communication about cybersecurity risks.

While we occasionally experience cybersecurity threats and incidents, we are not aware of any material risks from these threats, including from past incidents, that have materially affected or are likely to materially affect our business strategy, financial condition, results of operations, or cash flows. However, there is no assurance that future cybersecurity threats will not have a material impact. For more information on our cybersecurity-related risks, please see "Item 1A. Risk Factors."

GOVERNANCE

Protecting our customers' data is a top priority for our board of directors and management team. Our risk management team, integrated into our CIS function, is led by our CISO. This team brings together extensive experience in information security, governance, and compliance, covering areas such as engineering, architecture, cybersecurity, and privacy. They are responsible for defining the program, overseeing cybersecurity governance, and gathering insights to assess, identify, and manage cybersecurity threats, their severity, and mitigations.

Our CISO, who reports to the Chief Financial Officer, leads the company's technology and digital capabilities, including the overall cybersecurity strategy. Our CISO has over 25 years' experience working in the commercial sector within the IT and security environments, across a variety of business verticals. Prior to this, our CISO was in the Armed Forces working in an IT, telecommunications and security capacity. A member of (ISC)2 and CISSP certified, the CISO understands the security and protection requirements needed for areas such as data protection, PCI/DSS, HIPAA, FedRAMP.

The Audit Committee of our board of directors is charged with oversight of data privacy and cybersecurity risks. Our CISO provides annual updates on cybersecurity risks and related mitigating actions to the Audit Committee, meets with the full board of directors at least annually and informs the Audit Committee promptly if a cybersecurity incident is deemed material. They report to the Audit Committee and the board of directors on compliance and regulatory issues, provide updates concerning continuously-evolving threats and mitigating actions, and present a NIST Cybersecurity Framework Scorecard. Additionally, the CISO discusses and presents strategies to address technological changes, such as AI. In overseeing cybersecurity risks, the Audit Committee focuses on aggregated, thematic issues with a risk-based approach.

Oversight of cybersecurity risk incorporates strategy metrics, third-party assessments, and internal audit and controls. Outside counsel advises the board of directors on best practices for cybersecurity oversight by the board of directors, and the evolution of that oversight over time. Management also reports on strategic key risk indicators, ongoing initiatives, and significant incidents and their effect.

ITEM 2. PROPERTIES

We lease all facilities used in our business as of June 30, 2026. Our corporate headquarters is located in Sunnyvale, California, and we also have corporate offices in Newbury, England, and Pune, India. We believe that our offices are adequate to meet our current and near future operating needs.

ITEM 3. LEGAL PROCEEDINGS

We are not currently a party to any legal proceedings, and are not aware of any pending or threatened legal proceedings against us that we believe could have a material adverse effect on our business, consolidated operating results, or consolidated financial condition. In the ordinary course of business, we are involved in various legal proceedings and claims related to alleged infringement of third-party patents and other intellectual property rights, commercial, corporate and securities, labor and employment, wage and hour, and other claims. We have been, and may in the future be, put on notice and/or sued by third parties for alleged infringement of their proprietary rights, including patent infringement.

We evaluate all claims and lawsuits with respect to their potential merits, our potential defenses and counterclaims, settlement or litigation potential and the expected effect on us. Our technologies may be subject to injunction if they are found to infringe the rights of a third party. In addition, our agreements require us to indemnify our customers for third-party intellectual property infringement claims, which could increase the cost to us of an adverse ruling on such a claim.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock is traded on The Nasdaq Stock Market LLC under the symbol "EGAN".

Holders

As of September 3, 2026, there were approximately 112 stockholders of record.

Dividends

We have never declared or paid any cash dividends on our common stock. We currently anticipate that we will retain all available funds for use in the operation of our business and do not intend to pay any cash dividends in the foreseeable future.

Share Repurchases

In May 2024 and again in September 2025, the board of directors approved a \$20 million increase in its stock repurchase program, bringing the aggregate amount eGain may purchase thereunder from \$20 million to \$60 million of its outstanding common stock. As of June 30, 2026, approximately \$9.7 million remained available for stock repurchases pursuant to our stock repurchase program.

Under the stock repurchase program, we may purchase shares of common stock on a discretionary basis from time to time through open market transactions or privately negotiated transactions at prices deemed appropriate by us. In addition, at our discretion, open market repurchase of common stock may also be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when we might otherwise be precluded from doing so under insider trading laws or self-imposed trading restrictions.

The timing and number of shares repurchased will be determined based on an evaluation of market conditions and other factors, including stock price, trading volume, general business and market conditions, and the availability of capital. On September 3, 2025, the board of directors also approved to extend the stock repurchase program until the earlier of (i) the date the aggregate amount of shares that can be repurchased under the stock repurchase program have been repurchased and (ii) the date the board of directors decides to terminate the stock repurchase program. The stock repurchase program does not obligate us to acquire a specified number of shares and may be modified, suspended, or discontinued at any time at our discretion without notice. The stock repurchase program will be funded using existing cash or future cash flows. We intend to reissue repurchased shares at a later date and therefore carry the shares as treasury stock, at cost.

The following table summarizes the stock repurchase activity for the three months ended June 30, 2026, and the approximate dollar value of shares that may yet be purchased pursuant to our stock repurchase program:

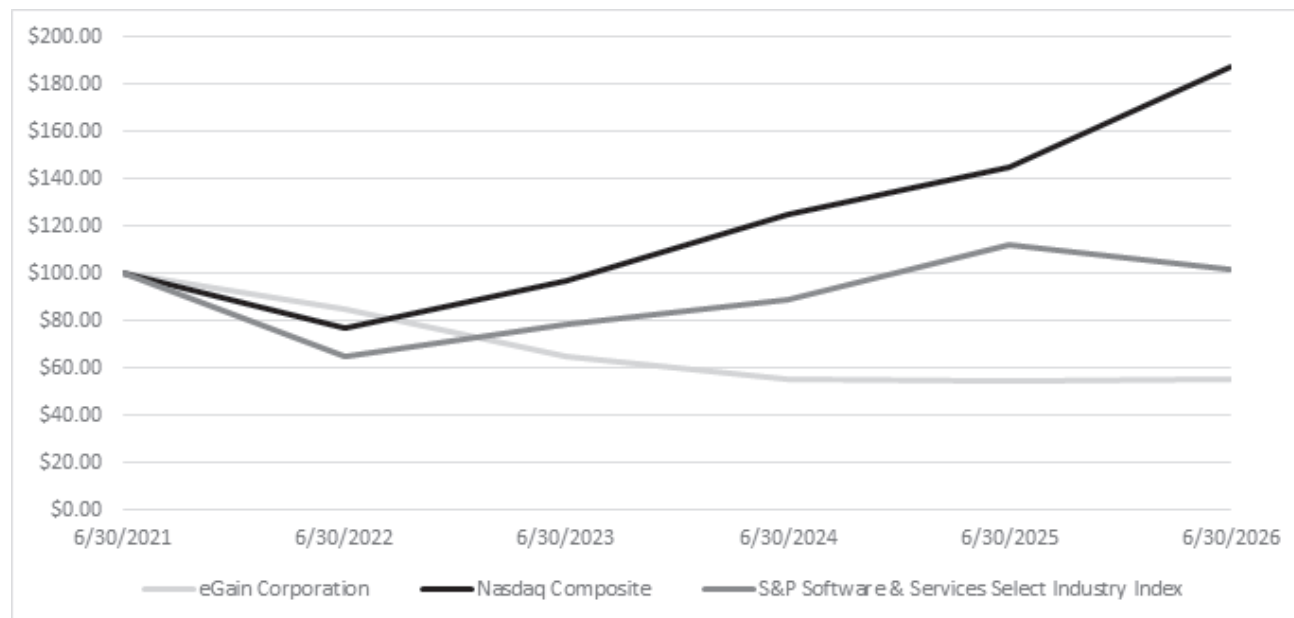
Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (in thousands)
April 1, 2026 to April 30, 2026 . . .	—	\$ —	—	\$ 19,748
May 1, 2026 to May 31, 2026	612	\$ 7.16	612	\$ 15,368
June 1, 2026 to June 30, 2026	764	\$ 7.45	764	\$ 9,678
Total	<u>1,376</u>		<u>1,376</u>	

Stock Performance Graph

The following shall not be deemed incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended (Securities Act).

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the Standard & Poor's 500 Index and the Nasdaq Composite Total Return Index for each of the last five fiscal years ended June 30, 2026, assuming an initial investment of \$100. Data for the Standard & Poor's 500 Index and the Nasdaq Composite Total Return Index assume no dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.



	<u>6/30/2021</u>	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>	<u>6/30/2026</u>
eGain Corporation	\$ 100.00	\$ 84.93	\$ 65.24	\$ 54.97	\$ 54.44	\$ 54.88
Nasdaq Composite Total Return Index	\$ 100.00	\$ 76.57	\$ 96.59	\$ 125.19	\$ 144.81	\$ 187.50
S&P Software & Services Select Industry Index	\$ 100.00	\$ 65.00	\$ 78.27	\$ 88.89	\$ 111.87	\$ 101.41

Equity Compensation Plan Information

See Item 12 of Part III of this Annual Report regarding information about securities authorized for issuance under our equity compensation plan.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of eGain’s financial condition and results of operations should be read together with the consolidated financial statements and related notes in this Annual Report on Form 10-K. This discussion may contain forward-looking statements based upon current expectations that involve risks and uncertainties. These risks and uncertainties may cause actual results to differ materially from those discussed in the forward-looking statements.

Overview

eGain powers AI-driven knowledge management for the enterprise. We sell our SaaS platform to enterprises that want to deliver trusted, consumable answers to customers, employees, and AI agents — aiming to reduce cost and improve outcomes across knowledge-intensive workflow.. We are headquartered in Sunnyvale, California, USA. We also operate in the United Kingdom and India.

In July 2026, Gartner named eGain a Leader in the first-ever Magic Quadrant for Customer Service Knowledge Management Systems, positioned highest for Ability to Execute and furthest for Completeness of Vision. Our solutions are used by large enterprises and government organizations across North America and Europe.

Key Financial Measures

We monitor the key financial performance measures set forth below as well as cash and cash equivalents and available debt capacity, which are discussed in “Liquidity and Capital Resources,” to help us evaluate trends, establish budgets, measure the effectiveness of our sales and marketing efforts and assess operational effectiveness and efficiencies.

Revenue

We believe total revenue is a useful measure to value our business. SaaS revenue is defined as revenue from cloud delivery arrangements, term licenses, embedded original equipment manufacturer (OEM) royalties and associated support. Professional services revenue includes system implementation, consulting, training, and managed services.

The following table presents total revenue for each of the following periods:

	Fiscal Year Ended June 30			
	2026	2025	Change	
Revenue.....	(in thousands, except percentages)			
SaaS revenue.....	\$ 85,286	\$ 81,921	\$ 3,365	4 %
Professional services	5,850	6,510	(660)	(10)%
Total revenue.....	\$ 91,136	\$ 88,431	\$ 2,705	

Non-GAAP Operating Income

Non-GAAP operating income is defined as income from operations, adjusted for the impact of warrants and stock-based compensation expense.

Management believes that it is useful to exclude certain non-cash charges and non-core operational charges from non-GAAP operating income because (i) the amount of such expenses in any specific period may not directly correlate to the underlying performance of our business operations; and (ii) such expenses can vary significantly between periods as a result of the timing of new stock-based awards. The presentation of this non-GAAP financial measures is not intended to be considered in isolation, or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

The following table presents a reconciliation of GAAP income from operations to non-GAAP income from operations for each of the following periods:

	Fiscal Year Ended June 30	
	2026	2025
Income from operations	\$ 7,965	\$ 4,433
Add:		
Issuance of common stock warrant for services.	1,350	—
Stock-based compensation.	2,802	2,449
Non-GAAP income from operations	<u>\$ 12,117</u>	<u>\$ 6,882</u>

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

We believe that the assumptions and estimates associated with revenue recognition, stock-based compensation, provision for credit losses, the valuation of goodwill, the valuation of deferred tax allowance, and legal contingencies have the greatest potential impact on our consolidated financial statements. We evaluate these estimates on an ongoing basis. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Sources of Revenue

Our revenue is comprised of two categories including SaaS and professional services. SaaS revenue includes cloud delivery arrangements, term licenses, embedded OEM royalties, and associated support. An immaterial amount of SaaS revenue is comprised of our legacy revenue which is associated with license, maintenance, and support contracts on perpetual license arrangements that we no longer sell. Professional services include consulting, implementation, training, and managed services.

SaaS Revenue

For our cloud delivery arrangements, our maintenance and support arrangements and our term license subscriptions that incorporate substantial cloud functionality, the combined performance obligation is recognized ratably over the contract term as the obligation is delivered. For contracts involving distinct software licenses, the license performance obligation is satisfied at a point in time when control is transferred to the customer.

We typically invoice our customers in advance upon execution of the contract or subsequent renewals. Invoiced amounts are recorded in accounts receivable, deferred revenue or revenue, depending on when control is transferred to our customers based on each arrangement.

We have a royalty revenue agreement with a customer related to our embedded intellectual property. Under the terms of the agreement, the customer is to provide a combined fixed fee, per agent, for each software license sold containing the embedded software to us. These embedded OEM royalties are included as SaaS revenue. Under revenue guidance, since these arrangements are for sales-based licenses of intellectual property, we recognize revenue only as the subsequent sale occurs. However, since such sales are reported by the customer with a quarter in arrears, such revenue is recognized at the time it is reported and paid by the customer. Any estimated variable consideration would have to be fully constrained due to the unpredictability of such estimates and the risk of significant revenue reversals.

Professional Services Revenue

Professional services revenue includes system implementation, consulting, training, and managed services. The transaction price is allocated to various performance obligations based on their SSP. Revenue allocated to each performance obligation is recognized as work is performed. Managed services include a comprehensive set of processes and activities that range from implementation to monitoring the evolution and support of our solutions in a company. Our consulting and implementation service contracts are bid either on a time-and-material basis or on a fixed-fee basis. Managed services contracts are bid on a time-and-material basis. Fixed fees are generally paid on milestone billing at pre-determined points in the contract. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether transfer of control to customers has occurred.

Training revenue that meets the criteria to be accounted for separately is recognized when training is provided.

Remaining Performance Obligations

Remaining performance obligations represent contracted revenue that have not yet been recognized, and include billed deferred revenue, consisting of amounts invoiced to customers whether collected or uncollected which have not been recognized as revenue, as well as unbilled amounts that will be invoiced and recognized as revenue in future periods. The transaction price allocated to the remaining performance obligation is influenced by a variety of factors, including seasonality, timing of renewals, average contract terms and foreign currency exchange rates. As of June 30, 2026, our remaining performance obligations were \$87.0 million, of which we expect to recognize \$62.1 million and \$24.9 million as revenue within one year and beyond one year, respectively.

We expect our remaining performance obligations to change quarterly for several reasons including the timing of new contracts and renewals, duration and size of our subscription and support arrangements, variable billing cycles and foreign exchange rate fluctuation. We typically issue renewal invoices in advance of the renewal service period. Depending on timing, the initial invoice and subsequent renewal invoices may occur in different quarters. This may result in an increase or decrease to our accounts receivable and deferred revenue.

Costs Capitalized to Obtain Revenue Contracts

Under Topic 606, we capitalize incremental costs to obtain non-cancelable subscription and maintenance and support revenue contracts with amortization periods that may extend longer than the non-cancelable subscription and maintenance and support revenue contract terms.

We capitalize incremental costs of obtaining a non-cancelable subscription and maintenance and support revenue contract with amortization periods of one year or more. The capitalized amounts consist primarily of sales commissions paid to our direct sales force. Capitalized amounts also include (i) amounts paid to employees other than the direct sales force who earn incentive payouts under annual compensation plans that are tied to the value of contracts acquired and (ii) the associated payroll taxes and fringe benefit costs associated with the payments to our employees.

Costs capitalized related to new revenue contracts are generally deferred and amortized on a straight-line basis over a period of benefit that we estimate to be five years. We determine the period of benefit by taking into consideration the period from initial contract through renewal, which constitutes the length of our customer relationship or customer life.

Amortization of costs capitalized related to new revenue contracts is included as a component of sales and marketing expense in our operating results.

Stock-Based Compensation

We account for stock-based compensation in accordance with Accounting Standards Codification (ASC) 718, *Compensation — Stock Compensation*. Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as an expense over the vesting period. Determining the fair value of the stock-based awards at the grant date requires significant judgment and the use of estimates, particularly surrounding Black-Scholes valuation assumptions such as stock price volatility and expected option lives. We determine the appropriate measure of expected volatility by reviewing historic volatility in the share price of our common stock, as adjusted for certain events that management deems to be non-recurring and non-indicative of future events. We base our estimate of expected life on the historical exercise behavior, cancellations of all past option grants made by us during the time period in which our common stock has been publicly traded, the contractual term, the vesting period and the expected remaining term of the option. Based on our historical experience of option pre-vesting cancellations, we have assumed an annualized forfeiture rate for our stock options. We record additional expense if the actual forfeiture rate is lower than we estimated and record a recovery of prior expense if the actual forfeiture rate is higher than what we estimated.

Goodwill

We review goodwill annually for impairment or sooner whenever events or changes in circumstances indicate that it may be impaired. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. We operate under a single reporting unit and accordingly, all of our goodwill is associated with the entire company. We had no impairment for fiscal years ended June 30, 2026 and 2025.

Accounts Receivable and Provision for Credit Losses

We extend unsecured credit to customers on a regular basis. Our accounts receivable is derived from revenue earned from customers and are not interest bearing. We also maintain provision for credit losses to reserve for potential uncollectible trade receivables. We review our trade receivables by aging category to identify specific customers with known disputes or collectability issues. We exercise judgment when determining the adequacy of these reserves as we evaluate historical bad debt trends, general economic conditions in the U.S. and internationally, and changes in customer financial conditions. If we make different judgments or utilize different estimates, then material differences may result in additional reserves for trade receivables, which would be reflected by charges in general and administrative expenses for any period presented. We write-off receivables after all collection efforts have been exhausted and the amounts are deemed uncollectible.

As described in Note 1 of Notes to Consolidated Financial Statements included in Item 8 *Financial Statements and Supplementary Data* of this Annual Report, certain Company contracts have contractual billings which do not coincide with revenue recognized on the contract. Unbilled accounts receivables are recorded when revenue recognized on the contract exceeds billings, pursuant to contract provisions, and become billable at contractually specified dates.

Tax Legislation

On August 16, 2022, the Inflation Reduction Act of 2022 (IRA) was enacted and is effective for taxable years beginning after December 31, 2022. The IRA includes several clean energy incentives and significant tax provisions, including a 15% corporate alternative minimum tax based on adjusted financial statement income and a 1% excise tax on certain stock repurchases. Based on the Company's current analysis, the IRA's corporate alternative minimum tax is not expected to have a material impact on the Company's consolidated financial statements. However, the Company remains subject to the 1% excise tax on applicable share repurchases and records any related expense as incurred. The Company will continue to monitor future guidance and evaluate the impact of any changes in facts, circumstances, or interpretations of the law. In 2024, California enacted legislation, with the first being S.B.167, which suspends the use of NOLs by businesses and individuals for tax years 2024 through 2026, limits the use of tax credits by businesses and individuals to \$5 million for tax years 2024 through 2026, and clarifies that income not included in apportionable business income is excluded from

the sales factor of the apportionment formula. The second, S.B.175, provides some relief from the \$5 million credit limitation in S.B. 167 by allowing taxpayers subject to the limit to elect to later receive a refund of credits they would have otherwise used to reduce tax liabilities during the limitation period.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA") was enacted in the United States. OBBBA includes significant tax provisions, including the permanent extension of certain provisions of the Tax Cuts and Jobs Act, modifications to the international tax regime, and the restoration of favorable tax treatment for certain business expenditures. The legislation contains multiple effective dates, with certain provisions effective in 2025 and others phased in through 2027. The Company has evaluated the provisions currently in effect and continues to assess the impact of future effective provisions on its consolidated financial statements. The Company will recognize the effects of OBBBA in the periods in which the relevant provisions become effective or additional guidance is issued, as applicable.

Fiscal Year 2026 Compared with Fiscal Year 2025

Our effective tax rate for both fiscal years 2026 and 2025 was a tax provision of \$1.9 million and a tax benefit of \$26.6 million, respectively. The change in our effective tax rate for fiscal year 2026 as compared to fiscal year 2025 was primarily due to the change in valuation allowance, federal statutory income tax rate, the research and development tax credits, and current state taxes, net of federal benefit.

The income before income tax (provision) benefit between the U.S. and foreign countries impacted our effective tax rate as a result of the geographic distribution and customer demand related to our products and services. In fiscal year 2026, our U.S. and foreign income before our income tax (provision) benefit was \$7.6 million and \$3.2 million, respectively. In fiscal year 2025, our U.S. and foreign income before our income tax was \$3.6 million and \$2.0 million, respectively.

Deferred Tax Valuation Allowance

When we prepare our consolidated financial statements, we estimate our income tax liability for each of the various jurisdictions where we conduct business. This requires us to estimate our actual current tax exposure and to assess temporary differences that result from differing treatment of certain items for tax and accounting purposes. The net deferred tax assets are reduced by a valuation allowance if, based upon weighted available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We make significant judgments to determine our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance to be recorded against our net deferred tax assets. In the fiscal year ended June 30, 2025, we concluded that the valuation allowance related to the U.S. federal and state (excluding certain California tax attributes) deferred tax assets was no longer required due to the assessment of our recent income/loss and forecast future taxable income. As of June 30, 2026, we had a valuation allowance of approximately \$6.2 million attributable to California net operating losses and research and development credit carryforwards.

We apply ASC 740, *Income Taxes*, in determining any uncertain tax positions. The guidance seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes and prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. Additionally, ASC 740 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Under ASC 740, an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. In accordance with our accounting policy, we recognize accrued interest and penalties related to unrecognized tax benefits as a component of other (expense) income, net in the consolidated statements of operations.

We consider the earnings of certain non-U.S. subsidiaries to be indefinitely invested outside the United States, on the basis of estimates, that future domestic cash generation will be sufficient to meet future domestic cash needs and our specific plans for reinvestments of those subsidiary earnings. We have not provided for taxes of approximately \$30.3 million of undistributed earnings of foreign subsidiaries indefinitely invested outside the United States. If we decide to repatriate the foreign earnings, we would need to adjust our income tax provision in the period we determined that the earnings will no longer be indefinitely invested outside the United States.

Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities. We do not have any derivative financial instruments. We believe the reported carrying amounts of these financial instruments approximate fair value, based upon their short-term nature and comparable market information available at the respective balance sheet dates.

Results of Operations

The following table sets forth certain items reflected in our consolidated statements of operations expressed as a percent of total revenue for the periods indicated:

	2026	2025
Revenue:		
SaaS.....	94 %	93 %
Professional services	6	7
Total revenue	100	100
Cost of revenue:		
Cost of SaaS	19	20
Cost of professional services	7	10
Total cost of revenue.....	27	30
Gross profit	73	70
Operating Expenses:		
Research and development	32	33
Sales and marketing	21	22
General and administrative	11	10
Total operating expenses	64	65
Income from operations.....	9 %	5 %

Revenue

We classify our revenue into two categories; SaaS and professional services revenue.

The following table presents our SaaS and professional services revenue during the fiscal years indicated:

	Fiscal Year Ended June 30,			
	2026	2025	Change	
Revenue.....	(in thousands, except percentages)			
SaaS.....	\$ 85,286	\$ 81,921	\$ 3,365	4 %
Professional services	5,850	6,510	(660)	(10)%
Total revenue.....	\$ 91,136	\$ 88,431	\$ 2,705	

Total Revenue

Total revenue increased \$2.7 million during the fiscal year ended June 30, 2026, from the same period in fiscal year 2025, largely due to increased SaaS revenue of \$3.4 million and offset with a decrease in professional services revenue of \$660,000 in fiscal year 2026.

Our revenue was impacted by foreign exchange rate fluctuation between the U.S. Dollar, Euro, and British Pound. We recalculate our current period results using the comparable prior period exchange rates to exclude the impact of foreign exchange rate fluctuation. Foreign exchange rate fluctuation resulted in an increase of \$741,000 and \$546,000 in total revenue during the fiscal years ended June 30, 2026 and 2025, respectively.

SaaS Revenue

	Fiscal Year Ended June 30,			
	2026	2025	Change	
Revenue.....	(in thousands, except percentages)			
SaaS revenue.....	\$ 85,286	\$ 81,921	\$ 3,365	4 %
Percentage of total revenue.....	94 %	93 %		

SaaS revenue includes revenue from cloud delivery arrangements, term licenses and embedded OEM royalties and associated support. Revenue from SaaS increased by \$3.4 million during the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

SaaS revenue was \$85.3 million and \$81.9 million during the fiscal years ended June 30, 2026 and 2025, respectively, which represented an increase of 4% or \$3.4 million. SaaS revenue represents 94% and 93% of total revenue for the fiscal years ended June 30, 2026 and 2025, respectively.

Excluding an increase of \$702,000 due to foreign exchange rate fluctuation, SaaS revenue increased by \$2.7 million during the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

Professional Services Revenue

	Fiscal Year Ended June 30,		
	2026	2025	Change
Revenue.....	(in thousands, except percentages)		
Professional services revenue	\$ 5,850	\$ 6,510	\$ (660) (10)%
Percentage of total revenue	6 %	7 %	

Professional services revenue includes consulting, implementation, training, and managed services. Revenues from professional services decreased by \$660,000 during the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

Professional services revenue was \$5.9 million and \$6.5 million during the fiscal years ended June 30, 2026 and 2025, respectively, which represented a decrease of 10% or \$660,000. Professional services revenue represents 6% and 7% of total revenue for the fiscal years ended June 30, 2026 and 2025, respectively.

Excluding an increase of \$40,000 due to foreign exchange rate fluctuation, professional services revenue decreased by \$700,000 during the fiscal year ended June 30, 2026, from the same period in fiscal year 2025. We expect professional services revenue to vary depending on the volume of projects and timing of recognition.

Revenue by Customers-Level

	Fiscal Year Ended June 30,			
	2026	2025	Change	
	(in thousands)			
Revenue:				
AI customers	\$ 55,129	\$ 45,920	\$ 9,209	20 %
Cisco original equipment manufacturer (OEM) . .	10,930	10,583	347	3 %
Other	25,077	31,928	(6,851)	(21)%
Total revenue	\$ 91,136	\$ 88,431	\$ 2,705	

Revenue from AI customers increased by \$9.2 million, or 20%, to \$55.1 million in fiscal year 2026 from \$45.9 million in fiscal year 2025. We expect our AI customer revenue to grow as we expand our customer base, reflecting the continued adoption of our AI offerings. Revenue from Cisco original equipment manufacturer (OEM) increased by \$347,000, or 3%, while revenue from Other decreased by \$6.9 million, or 21%. The decrease from Other was related to the expected decline from customers that do not actively utilize our AI offerings.

Revenue by Geography

	Fiscal Year Ended June 30,			
	2026	2025	Change	
Revenue.....	(in thousands, except percentages)			
North America	\$ 72,329	\$ 68,778	\$ 3,551	5 %
Europe, Middle East, & Africa	18,807	19,653	(846)	(4)%
Total revenue.....	\$ 91,136	\$ 88,431	\$ 2,705	

Revenue from North America sales increased by 5% from \$68.8 million during the fiscal year ended June 30, 2025 to \$72.3 million during the fiscal year ended June 30, 2026 due to an increase of \$4.8 million in SaaS revenue; partially offset by a decrease of \$1.2 million in professional service revenue.

Revenue from EMEA sales decreased by 4% from \$19.7 million during the fiscal year ended June 30, 2025 to \$18.8 million during the fiscal year ended June 30, 2026 due to a decrease of \$1.4 million in SaaS revenue; partially offset by an increase of \$553,000 in professional services revenue.

Cost of Revenue

	Fiscal Year Ended June 30,			
	2026	2025	Change	
Cost of revenue	(in thousands, except percentages)			
SaaS	\$ 17,732	\$ 17,975	\$ (243)	(1)%
Professional services	6,554	8,448	(1,894)	(22)%
Total cost of revenue	<u>\$ 24,286</u>	<u>\$ 26,423</u>	<u>\$ (2,137)</u>	
Percentage of total revenue	27 %	30 %		
Gross margin	73 %	70 %		

SaaS

Cost of SaaS revenue consists primarily of expenses related to our cloud services and support provided to customers. These expenses are comprised of cloud computing costs, personnel-related costs directly associated with cloud operations, and customer support, including salaries, benefits, bonuses and stock-based compensation and allocated overhead.

Cost of SaaS revenue decreased by \$243,000 or 1% during the fiscal year ended June 30, 2026 from the same period in fiscal year 2025. This was primarily due to decreases of (i) \$1.3 million in cloud computing costs and (ii) \$105,000 in outside consulting costs; partially offset by an increase of \$1.3 million in personnel-related costs during the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

Excluding a decrease of \$54,000 due to foreign exchange rate fluctuation, cost of SaaS revenue decreased by \$189,000 for the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

Professional Services

Cost of professional services consists primarily of personnel-related costs directly associated with our professional services and training departments, including salaries, benefits, bonuses, and stock-based compensation and allocated overhead.

Cost of professional services decreased by \$1.9 million or 22% during the fiscal year ended June 30, 2026 from the same period in fiscal year 2025. This was due to a decrease of \$2.2 million in personnel-related costs; partially offset by an increase of \$322,000 in outside consulting costs from the same period in fiscal year 2025.

Excluding an increase of \$27,000 due to foreign exchange rate fluctuation, cost of professional services revenue decreased by \$1.9 million for the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

Operating Expenses

Research and Development

	Fiscal Year Ended June 30,		Change	
	2026	2025		
	(in thousands, except percentages)			
Research and development	\$ 29,449	\$ 29,604	\$ (155)	(1)%
Percentage of total revenue	32 %	33 %		

Research and development expense primarily consists of personnel-related expenses directly associated with our engineering, product management and development, and quality assurance staff. Included in these costs are salaries, benefits, bonuses, stock-based compensation, and allocated overhead. Research and development expense also includes outside consulting services contracted for research and development.

Research and development expense decreased by \$155,000 or 1% during the fiscal year ended June 30, 2026, from the same period in fiscal year 2025. This was primarily due to a decrease of \$270,000 in personnel-related costs; partially offset by an increase of \$200,000 in outside consulting costs.

Excluding a decrease of \$85,000 due to foreign exchange rate fluctuation, research and development expense decreased by \$70,000 for the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

Sales and Marketing

	Fiscal Year Ended June 30,		Change	
	2026	2025		
	(in thousands, except percentages)			
Sales and marketing	\$ 19,476	\$ 19,356	\$ 120	1 %
Percentage of total revenue	21 %	22 %		

Sales and marketing expense primarily consists of personnel-related expenses directly associated with our sales, marketing, and business development staff. Included in these costs are salaries, benefits, bonuses, stock-based compensation, and allocated overhead. Sales and marketing expenses also include amortization of commissions paid to our sales staff, lead generation activities, advertising, trade show and other promotional costs and, to a lesser extent, occupancy costs and related overhead.

Sales and marketing expenses increased by \$120,000 or 1% during the fiscal year ended June 30, 2026 from the same period in fiscal year 2025. This was primarily due to increases of (i) \$162,000 in personnel-related costs and (ii) \$57,000 in lead generation costs; partially offset by a decrease of \$257,000 in outside consulting costs.

Excluding an increase of \$158,000 due to foreign exchange rate fluctuation, sales and marketing expense decreased by \$38,000 for the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

General and Administrative

	Fiscal Year Ended June 30,		Change	
	2026	2025		
	(in thousands, except percentages)			
General and administrative	\$ 9,960	\$ 8,615	\$ 1,345	16 %
Percentage of total revenue	11 %	10 %		

General and administrative expense primarily consists of personnel-related expenses directly associated with our finance, human resources, administrative and legal personnel. Included in these costs are salaries, benefits, bonuses, stock-based compensation, and allocated overhead. General and administrative expenses also include fees for professional services, warrants, provision for credit losses and, to a lesser extent, occupancy costs and related overhead.

General and administrative expenses increased by \$1.3 million or 16% during the fiscal year ended June 30, 2026, from the same period in fiscal year 2025. This was primarily due to increases of (i) \$1.4 million in warrant expense and (ii) \$688,000 in legal expenses; partially offset by decreases of (i) \$441,000 in outside consulting costs and (ii) \$162,000 in accounting, audit, and administrative costs.

Excluding an increase of \$22,000 due to foreign exchange rate fluctuation, general and administrative expense increased by \$1.3 million for the fiscal year ended June 30, 2026, from the same period in fiscal year 2025.

Stock-Based Compensation

Stock-based compensation expense is accounted for in accordance with the provisions of the accounting guidance which requires the measurement and recognition of compensation expense for all equity-based payment awards made to employees, members of our board of directors and consultants, based upon the grant-date fair value of those awards. We value our share-based payments under ASC 718, and record compensation expense for all share-based payments made to employees based on the fair value at the date of the grant.

The effect of recording stock-based compensation for fiscal year 2026 and 2025 is as follows:

	Fiscal Year Ended June 30,	
	2026	2025
Stock-based compensation by type of award	(in thousands)	
Stock options	\$ 1,207	\$ 1,113
Restricted stock units	1,288	1,033
Employee stock purchase plan	307	303
Total stock-based compensation	<u>\$ 2,802</u>	<u>\$ 2,449</u>

Determining the fair value of the equity-based payment awards at the grant date required significant judgment and the use of estimates, particularly surrounding the Black-Scholes valuation assumptions such as stock price volatility and expected option term.

Below is a summary of stock-based compensation included in the cost and expenses:

	Fiscal Year Ended June 30,			
	2026	2025	Change	
	(in thousands, except percentages)			
Cost of revenue	\$ 528	\$ 865	\$ (337)	(39)%
Research and development	1,333	640	693	108 %
Sales and marketing	560	352	208	59 %
General and administrative	381	592	(211)	(36)%
Total stock-based compensation	\$ 2,802	\$ 2,449	\$ 353	14 %

Stock-based compensation expense includes the amortization of the fair value primarily of stock options awarded to employees, members of our board of directors and consultants. The fair value of stock options granted is recognized as an expense over their respective vesting schedule. The increase in our stock-based compensation expense in fiscal year 2026 compared to fiscal year 2025 was primarily due to increases in stock option vesting over their respective periods, company-wide headcount, and equity grant activity.

Income from Operations

	Fiscal Year Ended June 30,			
	2026	2025	Change	
	(in thousands, except percentages)			
Income from operations	\$ 7,965	\$ 4,433	\$ 3,532	80 %
Operating margin	9 %	5 %		

Income from operations was \$8.0 million and \$4.4 million with an operating margin of 9% and 5% in fiscal year 2026 and 2025, respectively. This is primarily due to an increase in gross margin.

Interest Income, Net

Interest income, net primarily consists of interest earned on money market accounts. Interest income, was income of \$2.3 million and \$2.5 million for the fiscal years ended June 30, 2026 and 2025, respectively.

Other Income (Expense), Net

Other income (expense), net primarily included foreign exchange rate fluctuations on international trade receivables. Other income (expense), net was income of \$581,000 and expense of \$1.3 million for the fiscal years ended June 30, 2026 and 2025, respectively.

Income Tax (Provision) Benefit

Income tax (provision) benefit consists of federal, state and foreign income as of June 30, 2026. We consider all available evidence, both positive and negative, including but not limited to earnings history, expiring attributes, projected future outcomes, industry and market trends and the nature of each of the deferred tax assets. We recorded an income tax provision of \$1.9 million and benefit of \$26.6 million in the fiscal years ended June 30, 2026 and 2025, respectively.

New Accounting Pronouncements

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 1 of Notes to Consolidated Financial Statements included in Item 8 *Financial Statements and Supplementary Data* of this Annual Report.

Liquidity and Capital Resources

Overview

Our principal sources of liquidity were cash and cash equivalents, restricted cash, and accounts receivable. Our liquidity sources were \$97.7 million compared to \$95.7 million as of June 30, 2026 and 2025, respectively. Our cash, cash equivalents, and restricted cash were \$73.3 million and \$62.9 million as of June 30, 2026 and 2025, respectively.

Our working capital was \$42.9 million and \$38.4 million as of June 30, 2026 and 2025, respectively. Our deferred revenue was \$48.5 million and \$50.5 million as of June 30, 2026 and 2025, respectively.

Based upon our current business plan, we believe that existing capital resources will enable us to maintain current and planned operations for at least the next 12 months. From time to time, however, we may consider opportunities for raising additional capital. We can make no assurances that such opportunities will be available to us on economic terms we consider favorable, if at all.

Our expectations as to our future cash flows and our future cash balances are subject to a number of assumptions, including assumptions regarding anticipated increases in our revenue, our ability to retain existing customers and customer purchasing and payment patterns, many of which are beyond our control.

Cash Flows

For the fiscal years ended June 30, 2026 and 2025, our cash flows were as follows (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
Net cash provided by operating activities	\$ 21,150	\$ 5,263
Net cash used in investing activities	(617)	(565)
Net cash used in financing activities	(8,204)	(14,393)

Cash provided by operating activities mainly consists of net income adjusted for non-cash expense items such as depreciation and amortization, expense associated with stock-based awards and warrants, the timing of employee related costs including costs capitalized to obtain revenue contracts, amortization of right-of-use assets, and changes in operating assets and liabilities during the year.

Cash provided by operating activities increased by \$15.9 million during the fiscal year ended June 30, 2026, driven primarily by the timing of accounts receivable collections and payments for accrued liabilities.

Net cash used in investing activities increased by \$52,000 during the fiscal year ended June 30, 2026, driven primarily by increased activities related to the purchase of equipment for employees and facility expenditures. Historically, cash used in investing activities has been used to purchase equipment and software to support our business and growth.

Net cash used in financing activities decreased by \$6.2 million during the fiscal year ended June 30, 2026, driven primarily by funds used for repurchases of our common stock and offset by proceeds of employee stock option exercises and employee stock purchase plan purchases. Funds used for repurchases of our common stock were \$11.5 million and \$15.8 million during fiscal year ended June 30, 2026 and 2025, respectively.

Commitments

Our principal commitments consist of obligations under leases for office space. Lease agreements are evaluated to determine whether an arrangement is or contains a lease in accordance with ASC 842, *Leases*.

The following table summarizes our contractual obligations as of June 30, 2026 and the effect such obligations are expected to have on its liquidity and cash flow in future periods (in thousands):

	Payments Due by Period			
	Total	1 – 3 Years	3 – 5 Years	More than 5 Years
Operating leases	\$ 3,484	\$ 2,174	\$ 582	\$ 728
Total	<u>\$ 3,484</u>	<u>\$ 2,174</u>	<u>\$ 582</u>	<u>\$ 728</u>

Off-Balance Sheet Arrangements

As of June 30, 2026, we had no significant off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Risk

We develop products in the United States and India and sell these products in the United States and internationally. Generally, international sales are made in local currency. As a result, our financial results could be affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets. Identifiable assets denominated in foreign currency consist primarily of cash and cash equivalents, accounts receivable, net, and operating lease ROU asset. As of June 30, 2026 and 2025, identifiable assets denominated in foreign currency totaled approximately \$38.8 million and \$25.9 million, respectively. A 10% increase in the value of the dollar relative to other currencies would decrease the value of these assets by \$3.9 million between June 30, 2026 and our next financial reporting period. We do not currently use derivative instruments to hedge against foreign exchange risk. As such we are exposed to market risk from fluctuations in foreign currency exchange rates, principally from the exchange rate between the U.S. Dollar, on the one hand, and the Euro, British Pound and Indian Rupee, on the other hand. An unfavorable change in the foreign currency exchange rates may cause an adverse effect on our financial position or results of operations.

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to interest earned on our cash and cash equivalents. The primary objective of our investment activities is to preserve our capital to fund operations. We also seek to maximize income from our investments without assuming significant risk. Our investment policy provides for investments in short-term, low-risk, investment-grade debt instruments. These investments are subject to interest rate risk and will decrease in value if market interest rates increase.

We currently do not hedge interest rate exposure, and we do not have any foreign currency or other derivative financial instruments. To date, we have not experienced a loss of principal on any of our investments. Although we currently expect that our ability to access or liquidate these investments as needed to support our business activities will continue, we cannot ensure that this will not change. We believe that, if market interest rates were to change immediately and uniformly by 10% from levels between June 30, 2026 and our next financial reporting period, the impact on the fair value of these securities or our cash flows or income would not be material.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

eGain Corporation

Consolidated Financial Statements

As of June 30, 2026 and 2025 and for the years ended June 30, 2026 and 2025

Index to Consolidated Financial Statements

	<u>Page Number</u>
Report of BPM LLP, Independent Registered Public Accounting Firm (PCAOB ID: 207).	54
Consolidated Financial Statements:	
Consolidated Balance Sheets as of June 30, 2026 and 2025	56
Consolidated Statements of Operations for the years ended June 30, 2026 and 2025.	57
Consolidated Statements of Comprehensive Income for the years ended June 30, 2026 and 2025	58
Consolidated Statements of Stockholders' Equity for the years ended June 30, 2026 and 2025	59
Consolidated Statements of Cash Flows for the years ended June 30, 2026 and 2025	60
Notes to Consolidated Financial Statements	61

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
eGain Corporation
Sunnyvale, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of eGain Corporation and subsidiaries (the “Company”) as of June 30, 2026 and 2025, and the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for each of the two years in the period ended June 30, 2026 and the related notes and financial statement schedule listed in the index to this Annual Report on Form 10-K at Part IV Item 15(a)(2) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of June 30, 2026 and 2025, and the consolidated results of its operations and its cash flows for each of the two years in the period ended June 30, 2026, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

As described in Note 1 to the consolidated financial statements, the Company recognizes revenue upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. The Company enters into contracts with its customers that may include promises to transfer cloud delivery arrangements, term software licenses, support and professional services. Significant judgment is required by the Company in determining revenue recognition for these customer agreements, including the determination of whether

products and services are considered distinct performance obligations that should be accounted for separately or combined as one unit of accounting and the determination of standalone selling prices (“SSP”) for each distinct obligations performance, particularly for services that are not sold separately.

The principal audit considerations for our determination that performing procedures related to the Company’s revenue recognition for customer agreements is a critical audit matter are the significant amount of judgment required by management in this process. Significant judgment is required in determining SSP, including the determination of whether services are considered distinct performance obligations that should be accounted for separately or combined as one unit of accounting and the determination of SSP for each distinct performance obligation, particularly for services that are not sold separately.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included reviewing executed contracts for a sample of revenue transactions to assess management’s evaluation of significant terms, including the determination of distinct performance obligations, and testing the amounts recognized as revenue or recorded as deferred revenue. In addition, we tested management’s determination of SSP by performing audit procedures that included, among others, assessing the appropriateness of the methodology applied, testing the mathematical accuracy of the underlying data and calculations, and testing selections to corroborate the data underlying the Company’s calculations.

/s/ BPM LLP

We have served as the Company’s auditor since 2008.

San Jose, California
September 10, 2026

EGAIN CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	June 30,	
	2026	2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 73,336	\$ 62,909
Restricted cash	8	8
Accounts receivable, less provision for credit losses of \$28 and \$7 as of June 30, 2026 and 2025, respectively	24,391	32,775
Costs capitalized to obtain revenue contracts, net	776	1,148
Prepaid expenses	2,811	2,841
Other current assets	669	886
Total current assets	101,991	100,567
Property and equipment, net	872	670
Operating lease right-of-use assets	2,516	3,530
Costs capitalized to obtain revenue contracts, net of current portion	1,200	1,460
Goodwill	13,186	13,186
Other assets, net	28,230	28,592
Total assets	<u>\$ 147,995</u>	<u>\$ 148,005</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,486	\$ 2,596
Accrued compensation	4,610	6,749
Accrued liabilities	4,267	2,821
Operating lease liabilities	1,246	1,220
Deferred revenue	46,478	48,765
Total current liabilities	59,087	62,151
Deferred revenue, net of current portion	2,062	1,766
Operating lease liabilities, net of current portion	1,532	2,449
Other long-term liabilities	1,101	908
Total liabilities	63,782	67,274
Commitments and contingencies (Notes 7 and 8)		
Stockholders' equity:		
Common stock, \$0.001 par value per share – authorized: 60,000 shares; issued: 33,932 and 33,237 shares; outstanding: 26,171 and 27,083 shares as of June 30, 2026 and 2025, respectively	34	33
Additional paid-in capital	418,710	411,253
Treasury stock, at cost: 7,761 and 6,154 common shares as of June 30, 2026 and 2025, respectively	(50,322)	(38,812)
Accumulated other comprehensive loss	(1,678)	(336)
Accumulated deficit	(282,531)	(291,407)
Total stockholders' equity	84,213	80,731
Total liabilities and stockholders' equity	<u>\$ 147,995</u>	<u>\$ 148,005</u>

The accompanying notes are an integral part of these consolidated financial statements.

EGAIN CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share information)

	Years Ended June 30,	
	2026	2025
Revenue:		
SaaS.....	\$ 85,286	\$ 81,921
Professional services	5,850	6,510
Total revenue	91,136	88,431
Cost of revenue:		
Cost of SaaS.....	17,732	17,975
Cost of professional services	6,554	8,448
Total cost of revenue	24,286	26,423
Gross profit.....	66,850	62,008
Operating expenses:		
Research and development	29,449	29,604
Sales and marketing	19,476	19,356
General and administrative	9,960	8,615
Total operating expenses	58,885	57,575
Income from operations	7,965	4,433
Interest income, net.....	2,250	2,469
Other income (expense), net.....	581	(1,265)
Income before income tax (provision) benefit	10,796	5,637
Income tax (provision) benefit	(1,920)	26,617
Net income.....	\$ 8,876	\$ 32,254
Per share information:		
Earnings per share:		
Basic	\$ 0.33	\$ 1.15
Diluted.....	\$ 0.32	\$ 1.13
Weighted-average shares used in computation:		
Basic	27,158	28,161
Diluted.....	27,861	28,650
Summary of stock-based compensation included in the costs and expenses above:		
Cost of revenue.....	\$ 528	\$ 865
Research and development	1,333	640
Sales and marketing	560	352
General and administrative	381	592
Total stock-based compensation	\$ 2,802	\$ 2,449

The accompanying notes are an integral part of these consolidated financial statements.

EGAIN CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Years Ended June 30,	
	2026	2025
Net income.....	\$ 8,876	\$ 32,254
Other comprehensive income, net of taxes:		
Foreign currency translation adjustments.....	(1,342)	1,904
Total comprehensive income	<u>\$ 7,534</u>	<u>\$ 34,158</u>

The accompanying notes are an integral part of these consolidated financial statements.

EGAIN CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Additional	Treasury Stock		Notes	Accumulated		Total
	Shares	Amount	Paid-in	Shares	Amount	Receivable	Other	Accumulated	Stockholders'
			Capital			From	Comprehensive	Deficit	Equity
						Stockholders	Loss		
BALANCES AS OF JULY 1, 2024	29,160	33	407,416	3,538	(23,031)	(21)	(2,240)	(323,661)	\$ 58,496
Write-off on stockholders' notes	—	—	—	—	—	21	—	—	21
Issuance of common stock upon vesting of restricted stock units	169	—	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	191	—	575	—	—	—	—	—	575
Issuance of common stock in connection with employee stock purchase plan	179	—	813	—	—	—	—	—	813
Repurchase of common stock	(2,616)	—	—	2,616	(15,781)	—	—	—	(15,781)
Stock-based compensation	—	—	2,449	—	—	—	—	—	2,449
Foreign currency translation adjustments	—	—	—	—	—	—	1,904	—	1,904
Net income	—	—	—	—	—	—	—	32,254	32,254
BALANCES AS OF JUNE 30, 2025	27,083	33	411,253	6,154	(38,812)	—	(336)	(291,407)	80,731
Issuance of common stock upon vesting of restricted stock units	162	—	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	389	1	2,520	—	—	—	—	—	2,521
Issuance of common stock in connection with employee stock purchase plan	144	—	785	—	—	—	—	—	785
Issuance of common stock warrant for services	—	—	1,350	—	—	—	—	—	1,350
Repurchase of common stock	(1,607)	—	—	1,607	(11,510)	—	—	—	(11,510)
Stock-based compensation	—	—	2,802	—	—	—	—	—	2,802
Foreign currency translation adjustments	—	—	—	—	—	—	(1,342)	—	(1,342)
Net Income	—	—	—	—	—	—	—	8,876	8,876
BALANCES AS OF JUNE 30, 2026	26,171	\$ 34	\$ 418,710	7,761	\$ (50,322)	\$ —	\$ (1,678)	\$ (282,531)	\$ 84,213

The accompanying notes are an integral part of these consolidated financial statements.

EGAIN CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income	\$ 8,876	\$ 32,254
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of costs capitalized to obtain revenue contracts	1,175	1,415
Amortization of right-of-use assets	1,179	1,064
Depreciation and amortization	388	340
Provision for credit losses	48	63
Deferred income taxes	330	(27,253)
Stock-based compensation	2,802	2,449
Issuance of common stock warrant for services	1,350	—
Gain on disposal of property and equipment	—	(5)
Write-off on stockholder's notes	—	21
Changes in operating assets and liabilities:		
Accounts receivable	8,026	(437)
Costs capitalized to obtain revenue contracts	(577)	(865)
Prepaid expenses	527	96
Other current assets	237	307
Other non-current assets	(61)	166
Accounts payable	(624)	(144)
Accrued compensation	(2,080)	(982)
Accrued liabilities	1,938	(2,678)
Deferred revenue	(1,584)	329
Operating lease liabilities	(1,058)	(892)
Other long-term liabilities	258	15
Net cash provided by operating activities	<u>21,150</u>	<u>5,263</u>
Cash flows from investing activities:		
Purchases of property and equipment	(617)	(565)
Net cash used in investing activities	<u>(617)</u>	<u>(565)</u>
Cash flows from financing activities:		
Proceeds from exercise of stock options	2,521	575
Proceeds from employee stock purchase plan	785	813
Repurchases of common stock	(11,510)	(15,781)
Net cash used in financing activities	<u>(8,204)</u>	<u>(14,393)</u>
Effect of exchange rate differences on cash and cash equivalents	(1,902)	2,601
Net increase (decrease) in cash, cash equivalents and restricted cash	10,427	(7,094)
Cash, cash equivalents and restricted cash at beginning of year	62,917	70,011
Cash, cash equivalents and restricted cash at end of year	<u>\$ 73,344</u>	<u>\$ 62,917</u>
Supplemental cash flow disclosures:		
Cash paid for taxes	\$ 767	\$ 1,026
ROU assets and lease liabilities recognized from lease modification	\$ 291	\$ 677
Non-cash items:		
Purchases of equipment through trade accounts payable	\$ —	\$ 27

The accompanying notes are an integral part of these consolidated financial statements.

EGAIN CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

eGain powers AI-driven knowledge management for the enterprise. We sell our SaaS platform to enterprises that want to deliver trusted, consumable answers to customers, employees, and AI agents — aiming to reduce cost and improve outcomes across knowledge-intensive workflow. Our platform centralizes enterprise knowledge and puts it to work across customer service, employee support, and AI-powered automation. We are headquartered in Sunnyvale, California, USA. We also operate in the United Kingdom and India.

In July 2026, Gartner named eGain a Leader in the first-ever Magic Quadrant for Customer Service Knowledge Management Systems, positioned highest for Ability to Execute and furthest for Completeness of Vision. Our solutions are used by large enterprises and government organizations across North America and Europe.

Principles of Consolidation

The consolidated financial statements include the accounts of eGain and our wholly-owned subsidiaries, eGain Communications Ltd., Exony Limited (Exony), eGain Communications Pvt. Ltd., eGain Communications (USA), and eGain Deutschland GmbH. All significant intercompany balances and transactions have been eliminated.

Business Combinations

Business combinations are accounted for at fair value under the purchase method of accounting. Acquisition costs are expensed as incurred and recorded in general and administrative expenses and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date affect income tax expense. The accounting for business combinations requires estimates and judgment as to expectations for future cash flows of the acquired business, and the allocation of those cash flows to identifiable intangible assets, in determining the estimated fair value for assets acquired and liabilities assumed. The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's estimates and assumptions, as well as other information compiled by management, including valuations that utilize customary valuation procedures and techniques. If the actual results differ from the estimates and judgments used in these estimates, the amounts recorded in the consolidated financial statements could result in a possible impairment of the intangible assets and goodwill, or require acceleration of the amortization expense of finite-lived intangible assets.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The estimates are based upon information available as of the date of the consolidated financial statements. Actual results could differ from those estimates.

We evaluate our significant estimates, including those related to revenue recognition, provision for credit losses, valuation of stock-based compensation, valuation of long-lived assets, valuation of deferred tax assets, and litigation, among others. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. We refer to accounting estimates of this type as "critical accounting estimates."

Foreign Currency

The functional currency of each of our international subsidiaries is the local currency of the country in which it operates. Assets and liabilities of our foreign subsidiaries are translated at month-end exchange rates, and revenue and expenses are translated at the average monthly exchange rates. The resulting cumulative translation adjustments are recorded as a component of accumulated other comprehensive loss. Foreign currency transaction gains and losses are included in “other income (expense), net” in the consolidated statements of operations, and resulted in a gain of \$529,000 and a loss of \$1.3 million in fiscal years ended June 30, 2026 and 2025, respectively.

Cash and Cash Equivalents, Restricted Cash and Investments

We consider all highly liquid investments with an original purchase to maturity date of three months or less to be cash equivalents. Time deposits held for investments that are not debt securities are included in short-term investments in the consolidated balance sheets. Investments in time deposits with original maturities of more than three months but remaining maturities of less than one year are considered short-term investments. Investments held with the intent to reinvest or hold for longer than a year, or with remaining maturities of one year or more, are considered long-term investments. As of June 30, 2026 and 2025, we did not have any short-term or long-term investments.

Cash earmarked for a specific purpose and therefore not available for immediate and general use by the Company is considered restricted cash. Expected usage of restricted cash within one year is classified as a current asset; expected usage more than a year is considered a non-current asset. As of June 30, 2026 and 2025, our restricted cash was nominal and expected to be used within one year.

Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, accounts payable and accrued liabilities. We do not have any derivative financial instruments. We believe the reported carrying amounts of these financial instruments approximate fair value, based upon their short-term nature and comparable market information available at the respective balance sheet dates.

Concentration of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist principally of cash and cash equivalents and trade accounts receivable. Cash and cash equivalents are deposited with high credit quality institutions. We are exposed to credit risk in the event of default by these institutions to the extent of the amount recorded on the consolidated balance sheets. We invest excess cash primarily in money market funds, which are highly liquid securities that bear minimal risk. In addition, we have investment policies and procedures that are reviewed periodically to minimize credit risk. Our cash, cash equivalents and restricted cash were \$73.3 million and \$62.9 million as of June 30, 2026 and 2025, respectively, and exceeded the FDIC (Federal Deposit Insurance Corporation) limits. As of June 30, 2026 and 2025, cash equivalents classified as level 1 instruments, including money market account investments, were measured at \$45.2 million and \$43.0 million, respectively.

Our customer base extends across many different industries and geographic regions. Revenue is allocated to individual countries and geographic region by customer, based on where the product is shipped to and location of services performed. One customer accounted for 15% and 16% of total revenue for the years ended June 30, 2026 and 2025, respectively.

We perform ongoing credit evaluations of our customers with outstanding receivables and generally do not require collateral. In addition, we established a provision for credit losses based upon factors surrounding the credit risk of customers, historical trends and other information. Two customers accounted for 10% to 26% of our accounts receivable balance, less provision for credit losses, as of June 30, 2026. Three customers accounted for 10% to 22% of our accounts receivable balance, less provision for credit losses, as of June 30, 2025.

Accounts Receivable and Provision for Credit Losses

We extend unsecured credit to our customers on a regular basis. Our accounts receivable are derived from revenue earned from customers and are not interest bearing. We also maintain a provision for credit losses to reserve for potential uncollectible trade receivables. We review our trade receivables by aging category to identify specific customers with known disputes or collectability issues. We exercise judgment when determining the adequacy of these reserves as we evaluate historical bad debt trends, general economic conditions in the U.S. and internationally, and changes in customer financial conditions. If we made different judgments or utilized different estimates, material differences may result in additional reserves for trade receivables, which would be reflected by charges in general and administrative expenses for any period presented. We write off a receivable after all collection efforts have been exhausted and the amount is deemed uncollectible. Recovered written off receivables are recorded as they occur.

In certain revenue contracts, contractual billings do not coincide with revenue recognized on the contract. Unbilled accounts receivables (contract assets) are recorded when revenue recognized on the contract exceeds billings, pursuant to contract provisions, and become billable upon certain criteria being met. Unbilled accounts receivables, for which the Company has the unconditional right to consideration, totaled \$1.2 million and \$1.4 million as of June 30, 2026 and 2025, respectively, and are included in the accounts receivable, less provision for credit losses balance on the accompanying consolidated balance sheets.

Our accounts receivable, net balance was \$24.4 million and \$32.8 million as of June 30, 2026 and 2025, respectively.

Property and Equipment, Net

Property and equipment, net, is stated at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful life of the respective assets, which typically is between three or five years. Leasehold improvements and leased equipment are depreciated on a straight-line basis over the shorter of the lease term or useful life of the asset, which is typically three to five years.

Goodwill

We review goodwill annually for impairment or sooner whenever events or changes in circumstances indicate that it may be impaired. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. We operate under a single reporting unit and accordingly, all of our goodwill is associated with the entire company. We had no indicators of impairment for fiscal years ended June 30, 2026 and 2025.

Impairment of Long-Lived Assets

We review long-lived assets for impairment, including property and equipment, whenever events or changes in business circumstances indicate that the carrying amounts of the assets may not be fully recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition is less than its carrying amount. During fiscal years ended June 30, 2026 and 2025, we did not have any such impairment losses.

Deferred Revenue

Deferred revenue primarily consists of payments received in advance of revenue recognition from cloud, term and ratable licenses, and maintenance and support services and is recognized as the revenue recognition criteria are met. We generally invoice customers in annual or quarterly installments. The deferred revenue balance does not represent the total contract value of annual or multi-year, non-cancelable cloud or maintenance and support agreements. Deferred revenue is influenced by several factors, including seasonality, the compounding effects of renewals, invoice duration, invoice timing and new business linearity within the quarter.

Deferred revenue that will be recognized during the succeeding twelve-month period is recorded as current deferred revenue and the remaining portion is recorded as noncurrent.

Our combined contract liabilities, which consist of both current and non-current deferred revenue for which we have an obligation to transfer services to customers and have received considerations in advance or the amount is due from customers, balance was \$48.5 million and \$50.5 million as of June 30, 2026 and 2025, respectively.

Cost Capitalized to Obtain Revenue Contracts, Net

Under Topic 606, we capitalize incremental costs of obtaining non-cancelable subscription and support revenue contracts. The capitalized amounts consist primarily of sales commissions paid to our direct sales force. Capitalized amounts also include (i) amounts paid to employees other than the direct sales force who earn incentive payouts under annual compensation plans that are tied to the value of contracts acquired and (ii) the associated payroll taxes and fringe benefit costs associated with the payments to our employees, including stock-based compensation.

Costs capitalized related to new revenue contracts are generally deferred and amortized on a straight-line basis over a period of benefit that we estimate to be five years. We determine the period of benefit by taking into consideration the historical and expected durations of our customer contracts, the expected useful lives of our technologies, and other factors. Commissions for renewal contracts relating to our cloud-based arrangements are expensed when incurred, as we do not consider renewal contracts to be commensurate with initial customer contracts. Historically, any commission associated with renewals have been immaterial. Amortization of costs to obtain revenue contracts is included as a component of sales and marketing expenses in our consolidated statements of operations.

The Company does not adjust transaction price for the effects of a significant financing component when the period between the transfers of the promised good or service to the customer and payment for that good or service by the customer is expected to be one year or less. The Company assessed each of its revenue contracts in order to determine whether a significant financing component exists, and determined its contracts did not include a significant financing component for the years ended June 30, 2026 and 2025.

During the fiscal years ended June 30, 2026 and 2025, we capitalized \$577,000 and \$865,000 of costs to obtain revenue contracts, respectively, and amortized \$1.2 million and \$1.4 million to sales and marketing expense, respectively. Capitalized costs to obtain revenue contracts, net of accumulated amortization were \$2.0 million and \$2.6 million as of June 30, 2026 and 2025, respectively.

Leases

Lease agreements are evaluated to determine whether an arrangement is or contains a lease in accordance with ASC 842, *Leases*.

Operating leases are included in operating lease right-of-use (ROU) assets, current operating lease liabilities, and noncurrent operating lease liabilities in the consolidated financial statements. ROU assets represent the Company's right to use leased assets over the agreed upon term. Lease liabilities represent the Company's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date of the lease. The lease liability is measured as the present value of the lease payments over the lease term, using the rate implicit in the lease if readily determinable. If the rate implicit in the lease cannot be readily determined, the Company uses its incremental borrowing rate at lease commencement. The operating lease ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and any prepayments, less unamortized lease incentives received.

Operating leases typically include non-lease components such as common-area maintenance costs. We have elected to include non-lease components with lease payments for the purpose of calculating lease ROU assets and liabilities, to the extent that they are fixed. Non-lease component payments that are not fixed are expensed as incurred as variable lease payments.

Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension options are reasonably certain to be exercised is made at lease commencement. Factors considered in determining whether an option is reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Company has elected not to recognize ROU assets and obligations for leases with an initial term of twelve months or less, and has applied a capitalization threshold to recognize a lease on the consolidated balance sheets. The expense associated with short-term leases and leases that do not meet the Company's capitalization threshold are recorded to lease expense in the period it is incurred.

Software Development Costs

We account for software development costs in accordance with ASC 985, *Software*, for costs of the software to be sold, leased or marketed, whereby costs for the development of new software products and substantial enhancements to existing software products are included in research and development expense as incurred until technological feasibility has been established, at which time any additional costs are capitalized. Technological feasibility is established upon completion of a working model. To date, software development costs incurred in the period between achieving technological feasibility and general availability of software have not been material and have been charged to operations as incurred.

Advertising Costs

We expense advertising costs as incurred. Total advertising expenses for the fiscal years ended June 30, 2026 and 2025 were \$3.1 million and \$2.2 million, respectively.

Stock-Based Compensation

We account for stock-based compensation in accordance with ASC 718, *Compensation—Stock Compensation*. Determining the fair value of the stock-based awards at the grant date requires significant judgment and the use of estimates, particularly surrounding Black-Scholes valuation assumptions such as stock price volatility and expected option term. Stock-based compensation expense for employee and non-employee awards is recognized as expense over the requisite service period, which is generally in line with the vesting period, net of expected forfeitures. Stock-based compensation expense consists of expenses for stock options and restricted stock units (RSUs) granted under our Amended and Restated 2005 Stock Incentive Plan, and our 2017 Employee Stock Purchase Plan (ESPP).

Income Taxes

Income taxes are accounted for using the asset and liability method in accordance with ASC 740, *Income Taxes*. Under this method, deferred tax liabilities and assets are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. For the legacy eGain business in the United States, based upon the weight of available evidence, which includes our historical operating performance, our future investment plans, and the uncertainty in the current market and economic environment, we have determined that the majority of the deferred tax assets will be able to be utilized and have only provided a valuation allowance against our California net operating losses and research and development credits. For the legacy eGain business in the United Kingdom, based on the positive evidence, the Company has determined it would be able to utilize the deferred tax assets and does not have a valuation allowance against the deferred tax assets. The remaining eGain foreign operations as well as Exony's business have historically been profitable and we believe it is more likely than not that those assets will be realized. Our tax benefit (provision) primarily relates to foreign activities as well as federal and state income taxes. Our income tax rate differs from the statutory tax rates primarily due to the change in valuation allowance, stock-based compensation, research and development tax credits, and our foreign operations.

We account for uncertain tax positions according to the provisions of ASC 740. ASC 740 contains a two-step approach for recognizing and measuring uncertain tax positions. Tax positions are evaluated for recognition by determining if the weight of available evidence indicates that it is probable that the position will be sustained on audit, including resolution of related appeals or litigation. Tax benefits are then measured as the largest amount which is more than 50% likely of

being realized upon ultimate settlement. We consider many factors when evaluating and estimating tax positions and tax benefits, which may require periodic adjustments and which may not accurately anticipate actual outcomes.

As of June 30, 2026, utilization of the NOL or tax credit carryforwards to offset future taxable income and taxes, respectively, may be subject to an annual limitation under the Internal Revenue Code of 1986 and similar state provisions, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term, tax-exempt rate, and then could be subject to additional adjustments such as built in gain or built in loss, as required. Any limitation may result in expiration of all or a portion of its NOL and or tax credit carryforwards before utilization. The Company has not identified a change in ownership as of June 30, 2026 that would significantly limit the net operating loss carryovers.

Comprehensive Income

We report comprehensive income and its components in accordance with ASC 220, *Comprehensive Income*. Under the accounting standards, comprehensive income includes all changes in equity during a period except those resulting from investments by or distributions to owners. Total comprehensive income for each of the two years in the year ended June 30, 2026 is shown in the accompanying consolidated statements of comprehensive income. Accumulated other comprehensive loss presented in the accompanying consolidated balance sheets as of June 30, 2026 and 2025 consists of accumulated foreign currency translation adjustments.

Earnings Per Share

Basic earnings per share is computed using the weighted-average number of shares of common stock outstanding. In periods where net income is reported, the weighted average number of shares is increased by stock options in-the-money and shares issuable for RSUs subject to service-based vesting requirements to calculate diluted earnings per share.

The following table represents the calculation of basic and diluted earnings per common share (in thousands, except per share data):

	Years Ended June 30,	
	2026	2025
Net income.	\$ 8,876	\$ 32,254
Per share information:		
Earnings per share:		
Basic	\$ 0.33	\$ 1.15
Diluted.	\$ 0.32	\$ 1.13
Weighted-average shares used in computation:		
Basic	27,158	28,161
Diluted.	27,861	28,650

Weighted average options to purchase 2,439,974 and 3,434,432 shares of common stock as of June 30, 2026 and 2025, respectively, were not included in the computation of diluted net income per share due to their anti-dilutive effect. Such securities could have a dilutive effect in future periods.

Segment Information

We operate in one segment, the development, license, implementation, and support of our customer service infrastructure software solutions. Operating segments are identified as components of an enterprise for which discrete financial information is available and regularly reviewed by our Chief Operating Decision-Maker in order to make decisions about resources to be allocated to the segment and assess its performance. Our chief operating decision-makers (CODMs) under ASC 280, *Segment Reporting*, are our executive management team. Our CODMs review financial information presented on a consolidated basis for purposes of making operating decisions and assessing financial performance. The CODMs regularly evaluate non-GAAP operating income, which is defined as income from operations as presented on the

consolidated statements of operations and adding back stock-based compensation, along with significant revenue and expense categories aligned with those presented on our consolidated statement of operations, and the accounting policies governing our segment are the same as those described in Note 1, “Summary of Business and Significant Accounting Policies.”

Information relating to our geographic areas for the fiscal years ended June 30, 2026 and 2025 is as follows (in thousands):

	Total Revenue	Income from Operations	Long-Lived Assets
Year ended June 30, 2026:			
North America	\$ 72,329	\$ 4,829	\$ 493
Europe, Middle East, & Africa	18,807	9,306	161
Asia Pacific	—	(6,170)	218
.....	<u>\$ 91,136</u>	<u>\$ 7,965</u>	<u>\$ 872</u>
Year ended June 30, 2025:			
North America	\$ 68,778	\$ 3,919	\$ 390
Europe, Middle East, & Africa	19,653	6,780	63
Asia Pacific	—	(6,266)	217
.....	<u>\$ 88,431</u>	<u>\$ 4,433</u>	<u>\$ 670</u>

For the purposes of entity-wide geographic area disclosures, long-lived assets consist of computers and equipment, furniture and fixtures, and leasehold improvements, net of accumulated depreciation and amortization. These items are included in property and equipment, net, on the accompanying Company’s consolidated balance sheets.

Recent Accounting Pronouncements

Pronouncements Recently Adopted

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires enhanced disclosures, including additional disaggregation of information in the income tax rate reconciliation and income taxes paid by jurisdiction. This ASU is effective for fiscal years beginning after December 15, 2024 (our fiscal year 2026), with early adoption permitted. We adopted ASU 2023-09 on a prospective basis during the fourth quarter of fiscal year 2026. The adoption resulted in expanded disclosures but did not have a material impact on our consolidated financial statements. See Note 4 — *Income Taxes* for additional information.

Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires disaggregated disclosure of income statement expenses for public business entities. The objective of this guidance is to improve the disclosures about a public business entity’s expenses and address requests from investors for more detailed information about the types of expenses (including purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in each relevant expense caption. This ASU is effective for fiscal years beginning after December 15, 2026 (our fiscal year 2028), and interim reporting periods beginning after December 15, 2027, with early and retrospective adoption permitted. We are currently evaluating the impact of this update on our consolidated financial statements and related disclosures.

Revenue Recognition

Revenue Recognition Policy

Our revenue is comprised of two categories including SaaS and professional services. SaaS revenue includes cloud delivery arrangements, term licenses, embedded OEM royalties, and associated support. An immaterial amount of SaaS revenue is comprised of our legacy revenue which is associated with license, maintenance, and support contracts on perpetual license arrangements that we no longer sell. Professional services include consulting, implementation, training, and managed services.

Significant Judgment Applied in the Determination of Revenue Recognition

We enter into contractual arrangements with customers that may include promises to transfer multiple services, such as subscription, support and professional services. With respect to our business, a performance obligation is a promise to transfer a service to a customer that is distinct. Significant judgment is required to determine whether services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting. Additionally, significant judgment is required to determine the timing of revenue recognition.

We allocate the transaction price to each performance obligation based on relative SSP. The SSP is the price at which we would sell a promised service separately to one of our customers. Judgment is required to determine the SSP for each distinct performance obligation.

We determine the SSP by considering our pricing objectives in relation to market demand. Consideration is placed based on our history of discounting prices, size and volume of transactions involved, customer demographics and geographic locations, price lists, contract prices and our market strategy.

Determination of Revenue Recognition

Under Topic 606, we recognize revenue upon the transfer of control of promised services to our customers in the amount that is commensurate with the consideration that we expect to receive in exchange for those services. If consideration includes a variable amount in the arrangement, such as service level credits or contingent fees, then we include an estimate of the amount that we expect to receive for the total transaction price.

The amount of revenue that we recognize is based on (i) identifying the contract with a customer; (ii) identifying the performance obligations in the contract; (iii) determining the transaction price; (iv) allocating the transaction price to the performance obligations in the contract on a relative SSP basis; and (v) recognizing revenue when, or as, we satisfy each performance obligation in the contract typically through delivery or when control is transferred to the customer.

SaaS Revenue

The following customer arrangements are recognized ratably over the contract term as the performance obligations are delivered:

- Cloud delivery arrangements;
- Maintenance and support arrangements; and
- Term licenses which incorporate on-premise software licenses and a subscription to substantial cloud functionalities.

For contracts involving distinct software licenses, the license performance obligation is satisfied at a point in time when control is transferred to the customer.

We typically invoice our customers in advance upon execution of the contract or subsequent renewals with payment terms generally between 30 and 45 days. Invoiced amounts are recorded in accounts receivable, deferred revenue or revenue, depending on whether control transferred to our customers based on each arrangement.

We have a royalty revenue agreement with a customer related to our embedded intellectual property. Under the terms of the agreement, the customer is to provide us with a combination of fixed fee and per agent fee, for each software license sold containing the embedded software. These embedded OEM royalties are included as SaaS revenue. Under Topic 606 revenue guidance, since these arrangements are for usage-based licenses of intellectual property, for which the guidance in paragraph ASC 606-10-55-65 applies, we estimate revenue recognized only as the performance obligation of the embedded OEM royalties has been satisfied or partially satisfied. Differences between actual results and estimated amounts are adjusted in the following period as such sales are reported by the customer with a quarter in arrears.

Professional Services Revenue

Professional services revenue includes system implementation, consulting, training, and managed services. The transaction price is allocated to various performance obligations based on their SSP. Revenue allocated to each performance obligation is recognized at the earlier of satisfaction of discrete performance obligations, or as work is performed on a time and material basis. Managed services include a comprehensive set of processes and activities that range from implementation to monitoring the evolution and support of eGain solutions in a company. Our consulting and implementation service contracts are bid either on a time-and-material basis or on a fixed-fee basis. Managed services contracts are bid on a time-and-material basis. Fixed fees are generally paid upon milestone billing or customer acceptance at pre-determined points in the contract. Amounts that have been invoiced are recorded in accounts receivable and in deferred revenue or revenue, depending on whether transfer of control to customers has occurred.

Training revenue that meets the criteria to be accounted for separately is recognized when training is provided.

Contracts with Multiple Performance Obligations

The Company enters into contracts that can include various combinations of subscriptions, professional services and maintenance and support, which are generally distinct and accounted for as separate performance obligations. For contracts with multiple performance obligations, the Company allocates the transaction price of the contract to each performance obligation on a relative basis using the respective SSP for each performance obligation.

2. BALANCE SHEET COMPONENTS

Property and equipment, net consists of the following:

	As of June 30,	
	2026	2025
	(in thousands)	
Computers and equipment	\$ 3,984	\$ 3,657
Furniture and fixtures	1,043	967
Leasehold improvements	817	750
Total	5,844	5,374
Accumulated depreciation and amortization	(4,972)	(4,704)
Property and equipment, net.	<u>\$ 872</u>	<u>\$ 670</u>

Depreciation and amortization expense was \$388,000 and \$340,000 for the fiscal years ended June 30, 2026 and 2025, respectively. Disposed property and equipment, which were substantially fully-depreciated, were \$2,000 and \$351,000 for the fiscal years ended June 30, 2026 and June 30, 2025, respectively.

Accrued compensation consists of the following:

	As of June 30,	
	2026	2025
	(in thousands)	
Accrued bonuses	\$ 955	\$ 2,966
Accrued vacation	2,470	2,507
Payroll and other employee related costs	911	1,086
Accrued commissions	274	190
Accrued compensation	<u>\$ 4,610</u>	<u>\$ 6,749</u>

Accrued liabilities consists of the following:

	As of June 30,	
	2026	2025
	(in thousands)	
VAT liability	\$ 907	\$ 937
Customer advances	383	340
Sales tax payable	111	95
Accrued other liabilities	2,866	1,449
Accrued liabilities	<u>\$ 4,267</u>	<u>\$ 2,821</u>

Other assets, net consists of the following:

	As of June 30,	
	2026	2025
	(in thousands)	
Deferred tax assets	\$ 27,896	\$ 28,226
Prepaid others	68	182
Deposits	198	129
Other receivable	68	55
Other assets, net.	<u>\$ 28,230</u>	<u>\$ 28,592</u>

3. REVENUE RECOGNITION

Disaggregation of Revenue

The following table presents our SaaS and professional services revenue during the fiscal years ended June 30, 2026 and 2025, respectively:

	Fiscal Year Ended June 30,	
	2026	2025
	(in thousands)	
Revenue:		
SaaS revenue	\$ 85,286	\$ 81,921
Professional services.	5,850	6,510
Total revenue	<u>\$ 91,136</u>	<u>\$ 88,431</u>

The following table presents our revenue recognized over-time and at a point-in-time during the fiscal years ended June 30, 2026 and 2025, respectively:

	Fiscal Year Ended June 30,	
	2026	2025
	(in thousands)	
Revenue:		
Over-time	\$ 85,824	\$ 82,549
Point-in-time	5,312	5,882
Total revenue	<u>\$ 91,136</u>	<u>\$ 88,431</u>

The following table presents our revenue by geography. Revenue by geography is generally determined on the region of our contracting entity rather than the region of our customer. The relative proportion of our total revenues between each geographic region as presented in the table below was materially consistent across each of our operating segments' revenues for the periods presented.

	Fiscal Year Ended June 30,	
	2026	2025
	(in thousands)	
Revenue:		
North America.	\$ 72,329	\$ 68,778
Europe, Middle East, & Africa	18,807	19,653
Total revenue	<u>\$ 91,136</u>	<u>\$ 88,431</u>

Contract Balances

Contract assets, if any, consist of unbilled receivables for completed performance obligations which have not been invoiced, and for which we do not have an unconditional right to consideration. Unbilled receivables are included in accounts receivable, less provision for credit losses on our consolidated balance sheets. Contract liabilities consist of deferred revenue for which we have an obligation to transfer services to customers and have received consideration in advance or the amount is due from customers. Once the obligations are fulfilled, then deferred revenue is recognized to revenue in the respective period.

The following table presents the balances in contract liabilities (in thousands):

	Balance as of June 30, 2026 (\$)	Balance as of June 30, 2025 (\$)
Contract liabilities:		
Deferred revenue	46,478	48,765
Deferred revenue, net of current portion	2,062	1,766

All deferred revenue as of June 30, 2025 was recognized as revenue during the fiscal year ended June 30, 2026.

Remaining Performance Obligations

Remaining performance obligations represent contracted revenue that had not yet been recognized, and include billed deferred revenue, consisting of amounts invoiced to customers whether collected or uncollected which have not been recognized as revenue, as well as unbilled amounts that will be invoiced and recognized as revenue in future periods. The transaction price allocated to the remaining performance obligation is influenced by a variety of factors, including seasonality, timing of renewals, average contract terms and foreign currency exchange rates. As of June 30, 2026, our remaining performance obligations were \$87.0 million of which we expect to recognize \$62.1 million and \$24.9 million as revenue within one year and beyond one year, respectively.

4. INCOME TAXES

Income before income tax (provision) benefit consisted of the following (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
United States	\$ 7,579	\$ 3,636
Foreign	3,217	2,001
Income before income tax (provision) benefit	<u>\$ 10,796</u>	<u>\$ 5,637</u>

The components of the income tax (provision) benefit are as follows (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
Current provision:		
Federal	\$ (194)	\$ (14)
State	(635)	(101)
Foreign	(761)	(521)
Total current:	<u>(1,590)</u>	<u>(636)</u>
Deferred:		
Federal	(560)	24,280
State	466	3,094
Foreign	(236)	(121)
Total deferred:	<u>(330)</u>	<u>27,253</u>
Income tax (provision) benefit	<u>\$ (1,920)</u>	<u>\$ 26,617</u>

As further described in Note 1 - *Summary of Business and Significant Accounting Policies*, we elected to adopt the guidance in ASU 2023-09 on a prospective basis. The reconciliation of the U.S. federal statutory income tax rate and amount to the Company's effective income tax rate and income tax (provision) benefit is as follows (in thousands):

	Fiscal Year Ended June 30, 2026	
	Amount	Percent
Income taxes provision at statutory federal rate	\$ (2,267)	(21.00)%
State and local taxes, net of federal income tax effect ⁽¹⁾	(169)	(1.57)%
Foreign tax effects		
India		
Statutory tax rate difference between India and the United States	(168)	(1.55)%
Other	63	0.58%
United Kingdom		
Stock-based compensation	(241)	(2.23)%
Other	31	0.29%
Other Foreign	(6)	(0.05)%
Tax credits		

R&D credit, net of reserve.	1,037	9.61%
Nontaxable or nondeductible items		
Other	9	0.08%
Stock-based compensation.	(160)	(1.48)%
Changes in unrecognized tax benefits	(98)	(0.90)%
Other Adjustments.	49	0.45%
Income tax provision	<u>\$ (1,920)</u>	<u>(17.77)%</u>

- (1) State taxes in Illinois, Missouri, New Hampshire, and New York made up the majority (greater than 50 percent) of the tax effect in this category.

For the year ended June 30, 2025, prior to the adoption of ASU 2023-09, the effective income tax rate differs from the statutory federal income tax rate as follows (in thousands):

	Fiscal Year Ended June 30, 2025
Federal statutory income tax rate	\$ (1,184)
Current state taxes, net of federal benefit	(713)
Foreign rate differential	(222)
Research and development credits	(127)
Stock-based compensation	(981)
Deferred return to provision	51
Other items	(41)
Net change in valuation allowance	30,079
Foreign income	(245)
Income tax (provision) benefit	<u>\$ 26,617</u>

The amounts of cash income taxes paid by the Company (net of refunds received) are as follows (in thousands):

	Fiscal Year Ended June 30, 2026
Federal	\$ —
State:	
Colorado	(80)
Florida	47
New Hampshire	61
Other	135
State subtotal	<u>163</u>
Foreign:	
India	425
UK	179
Foreign total	<u>604</u>
Total cash paid for income taxes (net of refunds)	<u>\$ 767</u>

As of June 30, 2026, we had \$15.8 million federal and approximately \$13.7 million state net operating loss carryforwards. The net operating loss carryforwards will expire at various dates beginning in fiscal year ending June 30, 2037, if not utilized. We also had federal research and development credit carryforwards of approximately \$5.1 million as of June 30, 2026, which will expire at various dates beginning in fiscal year ending June 30, 2032, if not utilized. The California research and development credit carryforwards are approximately \$7.6 million as of June 30, 2026 and have an indefinite carryover period.

In 2024, California enacted legislation, with the first being S.B.167, which suspends the use of NOLs by businesses and individuals for tax years 2024 through 2026, limits the use of tax credits by businesses and individuals to \$5 million for tax years 2025 through 2026, and clarifies that income not included in apportionable business income is excluded from the sales factor of the apportionment formula. The second, S.B.175, provides some relief from the \$5 million credit limitation in S.B. 167 by allowing taxpayers subject to the limit to elect to later receive a refund of credits they would have otherwise used to reduce tax liabilities during the limitation period.

As of June 30, 2026, utilization of the NOL or tax credit carryforwards to offset future taxable income and taxes, respectively, are subject to an annual limitation under the Internal Revenue Code of 1986 and similar state provisions, which is determined by first multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term, tax-exempt rate, and then could be subject to additional adjustments such as built in gain or built in loss, as required. Any limitation may result in expiration of all or a portion of its NOL and or tax credit carryforwards before utilization. As of June 30, 2026, the Company did not identify any ownership change that would significantly limit the net operating loss carryovers.

Deferred tax assets and liabilities reflect the net tax effects of net operating loss and credit carryforwards and of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for income tax purposes.

Significant components of our deferred tax assets and liabilities for federal, state and foreign income taxes are as follows (in thousands):

	As of June 30,	
	2026	2025
Deferred tax assets:		
Net operating loss carryforwards	\$ 4,312	\$ 850
Research credits	11,130	10,064
Other credits	—	3
Deferred revenue	3,526	770
Stock-based compensation.	4,048	4,054
Accruals and reserves.	882	1,178
Lease liability	176	286
Intangibles.	—	3
Other	107	85
Section 267 payables	2,004	2,335
Capitalized research and development	8,155	14,453
Gross deferred tax assets.	34,340	34,081
Less valuation allowance.	(6,219)	(5,529)
Net deferred tax assets	28,121	28,552
Gross deferred tax liabilities		
Right-of-use asset.	(171)	(298)
Fixed assets.	(54)	(28)
Gross deferred tax liabilities.	(225)	(326)
Total deferred tax assets, net *	\$ 27,896	\$ 28,226

*included in other assets, net, on consolidated balance sheets

ASC 740, *Income Taxes*, provides for the recognition of deferred tax assets if realization of such assets is more likely than not. For the legacy eGain business in the United States, based upon the weight of available evidence, which includes our historical operating performance and the reported cumulative net losses in prior years, we do not have a valuation allowance against our U.S. net deferred tax assets except for some California tax attributes. With respect to our foreign operations, we expect to fully utilize the deferred tax assets and have not placed a valuation allowance against them. Our tax benefit (provision) primarily relates to foreign, federal, and state income taxes. Our income tax rate differs from the statutory tax rates primarily due to the increase in valuation allowance, stock-based compensation, research and development credits, and our foreign operations.

The aggregate changes in the balance of the valuation allowance during fiscal years 2026 and 2025 were as follows (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
Valuation Allowance Beginning Balance	\$ (5,529)	\$ (35,608)
Change in Valuation Allowance	(690)	30,079
Valuation Allowance Ending Balance	\$ (6,219)	\$ (5,529)

We have not provided for taxes on \$30.3 million of undistributed earnings of our foreign subsidiaries as of June 30, 2026. It is our intention to reinvest such undistributed earnings indefinitely in our foreign subsidiaries. If we distribute these

earnings, in the form of dividends or otherwise, we would be subject to withholding taxes payable to the foreign jurisdiction.

For the fiscal years ended June 30, 2026 and 2025, we have zero and \$2.2 million of Global Intangible Low Tax Income inclusion and used our net operating losses and the Section 250 deduction to offset our taxable income, respectively.

Uncertain Tax Positions

The aggregate changes in the balance of our gross unrecognized tax benefits during fiscal years 2026 and 2025 were as follows (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
Beginning balance	\$ 4,627	\$ 1,641
Increases in balances related to tax positions taken during current periods . .	658	2,986
Expired Attributes	(2)	—
Ending balance	<u>\$ 5,283</u>	<u>\$ 4,627</u>

As of June 30, 2026 and 2025, the Company had gross unrecognized tax benefits of \$5.3 million and \$4.6 million, respectively. The unrecognized tax benefits primarily relate to tax credits generated in a prior year. Although the Company incurred a loss during fiscal 2026, \$3.0 million of the federal unrecognized tax benefits, if recognized, would affect the Company's effective tax rate.

The Company recognizes interest and penalties related to uncertain tax positions as a component of income tax expense (benefit). During fiscal 2026 and 2025, the Company did not recognize any interest or penalties.

We do not anticipate the amount of existing unrecognized tax benefit to significantly increase or decrease during the next twelve months. Our policy is to record interest and penalties related to unrecognized tax benefits as income tax expense.

We file income tax returns in the United States as well as various state and foreign jurisdictions. In these jurisdictions, tax years between 2009 and 2016 remain subject to examination by the appropriate governmental agencies due to tax loss carryovers from those years. For U.S. tax purposes, tax years after 2016 are subject to a three-year statute of limitations. The Company is not currently under audit with either the IRS, foreign, or any state or local jurisdictions, nor has it been notified of any other potential future income tax audit. The federal and California statute of limitations remains open for three and four years, respectively, from the date of utilization of any net operating loss or credits.

5. STOCKHOLDERS' EQUITY

On December 8, 2021, our board of directors authorized the amended and restated Certificate of Incorporation which increased the total authorized shares of common stock from 50,000,000 to 60,000,000 shares. As of June 30, 2026 and 2025, the Company had 33,932,000 and 33,237,000 shares of common stock issued, respectively, and 26,171,000 and 27,083,000 shares of common stock outstanding, respectively.

Common Stock

We have reserved shares of common stock for issuance as of June 30, 2026 as follows:

	Common Stock Reserves
Stock options outstanding	3,759,752
Warrants outstanding	500,000
Restricted stock units (RSUs) outstanding	113,949
Stock available for future grants or issuance:	
2005 Stock Incentive Plan	1,798,586
2017 Employee Stock Purchase Plan	445,865
Total reserved shares of common stock for issuance	<u>6,618,152</u>

Preferred Stock

We are authorized to issue 5,000,000 shares of preferred stock with a par value of \$0.001 per share. As of June 30, 2026 and 2025, no shares of preferred stock are issued or outstanding. Our board of directors has the authority, without further action by our stockholders, to issue up to 5,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof. These rights, preferences and privileges could include dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, any or all of which may be greater than the rights of the common stock.

Stock-Based Compensation

We account for stock-based compensation in accordance with ASC 718, Compensation—Stock Compensation. Under the fair value recognition provisions of ASC 718, stock-based compensation cost is measured at the grant date based on the fair value of the award and is recognized as expense over the vesting period, net of expected forfeitures. Stock-based compensation expense consists of expenses for stock options and restricted stock units (RSUs) granted under our Amended and Restated 2005 Stock Incentive Plan (the 2005 Stock Incentive Plan), and stock purchase rights granted under our 2017 Employee Stock Purchase Plan.

2005 Management Stock Option Plan

In May 2005, our board of directors adopted the 2005 Management Stock Option Plan (2005 Management Plan), which was subsequently amended and restated, including in 2014 and 2021, with those amendments and restatements approved by our stockholders. The 2005 Management Plan provides for the grant of non-statutory stock options to common-law employees who are directors, officers and key employees of eGain and its subsidiaries. The expiration date of the 2005 Management Plan was September 30, 2024. Options under the 2005 Management Plan are granted at a price not less than 100% of the fair market value of the common stock on the date of grant. Options granted under the 2005 Management Plan are subject to eGain's right of repurchase, which right shall lapse with respect to one-forty-eighth (1/48th) of the shares granted to a director, officer or key employee for each month of continuous service provided by such director, officer or key employee to eGain. The options granted under this plan are exercisable for up to ten years from the date of grant.

The following table represents the activity under the 2005 Management Plan:

	Shares Available for Grant	Options Outstanding	Weighted Average Exercise Price
Balance as of June 30, 2024	71,983	712,517	\$ 3.15
Options Exercised	—	(134,000)	\$ 3.12
Options Forfeited / Expired	101,000	(101,000)	\$ 6.28
Plan Shares Expired	(172,983)	—	
Balance as of June 30, 2025	—	477,517	\$ 2.49
Options Exercised	—	(82,250)	\$ 2.44
Balance as of June 30, 2026	—	395,267	\$ 2.50

2005 Stock Incentive Plan

In March 2005, our board of directors adopted the 2005 Stock Incentive Plan which provides for the grant of stock options and RSUs to eGain's employees, officers, directors and consultants. Our stockholders first approved the 2005 Stock Incentive Plan in December 2005. Our board extended the expiration date of the 2005 Stock Incentive Plan to October 11, 2033 and made certain other changes, which were approved by our stockholders in December 2023. Options granted under the 2005 Stock Incentive Plan are non-qualified stock options. Non-qualified stock options may be granted to employees with exercise prices of no less than the fair value of the common stock on the date of grant. The options generally vest ratably over a period of four years and expire no later than ten years from the date of grant. RSUs granted under the 2005 Stock Incentive Plan contain service-based conditions and are valued at the grant date fair value; our closing stock price on the date of grant. The RSUs generally vest ratably over a period of one year.

The following table represents the activity under the 2005 Stock Incentive Plan:

	Shares Available for Grant	Options Outstanding	Weighted Average Exercise Price
Balance as of June 30, 2024	1,072,051	3,714,494	\$ 10.24
Shares Added	1,000,000	—	
Options Granted	(654,467)	654,467	\$ 5.57
Options Exercised	—	(57,000)	\$ 2.78
Options Forfeited / Expired	834,762	(834,762)	\$ 9.48
RSUs Granted	(226,654)	—	
RSUs Forfeited	63,751	—	
Balance as of June 30, 2025	2,089,443	3,477,199	\$ 9.67
Options Granted	(623,916)	623,916	\$ 9.70
Options Exercised	—	(306,859)	\$ 7.54
Options Forfeited / Expired	429,771	(429,771)	\$ 9.61
RSUs Granted	(123,767)	—	
RSUs Forfeited	27,055	—	
Balance as of June 30, 2026	1,798,586	3,364,485	\$ 9.88

During the fiscal year ended June 30, 2026, we did not grant any stock options to consultants.

A summary of RSU activity during the year ended June 30, 2026 is as follows:

	Shares	Weighted Average Grant Date Fair Value per Share
Non-vested RSUs as of June 30, 2025	179,155	\$ 5.71
RSUs granted	123,767	\$ 13.58
RSUs released.	(161,918)	\$ 5.71
RSUs forfeited	(27,055)	\$ 8.68
Non-vested RSUs as of June 30, 2026.	113,949	\$ 13.58

We granted 956 and 2,659 RSUs to consultants during fiscal year ended June 30, 2026 and 2025, respectively.

The following table summarizes information about stock options outstanding and exercisable under all stock option plans as of June 30, 2026:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number of Shares	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
\$2.50	456,270	1.22	\$ 2.50	456,270	\$ 2.50
\$3.40-\$5.94	382,848	7.49	\$ 5.09	227,014	\$ 5.05
\$6.15-\$7.95	379,439	8.17	\$ 6.78	101,324	\$ 6.83
\$7.96-\$10.63	533,454	7.55	\$ 9.78	204,376	\$ 9.20
\$10.74-\$11.23	50,300	5.30	\$ 11.00	50,300	\$ 11.00
\$11.36	1,688,391	5.01	\$ 11.36	1,688,391	\$ 11.36
\$11.47-\$13.75	201,800	3.68	\$ 12.69	183,800	\$ 12.61
\$14.40	1,750	2.12	\$ 14.40	1,750	\$ 14.40
\$15.10	55,500	9.37	\$ 15.10	—	\$ —
\$19.11	10,000	4.29	\$ 19.11	10,000	\$ 19.11
\$2.50-\$19.11	3,759,752	5.47	\$ 9.10	2,923,225	\$ 9.28

The summary of options vested and exercisable as of June 30, 2026 comprised:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Term
Options outstanding.	3,759,752	\$ 9.10	\$ 2,200,873	5.47
Options fully vested and expected to vest	3,603,023	\$ 9.12	\$ 2,171,790	5.31
Options exercisable	2,923,225	\$ 9.28	\$ 2,019,244	4.45

The aggregate intrinsic value in the preceding table represents the total intrinsic value based on stock options with a weighted average exercise price less than our closing stock price of \$6.30 as of June 30, 2026 that would have been received by the option holders, had they exercised their options on June 30, 2026. The total intrinsic value of stock options exercised was \$1.6 million and \$501,000 during fiscal years 2026 and 2025, respectively.

2017 Employee Stock Purchase Plan

In October 2017, our board of directors adopted the ESPP which provided eligible employees the option to purchase the Company's common stock through payroll deductions at a price equal to 85% of the lower of the fair market value at the entry date of the applicable offering period or at the end of each applicable purchasing period. Our stockholders approved

the ESPP in November 2017. The offering period, meaning a period with respect to which the right to purchase shares of our common stock may be granted under the ESPP, will not exceed twenty-seven months and consist of a series of six-month purchase periods. Eligible employees may join the ESPP at the beginning of any six-month purchase period. Under the terms of the ESPP, employees can choose to have between 1% and 15% of their base earnings withheld to purchase the Company's common stock. On December 17, 2021, our board of directors authorized an additional 600,000 shares of common stock to be available for issuance under ESPP. As of June 30, 2026, 445,865 shares of common stock were reserved for future issuance under the ESPP.

Valuation of Stock-based Awards

Determining the fair value of the stock options, RSUs, and ESPP awards at the grant date requires significant judgment and the use of estimates, particularly surrounding Black-Scholes valuation assumptions such as stock price volatility and expected option term.

The table below summarizes the effect of stock-based compensation (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
Stock-based compensation expense	\$ (2,802)	\$ (2,449)
Income tax expense	(193)	(62)
Net income effect	<u>\$ (2,995)</u>	<u>\$ (2,511)</u>

The Company recognized \$193,000 and \$62,000 of tax expense related to stock-based compensation expense for eGain UK and Exony for the fiscal years ended June 30, 2026 and 2025, respectively. There is income tax effect of \$151,000 that has been recognized relating to the stock-based compensation expense in the US in the fiscal year ended June 30, 2026.

Total stock-based compensation related to non-employee awards were an expense of \$12,000 and \$37,000 during the fiscal years ended June 30, 2026 and 2025, respectively. A net reversal of stock-based compensation reflects the forfeiture of unvested stock awards due to termination of service.

We utilized the Black-Scholes valuation model for estimating the fair value of the stock-based compensation of options and ESPP stock purchase rights. All shares of our common stock issued pursuant to our stock plans are only issued out of an authorized reserve of shares of common stock, which were previously registered with the Securities and Exchange Commission on a registration statement on Form S-8.

During the fiscal years ended June 30, 2026 and 2025, there were 623,916 and 654,467 options granted, respectively, with a weighted-average grant date fair value of \$4.65 and \$2.65, per share, respectively.

We used the following assumptions as inputs into the Black-Scholes valuation model to estimate the fair value of the options granted:

	Fiscal Year Ended June 30,	
	2026	2025
Dividend yield	—	—
Expected volatility	54 %	53 %
Average risk-free interest rate	3.83 %	4.11 %
Expected life (in years)	4.52	4.55

We used the following assumptions as inputs into the Black-Scholes valuation model to estimate the fair value of the ESPP stock purchase right:

	Fiscal Year Ended June 30,	
	2026	2025
Dividend yield	—	—
Expected volatility	59 %	57 %
Average risk-free interest rate	2.67 %	2.48 %
Expected term (in years)	0.50	0.50

During the fiscal years ended June 30, 2026 and 2025, employees were granted the right and purchased an aggregate of 143,830 and 178,602 shares, respectively, with a weighted average grant date fair value of \$2.76 and \$1.74, per share, respectively, pursuant to the ESPP. Total stock-based compensation expense related to those purchase rights was \$307,000 and \$303,000 for the fiscal years ended June 30, 2026 and 2025, respectively.

The dividend yield of zero is based on the fact that we have never paid cash dividends and have no present intention to pay cash dividends. We determined the appropriate measure of expected volatility by reviewing historic volatility in the share price of our common stock, as adjusted for certain events that management deemed to be non-recurring and non-indicative of future events. The risk-free interest rate is derived from the average U.S. Treasury Strips rate.

We base our estimate of expected life of a stock option on the historical exercise behavior, and cancellations of all past option grants made by the Company during the time period which its common stock has been publicly traded, the contractual term of the option, the vesting period and the expected remaining term of the outstanding options.

In accordance with Accounting Standards Updates (ASU) 2016-09, *Compensation—Stock Compensation: Improvements to Employee Share-Based Accounting*, we elected to continue to estimate forfeitures in the calculation of stock-based compensation expense.

The following table summarizes stock-based compensation expense relating to stock options for the years ended June 30, 2026 and 2025, respectively (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
Cost of revenue	\$ 97	\$ 343
Research and development	623	183
Sales and marketing	273	154
General and administrative	214	433
Total	<u>\$ 1,207</u>	<u>\$ 1,113</u>

Total unamortized compensation cost, net of forfeitures, for all options granted but not yet vested as of June 30, 2026 was \$1.7 million which is expected to be recognized over the weighted average period of 1.55 years.

The following table summarizes stock-based compensation expense relating to RSUs for the years ended June 30, 2026 and 2025, respectively (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
Cost of revenue	\$ 352	\$ 411
Research and development	582	350
Sales and marketing	219	152
General and administrative	135	120
Total	<u>\$ 1,288</u>	<u>\$ 1,033</u>

Total unamortized compensation cost, net of forfeitures, for all RSUs granted but not yet vested as of June 30, 2026 was \$531,000, which is expected to be recognized over the weighted average period of 0.38 years.

The following table summarizes stock-based compensation expense relating to the ESPP for the years ended June 30, 2026 and 2025, respectively (in thousands):

	Fiscal Year Ended June 30,	
	2026	2025
Cost of revenue	\$ 78	\$ 98
Research and development	128	120
Sales and marketing	69	46
General and administrative	32	39
Total	<u>\$ 307</u>	<u>\$ 303</u>

Total unamortized compensation cost, net of forfeitures, for all purchase rights related to ESPP granted but not yet vested as of June 30, 2026 was \$135,000, which is expected to be recognized over a weighted average period of 0.42 years.

Warrants

We account for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance in FASB ASC Topic 480, *Distinguishing Liabilities from Equity*, and ASC Topic 815, *Derivatives and Hedging*. The assessment considers whether the warrants are freestanding financial instruments pursuant to ASC Topic 480, meet the definition of a liability pursuant to ASC 480, and whether the warrants meet all of the requirements for equity classification under ASC Topic 815, including whether the warrants are indexed to our own common stock and whether the warrant holders require mandatory cash settlement, among other conditions for equity classification. This assessment, which requires the use of professional judgment, is conducted at the time of warrant issuance.

For warrants that meet all of the criteria for equity classification, the warrants are recorded as a component of additional paid-in capital at the time of issuance. The grant date fair value of the warrants was estimated using a Black-Scholes valuation model. See Note 11 for discussion of warrants outstanding as of June 30, 2026.

6. LEASES

During our fiscal year ended June 30, 2026, we leased our office facilities under non-cancelable operating leases that expire on various dates through the fiscal year 2033. On September 29, 2025, the Company entered into a lease agreement in Sunnyvale, California. The term of the lease expires on March 31, 2027 and requires an average monthly rent of approximately \$21,000 for 18 months from the lease commencement date in October 2025. In January 2026, the Company entered into a sublease agreement as a sublessor for a certain office space and which sublease agreement is set to expire in January 2031. In April 2026, we modified one of our existing operating leases, which resulted in a decrease in operating lease ROU assets and operating lease liabilities in the amount of approximately \$47,000 during the fiscal year ended June 30, 2026. All of our office leases are classified as operating leases with lease expense recognized on a straight-line basis over the lease term. Lease ROU assets and liabilities are recognized on the commencement date at the present value of lease payments over the lease term. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on information available at the commencement date to determine the present value of lease payments.

The following table presents information about the weighted average lease term and discount rate as follows:

	As of June 30, 2026	As of June 30, 2025
Weighted average remaining lease term (in years)	4.78	5.14
Weighted average discount rate	8.19 %	8.41 %

The following table presents information about leases on our consolidated statement of operations (in thousands):

	Years ended June 30,	
	2026	2025
Operating lease expense	\$ 1,465	\$ 1,346
Sublease income	\$ (34)	\$ —

The following table presents supplemental cash flow information about our leases (in thousands):

	Years ended June 30,	
	2026	2025
Operating cash outflows from operating leases	\$ 1,322	\$ 1,178

As of June 30, 2026, remaining maturities of lease liabilities are as follows (in thousands):

Fiscal Period:

Fiscal 2027	\$ 1,260
Fiscal 2028	524
Fiscal 2029	390
Fiscal 2030	291
Fiscal 2031	291
Thereafter	728
Total minimum lease payments	3,484
Less: Imputed interest.	(706)
Total operating lease liabilities.	2,778
Less: Current operating lease liabilities	(1,246)
Total operating lease liabilities, net of current portion	\$ 1,532

7. COMMITMENTS AND CONTINGENCIES

Employee benefit plans

Defined Contribution Plans

We sponsor an employee savings and retirement plan, the 401(k) Plan, as allowed under Section 401(k) of the Internal Revenue Code. The 401(k) Plan is available to all domestic employees who meet minimum age and service requirements, and provides employees with tax deferred salary deductions and alternative investment options. Employees may contribute up to 60% of their salary, subject to certain limitations. We, at the discretion of our board of directors, may contribute to the 401(k) Plan. In fiscal years 2026 and 2025, we contributed approximately \$741,000 and \$651,000 to the 401(k) Plan, respectively. We also have a defined contribution plan related to our foreign subsidiaries. Amounts expensed under this plan were \$416,000 and \$623,000, for the fiscal years ended June 30, 2026 and 2025, respectively.

Gratuity Plan—India

In accordance with Gratuity Act of 1972, we sponsor a defined benefit plan (Gratuity Plan) for all of our India employees. The Gratuity Plan is required by local law, which provides a lump sum payment to vested employees upon retirement or termination of employment in an amount based on each employee's salary and duration of employment with the Company. The Gratuity Plan benefit cost for the year is calculated on an actuarial basis. Current service costs and actuarial gains or losses, or prior service cost, for the Gratuity Plan were \$327,000 and \$140,000, for the fiscal years ended June 30, 2026 and 2025, respectively.

Warranty

We generally warrant that the program portion of our software will perform substantially in accordance with certain specifications for a period up to one year from the date of delivery. Our liability for a breach of this warranty is either a return of the license fee or providing a fix, patch, work-around or replacement of the software.

We also provide standard warranties against and indemnification for the potential infringement of third-party intellectual property rights to our customers relating to the use of our products, as well as indemnification agreements with certain officers and employees under which we may be required to indemnify such persons for liabilities arising out of their duties to us. The terms of such obligations vary. Generally, the maximum obligation is the amount permitted by law.

Historically, costs related to these warranties have not been significant. However, we cannot guarantee that a warranty reserve will not become necessary in the future.

Indemnification

We have agreed to indemnify our directors and executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by us, arising out of that person's services as our director or officer or that person's services provided to any other company or enterprise at our request.

Transfer Pricing

We have received transfer-pricing assessments from tax authorities with regard to transfer pricing issues for certain fiscal years, which we have appealed with the appropriate authority. We review the status of each significant matter and assess its potential financial exposure. We believe that such assessments are without merit and would not have a significant impact on our consolidated financial statements.

Contractual Obligations and Commitments

Our principal contractual commitments consist of obligations under leases for office space. Lease agreements are evaluated to determine whether an arrangement is or contains a lease in accordance with ASC 842, *Leases*.

Contractual agreements with third-parties consist of software licenses, maintenance and support for our operations. As of June 30, 2026, we have paid all non-cancelable contractual agreements related to these software licenses.

We have no significant commitments related to co-location services for cloud operations as of June 30, 2026 and 2025.

8. LITIGATION

In the ordinary course of business, we are involved in various legal proceedings and claims related to alleged infringement of intellectual property rights, commercial, corporate and securities, labor and employment, wage and hour, and other claims that are not expected to have a material impact on our business or our consolidated financial statements. We have been, and may in the future be, put on notice and/or sued by third parties for alleged infringement of their proprietary rights, including patent infringement.

We evaluate all claims and lawsuits with respect to their potential merits, our potential defenses and counterclaims, settlement or litigation potential and the expected effect on us. Our technologies may be subject to injunction if they are found to infringe the rights of a third party. In addition, our agreements require us to indemnify our customers for third-party intellectual property infringement claims, which could increase the cost to us of an adverse ruling on such a claim.

9. FAIR VALUE MEASUREMENT

ASC 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value of assets and liabilities, and expands disclosures about fair value measurements. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets or liabilities in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive income when they occur. ASC 820 applies whenever other statements require or permit assets or liabilities to be measured at fair value.

ASC 820 includes a fair value hierarchy, of which the first two are considered observable and the last unobservable, that is intended to increase the consistency and comparability in fair value measurements and related disclosures. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions.

The fair value hierarchy consists of the following three levels:

Level 1 – instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets.

Level 2 – instrument valuations are obtained from readily-available pricing sources for comparable instruments.

Level 3 – instrument valuations are obtained without observable market value and require a high level of judgment to determine the fair value.

Our money market funds are measured at fair value on a recurring basis based on quoted market prices in active markets and are classified as level 1 within the fair value hierarchy. As of June 30, 2026 and 2025, cash equivalents classified as level 1 instruments, including money market account investments, were measured at \$45.2 million and \$43.0 million, respectively.

10. SHARE REPURCHASE PROGRAM

On November 14, 2022, eGain's board of directors authorized a stock repurchase program under which the Company may purchase up to \$20 million of its own outstanding common stock. In May 2024 and again in September 2025, the board of directors approved a \$20 million increase in its stock repurchase program, bringing the aggregate amount eGain may purchase thereunder from \$20 million to \$60 million of its outstanding common stock. As of June 30, 2026, approximately \$9.7 million remained available for stock repurchases pursuant to our stock repurchase program.

Under the stock repurchase program, we may purchase shares of common stock on a discretionary basis from time to time through open market transactions or privately negotiated transactions at prices deemed appropriate by us. In addition, at the discretion of eGain, open market repurchase of common stock may also be made under a Rule 10b5-1 plan, which would permit common stock to be repurchased when the Company might otherwise be precluded from doing so under its insider trading laws or self-imposed trading restrictions.

The timing and number of shares repurchased will be determined based on an evaluation of market conditions and other factors, including stock price, trading volume, general business and market conditions, and the availability of capital. On September 3, 2025, the board of directors also approved to extend the stock repurchase program until the earlier of (i) the date the aggregate amount of shares that can be repurchased under the stock repurchase program have been repurchased and (ii) the date the board of directors decides to terminate the stock repurchase program. The stock repurchase program does not obligate us to acquire a specified number of shares and may be modified, suspended, or discontinued at any time at our discretion without notice. The stock repurchase program will be funded using existing cash or future cash flows. During the year ended June 30, 2026, 1,606,466 shares have been repurchased for an average acquisition cost per share of \$7.16, totaling \$11.5 million. During the year ended June 30, 2025, 2,616,390 shares have been repurchased for an average acquisition cost per share of \$6.03, totaling \$15.8 million. We intend to reissue repurchased shares at a later date and therefore carry the shares as treasury stock, at cost.

11. WARRANTS

On August 14, 2025, the Company issued a warrant (Warrant) to JPMC Strategic Investments I Corporation (JPMC) to acquire 500,000 shares of the Company's common stock at an exercise price of \$7.10 per share. The Warrant was issued without cash consideration and is exercisable through the fifth anniversary of issuance. The offer and issuance of the Warrant is expected to be exempt from registration under the Securities Act, pursuant to Section 4(a)(2) of the Securities Act. JPMC has represented to the Company that it is an "accredited investor" as defined in Regulation D and that the Warrant is being acquired for investment purposes and not with a view to, or for sale in connection with, any distribution thereof.

The Warrant was first evaluated under ASC Topic 480, *Distinguishing Liabilities from Equity*, and determined that it does not meet the criteria for a liability classification. The Warrant was then evaluated under ASC 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity*, and determined to be an equity-classified instrument. Accordingly, the fair value of the warrant at grant date was recognized in additional paid-in capital within stockholders' equity.

The grant-date fair value of the Warrant was estimated at \$2.70 per share using the Black-Scholes valuation model with the following assumptions: expected volatility of 54%, risk-free interest rate of 2.87%, expected term of 5 years, and no expected dividends. The total fair value of the Warrant was \$1.4 million and was recognized as a non-cash general and administrative expense during the twelve months ended June 30, 2026. No warrants were issued in fiscal year 2025.

No warrants were exercised or expired during the twelve months ended June 30, 2026.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

We maintain “disclosure controls and procedures,” as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (Exchange Act) that are designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognized that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Our disclosure controls and procedures have been designed to meet reasonable assurance standards. Additionally, in designing disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Based on their evaluation as of the end of the period covered by this Annual Report on Form 10-K, our Chief Executive Officer and Chief Financial Officer have concluded that, as of June 30, 2026, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Controls.

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Management’s Annual Report on Internal Control Over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of the effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—*Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in Internal Control—*Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of June 30, 2026.

ITEM 9B. OTHER INFORMATION

Trading Plans

Name	Title	Action	Adoption Date	Expiration Date	Aggregate # of Securities to be Purchased/Sold
Eric N. Smit (1)	Chief Financial Officer	Adoption	6/5/2026	6/5/2028	133,000
Rao J. Chandrasekhar (2)	Senior Vice President, Products and Services	Adoption	6/9/2026	6/9/2027	61,003

- (1) Eric N. Smit, Chief Financial Officer, adopted a Rule 10b5-1 trading plan on June 5, 2026. Mr. Smit's plan provides for the potential exercise of 133,000 vested stock options with the associated potential sale of up to 133,000 shares of the Company's common stock. The plan expires on June 5, 2028, or upon the earlier completion of all authorized transactions under the plan. This trading plan was entered into during an open window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended.
- (2) Rao J. Chandrasekhar, Senior Vice President, Products and Services, adopted a Rule 10b5-1 trading plan on June 9, 2026. Mr. Chandrasekhar's plan provides for the potential exercise of up to 61,003 vested stock options with the associated potential sale of up to 61,003 shares of the Company's common stock. This trading plan expires on June 9, 2027, or upon the earlier completion of all authorized transactions under the plan. This trading plan was entered into during an open window and is intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference from the information under the headings “Election of Directors” and “Executive Compensation—Compensation Overview” contained in eGain’s definitive Proxy Statement to be filed with the Securities and Exchange Commission in connection with the solicitation of proxies for eGain’s 2026 Annual Meeting of Stockholders (Proxy Statement).

Certain information required by this item concerning executive officers is set forth in Part I, Item 1 of this report under the caption “Information About Our Executive Officers” and is incorporated herein by reference.

To the extent disclosure for delinquent reports is being made, it can be found under the caption “Delinquent Section 16(a) Reports” in the Proxy Statement and is incorporated herein by reference.

We have adopted an insider trading policy governing the purchase, sale, and/or other disposition of the Company’s securities by our directors, officers, employees, and other covered persons that we believe is reasonably designed to promote compliance with insider trading laws, rules, and regulations, and applicable Nasdaq listing standards. A copy of our insider trading policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information contained under the headings “Executive Compensation” and “Compensation Committee Report” and under the captions “Election of Directors—2026 Director Compensation” and “Election of Directors—Compensation Committee Interlocks and Insider Participation” in the Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained under the heading “Security Ownership of Certain Beneficial Owners and Management” in the Proxy Statement is incorporated herein by reference.

Equity Compensation Plan Information

The following table summarizes our equity compensation plans as of June 30, 2026:

Plan Category	Number of securities to be issued upon exercise of outstanding options and rights (a)	Weighted-average exercise price of outstanding options and rights (\$)(b)⁽¹⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders			
2005 Stock Incentive Plan	3,478,434 ⁽²⁾	\$ 9.88	1,798,586
2017 Employee Stock Purchase Plan	—	\$ —	445,865
Equity compensation plans not approved by security holders			
2005 Management Stock Option Plan	395,267	\$ 2.50	—
Total	<u>3,873,701</u>	<u>\$ 9.10</u>	<u>2,244,451</u>

(1) The weighted-average exercise price is calculated based solely on the exercise prices of outstanding options and does not reflect the shares that will be issued upon the vesting of outstanding RSU awards, which have no exercise price.

(2) This number includes the following awards outstanding under the 2005 Stock Incentive Plan: 3,364,485 shares subject to outstanding options, and 113,949 shares subject to outstanding RSU awards.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information contained under the headings “Related Party Transactions,” “Election of Directors—Director Independence,” and “Election of Directors—Board Meetings and Committees” in the Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information contained under the heading “Ratification of Independent Registered Public Accounting Firm” in the Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements

See Index to Consolidated Financial Statements in Item 8 of this report.

2. Financial Statement Schedule

The following schedule, which is filed as part of this Form 10-K: Schedule II—Valuation and Qualifying Accounts for the fiscal years ended June 30, 2026 and 2025.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS Years Ended June 30, 2026 and 2025 (in thousands)

	Balance at Beginning of Period	Additions Charged to Expense	Amounts Written Off, Net of Recoveries	Balance at End of Period
Provision for Credit Losses:				
Year ended June 30, 2026.....	\$ 7	\$ 48	\$ (27)	\$ 28
Year ended June 30, 2025.....	\$ 59	\$ 63	\$ (115)	\$ 7

All other financial statement schedules have been omitted because they are not applicable or not required or because the information is included elsewhere in the Consolidated Financial Statements or the Notes thereto.

3. Exhibits

See Item 15(b) of this report.

All other schedules have been omitted since they are either not required, not applicable or the information has been included in the consolidated financial statements or notes thereto.

(b) Exhibits

The exhibits listed below are filed or incorporated by reference herein. Each management contract or compensatory plan or arrangement required to be filed has been identified.

Exhibit No.	Description of Exhibits
3(i).1	Second Amended and Restated Certificate of Incorporation, as amended through November 9, 2012 (incorporated by reference to Exhibit 3(i) to the Registrant's Current Report on Form 8-K filed on December 10, 2021).
3(ii)	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.4 to the Registrant's Registration Statement on Form S-1, File No. 333-83439, originally filed with the Commission on July 22, 1999, as subsequently amended (Form S-1)).
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8, File No. 333-261722 filed on December 17, 2021).
4.2	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2020).

- 4.3 Warrant to Purchase Common Stock dated as of August 14, 2025 between the Registrant and JPMC Strategic Investments I Corporation. (incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2025).
- 10.1# Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Form S-1).
- 10.2# eGain Corporation Amended and Restated 2005 Stock Incentive Plan (as amended through October 12, 2023) (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2023).
- 10.3# eGain Corporation Amended and Restated 2005 Management Stock Option Plan, as amended through August 25, 2021 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021).
- 10.4# Form of Executive Change in Control Severance Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).
- 10.5# eGain Corporation 2017 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2020).
- 10.6 Standard Industrial/Commercial Multi-Tenant Lease Modified Net dated as of May 9, 2011 between the Registrant and DeGuigne Ventures, LLC (incorporated by reference to Exhibit 10.14 to Amendment No. 1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2014).
- 10.7 First Amendment to Standard Industrial/Commercial Multi-Tenant Lease Modified Net dated as of May 14, 2014 between the Registrant and D.R. Stephens Industrial Partners, LLC (Successor in Interest to DeGuigne Ventures, LLC) (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 19, 2014).
- 10.8 Second Amendment to Standard Industrial/Commercial Multi-Tenant Lease Modified Net dated as of August 1, 2021 between the Registrant and D.R. Stephens Industrial Partners, LLC d/b/a Stephens & Stephens (Borregas I) (Successor in Interest to DeGuigne Ventures, LLC) (incorporated by reference to Exhibit 10.8 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2023).
- 19.1 Insider Trading Policy of eGain. (incorporated by reference to Exhibit 19.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2025).
- 21.1 Subsidiaries of eGain (incorporated by reference to Exhibit 21.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2024).
- 23.1^ Consent of BPM LLP, Independent Registered Public Accounting Firm.
- 24.1 Power of Attorney (included on the signature page hereof).
- 31.1^ Rule 13a-14(a) Certification of Chief Executive Officer.
- 31.2^ Rule 13a-14(a) Certification of Chief Financial Officer.
- 32.1* Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 of Chief Executive Officer.
- 32.2* Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002 of Chief Financial Officer.

97.1	eGain Corporation Incentive-Based Compensation Recoupment Policy (incorporated by reference to Exhibit 97.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2024).
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

^ Filed herewith.

Indicates management contract or compensatory plan or arrangement.

* This exhibit is not deemed “filed” with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Registrant under the Securities Act of 1933 or the Securities Exchange Act of 1934, whether made before or after date hereof and irrespective of any general incorporation language contained in such filing.

(c) Financial Statements

Reference is made to Item 15(a)(2) above.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

eGain Corporation

Date: September 10, 2026

By: /s/ ASHUTOSH ROY
Ashutosh Roy
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENT, that each person whose signature appears below constitutes and appoints Ashutosh Roy and Eric N. Smit, and each of them, his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments to this annual report, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Name	Title	Date
<u>/s/ ASHUTOSH ROY</u> Ashutosh Roy	Chief Executive Officer and Director (Principal Executive Officer)	September 10, 2026
<u>/s/ ERIC N. SMIT</u> Eric N. Smit	Chief Financial Officer (Principal Financial and Accounting Officer)	September 10, 2026
<u>/s/ GUNJAN SINHA</u> Gunjan Sinha	Director	September 10, 2026
<u>/s/ PHIROZ P. DARUKHANAVALA</u> Phiroz P. Darukhanavala	Director	September 10, 2026
<u>/s/ BRETT SHOCKLEY</u> Brett Shockley	Director	September 10, 2026

eGain is a Leader

in the Gartner® Magic Quadrant™
for Customer Service Knowledge
Management Systems



easy with eGain 