

**NICE LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP RESULTS**

U.S. dollars in thousands (except per share amounts)

	Quarter ended		Year to date	
	December 31,		December 31,	
	2023	2022	2023	2022
GAAP revenues	\$ 623,192	\$ 568,560	\$ 2,377,508	\$ 2,181,294
Non-GAAP revenues	\$ 623,192	\$ 568,560	\$ 2,377,508	\$ 2,181,294
GAAP cost of revenue	\$ 200,878	\$ 180,980	\$ 768,173	\$ 683,688
Amortization of acquired intangible assets on cost of cloud	(17,935)	(18,940)	(75,667)	(74,791)
Amortization of acquired intangible assets on cost of services	-	-	-	(377)
Amortization of acquired intangible assets on cost of product	(255)	(241)	(1,021)	(1,017)
Valuation adjustment on acquired deferred cost of cloud	-	13	-	54
Cost of cloud revenue adjustment (1)	(4,605)	(2,451)	(10,965)	(8,840)
Cost of services revenue adjustment (1)	(3,142)	(3,233)	(11,906)	(11,497)
Cost of product revenue adjustment (1)	15	(147)	121	(548)
Non-GAAP cost of revenue	\$ 174,956	\$ 155,981	\$ 668,735	\$ 586,672
GAAP gross profit	\$ 422,314	\$ 387,580	\$ 1,609,335	\$ 1,497,606
Gross profit adjustments	25,922	24,999	99,438	97,016
Non-GAAP gross profit	\$ 448,236	\$ 412,579	\$ 1,708,773	\$ 1,594,622
GAAP operating expenses	\$ 299,649	\$ 299,756	\$ 1,174,108	\$ 1,162,433
Research and development (1)	(6,997)	(9,736)	(31,402)	(33,561)
Sales and marketing (1,2)	(11,515)	(13,993)	(48,048)	(57,114)
General and administrative (1,2)	(34,588)	(20,549)	(92,291)	(73,540)
Amortization of acquired intangible assets	(3,506)	(5,748)	(15,757)	(28,901)
Valuation adjustment on acquired deferred commission	22	43	128	196
Change in fair value of contingent consideration	18,258	-	18,258	-
Non-GAAP operating expenses	\$ 261,323	\$ 249,773	\$ 1,004,996	\$ 969,513
GAAP financial and other income, net	\$ 2,635	\$ (9,127)	\$ (22,473)	\$ (10,159)
Amortization of discount and loss of extinguishment on debt	(1,182)	(1,151)	(4,668)	(5,788)
Realized loss on marketable securities, net	(12,271)	-	(12,271)	-
Change in fair value of contingent consideration	-	-	(817)	-
Non-GAAP financial and other income, net	(10,818)	(10,278)	(40,229)	(15,947)
GAAP taxes on income	\$ 38,378	\$ 25,765	\$ 119,399	\$ 79,387
Tax adjustments re non-GAAP adjustments	4,464	12,037	41,937	54,897
Non-GAAP taxes on income	\$ 42,842	\$ 37,802	\$ 161,336	\$ 134,284
GAAP net income	\$ 81,652	\$ 71,186	\$ 338,301	\$ 265,945
Valuation adjustment on acquired deferred cost of cloud revenue	-	(13)	-	(54)
Amortization of acquired intangible assets	21,696	24,929	92,445	105,086
Valuation adjustment on acquired deferred commission	(22)	(43)	(128)	(196)
Share-based compensation (1)	47,298	50,061	180,504	185,052
Acquisition related expenses (2)	13,534	48	13,987	48
Amortization of discount and loss of extinguishment on debt	1,182	1,151	4,668	5,788
Realized loss on marketable securities, net	12,271	-	12,271	-
Change in fair value of contingent consideration	(18,258)	-	(17,441)	-
Tax adjustments re non-GAAP adjustments	(4,464)	(12,037)	(41,937)	(54,897)
Non-GAAP net income	\$ 154,889	\$ 135,282	\$ 582,670	\$ 506,772
GAAP diluted earnings per share	\$ 1.24	\$ 1.07	\$ 5.11	\$ 4.00
Non-GAAP diluted earnings per share	\$ 2.36	\$ 2.04	\$ 8.79	\$ 7.62
Shares used in computing GAAP diluted earnings per share	65,749	66,285	66,265	66,465
Shares used in computing non-GAAP diluted earnings per share	65,749	66,285	66,265	66,465

**NICE LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP TO NON-GAAP RESULTS (continued)**  
U.S. dollars in thousands

(1) Share-based Compensation

	Quarter ended December 31,		Year to date December 31,	
	2023	2022	2023	2022
Cost of cloud revenue	\$ 4,605	\$ 2,451	\$ 10,965	\$ 8,840
Cost of services revenue	3,142	3,233	11,906	11,497
Cost of product revenue	(15)	147	(121)	548
Research and development	6,997	9,736	31,402	33,561
Sales and marketing	11,515	13,993	48,023	57,114
General and administrative	21,054	20,501	78,329	73,492
	<u>\$ 47,298</u>	<u>\$ 50,061</u>	<u>\$ 180,504</u>	<u>\$ 185,052</u>

(2) Acquisition related expenses

	Quarter ended December 31,		Year to date December 31,	
	2023	2022	2023	2022
Sales and marketing	\$ -	\$ -	\$ 25	\$ -
General and administrative	13,534	48	13,962	48
	<u>\$ 13,534</u>	<u>\$ 48</u>	<u>\$ 13,987</u>	<u>\$ 48</u>

**NICE LTD. AND SUBSIDIARIES**  
**RECONCILIATION OF GAAP NET INCOME TO NON-GAAP EBITDA**  
U.S. dollars in thousands

	<b>Quarter ended</b>		<b>Year to date</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
GAAP net income	\$ 81,652	\$ 71,186	\$ 338,301	\$ 265,945
Non-GAAP adjustments:				
Depreciation and amortization	41,212	47,469	167,360	176,546
Share-based Compensation	46,170	49,015	176,658	182,704
Financial and other expense/ (income), net	2,635	(9,127)	(22,473)	(10,159)
Acquisition related expenses	13,534	48	13,987	48
Change in fair value of contingent consideration	(18,258)	-	(18,258)	-
Valuation adjustment on acquired deferred commission	(22)	(43)	(128)	(196)
Valuation adjustment on acquired deferred cost of cloud	-	(13)	-	(54)
Taxes on income	38,378	25,765	119,399	79,387
Non-GAAP EBITDA	<u>\$ 205,301</u>	<u>\$ 184,300</u>	<u>\$ 774,846</u>	<u>\$ 694,221</u>

**NICE LTD. AND SUBSIDIARIES****NON-GAAP RECONCILIATION - FREE CASH FLOW FROM CONTINUING OPERATIONS**

U.S. dollars in thousands

	<b>Quarter ended</b>		<b>Year to date</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
Free cash flow (a)				
Net cash provided by operating activities	\$ 180,496	\$ 176,706	\$ 561,430	\$ 479,715
Purchase of property and equipment	(6,079)	(10,941)	(29,205)	(31,893)
Capitalization of internal use software costs	(13,868)	(12,826)	(54,974)	(49,997)
Free Cash Flow	<u>\$ 160,549</u>	<u>\$ 152,939</u>	<u>\$ 477,251</u>	<u>\$ 397,825</u>

(a) Free cash flow from continuing operations is defined as operating cash flows from continuing operations less capital expenditures of the continuing operations and less capitalization of internal use software costs.