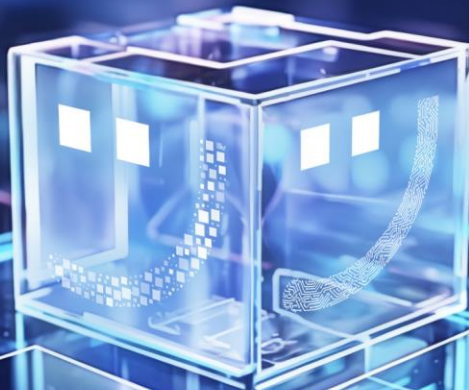


2024 Annual Report



NICE

Dear Shareholders,

Igniting a New Era at NICE

It is a profound honor and privilege to take the helm of NICE, renowned for its trailblazing innovation, strategic foresight, and proven success. Since assuming the role of CEO at the beginning of the year, I've had the opportunity to hear first-hand from our enterprise customers and partners about the unparalleled strength of our platform, which delivers exceptional CX with precision at scale. This recognition is evident in the numerous industry accolades NICE receives year after year. In 2024, Gartner recognized NICE as a leader in the Magic Quadrant for CCaaS for the 10th consecutive year and named NICE as the only "Customers' Choice" vendor in its Peer Insights "Voice of the Customer for CCaaS" report.

The continued advancements in AI are transforming the CX industry and unlocking unprecedented opportunities for growth. **NICE is at the forefront of this CX AI revolution.** Our decades of domain expertise, holistic and unified platform, purpose-built AI, and understanding and ability to influence all types of real-time interactions uniquely positions us to best delight consumers and drive efficiency gains for our customers in the era of Agentic AI.

Our industry leadership across mission-critical domains, robust financial foundation, and new strategic initiatives strongly positions us to seize the immense opportunity ahead of us in an exciting and dynamic market. With the support of 9,000 dedicated and driven employees worldwide, I am eager to lead the company into our next era of expanded growth.

NICE's 2024 Financial Milestones

Our 2024 results were outstanding, showcasing profitable growth at scale, an ironclad balance sheet, and best-in-class free cash flow generation. Total revenue for 2024 increased 15% year-over-year to \$2.7 billion, fueled by robust cloud revenue growth which increased 25% year-over-year culminating in an exit ARR of \$2.1 billion. Our leadership in CX AI was exemplified by the strong adoption of our advanced AI solutions, included in

97% of our large enterprise CXone Mpower deals exceeding \$1 million ARR. Our profitability reached new heights with a 150-basis point increase in our non-GAAP operating margin, climbing to 31.1%. Additionally, our outstanding operating cash flow growth in 2024, which soared 48% year-over-year to \$833 million, positions us with a significant competitive advantage to drive future organic and inorganic expansion.

Charting Our Evolution and Unveiling of CXone Mpower

NICE has undergone a remarkable transformation over the years, continually expanding our total addressable markets at every step. We began as a powerhouse in the **Call Center** domain with our leading Workforce Engagement Management (WEM) and Analytics solutions. In 2016, we boldly branched into the adjacent market of **Contact Center as a Service (CCaaS)** by adding the core capability of omnichannel routing, creating the cloud native CXone platform, catapulting NICE as a leading SaaS company. In the early 2020s we continued to incorporate AI, digital channels, proactive outbound engagement and self-service capabilities, evolving CXone into a comprehensive **Customer Service** platform, addressing 100% of interactions, voice and non-voice, agent-attended and fully automated unattended. AI has been integral to our strategy for many years, having launched Enlighten in 2020, which serves as the engine for CXone with purpose-built AI for customer service.

We are now entering the next stage of our journey: full customer service automation through **CX AI**. This expansion targets end-to-end automation across front, middle and back offices, from intent to fulfillment. In 2024, we proudly launched **CXone Mpower**, the AI platform that enables enterprises to design, build, and operate automation for workflows, agents, and knowledge at scale and precision. NICE is uniquely positioned to lead this market, leveraging our access to interactions in real-time and expertise in understanding consumer intents.

Our journey emphasizes our relentless pursuit of innovation and excellence. We have consistently and successfully anticipated industry trends and

staying ahead of the curve. With each milestone, we are re-defining the industry's gold standard and shaping the future of extraordinary customer experience.

Shaping the Future of Customer Service

As we navigate the evolving landscape of customer service, several key trends are driving our strategic direction and innovation, and NICE is at the forefront of each:

A Shift to Full-Scale Automation:

AI is advancing from task-based assistance to comprehensive automation. Organizations are now seeking solutions for end-to-end automation across customer service and operations. Beyond augmenting human performance, there is a growing demand for AI Agents to handle complex decision-making, manage workflows, and resolve issues autonomously. AI platforms aim to scale automation across all touchpoints, driving significant efficiency gains, cost savings, and transformative business impact.

Embracing Unified AI-Powered Platforms:

Organizations are transitioning away from traditional cloud platforms and point solutions to unified AI-powered platforms that integrate data, knowledge, and AI models. These platforms centralize intelligence, streamline workflows, and scale automation across all business functions. As AI adoption advances, cloud platforms must evolve into intelligent, autonomous infrastructures driving real-time business outcomes.

Domain-specific AI is Essential for Accurate Automation:

Enterprises are shifting from generic AI models to purpose-built AI trained on industry-specific data for precise, reliable customer service automation. AI that understands intent, context, and preferences enhances automation accuracy and reduces errors and escalations. Businesses are now adopting AI platforms that integrate predictive, generative, and real-time models to achieve intelligent automation at scale.

Criticality of Knowledge Management:

As AI plays a larger role in customer interactions, organizations need a unified, intelligent knowledge strategy to ensure accurate and trusted responses. AI-powered knowledge management systems organize, retrieve, and refine enterprise information, enhancing automation and agent effectiveness. Companies are transitioning from static knowledge bases to dynamic, AI-driven ecosystems that deliver context-aware, real-time insights across all customer touchpoints.

Prioritizing Trust, Security and Explainability in AI:

As AI assumes greater roles in customer service and financial decision-making, trust, security, and explainability are paramount. Enterprises must ensure AI models are transparent, unbiased, and compliant with evolving regulations. Organizations are investing in responsible AI frameworks that offer human oversight, real-time auditing, and governance mechanisms to maintain confidence in AI-driven decisions while adhering to stringent regulatory requirements.

These trends underscore the transformative impact of AI on customer engagement and operational efficiency, positioning us at the forefront of innovation in the customer service domain.

Our Strategic Vision

As we stand at the cusp of a transformative era, we are poised to seize this market opportunity and harness our strengths to their fullest potential. Below are three of our key strategic priorities:

1. **Unleash Our Market Leadership:** By positioning CXone Mpower in front of every organization, we aim to further expand our market share and continue to set the gold standard for excellence. By extending our reach from the front office to the middle and back offices, we strive to become even more integral to our customers' operations, capturing a larger share of C-level decision-making.

2. **Lead the CX-AI Revolution:** Agentic AI is our cornerstone, integrated into every facet of our operations. This fast-moving market attracts new entrants and investments due to its immense ROI potential by shifting more spend from labor to technology. We are committed to extending our leadership, enhancing our innovation, and solidifying our status as the unrivaled leader in AI-driven solutions for customer service automation.

3. **Scale with a Powerful Ecosystem:** We will aggressively broaden our strategic alliances, from technology partners to global system integrators. This collaborative approach will act as a force multiplier, accelerating our growth and magnifying our global impact enabling us to be an even more significant part of the CX market's connective tissue.

A Bright Future Ahead

Finally, I want to express my gratitude to our shareholders for your continued support and confidence in NICE. The energy across our company is undeniable, and we are all laser-focused on driving our vision forward. Our exceptional employees, with their hunger for success and relentless drive, are the bedrock of our achievements and the catalyst for our future triumphs.

With our industry leadership, cutting-edge AI assets, and remarkable market opportunities, we are well-positioned to achieve our goals and deliver exceptional value to our shareholders. After just a few months as CEO, I am more confident than ever in our company and in a market primed to excel in this exciting and dynamic landscape.

Thank you for your trust and support. I look forward to leading NICE into a new era of growth and success

Sincerely,

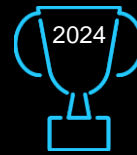


Scott Russell

CEO, NICE



2024 Key milestones



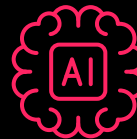
Total revenue of \$2.7 billion, increased 15%



Cloud revenue increased 25%, and represented a record 73% of total revenue



Exit cloud ARR exceeding \$2.1 billion



AI included in 97% of enterprise CXone Mpower deals +\$1M



Non-GAAP operating margin increased 150 bps to 31.1%

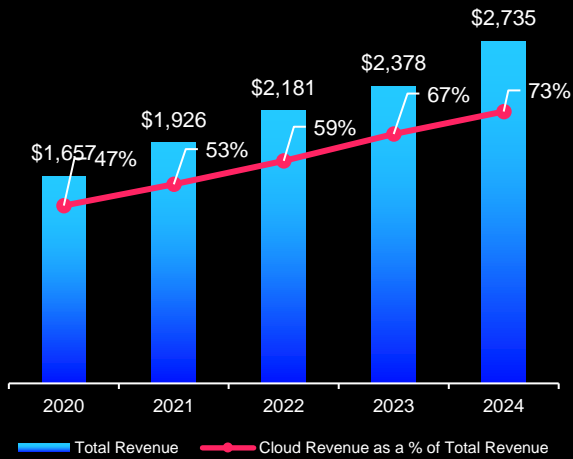


Record operating cash flow of \$833 million, increased 48%

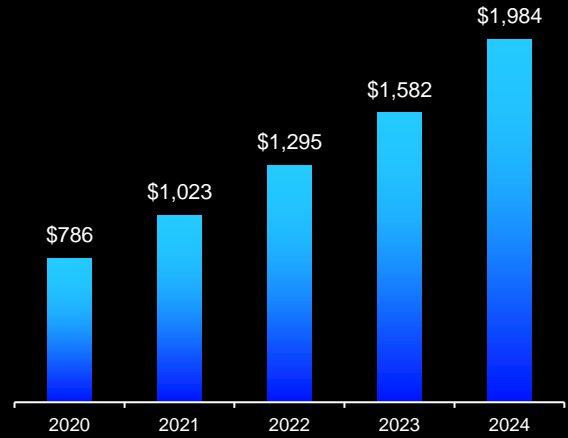
Financial Highlights for 2024

\$ in millions except EPS.

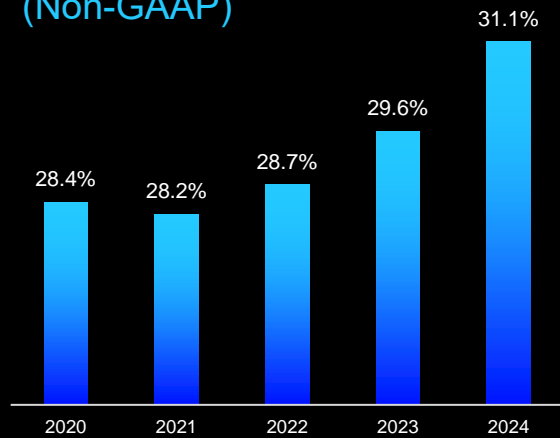
TOTAL REVENUE (Non-GAAP)



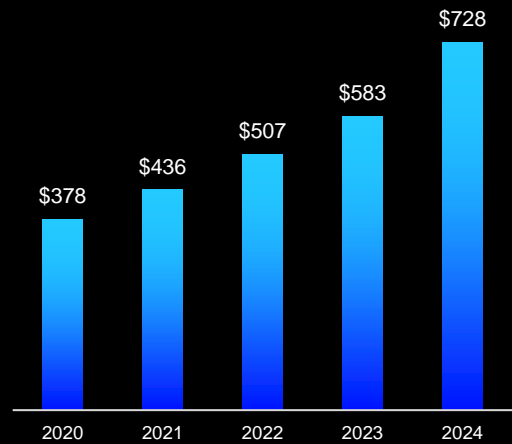
CLOUD REVENUE (Non-GAAP)



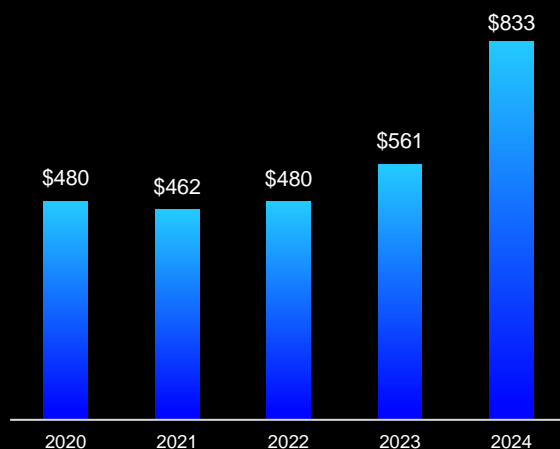
OPERATING MARGIN (Non-GAAP)



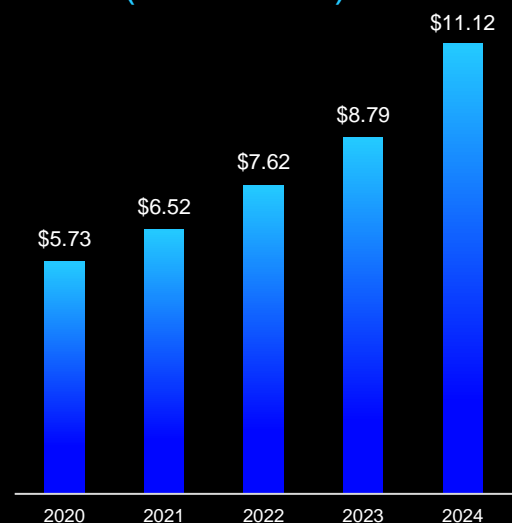
NET INCOME (Non-GAAP)



CASH FROM OPERATIONS



EPS (Non-GAAP)



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

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2024

OR

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

OR

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

Commission file number 0-27466

NICE LTD.

(Exact name of Registrant as specified in its charter)

N/A

(Translation of Registrant's name into English)

Israel

(Jurisdiction of incorporation or organization)

13 Zarchin Street, P.O. Box 690, Ra'anana 4310602, Israel

(Address of principal executive offices)

**Noa Farkas Gluck
Head of Corporate Legal
Tel: +972-9-7753777**

E-mail: noa.farkasgluck@nice.com

13 Zarchin Street, P.O. Box 690, Ra'anana 4310602, Israel

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be 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>
<u>American Depositary Shares, each representing one Ordinary Share, par value one New Israeli Shekel per share</u>	<u>NICE</u>	<u>NASDAQ Global Select Market</u>

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

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

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: **63,249,843 Ordinary Shares, par value NIS 1.00 per share (which excludes 11,524,984 treasury shares).**

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

Yes No

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

Yes No

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

Yes No

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

Yes No

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

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Emerging Growth Company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended 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 the 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 which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

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

Item 17 Item 18

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

Yes No

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PRELIMINARY NOTE

This annual report contains historical information and forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to NICE’s business, financial condition and results of operations. The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should,” “strategy,” “continue,” “goal” and “target” and similar expressions, as they relate to NICE or its management, are intended to identify forward-looking statements. Such statements reflect the current beliefs, expectations and assumptions of NICE with respect to future events and are subject to various risks and uncertainties. The forward-looking statements relate to, among other things: operating results; anticipated cash flows; gross margins; adequacy of our resources to fund operations; our ability to maintain our average selling prices despite the aggressive marketing and pricing strategies of our competitors; our ability to maintain and develop profitable relationships with our key distribution channels; the financial strength of our key distribution channels; and the market’s acceptance of our technologies, products and solutions.

In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are identifying important factors that, individually or in the aggregate, could cause actual results and outcomes to differ materially from those contained in any forward-looking statements made by us; any such statement is qualified by reference to the following cautionary statements. Many factors could cause the actual results, performance or achievements of NICE to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, competition with existing or new competitors, the success and growth of our cloud-based Software-as-a-Service business, successful execution of our growth strategy, difficulties in making additional acquisitions or effectively integrating acquired operations, dependency on third-party cloud computing platform providers, hosting facilities and service partners, rapidly changing technology (including Artificial Intelligence), the increasing implementation of AI and Generative AI capabilities in certain of our products and services, cyber security attacks or other security incidents, privacy concerns and legislation, our ability to recruit and retain qualified personnel, changes in currency exchange rates and interest rates, the effects of additional tax liabilities resulting from our global operations, the effect of unexpected events or geopolitical conditions, including those arising from political instability or armed conflicts, that may disrupt our business and the global economy and various other factors, both referenced and not referenced in this annual report. These risks are more fully described under Item 3, “Key Information – Risk Factors” of this annual report. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results may vary materially from those described herein as anticipated, believed, estimated, expected, intended, planned or projected. All forward-looking statements are made only as of the date hereof. NICE does not intend or assume any obligation to update these forward-looking statements. Investors should bear this in mind as they consider forward-looking statements and whether to invest or remain invested in NICE’s securities.

In this annual report, all references to “NICE,” “we,” “us,” “our” or the “Company” are to NICE Ltd., a company organized under the laws of the State of Israel, and its wholly-owned subsidiaries. For a list of our significant subsidiaries, please refer to Item 4.C, “Organizational Structure” of this annual report.

In this annual report, unless otherwise specified or unless the context otherwise requires, all references to “\$” or “dollars” are to U.S. Dollars, all references to “EUR” are to Euros, all references to “GBP” are to British Pounds, all references to “CHF” are to Swiss Francs, all references to “NIS” are to New Israeli Shekels, all references to “INR” are to Indian Rupees, all references to “PHP” are to Philippine peso, all references to “AUD” are to Australian Dollar, all references to “JPY” are to Japanese Yen, all references to “SGD” are to Singapore Dollar, and all references to “COP” are to Colombian Peso. Except as otherwise indicated, the financial statements of and information regarding NICE are presented in U.S. dollars.

PART I

Item 1. Identity of Directors, Senior Management and Advisers.

Not Applicable.

Item 2. Offer Statistics and Expected Timetable.

Not Applicable.

Item 3. Key Information.

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Our business faces significant risks. You should carefully consider all of the information set forth in this annual report and in our other filings with the Securities and Exchange Commission (“the SEC”), including the following risk factors which we face, and which are faced by our industry. The risks and uncertainties described below are not the only ones facing us. Other events, circumstances or factors that we do not currently anticipate or that we currently do not deem to be material risks may also affect our business, results of operations and financial condition. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks.

Risks Relating to our Business, Competition and Markets

The markets in which we operate are highly competitive and we may be unable to compete successfully.

The markets for our products, solutions and related services (also referred to elsewhere in this annual report as our “offerings”) are, in general, highly competitive. Our competitors include a number of large, established software development vendors. Some of our principal competitors or potential competitors may have advantages over us, including greater resources, a broader portfolio of products, applications and services, greater brand recognition, larger patent and intellectual property portfolios and access to a larger customer base. These potential advantages could enable our competitors to better adapt to new market trends, emerging technologies including Artificial Intelligence (“AI”), or customer requirements, or devote more resources to the marketing and sale of their products and services.

Additional competition from existing and new potential entrants to our markets, including new technology vendors competing in specific areas of our business or specific industry verticals, may lead to the widespread availability and standardization of some of the products and services we provide, which could result in the commoditization of our products and services and reduce the demand for our products and services.

Additionally, prices of our offerings may decrease throughout the market due to competitive pressures, including adoption of different approaches to pricing or different pricing models, which may be necessary due to the potential commoditization of our products and services, the potential of AI-based solutions to introduce new units of measure for pricing in the market which may be disruptive, or alternatively during times of economic difficulty. This could have a negative effect on our gross profit and results of operations.

In recent years, players in adjacent markets have increased their presence in our markets through internal development, partnerships and acquisitions. Infrastructure and/or enterprise software vendors, such as large technology providers, large-language-model (“LLM”) providers, providers of AI-agent capabilities for use by human agents, Conversational-AI vendors, Customer Relationship Management (“CRM”) vendors, IT service management vendors as well as Unified Communications as a Service (“UCaaS”), video collaboration providers, Platform as a Service (“PaaS”) vendors, and pure digital vendors, have entered or may decide in the future to enter our market space, or build or acquire contact center as a Service (“CCaaS”) solutions and compete with us by offering comprehensive solutions and/or platforms. Moreover, as the investment in, and the shift to the use of Generative AI technologies continue to grow, we may experience increased competition by vertical solutions’ players expanding their portfolios in the digital CX market. We may also experience increased competition if large horizontal analytics providers and domain specific competitors in adjacent markets enter or increase their presence in the Financial Crime and Compliance markets. Some of these vendors may be well recognized by broadly known brand names, which can serve as an advantage as they enter or increase their presence in our market space. If we are not able to compete effectively with these market entrants or other competitors, we may lose market share and our business, financial condition or results of operations could be adversely affected.

In light of the intense competition in our markets, successful development, positioning and sales execution of our offerings, and maintaining our customer relationships, are critical factors in our ability to successfully compete and maintain growth. Therefore, we must continue making significant expenditures on research and development, marketing, and sales activities to compete effectively. Successful marketing of our offerings to our customers and partners will be critical to our ability to maintain growth and our competitive positioning. We cannot assure that our offerings or existing partnerships will allow us to compete successfully.

In addition, our software solutions may compete with software developed internally by potential customers, as well as software and other solutions offered by competitors. We cannot ensure that market awareness or demand for our new products, applications or services will grow as rapidly as we expect, or that the introduction of new products or technological developments or services by others will not adversely impact the demand for our offerings.

The market for some of our solutions is highly fragmented and includes a broad range of product offerings, features and capabilities. Consolidation through mergers and acquisitions, or alliances formed, among our competitors in this market, could substantially influence our competitive position, especially if they will enable our competitors to offer a competitive comprehensive platform solution.

As we expand into new markets and geographies, we are faced with new challenges, including new competition, which may possess specific assets, relationships, know-how, technologies, and/or different pricing strategies, that enable our competitors to better respond to market trends or customer requirements or devote greater resources to the development, promotion and sale of their products and services.

Our inability to respond to or address the outcome of rapid technological changes and frequent new products, services and business models introductions in the markets in which we operate may have a material adverse effect on our results from operations and competitive position.

We operate in several markets, each characterized by rapidly changing technology and new product, services, business models introductions and evolving industry standards. Our markets are also characterized by consistent demand for state-of-the-art technology and products. Existing and potential competitors might introduce new and enhanced products and services that could adversely affect the competitive position of our offerings.

We are making investments in AI based capabilities to enhance our offerings. AI technologies are rapidly evolving and may present several risks, including factual errors or inaccuracies in the work product developed with AI, ethical risks related to biases in the algorithm or programming, privacy and security concerns as well as risks related to confidentiality and intellectual property rights. The use of AI tools or any failure to ensure the responsible use of AI technology may result in potential financial or reputational harm.

We believe that our ability to anticipate changes in technology and industry standards and to successfully develop and introduce new, enhanced and differentiated products and services, on a timely basis, in each of the markets in which we operate, is a critical factor in our ability to grow our business. As a result, we expect to continue to make significant expenditures on research and development, particularly with respect to new software applications which are continuously required in all our business areas, as well as investments in AI and Generative AI initiatives. There is no certainty that such investments will result in products and services that successfully address the changes in the markets in which we operate. In the event that we do not anticipate changes in technology or industry practices or fail to timely address market needs or are not able to develop new products and services that are in demand, or should customer adoption of new technologies be slower than we anticipate, or should our competitors introduce new and enhanced products incorporating AI more rapidly and/or successfully than us, the competitive position of our offerings may be adversely affected and we may lose market share and our results of operations may be materially adversely affected.

In addition, some of our offerings must readily integrate with customers' systems of record and data sources, consumer facing front-office applications and back-office business operations systems. Any changes to these third-party systems could require us to redesign our products or result in the loss of access to data necessary for our products, and any such redesign or other adjustments required to address these changes might not be possible on a timely basis or achieve market acceptance.

We cannot assure that the market or demand for our offerings will be sustained or grow as rapidly as the pace of technological changes, that we will be successful in the development, adoption, and implementation of new technologies, products and applications, including in relation to products incorporating AI, that such new products and applications will

achieve market acceptance and be competitive in technology and price and responsive to customer needs, or that the introduction of new products, services or technological developments by others, including AI based technologies, will not render our products and services obsolete or require adjustments in our products and services and/or business model in order to address the impact of such technological developments in relevant markets.

The market acceptance of AI-based products and services may accelerate certain AI related trends in the markets in which we operate. Such trends, if adopted on a large scale, may reduce the demand for certain solutions, such as solutions on which the business model is based (among other things), for example, a reduced number of human agents. If we are not able to successfully address the effect of such AI related trends on our markets, including by introducing new business models, products and offerings, the revenues generated from our offerings may be adversely affected. If any of the above occurs, our business, financial condition and results of operations could be materially adversely affected.

We may not be able to maintain and further expand the growth and/or profitability of our cloud-based SaaS business.

Our cloud-based Software-as-a-Service (“SaaS”, also referred to as “cloud”) business, in both our Customer Engagement and Financial Crime and Compliance markets, has grown significantly, and therefore we are more dependent now on the success of this area of our business. If we are not able to compete effectively, generate significant revenues or maintain the profitability of our cloud business or if we do not successfully execute our cloud strategy or anticipate the needs of our customers, including in relation to the pace of adoption of cloud solutions as well as AI-based cloud offerings by large enterprises, our revenues could decline and our reputation may be adversely affected.

Our cloud offerings are generally purchased by customers on a subscription basis, including those that include consumption-based pricing. We plan to continue to promote consumption and utilization pricing models of our cloud offerings and, accordingly, expect that our revenues will increasingly rely on consumption and utilization of our solutions. Our failure to secure subscription renewals for our solutions, or a reduction in the number or volume of subscriptions or consumption and utilization of our solutions, may adversely impact our revenues, profitability and results of operations.

We rely on cloud computing platforms provided by third parties, including PaaS provided by strategic partners, such as Amazon and Microsoft. These cloud computing platforms may not continue to provide competitive features and functionality, or may not be available on commercially reasonable terms. We may be affected by the pricing of certain infrastructure services, such as in the area of PaaS and network connectivity, which could in turn affect the rates we offer to our customers.

In addition, some of our customers may not accept the use of such services or particular platform. The inability to use any of these hardware, software or cloud computing platforms could have a material adverse impact on our business, increase our expenses and otherwise result in delays in providing our services until equivalent technology is either developed by us, or obtained through purchase or license and integrated into our services. In addition, to the extent that we suffer periods of unavailability of our service for reasons related to PaaS providers, we may be contractually obligated to provide our customers with credits for future services, and in some cases refunds, or be liable for penalties. Any such extended service outages could harm our reputation, revenue and operating results.

Some of our products and solutions utilize cloud services based on AI or Generative AI which, due to growing market demand for AI-based offerings, may become difficult to get access to or to obtain on commercially reasonable terms. Our inability to obtain access to the required capacity for AI processing could limit our ability to deliver and expand growth in our AI-based offerings. This limitation could also result in a deterioration of our cloud profitability.

As we grow our cloud business, we will continue to depend on both existing and new strategic relationships with such vendors. Our inability to establish and foster these relationships could adversely affect the development of our cloud business, as well as our growth, reputation and results of operations.

Further, cloud computing may make it easier for new competitors to enter our markets due to the lower up-front technology costs and easier implementation and for existing market participants to compete with us on a greater scale. Such increased competition is likely to heighten the pressure on us to decrease our pricing, which could have a negative effect on our revenues, profitability and results of operations.

We may not be able to compensate for loss of on-premises business with the continued shift to cloud based offerings.

The increasing prevalence of SaaS delivery models offered by us and our competitors may unfavorably impact pricing and overall demand for our on-premises software products and related services, which could reduce our revenues and profitability. With the continued shift to cloud-based offerings, we cannot guarantee that revenues generated from our cloud business will compensate for a loss of business in our on-premises enterprise software business.

We may not be able to successfully execute our growth strategy.

Our strategy is to continue investing in, enhancing and securing our business and operations and to grow our business, both organically and through acquisitions. Investments in, among other things, new markets, products, solutions, and technologies, research and development, infrastructure and systems, geographic expansion, and additional qualified and experienced personnel, are critical to achieving our growth strategy. Growth of our revenue depends on the success of all these factors, including our ability to maintain and grow our customer base and the revenues from existing and new customers, develop our strategic partnerships, introduce our offerings to new global markets, strengthen and improve our offerings through significant investments in research and developments and successfully consummate and integrate acquisitions.

Our success depends on our ability to execute our growth strategy effectively and efficiently in order to meet our customers' and market needs. We cannot guarantee that we will be able to sustain our growth in future years. If we are unable to execute our growth strategy successfully and properly manage our investments and expenditures, our results of operations may be materially adversely affected.

Customers' move to communication channels other than voice channel could materially and adversely affect the success of our voice solutions.

Our voice solutions currently generate, and in recent years have generated, a significant portion of our revenues, and we will continue to rely on the sales of our voice solutions and related recurring revenues, such as subscription and maintenance services, in the next several years. The trend of enterprise customers moving from voice communications to other means of communication with the enterprise (such as self-service, e-mail, messaging applications, social media and chat) may result in a reduction in the demand for our voice platform and applications. There can be no assurance that customers will adopt our solution for other or alternative communication channels that are offered as part of our product portfolio and that the growth in our digital and customer automation solutions will compensate for such possible decline in demand for our voice solutions. Therefore, a significant decline in the voice solutions market may have a material adverse effect on revenues generated from our voice solutions, which may have a material adverse effect on our business, financial condition or results of operations.

Our business could be materially adversely affected as a result of the risks associated with acquisitions and investments. In particular, we may not succeed in making additional acquisitions or be effective in integrating such acquisitions.

As part of our growth strategy, we made a number of acquisitions over the last several years (see Item 5, "Operating and Financial Review and Prospects - Recent Acquisitions" in this annual report for a description of certain recent acquisitions), and expect to continue to complete acquisitions and investments in the future. As we continue to evaluate strategic opportunities, there can be no assurance that we will be successful in closing additional acquisitions. Even if we are successful in making additional acquisitions, integrating an acquired business into our operations or investing in new technologies may: (1) result in unforeseen operating difficulties and large expenditures; and (2) absorb significant management attention that would otherwise be available for the ongoing development of our business, both of which may result in the loss of key customers or personnel and expose us to unanticipated liabilities.

Other risks commonly encountered with respect to acquisitions include the effect of acquisitions on our financial and strategic position, the inability to integrate successfully or commercialize acquired technologies and achieve expected synergies or economies of scale on a timely basis and the potential impairment of acquired assets. Further, we may not be able to retain the key employees that may be necessary to operate the businesses we acquire and we may not be able to attract, in a timely manner, new skilled employees and management to replace them.

In recent years, several of our competitors have also completed acquisitions of companies in our markets or in complementary markets. As a result, it may be more difficult for us to identify suitable acquisitions or investment targets or to consummate acquisitions or investments once identified on acceptable terms or at all. If we are not able to execute on our

acquisition strategy, we may not be able to achieve our growth strategy, may lose market share, or may lose our leadership position in one or more of our markets.

We often compete with others to acquire companies, and such competition may result in decreased availability of, or an increase in price for, suitable acquisition candidates. We also may not be able to consummate acquisitions or investments that we have identified as crucial to the implementation of our strategy for other commercial or economic reasons. Further, we may not be able to obtain the necessary regulatory approvals, including those of competition authorities and foreign investment authorities, in countries where we seek to consummate acquisitions or make investments. For those and other reasons, we may ultimately fail to consummate an acquisition, even if we announce the intended acquisition. Also, even if we do consummate acquisitions, we may do so on less favorable terms and/or may be subject to certain conditions or commitments imposed by such authorities and agencies that may impact post-acquisition integration or have an adverse effect on our business.

We may require significant financing to complete an acquisition or investment, whether through bank loans, raising of debt or otherwise. We cannot assure that such financing options will be available to us or on terms we find reasonable. In addition, if we consummate one or more significant acquisitions in which the consideration consists, in whole or in part, of our ordinary shares or American Depositary Shares (“ADSs”) representing our ordinary shares, our shareholders may suffer immediate or other dilution of their interests in us or earnings per share, or may suffer future dilution if we issue exchangeable or convertible debt to finance a significant acquisition.

Future acquisitions or investments may also require us to incur contingent liabilities, amortization expenses related to intangible assets and impairment of goodwill, any of which could have a material adverse effect on our operating results and financial condition.

If we are unable to develop or maintain our relationships with existing and new distributors and strategic partners, our business and financial results could be materially adversely affected.

An important element of our market strategy involves developing our indirect sales, implementation and support channels, which includes our global network of partners, distributors, resellers and other strategic partners. We have agreements in place with many distributors, dealers and resellers to market and sell our offerings across the business lines and geographies in which we operate. Our financial results could be materially adversely affected if our agreements with distribution channel partners or our other strategic partners were terminated, if our relationship with our distribution channel partners or our other strategic partners were to deteriorate, or if the financial condition of such partners were to weaken.

In addition, we depend on our channel partners globally to comply with applicable regulatory requirements, such as anti-corruption and anti-bribery laws and regulations. Despite our contractual arrangement with such partners, that require them to comply with applicable laws, we cannot guarantee that our partners will not violate applicable law or our policies and procedures designed to ensure compliance with applicable law. To the extent that they fail to do so, that could expose us to criminal or civil enforcement actions and could have a material adverse effect on our business, operating results, and financial condition.

The execution of our growth strategy also depends on our ability to create new alliances and enter into strategic partnerships with certain market players, including technology providers. Additionally, as our market opportunities change and we grow our business and expand in certain markets and territories, our dependency on particular distribution channels and strategic partners may increase or we may need to create new strategic partnerships and alliances to address changing market needs. We may not be successful in maintaining, creating or expanding these channels and partnerships, which may negatively impact the development of our business, our growth, gross margins and results of operations.

We may also develop dependency on certain strategic partners, and to the extent that we have to find alternatives in the market, our development efforts and business may be negatively impacted. Also, these partnerships and alliances are typically not exclusive and our partners may also offer products and services of our competitors or may compete with us directly. If we are not successful at creating and maintaining strategic partnerships under favorable terms, we may lose sales opportunities, customers and market share, which may have a material adverse effect on our business and results of operations.

Risks Relating to Our Offerings and Operations

Some of our enhanced services are dependent on leased network connectivity lines, and a significant disruption or change in these services could adversely affect our business.

A portion of our cloud offerings is provided to customers through a dedicated network of equipment we own that is connected through leased network connectivity lines based on Internet protocol with capacity dedicated to us. We also deliver a portion of our voice long distance service over this dedicated network.

We lease network connectivity lines and space at co-location facilities for our equipment from third-party suppliers. These co-location facilities represent the backbone of our dedicated network. If any of these suppliers is unable or unwilling to provide or, if we desire, expand their current levels of service to us, the services we offer to customers may be adversely affected. We may not be able to obtain substitute services from other providers at reasonable or comparable prices or in a timely fashion. Any resulting disruptions in the services we offer that are provided over our dedicated network would likely result in customer dissatisfaction and adversely affect our operations. Furthermore, pricing increases by any of the suppliers we rely on for our dedicated network could adversely affect our results of operations if we are unable to pass-through such pricing increases.

We rely on multiple internet service providers to provide our customers and their clients with connectivity to our cloud contact center software. A failure by these service providers to provide reliable services could cause us to lose customers and subject us to claims for credits or damages.

We depend on internet service providers to provide uninterrupted and error-free service through their telecommunications networks. We exercise little control over these third-party providers, which increases our vulnerability to problems arising from the services they provide, including failures relating to internet accessibility in general. When problems occur, it may be difficult to identify the source of the problem and there is no assurance that the multiple redundancies and backup we have will prevent such problems. Service disruption or outages, even if not caused by our products or services, may damage our reputation or result in loss of market acceptance of our offerings, and any necessary remedial actions may force us to incur significant costs and expenses, such as payments of credits, penalties or damages to affected customers.

We rely on third-party network service providers to originate and terminate public switched telephone network calls, and significant failures in these networks could harm our operations.

For our business in the unified communications market, we leverage the infrastructure of third-party network service providers to provide telephone numbers, public switched telephone network call termination and origination services, and local number portability for our customers rather than deploying our own network. If any of these network service providers ceases operations or otherwise terminate the services that we depend on, the delay in switching our technology to another network service provider, if available, could have an adverse effect on our business, financial condition or operating results.

We rely on software, components and technology infrastructure provided by third parties. If we lose the right to use that software or infrastructure, we will have to spend additional capital to redesign our existing software to adhere to new third-party providers or develop new software.

We integrate and utilize various third-party software products, such as LLMs or other AI based-offerings as components of, or integration with our products and solutions, to enhance their functionality. The LLMs and other infrastructure components require significant computing resources, which may be limited or not available on terms acceptable to us. In addition, we rely on technology infrastructure from third parties, such as cloud services and cloud providers through which we deliver our offerings, including, in some cases, deployment through a single cloud provider. Our business could be disrupted if functional versions of these software products or technology infrastructure were either no longer available to us or no longer made available to us on commercially reasonable terms. In the event that any of these third-party vendors suffers any malfunctions in the implementation of their services, service disruptions or outages, disruptions related to implementing security systems, security measures or authorization and access control mechanisms, or other disruptions resulting from sharing such vendor's resources with other third parties, or is unable to meet our requirements in a timely manner or in a manner that meets our needs or our relationship with any such vendor is terminated, we may experience disruption in our business until an alternative source of supply can be obtained. Any disruption or any other interruption in a vendor's ability to provide components, technology infrastructure or services to us could result in interruptions to our services and delivery of our

solutions, delays in making product deliveries or inability to make such deliveries, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, some of our third-party vendors use proprietary technology and software code that could require significant redesign of our products in the case of a change in vendor. If we lost the right to use such third-party software or technology infrastructure, we would be required to spend additional capital to either redesign our software to function with alternate third-party software or technology infrastructure, develop alternatives ourselves or locate a new supplier of such software or infrastructure. There is no assurance that an alternative source will be available to us on reasonable commercial terms or will meet our requirements. This could result in our inability to deliver, or in our being forced to limit the features available in, our current or future products and solutions and the commercial release of our products and solutions could be delayed. Furthermore, price increases by any of our third-party vendors could adversely affect our results of operations if we are unable to pass-through such price increases.

The increasing implementation of AI and Generative AI capabilities in certain of our products and services may impact demand for our offerings and may cause potential legal or reputational harm.

The speed of technological advancements related to the use of AI technologies will require significant resources to implement AI powered solutions and assess and address risks associated with such developing technology. Moreover, the legal and regulatory environment relating to AI is rapidly evolving and includes new regulations as well as developments in regulations related to intellectual property, privacy, consumer protection and employment. These laws and regulations could require us to address these changes and could affect the operation of our solutions and could increase compliance costs or increase the risk of non-compliance. Any of these risks could expose us to liability claims or reputational harm. For additional information on the risks related to the regulatory environment, see also the risk factor, "*Changes in the legal and regulatory environment could materially and adversely affect our business, results of operations and financial condition*".

Additionally, our competitors may be more successful in their implementation of AI capabilities in their products, which may negatively impact demand for our offerings.

As we expand the use of AI and Generative AI capabilities in our products and services, as well as by our workforce, including the use of AI technologies for certain tasks related to our business, and as the market acceptance and use of AI technologies continues to rapidly evolve, we are faced with additional challenges and various legal and business risks related to the use of AI models and AI technologies. These risks include, among others, operational risks, privacy and cybersecurity related risks and risks related to intellectual property rights. These risks can also affect the demand for our offerings and results of operations, and we could face potential legal claims which could result in liability and reputational harm. Please see the other risk factors discussed throughout Item 3, "Key Information – Risk Factors" in this annual report for additional information on these and other risks related to our increased use of AI and Generative AI.

In addition, the increase in market acceptance and use of AI technologies in the field and markets in which we operate may affect existing business trends and competition in such markets and, as a result, the demand for certain of our products and services may decrease.

For additional information on the risks related to the various legal and business risks related to the use of AI models and AI technologies, see also the risk factor, "*Undetected errors or malfunctions in our products or services could impact demand for our products and services and we could face potential product liability claims directly impairing our financial results*".

Undetected errors or malfunctions in our products or services could impact demand for our products and services, and we could face potential product liability claims directly impairing our financial results.

Our products and services may include undetected errors, inaccuracies, defects, failures, bugs or other weaknesses that could result in service disruption or unanticipated downtime for our customers, loss of data, product returns, loss of or delay in market acceptance of our products and services, loss of competitive position, or claims by customers or others.

In addition, the increasing implementation of AI and Generative AI capabilities in our products and services creates potential ethical issues, inaccurate content or results, unintentional bias, privacy and cybersecurity related challenges, potential breach of third party intellectual property rights and potential difficulty in asserting ownership rights in our intellectual

property rights when the development of such products and services is assisted by the use of AI tools. The realization of any of these or other AI related risks may result in potential legal or reputational harm.

Moreover, our customers could incorrectly implement or misuse our products or services, which could result in client dissatisfaction and harm our reputation and brand. Correcting and repairing such errors, inaccuracies, failures, misleading content or bugs, or investing in mitigation activities to address risks derived from the use of AI, such as those related to privacy, cybersecurity or intellectual property, could entail significant costs and could cause interruptions, delays or cessation of our products and services.

As our customers use our offerings for important aspects of their business, any errors, defects, disruptions in service or other performance problems could significantly damage our customers' businesses and ultimately harm our reputation. As a result, customers could elect not to renew our services or delay or withhold payment to us. We could also lose future sales or customers may make warranty or other liability claims against us, which may harm our business and adversely affect our results. In particular, some of our customers, including financial institutions, may suffer significant damages as a result of a failure of our solutions to perform their functions. The occurrence of any of these events could result in our inability to attract or retain customers, and adversely affect our revenues, financial condition and results of operations.

We cannot guarantee that our quality assurance programs or other procedures will be effective in detecting, preventing or addressing errors, inaccuracies, malfunctions or other AI related risks in our products and solutions or that we will be able to eliminate or successfully limit our liability for any failure of, or inaccuracies in, our solutions, including with respect to responsible use of products and services incorporating AI capabilities. Any product liability insurance we carry may not be sufficient to cover our losses resulting from any such product liability claims. The successful assertion of one or more large product liability claims against us could have a material adverse effect on our results of operations and financial condition.

We provide certain service level commitments to our customers, which could cause us to provide credits for future services if the stated service levels are not met for a given period and could adversely impact our revenue.

Our customer agreements for cloud services provide service level commitments. If we are unable to meet the stated service level commitments or suffer extended periods of unavailability for our service, including for reasons related to PaaS providers or other third parties, we may be contractually obligated to provide these customers with credits for future services, and in some cases refunds, or be liable for penalties. Our revenue could be adversely impacted if we suffer unscheduled downtime that exceeds the allowed downtimes under our agreements with our customers. Any such extended service outages could harm our reputation, revenue and operating results.

Challenges in designing or implementing our new ERP system could negatively impact our business and operations.

We went live with the core financials portion of our new enterprise resource planning system ("ERP") during the 1st quarter of 2025. The implementation of an ERP system is a complex and time-consuming project and requires transformations of business and finance processes to reap the benefits of the ERP system. While the new ERP system is intended to maintain accurate financial records, improve operational functionality, and provide timely information to our management regarding our business operations, we cannot ensure the transition and implementation of the new ERP system will be seamless as any such transformation involves risks inherent in the conversion to a new system, including loss of information and potential disruption to normal operations. Additionally, if we do not effectively implement the ERP system as planned or the ERP system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to assess those controls adequately could be delayed. The scope and time line for any subsequent phases is still to be determined.

Risks Relating to Information and Product Security and Intellectual Property

If our security and cybersecurity measures or those of our third-party providers, such as of hosting facility, cloud computing platform, service partners or other technology infrastructure providers are compromised, and unauthorized access is obtained to customers' data, our data or our IT systems, our reputation may be harmed, and we may incur significant legal and financial exposure and liabilities.

Our products and services involve the storage and transmission of customers' and their end users' proprietary and other sensitive or confidential information, including financial information and other personally identifiable information. In addition, some of our customers use our products and services to compile and analyze highly sensitive or confidential

information, and we may encounter or store such information or data, including when we perform service or maintenance functions for our customers. The information can be exposed or compromised as a result of security incidents and we cannot guarantee that the security measures we have in place or those used by our third-party providers will prove sufficient in preventing the occurrence of a security incident. Security incidents could expose us to a risk of loss or unauthorized use of our or our customers' information, investigations and enforcement actions, litigation and possible liability. Additionally, we may have contractual and other legal obligations to notify customers or other relevant parties of security incidents.

We are regularly subject to probes by hackers and from time to time are subject to security incidents. Such security incidents may result from fraud by computer hackers, employee error, malfeasance, intentional misconduct, unauthorized access to, or use of, our systems, products and services, our customers' data or our data, including our intellectual property and other confidential business information, in order to derive a financial benefit or for other purposes. In addition, the perception or fact that the internal security policies and procedures which we have in place did not prove effective in safeguarding customers' confidential information, or that any of our employees has improperly handled sensitive information of a customer or a customer's end user, could negatively affect our business.

Cyber security attacks are becoming increasingly sophisticated, including by way of frequent changes in the techniques used to obtain unauthorized access, and, in many cases, may not be identified until after a security incident occurs. If we fail to recognize and deal with such security attacks and threats, or if we fail to update our systems, products and services and prevent such threatened attacks in real time to protect our customers' or other parties' sensitive information, whether retained in our systems or by our customers using our products and services, our business and reputation will be harmed. The costs of recognizing and addressing security attacks and threats and updating our systems, products and services, may be significant.

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

Third parties regularly attempt to attack our security measures or inappropriately take advantage of our solutions, including our cloud services, through computer viruses, electronic break-ins and other disruptions. Such attempts may also include fraudulently inducing employees or customers into disclosing sensitive information such as usernames, passwords or other information to gain access to our customers' data, our data or our systems. Furthermore, our customers may authorize third-party technology providers to access their customer data, and some of our customers may not have adequate security measures in place to protect their data that is stored on our services. Because we do not control our customers or third-party technology providers, or the processing of such data by third-party technology providers, we cannot ensure the integrity or security of such transmissions or processing. Malicious third parties may also conduct attacks designed to temporarily deny customers access to our services. Any security incident could result in a loss of confidence in the security of our services, damage our reputation, negatively impact our future sales, disrupt our business and lead to legal liability.

We could be subject to risks of losses resulting from cyber security attacks that might be beyond the limits, or outside the scope of coverage of the insurance policies maintained by us, which may limit or prevent indemnification available to us under our insurance policies. This potential insufficiency of insurance coverage could result in an adverse effect on our business, financial position, profit, and cash flows.

Interruptions or delays in our services through security incidents, failures, or disruptions could impede on our ability to deliver services, harm our reputation and our relationships with customers and partners, adversely affect our results of operation and subject us to liability.

Significant interruptions or delays to our services, whether as a result of error or security incidents, and whether accidental or willful, could harm our reputation and our relationships with customers and partners, subject us to liability, and adversely affect our business and results of operations. In the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur.

We currently serve our customers using third-party data center hosting facilities and cloud computing platform providers. While we have security measures in place that are aligned with applicable industry standards, they may be breached due to third-party action, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise, and result in someone obtaining unauthorized access to our or our third-party vendors' systems and infrastructure. Moreover, such facilities and platforms may be vulnerable to interruptions resulting from power or network connectivity issues, criminal

acts and other misconduct. Occurrence of such damage or interruptions could result in disruptions in our services. Despite precautions such vendors are required to take, the occurrence of such damage or interruption or other unanticipated problems at these facilities, could result in lengthy interruptions in our services, subject us to liability and require the issuance of credits or payment of penalties pursuant to our customer agreements, and/or cause customers to terminate their subscriptions and adversely affect our attrition rates and our ability to attract new customers, all of which would reduce our revenues. Also, we may not be entitled to indemnification or to recoup any such loss or damage from such service providers, which may result in us bearing the burden of any such liability or losses.

In addition, we are also dependent on our computer databases, billing systems and accounting computer programs, network and computer hardware that houses these systems to effectively operate our business and market our services. Our customers may become dissatisfied by any failures of such systems that interrupt our ability to deliver our services. Therefore, significant disruption or failure in the operation of these systems could adversely affect our business and results of operations.

Furthermore, we provide some of our services through computer hardware that we own and that is currently located in third-party web hosting co-location facilities and data centers maintained and operated in various locations globally. Our hosting providers do not guarantee that our customers' access to our solutions will be uninterrupted, error-free or secure. Our operations depend on our providers' ability to protect their and our systems in their facilities against such damage or interruption. Our back-up computer hardware and systems may not have sufficient capacity to recover all data and services in the event of an outage occurring simultaneously at all facilities. In the event that our hosting arrangements are terminated, or there is a lapse of service or accidental or willful damage to such facilities, we could experience lengthy interruptions in our service as well as delays and/or additional expense in arranging new facilities and services. Any or all of these events could cause interruptions in our services.

We may face risks relating to inadequate intellectual property protection and liability resulting from infringement by our products or solutions of third-party proprietary rights.

Our success is dependent, to a significant extent, upon our proprietary technology. We currently hold 575 U.S. patents and 35 patents issued in additional countries covering substantially the same technology as the U.S. patents. We have 230 patent applications pending in the United States and other countries. We rely on a combination of patent, trade secret, copyright and trademark law, together with non-disclosure and non-competition agreements, as well as third-party licenses to establish and protect the technology used in our offerings. However, we cannot assure that such measures will be adequate to protect our proprietary technology, that competitors will not develop products with features based upon, or otherwise similar to our products, that intellectual property ownership and third-party licenses, including with respect to copyrights to the AI output, will be available to us or that we will prevail in any proceeding instituted by us in order to enjoin competitors from selling similar products. In most of the areas in which we operate, third parties also have patents which could be found applicable to our technology and products. Such third parties may include competitors, as well as large companies, which heavily invest in their patent portfolios, regardless of their actual field of business. We cannot assure that one or more third parties will not make a claim related to infringement of intellectual property rights or that we will be successful in defending such claim.

We generally distribute our software products and services under license terms that restrict the use of our products and services by terms and conditions prohibiting unauthorized reproduction or transfer of the software products or proprietary technology or data. However, effective copyrights and other intellectual property rights protection may be inadequate or unavailable to us in every country in which our software products are available, and the laws of some foreign countries may not be as protective of intellectual property rights as those in the United States. Consequently, we may be unable to prevent our proprietary technology from being exploited abroad, which could affect our ability to expand to international markets or require costly efforts to protect our technology. Policing the unauthorized use of our products, trademarks and other proprietary rights is expensive, difficult and, in some cases, impossible. Litigation may be necessary in the future to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of management resources, either of which could harm our business. Accordingly, despite our efforts, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property.

In addition, we may face uncertainty regarding the assertion of our ownership rights in inventions created with the assistance of AI, which would otherwise be patentable or copyrightable if not created using AI and we cannot anticipate how applicable intellectual property laws will evolve in respect thereof and the effect this may have on the protection of our intellectual property rights.

From time to time third parties allege or claim patent infringements. In defending ourselves against any such claims or actions we may be subject to substantial costs and diversion of management resources.

In addition, to the extent we are not successful in defending such claims, we may be subject to injunctions with respect to the use or sale of certain of our products or to liabilities for damages and may be required to obtain licenses which may not be available on reasonable terms. Any of these may have a material adverse impact on our business or financial condition.

We face risks relating to our use of certain “open source” software tools.

Certain of our software products contain open source code and we may use more open source code in the future. In addition, certain third-party software that we embed in our products contains open source code. Open source code is code that is covered by a license agreement that permits the user to liberally use, copy, modify and distribute the software without cost, provided that users and modifiers abide by certain licensing requirements. The original developers of the open source code provide no warranties on such code.

As a result of our use of open source software, we could be subject to suits by parties claiming ownership of what we believe to be open source code and we may incur expenses in defending claims that we did not abide by the open source code license. In addition, third-party licensors do not provide intellectual property protection with respect to the open source components of their products, and therefore we may not be indemnified by such third-party licensors in the event that we or our customers are held liable in respect of the open source software contained in such third-party software. If we are not successful in defending against any such claims that may arise, we may be subject to injunctions and/or monetary damages or be required to remove the open source code from our products. Such events could disrupt our operations and the sales of our offerings, which would negatively impact our revenues and cash flow.

Moreover, under certain conditions, the use of open source code to create derivative code may obligate us to make the resulting derivative code available to others at no cost. The circumstances under which our use of open source code would compel us to offer derivative code at no cost are subject to varying interpretations. If we are required to publicly disclose the source code for such derivative products or to license our derivative products that use an open source license, our previously proprietary software products may be available to others without charge. If this happens, our customers and our competitors may have access to our products without cost to them, which could harm our business.

We monitor our use of such open source code to avoid subjecting our products to conditions we do not intend, however there is no assurance that the use of such open source code may not ultimately subject some of our products to unintended conditions and that we may not be required to take remedial action that may divert resources away from our development efforts.

Risks Relating to Regulatory Environment

Privacy and data protection concerns, legislation and other regulations may limit the use and adoption of our offerings, adversely affect our business, increase compliance costs and expose us to increased liability.

Governments and other international organizations in various jurisdictions around the world (such as the legislative and regulatory institutions of the European Union) have enacted and are continuing to adopt new laws, regulations and guidelines addressing data privacy and protection, including the processing of personal information, cyber security, breach notification, risk management and reporting, as well as requirements related to security risk management and digital operational resilience. These laws, regulations and guidelines may be inconsistent across jurisdictions and are subject to evolving and differing (sometimes conflicting) interpretations. In some cases, different sets of data privacy laws and regulations, such as the European Union’s General Data Protection Regulation (“GDPR”), local laws and regulations including certain U.S. state laws on privacy and data protection, such as the California Consumer Privacy Act (“CCPA”), as amended by the California Privacy Rights Act (“CPRA”), as well as the Israeli Privacy Law and the regulations promulgated thereunder (the “Israeli Privacy Law”), also govern the processing of personal information. Additionally, new state privacy laws in the U.S. may also apply. These and other regulatory requirements may slow the pace at which we close sales or procurement transactions and in some cases may restrict our ability to store, transfer and process data or impact our ability to offer some of our solutions and services for use in relation to data subjects that reside in certain locations or our customers’ ability to deploy our solutions globally. Compliance with these regulatory requirements may be onerous, time consuming and expensive, especially where these requirements are inconsistent from jurisdiction to jurisdiction or where the jurisdictional reach of certain requirements is not clearly defined or seeks to reach across national borders.

Should we, or any party on our behalf, fail to comply with privacy or cyber security legislation or other required or agreed security measures, we may incur substantive civil liability to government agencies, customers, shareholders and individuals who may have been impacted. As privacy and cyber security legislation is increasing globally, and more government agencies are granted with authority to fine organizations for non-compliance with applicable laws and regulations, and require companies to take certain steps to remediate such non-compliance, we may find ourselves forced to pay damages penalties, fines, remediation costs, reimbursement of customer costs and other significant expenses due to our (or our subcontractors' or vendors') non-compliance with data privacy or cyber security laws and regulations. Moreover, even the perception that the privacy of personal information that we process or control is not adequately protected or does not meet regulatory requirements could damage our reputation, inhibit sales of our products or services and could limit adoption of our offerings.

In addition to legal and regulatory requirements, we are contractually obligated to certain customers, and may in the future be expected by prospective customers, to meet certain information security certifications or customer unique requirements, including requirements related to system resilience and performance such as the Digital Operational Resilience Act in the EU or network and information systems requirements, such as the Network and Information Security Directive 2 or other standards established by third parties, such as the ISO 27001:2022 on information security management certification. If we are unable to obtain or maintain these certifications or meet these standards or requirements, it could harm our business and subject us to liability.

Industry-specific regulation and other requirements and standards are evolving and unfavorable industry-specific laws, regulations, interpretive positions or standards could harm our business.

Our customers and potential customers conduct business in a variety of industries, including financial, insurance, telecommunications and healthcare services. We also serve customers in the public safety and other government entities. In certain industries in which we operate, there may be regulations or guidelines for use of SaaS, hosting and cloud-based services that mandate specific controls or require enterprises to obtain certain approvals prior to outsourcing certain functions. Regulators in certain industries have adopted and may in the future adopt regulations or interpretive positions regarding the use of cloud computing and other outsourced services. These regulations, such as regulations with respect to digital operational resilience, data sovereignty or residency requirements, may apply to various entities and providers to which we deliver our offerings. The costs of compliance with, and other burdens imposed by, industry-specific laws, regulations and interpretive positions may limit our customers' use and adoption of our services and reduce overall demand for our services. Compliance with these regulations may also require us to devote greater resources to support certain customers, which may increase costs and lengthen sales cycles. 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. Other examples may include sector-specific customers' requirements, such as making available sovereign cloud platform. If we are unable to adjust our products and solutions to facilitate compliance with these guidelines or controls, or if our customers are unable to obtain regulatory approval to use our services where required, our business may be harmed. If in the future we are unable to achieve or maintain industry specific certifications or other requirements or standards relevant to our customers, it may harm our business and adversely affect our results.

Our revenues would be adversely affected if we fail to adapt our offerings to changes in rules and regulations applicable to the business of certain customers, such as rules and regulations regarding securities trading, broker sales compliance and anti-money laundering, which could have an impact on their need for our products and services.

In addition, due to a variety of regulations that apply to certain of our customers, we may be limited in our ability to transfer or outsource business to certain jurisdictions and may be limited in our ability to undertake development activity in certain jurisdictions, which may impede on our efficiency and adversely affect our business results of operations.

Changes in the legal and regulatory environment could materially and adversely affect our business, results of operations and financial condition.

Our business, results of operations and financial condition could be materially and adversely affected if laws, regulations or standards relating to our business, products and services, our operation or our employees (including labor laws and regulations) are changed or new ones are implemented. Such implemented laws and regulations include requirements in the United States, the EU, U.K. and other territories in relation to data privacy and protection, AI, cyber security, consumer protection, anti-bribery and anti-corruption, foreign investment, import and export, sanctions, labor, tax, environmental and social issues. For information on the market risks relating to data privacy and protection and cyber security, please see Item 3, "Risks Relating to Regulatory Environment" in this annual report.

Certain states and countries have already taken steps towards, proposed, or implemented, laws and regulations relating to AI, including the EU AI Act. We expect that the legal and regulatory environment relating to AI will continue to develop and may also include regulatory developments in intellectual property, privacy, consumer protection, employment, and other laws regarding the use of AI. As the regulatory landscape continues to evolve, our investment in products and services incorporating AI and our procurement of AI-based tools for the internal operations of our business may result in enhanced governmental or regulatory scrutiny. Compliance with the regulatory requirements, as well as with related requirements by our customers, may be onerous, time consuming and expensive and may require adjustments in our products and services or in the implementation of AI technologies as well as in the operations of our business in the various territories in which we operate, and may increase the risk of non-compliance.

We cannot assure that we will be successful in our efforts to address new or changed requirements and standards, including with respect to laws and regulations relating to AI or privacy, that such changes will not negatively affect the demand for our products and services, or that our competitors will not be more successful or prepared than us. Any failure to comply with such requirements may result in reputation or financial harm and may affect our business, financial condition or results of operations.

Alternatively, any substantial changes resulting in a reduction in the implementation or elimination of rules and regulations that apply to a certain sector of our business, such as deregulation in the area of compliance or other regulatory trends that may reduce demand by governmental customers, could result in a decrease in demand for certain of our products, which could materially and adversely affect our business and results of operations.

Risks Relating to Our Financial Condition

Our quarterly results may be volatile at times, which could cause us to miss our forecasts.

We generally provide forecasts as to expected future revenues and profitability in the coming fiscal quarters and fiscal year. Our revenue and operating results can vary and have varied in the past, sometimes substantially, from one quarter to another. These forecasts are based on management estimation and expectations, our then-existing pipeline and backlog, and an analysis of assumptions and assessments that may not materialize or end up being inaccurate. We may not meet our expectations or those of industry analysts in a particular future quarter. Our quarterly operating results may be subject to significant fluctuations due to the following factors: the timing and size of customer orders, delays in issuance or shifting of customer orders (as often happens when customers postpone their buying decisions to the end of the budgetary year), large customer losses or reduction in usage, variations in distribution channels, mix of products and services, delays in deployment of our offerings due to internal or external capacity constraints with deployment partners or customers, new product introductions and competitive pressures.

Our cloud offering is generally purchased by customers on a subscription basis and revenues from these offerings are generally recognized ratably over the term of the subscriptions. In cases where our cloud offering is purchased on a usage-based model, there may be seasonality in the usage of our offering, including macroeconomic factors that may impact customer usage of our solutions, which would impact our ability to predict and forecast revenues and result in fluctuations in our quarterly results. Therefore, any fluctuations in our cloud business could adversely affect our results of operations and our ability to forecast our quarterly results.

Our revenue and operating profit growth depends on the continued growth of demand for our products and services, and our business is affected by general economic, business, and geopolitical conditions worldwide, including inflation and rising interest rates. A softening of demand, whether caused by changes in customer preferences or a weakening of the U.S. or global economies, or by increasing shift to consumption-based pricing models, which may increase our exposure to macroeconomic factors, may result in decreased revenue or growth.

In addition, we derive a substantial portion of our sales through indirect channels, making it more difficult for us to predict revenues because we depend partially on estimates of future sales provided by third parties. Changes in our arrangements with our network of channel partners or in the products they offer, such as the introduction of new support programs for our customers, which combines support from our channel partners with back-end support from us, could affect the timing and volume of orders. Furthermore, our expense levels are based, in part, on our expectations as to future revenues. If our revenue levels are below expectations, our operating results could be adversely affected.

Fluctuations in our results of operations may result from, among other things, our ability to retain and increase sales to existing customers, attract new customers and satisfy our customers' requirements, the timing and success of new product

and solution introductions and enhancements or product initiation by our competitors, the purchasing and budgeting cycles of our customers and general economic, industry and market conditions.

While seasonality and other factors mentioned above are common in the software and technology industry, this pattern should not be considered a reliable indicator of our future revenue or financial performance. Many other factors, including general economic conditions, may also have an impact on our business and financial results.

In addition, changes in non-core business factors including taxes and foreign exchange rates may also cause variation in quarterly results.

We face foreign exchange currency risks.

Exchange rate fluctuations affect our operations. We experience risks from fluctuations in the value of the NIS, EUR, GBP, INR, PHP and other currencies compared to the U.S. dollar, the functional currency in our financial statements. A significant portion of the expenses associated with our Israeli, Indian and Philippines operations, including personnel and facilities related expenses, are incurred in NIS, INR and PHP, respectively, whereas most of our business and revenues are generated in dollars, and to a certain extent, in GBP, EUR and other currencies. If the value of the dollar decreases against these foreign currencies, our earnings may be negatively affected. As a result, we may experience an increase in the costs of our operations, as expressed in dollars, which could adversely affect our earnings. In addition, certain balance sheet items are denominated in currencies other than U.S. dollar. Fluctuations in the value of the U.S. dollar exchange rate compared to these currencies, can result in unfavorable balance sheet revaluation at the reporting period.

We monitor foreign currency exposure and may use various instruments to preserve the value of sales transactions, expenses and commitments, however this cannot ensure our full protection against risks of currency fluctuations that could affect our financial results. As part of our efforts to mitigate these risks, we use foreign currency hedging mechanisms, which may be ineffective in protecting us against adverse currency fluctuations and can also limit opportunities to profit from exchange rate fluctuations that would otherwise be favorable. For information on the market risks relating to foreign exchange, please see Item 11, “Quantitative and Qualitative Disclosures about Market Risk” in this annual report.

We currently benefit from local government programs as well as international programs and local tax benefits that may be discontinued or reduced, or may result in liabilities if underlying conditions are not met.

We derive and expect to continue to derive benefits from various programs, including Israeli tax benefits relating to our “Special Preferred Technology Enterprise” and “Preferred Technology Enterprise” programs, and certain other grants and tax benefits, including grants from the Israel Innovation Authority (formerly known as the Office of the Chief Scientist of the Ministry of Economy) of the State of Israel (the “IIA”), for research and development.

To be eligible for tax benefits as a Special Preferred Technology Enterprise as of 2024 and Preferred Technology Enterprise, we must continue to meet certain conditions. While we believe that we have met and continue to meet the conditions that entitled us to previously obtained Israeli tax benefits, there can be no assurance that we will in the future or that the Israeli Tax Authorities will agree.

To be eligible for IIA-related grants and benefits, we must continue to meet certain conditions, including conducting the research, development, manufacturing of products developed with such IIA grants in Israel, and providing the IIA with an undertaking that the know-how to be funded, and any derivatives thereof, is wholly-owned by us, upon its creation. In addition, we are prohibited from transferring to third parties the know-how developed with these grants without the prior approval of a governmental committee and, possibly, paying a fee. See Item 4, “Information on the Company—Research and Development” in this annual report, for additional information about IIA programs.

If the local and international grants, programs and benefits available to us or the laws, rules and regulations under which they were granted are eliminated or their scope is further reduced, or if we fail to meet the conditions of existing grants, programs or benefits and are required to refund grants or tax benefits already received (together with interest and certain inflation adjustments) or fail to meet the criteria for future Israeli Special Preferred Technology Enterprise and Preferred Technology Enterprises, our business, financial condition and results of operations could be adversely affected.

Additional tax liabilities resulting from our global operations could materially adversely affect our results of operations and financial condition.

As a global corporation, we are subject to income, non-income and transactional tax regimes in the United States, Israel, India and various other jurisdictions, which are unsettled and may be subject to significant change. Our effective tax rate could be materially affected by changes in tax rulings, tax laws, regulations, administrative practices, principles, applicability of special tax regimes, or changes in interpretations of existing tax laws, including changes to the global tax framework, in the jurisdictions in which we do business. Such changes could come about as a result of economic, political, and other conditions. Additionally, our effective tax rate could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuations of our deferred tax assets and liabilities, tax implications of acquisitions, expansion into new territories, intercompany transactions, changes in foreign currency exchange rates, changes in our stock price and uncertain tax positions. Although we believe that our provision for income taxes and our tax estimates are reasonable, tax authorities may disagree with certain positions we have taken. From time to time, we are subject to income and other tax audits in various jurisdictions, the timing of which is unpredictable. We are currently appealing certain tax decrees. See Note 13 to the Financial Statements for additional information. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of our tax accruals. While we believe we comply with applicable tax laws and have adequate balance sheet reserves related to tax positions, there can be no assurance that a governing tax authority will not have a different interpretation of the law and assess us with additional taxes, which we may dispute and litigate. If we are assessed additional taxes exceeding our tax accruals or if additional taxes are imposed on us, such additional taxes could have a material adverse effect on our results of operations and financial condition.

The Organization for Economic Co-operation and Development, an international association of 38 countries including the United States, has proposed changes to numerous long-standing tax principles, namely, its Pillar Two framework, which imposes a global minimum corporate tax rate of 15%. In December 2022, the EU member states adopted a directive that complements the Pillar Two framework. Certain countries in which we operate have enacted legislation to adopt the Pillar Two framework (e.g., United Kingdom), and several other countries are also considering changes to their tax laws to implement this framework. The first component of the Pillar Two framework was effective for us in calendar year 2024 but was immaterial and a second component expected to be effective in fiscal year 2025. When and how this framework is adopted or enacted by the various countries in which we do business could increase tax complexity and uncertainty and may adversely affect our provision for income taxes in the United States and other non-U.S. jurisdictions.

Further, there are proposals to introduce further amendments to the U.S. federal tax regime, applicable to corporations. As of the date of filing, it remains unclear what legislation, if any, would be enacted. If the proposed legislation is enacted, it could create the potential for added volatility in our provision for income taxes and might have an adverse impact on our future income tax provision and tax rate.

We might recognize a loss with respect to our financial investments.

We invest most of our cash through a variety of financial investments. If the obligor of any of our financial investments defaults or undergoes reorganization in bankruptcy, we may lose a portion of such investment and our assets and income may decrease. In addition, a downturn in the credit markets or the downgrading of the credit rating of our investments could result in a reduction in the market value of our holdings and reduce the liquidity of our investments, which could require us to recognize a loss at the time of credit impairment and would adversely affect our assets and income.

If we fail to maintain effective internal controls over financial reporting and operations, it could have a material adverse effect on our business, operating results, and the price of our ordinary shares and ADSs.

Effective internal controls are necessary for us to provide reliable financial reports and prepare consolidated financial statements for external reporting purposes in accordance with U.S. GAAP and U.S. securities laws, as well as to effectively prevent material fraud. Because of inherent limitations, even effective internal control over financial reporting may not prevent or detect every misstatement. In addition, if we fail to maintain the adequacy of our internal controls, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal control over financial reporting and operations. Furthermore, as we grow our business or acquire businesses, our internal controls may become more complex and we may require significantly more resources to ensure they remain effective. In addition, we may identify material weaknesses or significant deficiencies in our internal control over financial reporting. Failure to maintain effective internal control over financial reporting and operations could result in investigation or sanctions by regulatory authorities and could have a material adverse effect on our business and operating results, investor confidence in our reported financial information, and the market price of our ordinary shares and ADSs.

Current and future accounting pronouncements and other financial reporting standards and principles might have a significant impact on our financial position and negatively impact our financial results.

We prepare our consolidated financial statements in accordance with U.S. GAAP. These principles are subject to interpretation by the SEC and various bodies formed to interpret and create appropriate accounting principles. A change in these principles can have a significant effect on our reported results and may even retroactively affect previously reported transactions. Additionally, the adoption of new or revised accounting principles may require that we make significant changes to our systems, processes and controls. Changes resulting from these new standards may result in materially different financial results and may require that we change how we process, analyze and report financial information and that we change financial reporting controls.

We regularly monitor our compliance with applicable financial reporting standards and review new pronouncements and drafts thereof that are relevant to us. As a result of new standards, changes to existing standards and changes in their interpretation, we might be required to change our accounting policies.

This could lead to risks associated with our ability to react in a timely manner to new accounting pronouncements and financial reporting standards and unpredictable changes in interpretation of standards. Any one or more of these events could have an adverse effect on our business, financial position, and profit.

Risks Relating to our Securities

The market price of each of our ADSs, ordinary shares and the 2020 Notes is volatile and may decline.

Numerous factors, some of which are beyond our control, may cause the market price of our ADSs, ordinary shares and the 2020 Notes to fluctuate significantly. These factors include, among other things:

- Quarterly variations in our operating results;
- Changes in expectations as to our future financial performance, including financial estimates by securities;
- Perceptions of our company held by analysts and investors;
- Additions or departures of key personnel;
- Announcements related to dividends and share repurchase plans;
- Development of or disputes concerning our intellectual property rights;
- Announcements of technological innovations;
- Material orders of our products or services by customers and business partners;
- New products and services by us or our competitors;
- Acquisitions or investments by us or by our competitors and partners;
- Security breaches or other incidents impacting our customers' or their end users' data and security breaches of companies that provide solutions or services similar to ours;
- The exchangeability of the 2020 Notes for ADSs;
- Hedging or arbitrage trading activity involving ADSs by holders of the 2020 Notes;
- Currency exchange rate fluctuations;
- Earnings releases by us, our partners or our competitors;

- General financial, economic and market conditions;
- Political changes, unrest in regions (including the ongoing war in Israel), natural catastrophes;
- Market conditions in the industry and the general state of the securities markets, with particular emphasis on the technology and Israeli sectors of the securities markets; and
- General stock market volatility.

Our ADSs and ordinary shares are traded on different markets and this may result in price variations.

Our ADSs have been listed on The NASDAQ Stock Market since 1996 and our ordinary shares have been traded on the Tel Aviv Stock Exchange, or the “TASE,” since 1991. Trading in our securities on these markets takes place in different currencies (our ADSs are traded in U.S. dollars and our ordinary shares are traded in New Israeli Shekels), and at different times (resulting from different time zones, different trading days and different public holidays in the United States and Israel). As a result, the trading prices of our securities on these two markets may differ due to these factors. In addition, any decrease in the price of our securities on one of these markets could cause a decrease in the trading price of our securities on the other market.

Substantial future sales or the perception of sales of our ADSs or ordinary shares, or the exchange, or conversion of a substantial amount of 2020 Notes, or perception thereof, could cause the price of our ADSs or ordinary shares to decline.

Sales of substantial amounts of our ADSs or ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the price of our ADSs and ordinary shares and could impair our ability to raise capital through the sale of additional shares. Such sales may also make it more difficult for us to sell equity or equity-related securities in the future at a time and at a desirable price.

Additionally, the issuance of ADSs upon future exchanges or conversions of the 2020 Notes for ADSs, or the perception that these exchanges or conversions may occur, could dilute shareholders and reduce the market price of the ordinary shares or ADSs. This could also impair NICE’s abilities to raise additional capital through the sale of its securities.

It may be difficult to enforce a U.S. judgment against us and our officers and directors in Israel or the United States, or to serve process on our officers and directors.

Service of process upon us, our Israeli subsidiaries, directors and officers, and Israeli advisors, if any, named in this annual report, may be difficult to obtain within the United States. Additionally, it may be difficult to enforce civil liabilities under U.S. federal securities law in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws because Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing these matters.

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

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, establishes a high ownership threshold to squeeze out minority shareholders in a full tender offer, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions.

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. These and other similar provisions could delay, prevent or impede an acquisition of us or our merger with another company, even if such an acquisition or merger would be beneficial to us or to our shareholders.

See Item 10, “Additional Information—Mergers and Acquisitions” in this annual report, for additional discussion regarding anti-takeover effects of Israeli law.

General Risk Factors

Conditions and changes in the local and global economic environments may adversely affect demand for our products and services, our business and financial results.

Adverse economic conditions in markets or regions in which we operate can harm our business. Demand for our products and services, and our results of operations can be affected by adverse changes in local and global economic conditions, slowdowns, inflation, recessions, trade wars or unpredictable changes in tax and tariffs regimes, and economic instability. To the extent that our business suffers as a result of such unfavorable economic and market conditions, our operating results may be materially adversely affected.

In particular, during times of economic slowdowns, enterprises may reduce spending in connection with their contact centers, financial institutions may reduce spending in relation to trading floors, compliance and operational risk management. Generally, our customers may prioritize other expenditures over our solutions, including a possible slowdown resulting from a shift or reduction in expenditures driven by AI and Generative AI solutions' effect on the markets in which we operate. If any of the above occurs, and our customers or partners do not adopt our solutions or significantly reduce their spending, our business, results of operations, and financial condition could be materially adversely affected.

In addition, our operations may be subject to the effects of the rising rate of inflation. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

Some of our customers or partners may suffer from liquidity concerns and possibly commence insolvency or other reorganization procedures or go out of business due to disruption to the global economy or other business and market conditions, which may result in delay or failure to make payments to us and may adversely impact our business and results of operations.

Disruption to the global economy could also result in a number of follow-on effects in addition to a slow-down in our business and increased costs, including a possible (i) negative impact on our liquidity, financial condition and share price, which may impact our ability to raise capital in the market, obtain financing and secure other sources of funding in the future on terms favorable to us, and (ii) decrease in the value of our assets that are deemed to be other than temporary, which may result in impairment losses.

We face risks relating to our global operations.

We sell our offerings throughout the world and intend to continue to increase our penetration of international markets. Our operations and results of operations could be adversely affected by a variety of global factors affecting international transactions, including:

- governmental controls and regulations, including import or export license requirements, trade protection measures, sanctions, telecommunication authorization and licenses and changes in tariffs;
- compliance with applicable international and local laws, regulations and practices, including those related to trade compliance, anticorruption, data privacy and protection, tax, labor, employee benefits, customs, currency restrictions and other requirements;
- fluctuations in currency exchange rates;
- longer payment cycles in certain countries in our geographic areas of operations;
- potential adverse tax consequences, variations in effective income tax rates and tax policies among countries where we conduct business, including the complexities of foreign value added tax systems;
- geopolitical risks, including those arising from political instability or tensions, armed conflicts, terrorism and security concerns, disruption and tensions resulting from restrictions related to the conflict between Russia

and Ukraine, the war in Israel and related conflicts in the Middle East, their intensity, duration and effect on demand for our products and services are difficult to predict;

- reduced or limited protection for intellectual property rights in some countries; and
- general difficulties in managing our global operations.

Changes in the political or economic environments, credit rating and the availability and cost of capital in the countries in which we operate, especially in Israel and the U.S., including the impact of such changes on foreign currency rates and interest rates, could have a material adverse effect on our financial condition, results of operations and cash flow.

As a result of our global presence, especially in emerging markets, we face increasing challenges that could adversely impact our results of operations, reputation and business.

In light of our global presence, especially in emerging markets such as those in Asia, Eastern Europe and Latin America, we face a number of challenges in certain jurisdictions that provide reduced legal protection, including poor protection of intellectual property, inadequate protection against crime (including bribery, corruption and fraud) and breaches of local laws or regulations, unstable governments and economies, governmental actions that may inhibit the flow of goods and currency, challenges relating to competition from companies that already have a local presence in such markets and difficulties in recruiting sufficient personnel with appropriate skills and experience.

Local business practices in jurisdictions in which we operate, and particularly in emerging markets, may be inconsistent with international regulatory requirements, such as anti-corruption and anti-bribery laws and regulations (including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act) to which we are subject. We cannot guarantee that our policies and procedures will be effective in ensuring compliance with these laws or that none of our employees, contractors, partners and agents, as well as those companies to which we outsource certain of our business operations, will not violate applicable law or our policies and procedures designed to ensure compliance with applicable law. Any such violation could have an adverse effect on our business and reputation and may expose us to criminal or civil enforcement actions, including penalties and fines.

Furthermore, the increased presence of our global operations in emerging markets, including outsourcing of certain operations to service providers in such markets (such as India and the Philippines), could impact the control over our operations, as well as create dependency on such external service providers. This method of operation may impact our business and adversely affect our results of operation.

Our business, facilities or operations could be adversely affected by events outside of our control, such as natural disasters or health epidemics.

Natural disasters or other unexpected events that adversely affect the business climate in any of our markets could have a material adverse effect on our business, financial condition and results of operations. Our business operations may be subject to a disruption or failure of our systems or operations because of a natural disaster, such as a major earthquake, weather event, fire, power shortages, telecommunications failures, pandemics and epidemics, such as COVID-19, cyberattack, terrorist attack or other catastrophic event or event beyond our control, which could cause delays in completing sales, providing services, or performing other critical functions. There is no assurance that our disaster recovery and business continuity plans will be effective in addressing any such event. Such events could make it difficult or impossible for us to manage our operations and deliver our products and services to our customers.

The occurrence of such events may adversely affect our operations, financial condition, and results of operations. The extent to which such events impact our business going forward will depend on factors such as the duration and scope of such events; governmental, business, and individuals' actions in response to such events; and the impact on economic activity, including the possibility of recession or financial market instability.

We depend on our ability to recruit and retain qualified personnel.

In order to compete, we must recruit and retain highly qualified personnel across our business, including executives and other key employees. Hiring and retaining highly qualified personnel, executives and key employees is critical to our business. Competition for highly qualified and experienced executives in our industry is intense. There is no guarantee that key

management members will not leave the Company, or if they do, that we will be able to identify and hire qualified replacements, or that the transition of new personnel will not cause disruption in our business.

In addition, due to our growth, or as a result of regular recruitment, we are required to regularly hire and integrate new employees. Recruiting and retaining qualified engineers and computer programmers to perform research and development and to commercialize our offerings, as well as qualified personnel to market and sell the offerings, are critical to our success.

There is competition to recruit and retain highly skilled employees in the technology industry due to market conditions and the continued workforce trend that values multiple company experiences over long tenures. As a result, we may be required to offer exclusive compensation packages in order to retain and recruit certain skilled employees and key employees with particular expertise.

In certain locations in which we have development centers, including low-cost countries such as India, the rate of attrition is typically higher than other locations and could have a negative impact on our ability to retain our employees in such centers, timely develop our products and solutions, and/or service our customers.

Any inability to attract and retain highly qualified employees may have an adverse effect on our ability to develop new products, solutions and enhancements for our offerings and to successfully market such offerings, all of which would likely have a material adverse effect on our results of operations and financial position. Our success also depends, to a significant extent, upon the continued service of key management, sales, marketing and development employees and executives, the loss of any of whom could materially adversely affect our business, financial condition and results of operations.

Item 4. Information on the Company.

Item 4.A History and Development of the Company.

NICE was founded on September 28, 1986, as Neptune Intelligent Computer Engineering Ltd., with the vision to digitize unstructured data previously captured using analog means. On October 14, 1991, the Company was renamed NICE-Systems Ltd., expanding its mission to the Customer Service market, becoming a leading global provider of Workforce Optimization software applications, as well as adding solutions for the Public Safety and Justice sector. With the increased quantity of available data and the growing need to generate meaningful business insight, NICE launched Interaction Analytics solutions - allowing organizations to quickly understand and operationalize their interaction data. In 2007, NICE acquired Actimize, a leader in Financial Crime and Compliance analytics solutions, aimed to help prevent market abuse, financial fraud and money laundering, transforming the company into an enterprise software analytics leader. Since 2014, NICE has emerged as a leader in cloud, analytics, digital and AI through innovations and strategic acquisitions. In 2016, NICE acquired inContact, a leading provider of cloud contact center software and agent optimization tools, enabling the industry's first fully integrated and complete cloud contact center solution platform. Subsequently, NICE became an industry leader, helping organizations innovate with AI-powered cloud platforms, designed to unify all data and capabilities for ultimate business results. Since 2019, as consumer expectations are shifting to digital CX, NICE vastly extended the reach of its offering with a series of organic innovations as well as acquisitions of leading Digital & AI Customer Experience solutions, expanding its business reach beyond the contact center, providing organizations with AI-powered digital and automated self-service solutions to address customers' evolving needs.

On June 6, 2016, the Company was renamed NICE Ltd., which is its legal and commercial name. Today, NICE is an enterprise software leader in cloud, analytics, digital and AI in both the Customer Engagement and Financial Crime and Compliance markets. We possess the complete set of must-have AI assets necessary to lead our markets: large collection of unique historical and current data, most relevant knowledge elements, robust automation applications and unmatched domain expertise. Our solutions help organizations of all sizes create extraordinary and trusted customer experiences, prevent financial crime, and improve criminal justice evidence management.

In May 2024 the Company announced that Barak Eilam informed the Board of Directors of his intention to step down after more than 10 years of tenure as the Chief Executive Officer of NICE and a career of approximately 25 years with the Company. In August, 2024, the Board of Directors approved the appointment and compensation of Scott Russell as the Company's new Chief Executive Officer, effective January 1, 2025, to succeed Barak Eilam.

NICE is a company limited by shares organized under the laws of the State of Israel. Our Israeli offices are located at 13 Zarchin Street, P.O. Box 690, Ra'anana 4310602, Israel (Tel. +972-9-775-3151). Our subsidiary, NICE Systems, Inc. has been appointed as our Agent for Service in the United States, and is located at 221 River Street, Hoboken, New Jersey 07030.

The Securities and Exchange Commission ("SEC") maintains an Internet site that contains reports, proxy and information statements, and other information that is filed electronically with the SEC at <http://www.sec.gov>. Our website address is at <https://www.nice.com/company/investors/>. Information contained, or that can be accessed through, our website does not constitute a part of this annual report and is not incorporated by reference herein, and we have included our website address in this annual report solely for informational purposes.

Principal Capital Expenditures

In the last three fiscal years, our principal capital expenditures were the acquisition of other businesses and repurchases of our American Depositary Receipts ("ADR"). For information regarding our acquisitions and ADR share repurchases, please see Item 5, "Operating and Financial Review and Prospects – Recent Acquisitions," and "Operating and Financial Review and Prospects – Liquidity and Capital Resources," in this annual report. For additional information regarding our ADR share repurchases, please also see Item 16E, "Purchases of Equity Securities by the Issuer and Affiliated Purchasers," in this annual report.

Item 4.B Business Overview

Breakdown of Revenues

For a breakdown of total revenues by business model (cloud, products and services) and by geographic markets for each of the last three years, please see Item 5, “Operating and Financial Review and Prospects – Results of Operations,” in this annual report.

About NICE

NICE is a global enterprise software leader, providing AI-powered cloud platforms that serve two main markets: Customer Engagement and Financial Crime and Compliance. Our core mission is to automate customer service by seamlessly orchestrating workflows, AI and human agents, and enterprise knowledge on CXone Mpower— a leading advanced and comprehensive AI platform. We protect financial services organizations with embedded AI to help prevent money laundering and fraud, as well as ensure financial markets compliance in real-time.

Our strategy is based on serving rapidly expanding, specialized markets that require feature-rich solutions, with robust, comprehensive cloud platforms that are spearheaded by AI as an overarching catalyst, propelling our unique AI-driven vectors of growth: using AI differentiation to expand our cloud win rates, positioning AI as the bedrock for driving rapid expansion into digital, utilizing AI to fuel massive platform-adoption and leveraging AI as a lucrative source for new domain-specific use-cases.

In the Customer Engagement market, our CXone Mpower platform enables organizations to automate service at scale, augment their workforce with AI-powered solutions, and unify enterprise knowledge, data and AI models to drive faster resolutions and superior customer experiences. Purpose-built AI ensures every interaction and workflow is intelligently orchestrated across all customer touchpoints, seamlessly blending autonomous Agentic AI and human assisted interactions to deliver best-in-class service that is proactive, knowledge-based, resolution-oriented and efficient. Our Public Safety and Justice business is included in our Customer Engagement segment. In this business, we are transforming the criminal justice system by using AI to uncover the truth in digital evidence, facilitating swift justice. Our AI-powered workflows help relieve police, prosecutors, public defenders, courts and correctional institutions from the tedious task of managing digital evidence.

In the Financial Crime and Compliance market, we protect financial services organizations, with embedded-AI solutions that identify risks and help prevent money laundering and fraud, as well as help ensure financial markets compliance in real-time. With our holistic, data and entity-centric approach, we leverage machine learning, NLP (natural language processing), Generative AI and Agentic AI that automate routine tasks, collaborate with analysts and adapt in real time to proactively keep ahead of emerging threats.

NICE is at the forefront of several industry technological disruptions that have greatly accelerated in the last several years: AI-driven automation is transforming customer service; domain-specific AI is enhancing decision-making and workforce performance; and cloud scalability is enabling enterprises to modernize operations at an unprecedented pace. As organizations seek to optimize both efficiency and customer experience. NICE’s AI-powered platforms unify data, workflows, and automation to drive enterprise-wide transformation. Built on deep domain expertise, our solutions empower customer service, financial crime prevention, and criminal justice organizations to lead with intelligence, efficiency, and confidence.

We rely on multiple key assets to drive our growth:

- Our AI leadership with purpose-built AI models that power automation, optimization, and user experience transformation.
- Our domain-specific Agentic AI that manages complex tasks, makes decisions and takes action, driving AI-powered automation at scale and precision, with and without human intervention.
- Our comprehensive cloud platforms that are scalable, secure, and built for enterprise-wide adoption.
- Our AI-powered copiloting employee augmentation capabilities, built for specific roles and around domain-specific functionality to increase efficiencies, maintain compliance and improve resolution.
- AI-powered orchestration tools that allow organizations to design, build and operate end-to-end workflows.
- Our extensive self-service automation solutions that use the power of AI to deliver human-like interactions at scale.

- Our extensive portfolio of applications addresses organizational needs across all our areas of domain expertise.
- Our broad array of proprietary technologies and algorithms in the domains of Generative AI, LLMs, automation, analytics, machine learning, speech-to-text, natural language processing, personality-based routing and others.
- Our native AI models which are based on years of industry-specific data and domain expertise, consistently using machine learning for generating actionable insights.
- Our access to vast amounts of CX data, derived from billions of domain-specific interactions of all types, enriching our applications and enabling us to build hundreds of CX purpose-built AI models.
- Our advanced data security and compliance capabilities that deliver trusted enterprise software across all our markets, including FedRAMP authorization to the relevant business lines, with 30 authorized applications, native PCI, supported by the advanced SOC in the industry.
- Our flexible delivery model that allows our customers to benefit from a wide range of both cloud and on-premises solutions.
- Our solutions' market coverage of all segments, from small and mid-sized businesses to large scale Fortune 100 enterprises.
- The mission critical nature of our solutions to the operations of our customers and our cloud platforms that are essential for enabling a scalable and sustainable work-from-anywhere environment.
- Our market leadership, which makes us a well-recognized brand and creates top-of-mind awareness for our solutions in our areas of operation.
- Our large and broad partner ecosystem with strategic alliances and integrations that extend market reach and solution capabilities.
- Our loyal customer base of more than 25,000 organizations in over 150 countries, across many industries, including 85 of the Fortune 100 companies.
- Our strong cash position that allows us to invest in innovative solutions and product development and fuels strategic acquisitions.
- Our ability to quickly drive mainstream adoption for innovative solutions and new technologies and trends, which we introduce to the market through our direct sales force and distribution network.
- Our skilled employees and domain expertise in our core markets allow us to bring our customers the right solutions to address key business challenges and build strong customer partnerships.
- Our customer support and operations, which enable our customers to quickly enjoy the benefits of our solutions, with multiple deployment models in the cloud or on-premises throughout the world and support for full value realization and customer success.
- Our outcome-oriented white-glove services that enable our customers to achieve greater efficiency, higher revenue, and lower operating costs with our solutions.

Industry and Technology Trends

Following are the key cross-industry trends that we have identified as driving demand for our solutions where we leverage our key assets and domain expertise to deliver maximum value:

- **AI is evolving from task-based assistance to full-scale automation.** Organizations have moved beyond using AI for incremental improvements and are now looking for solutions that enable end-to-end automation across customer service and operational workflows. Instead of simply augmenting human performance, there is a growing need for AI Agents capable of taking over complex decision-making, managing entire workflows, and resolving issues autonomously. AI platforms are aspiring to enable enterprises to scale automation across every touchpoint, unlocking significant efficiency gains, cost savings, and transformative business impact.
- **Cloud platforms are advancing into AI-first platforms.** Organizations are moving away from traditional cloud platforms and point solutions in favor of unified AI-powered platforms that seamlessly integrate data, knowledge, and AI models. These AI-first platforms enable enterprises to centralize intelligence, orchestrate workflows, and scale automation across every business function. As AI adoption matures, cloud platforms must evolve from simple hosting environments into intelligent, autonomous infrastructures that drive business outcomes in real-time.
- **AI copilots are redefining the modern workforce.** AI-powered assistants are no longer just productivity tools—they are transforming the way employees work. AI copilots provide real-time guidance, automate repetitive tasks, and deliver contextual insights, allowing employees to focus on high-value, strategic work. Organizations that effectively integrate AI copilots into their workflows will see increased efficiency, improved decision-making, and enhanced employee engagement, setting a new standard for AI-augmented performance.
- **Software is becoming more conversational and intuitive.** The rise of LLMs and Generative AI is transforming traditional user interfaces into dynamic, natural-language-driven experiences. Instead of rigid menus, forms, and workflows, users are interacting with AI-powered systems that understand intent, anticipate needs, and provide contextual assistance in real-time. This shift is making software more accessible, reducing training time, and increasing productivity as AI Agents replace static interfaces with fluid, human-like interactions across applications.
- **AI trust and explainability are critical for enterprise adoption.** As AI takes on greater responsibility in customer service and financial decision-making, trust, security, and explainability (the ability to understand the rationale behind AI's decisions) are becoming top priorities. Enterprises must ensure AI models are transparent, bias-free, and compliant with evolving regulations. Organizations are investing in responsible AI frameworks that provide human oversight, real-time auditing, and governance mechanisms to maintain confidence in AI-driven decisions while meeting stringent regulatory requirements.

Following is a list of customer engagement trends and market dynamics driving the demand for our solutions, where we leverage our key assets and expertise to deliver maximum value:

- **AI-driven automation is now a competitive necessity.** Organizations can no longer rely solely on human-driven customer service. AI-powered automation is reducing costs, accelerating resolutions, and improving service consistency. Organizations are deploying AI agents and Agentic AI to handle routine interactions, streamline workflows, and free human agents for more complex tasks. Enterprises that fail to embrace AI automation risk falling behind competitors who are delivering faster, smarter, and more cost-efficient service experiences.
- **Domain-specific AI is essential for accurate automation.** Enterprises are moving beyond generic AI models, demanding purpose-built AI trained on industry-specific data to deliver precise, reliable automation in customer service. AI that understands intent, context and preferences enables higher-resolution automation while reducing errors and agent escalations. Businesses are turning to AI platforms that combine predictive, generative, and real-time AI models to drive intelligent automation at scale.
- **Specialized AI Copilots are redefining workforce augmentation.** Customer service teams are leveraging role-specific, proactive AI Copilots that enhance decision-making, automate tasks, and guide agents in real-time. Unlike generic AI assistants, intelligent, domain-trained Copilots help employees resolve issues faster, improve accuracy, and adapt to complex interactions effortlessly. Organizations are rapidly adopting AI-driven augmentation to increase efficiency, reduce training time, and enhance both agent and customer satisfaction.

- **Proactive customer service is replacing reactive support.** AI is shifting customer service from a reactive model to a proactive one, where issues are predicted and resolved before they escalate. AI-powered workflows analyze real-time customer interactions to anticipate problems and trigger automated resolutions. Enterprises are adopting proactive service strategies that improve customer satisfaction, lower costs, and enhance brand loyalty, marking a paradigm shift from issue resolution to workflow orchestration.
- **Digital-first engagement is overtaking in-person experiences.** The shift from brick-and-mortar to digital-first customer interactions continues to accelerate, with customers expecting seamless, AI-enhanced service across web, mobile, and messaging channels. Organizations are investing in AI-powered digital engagement strategies that provide instant, personalized, and proactive customer service. Enterprises that fail to optimize digital interactions risk losing customers to brands delivering faster, smarter, and more connected experiences.
- **Knowledge management is the foundation of AI-powered customer service.** As AI takes on a larger role in customer interactions, organizations need a unified, intelligent knowledge strategy to ensure AI delivers accurate and trusted responses. AI-powered knowledge management organizes, retrieves, and refines enterprise information, fueling automation and improving agent effectiveness. Organizations are moving beyond static knowledge bases to dynamic, AI-driven knowledge ecosystems that provide context-aware, real-time insights across every customer touchpoint.
- **Open, flexible AI platforms maximize AI's intelligence and impact.** AI becomes more effective when it has access to broader, high-quality data, enabling smarter decision-making, deeper insights, and more precise automation. At the same time, AI's ability to drive business outcomes grows exponentially when seamlessly connected to third-party applications and workflows across the enterprise. Organizations are prioritizing extensible AI platforms that integrate across their ecosystem, ensuring greater agility, faster automation, and maximum AI-driven ROI.
- **Reducing labor costs remains a top priority in CX.** Enterprises continue to seek AI-driven automation to offset rising labor costs while maintaining high-quality customer service. AI-powered workflows, intelligent routing, Agentic AI and digital self-service are enabling businesses to handle more interactions with fewer human agents, reducing operational expenses without sacrificing service quality. Organizations that optimize labor efficiency through automation are gaining a competitive edge by lowering costs, improving scalability, and reallocating human resources to higher-value tasks.
- **Customer satisfaction is now a strategic competitive advantage.** In a market where products and pricing are easily replicated, CX is the key differentiator driving loyalty and revenue growth. Organizations are investing in AI-powered personalization, proactive service, and frictionless digital experiences to elevate satisfaction and retention. Businesses that prioritize AI-driven CX improvements not only reduce churn but also turn superior service into a long-term competitive moat that strengthens brand loyalty and business outcomes.
- **Growing volume of digital evidence,** contained in multiple disjointed systems, labor intensive processes and staffing challenges are all impacting the ability of government agencies to deliver on the promise of timely justice. Government agencies of all types - from police and first responders to prosecutors, defense attorneys and courts - are looking to digital transformation as a way to overcome the challenges of digital evidence silos and disjointed work processes. Through digital transformation, stakeholders can work smarter and more efficiently within their own agency and effectively share digital evidence throughout the criminal justice system.
- **When Emergency Communications becoming more complex,** and staff turnover at an all-time high, digital transformation is becoming critical. Emergency communications managers spend much of their time handling manual, time-consuming tasks related to daily operations, quality assurance, reporting, training, development, hiring, staff supervision and fulfilling emergency incident evidence reproduction requests. Training new staff to handle the wide range of emergency calls is a significant cost burden. Digitally transforming and automating quality assurance, incident reconstruction and performance metrics tracking frees up managers to spend more time engaging with and coaching staff. This helps improve and retain

employees, resulting in more effective emergency incident handling, higher staff retention, and lower turnover-related costs.

Financial Crime and Compliance trends that are driving demand for our solutions:

- **Growing demand for embedded AI across all fraud, financial crime and risk management controls.** Financial services organizations are transforming to ensure secure, safer and more unhindered customer access to accounts across all channels and transactions. At the forefront of these initiatives is the need to leverage purpose-built advanced AI to ensure regulatory compliance and provide exceptional customer experiences while stopping financial fraud and preventing the laundering of illicit funds.
- **Generative AI and LLMs are being sought out to streamline and further automate financial crime investigation processes and tasks where it may not be necessary to have as much human involvement.** This frees investigators from low value, high volume manual tasks so that they may better focus on more important and strategic work. This leads to better resource utilization, increased accuracy and productivity, and improved return on investment.
- **Preventing financial crime and ensuring stringent compliance with evolving regulatory environments.** Regulatory scrutiny of financial institutions continues to apply pressure on organizations to adopt more advanced regulatory compliance and risk management technology. Furthermore, regulators have been expanding their focus from the largest financial institutions to a broader market, including smaller banks and alternative financial service providers, and are creating increased demand for risk and compliance related solutions.
- **An unpredictable threat landscape environment.** The growing number of data breaches and cyber security incidents put increasing amounts of personally identifiable information and sensitive data at risk of exposure. This information can be used to open accounts that can be used for laundering money, terrorist financing, account fraud, market manipulation, social engineering, and more. In addition, the surge in consumer scams that lead to account takeover and authorized fraud threaten an organization's reputation and their customer satisfaction, as well as create large financial exposures due to both losses as well as fines. In addition, the large volumes of data, related to both internal and external threats, place an enormous operational burden on organizations. Financial institutions are seeking advanced AI solutions to help address these threats and ultimately protect their firm and their customers.
- **An increasing need to control cost of compliance.** The regulatory pressures and increasing threat landscape have driven an increase in the number of risk and compliance personnel, which in turn has dramatically increased the cost of compliance and financial crime programs. Organizations are turning to technology to allow them to help control these costs without compromising their compliance adherence while continuing to lower their risk exposure.
- **Financial institutions seek a single AI platform that aggregates and analyzes financial crime-related risk in one place.** The ever-expanding risk landscape and sophistication of financial criminals, as well as the need to keep costs in check, creates a growing need for a single view of multiple fraud and compliance risk signals throughout a financial services organization. A single platform allows financial services organizations to analyze data, act on it and present it in one dashboard to both operations and executives.
- **Financial institutions are adopting cloud platforms for financial crime and compliance solutions.** Top tier financial institutions have been slow to adopt cloud delivery driven by the sensitive nature of their data, but are now realizing the value of the cloud, and are increasingly choosing to deploy solutions on their own private cloud or on public cloud infrastructure.
- **AI and Machine learning is being adopted in the fight against financial crime.** Traditional methods of financial crime detection, such as rule-based systems, are limited in their ability to adapt and detect new types of financial crime or changes in criminal behavior and patterns. AI and Machine learning algorithms can be trained on historical data and continue to improve their performance as they encounter new behaviors. This enables them to detect patterns and anomalies indicative of financial crime.

- **Financial institutions are being disrupted by digital players providing improved experiences and more personalized products and services.** Banking services and many other financial service organizations continue to be challenged by neo-banks, fintech companies and other digital players. To improve customer experiences, and compete against these digital players, financial institutions continue to invest heavily in digital capabilities and modern technologies. Consumers have increased expectations for faster and frictionless processes. In terms of risk, digital banking moves the consumer away from the branch creating new risks around identity verification, customer due diligence and general monitoring of consumer financial behavior. The expectations for fast response times drive financial institutions to re-design their anti-fraud and compliance processes to be able to respond in real-time, which in turn requires broader adoption of AI across the customer lifecycle.

Strategy

Our long-term strategy is to further broaden our industry leadership in both the Customer Engagement and Financial Crime and Compliance market segments using NICE's unique domain-specific AI capabilities and our foundational platforms, applications and data assets.

We continue to lead the industry in both our business segments where the total addressable market is fast-growing due to the opportunities driven by the evolution of AI. NICE is uniquely positioned for ongoing success to enable faster, safer, more personalized and cost efficient interactions occurring in real-time. Our offerings manifest unmatched favorable attributes: they provide constant problem solving that typically transcends economic fluctuations; they address complex challenges that require feature-rich solutions, preventing commoditization and giving rise to high barriers of entry that keep potential competitors at bay; they create an abundance of opportunities fueled by the distinctive lag of technology adoption; and they operate in markets burdened by soaring labor-driven costs, often exceeding 90% of total expenditures, ripe for the massive shift of spend from labor to automation.

NICE is well-positioned across all markets, given our unique set of assets: we are categorically being recognized as one of the top leaders by every market research firm that evaluates the markets we operate in; We offer complete, robust and market-leading platforms; we deliver a wide-ranging portfolio; we own the most critical data elements that form the foundation for AI; and we have an established wide-reaching global ecosystem. On top of it all, we are a highly profitable company, with a strong balance sheet, acting as a springboard for our organic and inorganic growth. For additional information, please see Note 16 of the Financial Statements in this annual report.

In the Customer Engagement business, we intend to further expand our leadership through strategic AI-powered product launches fueled by organic developments and acquisitions. In 2024 we announced the expansion of CXone into CXone Mpower, the AI platform for automating customer service, enabling enterprises to design, build and operate automation for workflows, agents and knowledge at scale and precision. Furthermore, we intend to continue to evolve as a global leader in all major markets and segments for managing customer service – hold and expand the largest market share for CCaaS and WEM solutions; be the most adopted self-service AI provider in the CX market, providing purpose-built AI for CX solutions; become the leading provider of AI copilot capabilities for augmenting CX employees at all levels, offer the most extensive customer-experience marketplace platform and data; and continue to expand into international markets in both the high-end and the mid to low end of the markets we serve. In Public Safety and Justice, we intend to cement and increase our leadership in the digital transformation of the US Justice System, becoming the de facto platform for workflow management across the Criminal Justice system. We will do so by leveraging our Evidencentral platform for handling massive amount of digital evidence and cases with streamlined workflows; using AI to further uncover insights and automate Justice processes; and delivering effective justice from the overwhelming amounts of evidence for every stakeholder in the Criminal Justice eco-system.

In our Financial Crime and Compliance business, we intend to expand to be the largest and leading cloud platform provider of financial crime and compliance solutions in all segments and across all major markets – further embedding AI across our portfolio while leveraging the X-Sight platform to cloudify the high end of the market; enhancing Xceed to be the cloud platform of choice in the mid-market; leveraging our unparalleled collective intelligence to provide a more holistic view of digital identity risk; and better monetizing data, based on advanced AI capabilities.

Leading our markets with domain-specific AI solutions

We intend to continue augmenting our AI leadership across all our markets, as AI establishes itself an overarching catalyst, propelling NICE's five vectors of AI growth strategy:

- **AI fuels our cloud win rate** - We are witnessing an enterprise cloud inflection point, where the lion's share of large-scale cloud transitions is about to take place. AI is enhancing our differentiation, substantially expanding our cloud win rates and displacements.
- **AI is the bedrock of rapid expansion into digital** - NICE's digital solutions encompass the range of digital interactions. AI is a strong contributing factor for migration from legacy digital vendors to NICE, contributing to the growth in volume of digital engagements managed by our platforms.
- **AI fusion powers our platform adoption** – Enterprises are pivoting from multiple point solutions to building and simplifying their tech stack by standardizing on a single platform. This trend is now gaining a significant boost because it is the only viable way to implement AI that works and requires well designed AI-embedded platforms that were built with specific domains and use-cases in mind.
- **AI automation extends our position beyond the contact center** – Enterprises are looking to harness CX specific AI capabilities to replace current customer service manual processes that traverse the traditional contact center, often touching additional organizational functions such as back-office operations, marketing, sales and other internal and customer-facing functions.
- **AI as endless source for lucrative new use-cases** – Organizations are coming to a clear realization that generic Generative AI and LLM solutions are not providing the expected results. NICE's specialized AI, with its thousands of constantly evolving and expanding models, based on billions of interactions, is fast becoming a truly viable option for addressing the complex use-cases of our markets.

Empowering organizations to lead by adapting to change

We intend to continue leading the market by leveraging several major industry trends and evolving our offering to meet our customers' current and future needs while focusing on key strategic pillars:

- **Cloud Foundation** – we provide cloud-native open platforms for our Customer Engagement and Financial Crime and Compliance offerings. This allows our customers to facilitate adoption of cloud infrastructure to accelerate innovation and reduce integration, implementation and operational efforts while reducing cost.
- **Complete Platform Suite** – across all markets, we provide one of the industry's most comprehensive set of integrated, scalable, world class applications. Our ability to provide our customers with a full range of capabilities, for organizations of various sizes that can provide for their various needs using a single vendor unified suite, gives us a strong market differentiation in today's drive for simplicity, cost savings and elimination of legacy solution silos.
- **Digital Engagement** - we enable organizations to deliver experiences in every possible digital way, keeping them engaged and informed, leveraging smart self-service, AI and knowledge across the full customer journey, as well as providing secure digital banking, and helping public safety organizations shift to digital interaction and digital evidence environments.
- **AI** – we accelerate business transformation with purpose-built AI-embedded natively across our platforms, making our applications and business processes smarter. Our domain expertise, proprietary data, advanced technology, and pre-built AI models create leading solutions for all our market segments.
- **Large Language Models, Generative AI and Agentic AI**– we leverage LLMs Generative AI and Agentic AI to help consumers and employees access knowledge and interact with each other effortlessly and safely, while improving employee productivity and customer experience. In addition, we leverage these technologies and AI Agents to effectively automate tasks at scale, and augment employees to effortlessly complete workflows.
- **Data** - recognizing the power of data, we consider data as a key component and a strategic asset across our portfolio and leverage it as a basis for our purpose-built AI solutions. We manage our customer data with security and compliance measures while leveraging it to equip our customers with a data-driven approach to manage their business, reduce cost, improve performance and identify customer insights.

Strengthening our market leadership

Our brand, global reach, robust financial resources, extensive domain expertise and ability to deliver a wide array of solutions for large, as well as small and mid-sized organizations, will further anchor our market-leading position.

We plan to continue to develop our open cloud platforms and advanced purpose-built AI capabilities for the Customer Engagement and Financial Crime and Compliance markets to enable unified integrated solutions that offer fast innovation and quick time to value. These platforms allow us to deepen our direct relationships with our customers, nurture our partner ecosystem and create new growth opportunities. Our domain-specific, purpose-built AI serves as a strong differentiator and catalyst for cloud migration and our platform adoption.

In our Customer Engagement business, we intend to continue being a leader in the CCaaS market and expand our leadership into Customer Service Automation with CXone Mpower, a comprehensive AI platform, enabling enterprises to design, build and operate customer service automation by seamlessly orchestrating workflows, agents and knowledge as part of a single, unified and scalable platform. CXone Mpower automates workflows, breaking silos between customer-facing and internal service teams, leverages shared insights between human and AI agents to boost performance and centralizes data and knowledge under one platform, delivering the right insight at the right moment to enhance resolution. With its unique AI domain-expertise, CXone Mpower enables rapid innovation, agility and scalability, and continue to extend our offering around the goal of providing high-quality, proactive, personalized automated end-to-end experiences for consumers, organizations and service agents. With CXone Mpower, organizations can provide the right attended or AI enabled service, based on their profile, preferences and needs. This includes a broad suite of digital, analytics and purpose-built AI-powered integrated applications, used for understanding consumers, employees and business needs and preferences, and leveraging that information to create orchestrated journeys that cover every interaction and workflow from the front and back office. We intend to continue enhancing AI capabilities to deliver purpose-built copilotting, self-service and management capabilities. Alongside our existing offering, we plan to lead in new product categories, as we introduce novel solutions and enter additional market segments.

We will continue to extend our leading market position for AI-powered cloud solutions, operating self-optimizing workflows powered by AI memory, building AI agents quickly based on historical interaction data and designing automation with all the relevant data, knowledge and AI models in one place, building protection for data and brands with robust access control guardrails, catering to organizations of all sizes and replacing legacy on-premises infrastructure players. We will also continue to enable our customers to easily extend our solutions by using CXone Mpower's open framework of hubs, simplifying integrations with quick, intuitive connections that eliminate silos and streamline management, as well as through innovative third-party applications via our DEVone dedicated partner ecosystem that our customers can self-select through our platform's CXexchange application marketplace.

Our Evidential cloud digital evidence management platform enables public safety, law enforcement and criminal justice agencies to transform to unified digital evidence workflows by managing incident response, investigation and prosecution digitally and embedding analytics and AI throughout the entire criminal justice process. Agencies can leverage data to the fullest and work together collaboratively to enhance public safety and deliver faster, fairer justice processes.

In our Financial Crime and Compliance business, we will continue to expand our offerings across market segments by providing new and enhanced solutions that protect financial services organizations and their customers earlier in the customer lifecycle and by further embedding AI across our portfolio of solutions. With our X-Sight cloud platform, we provide open, scalable and flexible solutions to orchestrate and automate risk mitigation workflows and processes, across a broad set of financial crime and compliance coverage to the top tier of the market. Continued innovations on X-Sight will further cement our leading market position. With our Xceed platform, we provide packaged anti-money laundering (AML) and fraud coverage solutions to the mid-market, enabling smaller organizations to realize greater protection with quick time to value. In the Financial Crime and Compliance business, our solutions are embedded with AI, machine learning, automation, natural language processing, LLMs, and other advanced technologies. This allows financial services organizations to merge innovative and patented technologies to effortlessly connect data and apply AI to turn raw data into financial crime intelligence that fuels analytic precision to detect and prevent financial crimes. These offerings enable us to add value to our existing customers, as well as expand our reach and open up new opportunities, considerably increasing our total addressable market.

Helping our on-premises customers and new customers migrate to the cloud

Our leading cloud platforms and domain expertise, along with our flexible migration models, enable our customers to adopt cloud solutions and migrate to the cloud at the pace that matches their needs and preferences.

To support all our customers and the different pace of their cloud migrations, we intend to continue offering our solutions in a variety of delivery models, which enable us to be flexible in effectively addressing our customers' needs.

We are the trusted advisor for our on-premises customers as we support their migration from legacy infrastructure to the cloud. We provide deep cloud expertise and migration tools to simplify configuration, reporting and data collection from legacy systems. Further, we offer holistic transformation consulting services, provided exclusively by our skilled employees, delivering a smooth transition for our customers.

Continuing to cross-sell and upsell our full solutions portfolio to our existing customer base

One of our main assets is our growing customer base. We believe there are many opportunities to expand, up-sell and cross-sell within our existing cloud customer base. This includes increasing our customers' exposure to the full breadth of our portfolio. We continue to provide our customers with new benefits by expanding the offering they already use, and adding new products and solutions.

Helping our customers adopt and use our solutions

We help our customers get the most out of their installed solutions. We do this by offering comprehensive onboarding programs, consulting services, and white-glove account management. This increases the value for our customer while at the same time drives additional billing, stickiness, and customer satisfaction.

Continuing organic innovation and development, while also pursuing acquisitions

We intend to continue investing in innovation across our portfolio and platforms and augment our organic growth with additional acquisitions that will broaden our product and technology portfolio, expand our presence in selected verticals, adjacent markets and geographic areas, broaden our customer base, and increase our distribution channels.

Maximizing the synergies across our businesses

At NICE, we value and promote a synergetic approach to our platforms and solutions (e.g., sharing information, knowhow, and design practices in transitioning to native cloud platforms across Customer Engagement and Financial Crime and Compliance). We will continue leveraging our solutions' common cloud architectures as well as methodologies of capturing and analyzing massive amounts of structured and unstructured data, providing real-time insight and driving process automation. Maximizing these synergies and cooperation between our business areas is a key pillar of our corporate strategy.

We have several joint offerings across our business segments and combined go-to-market efforts. We will continue leveraging our extensive complementary domain expertise, technological know-how, capabilities and development, in order to grow our business through additional cross-sell and up-sell opportunities.

Increasing our footprint in select geographical regions

As part of our growth strategy, we are expanding our business in select regions globally, where we can further grow and establish our presence in less penetrated, growing markets. We are doing this by leveraging our go-to-market teams and a growing partner ecosystem, in both the Customer Engagement business as well as the Financial Crime and Compliance business. We continue to expand our international partner network.

Expanding our global partnerships

As part of our growth strategy, we are investing in expanding relationships with global go to market partners including strategic partners, resellers, and global system integrators that we believe can accelerate our growth while ensuring the success of our customers. In addition, as part of our open platforms, we are enabling the success of our technology partners who complement our product offerings to bring unique value to our customers.

Customer Engagement Business Strategy

Our strategy is to continue serving as a leader in the Customer Engagement market and expand our reach beyond the boundaries of the contact center by fundamentally reinventing the way consumers interact with organizations. We are driving a new customer experience standard by providing AI-powered end-to-end automation of customer service, intelligently and proactively interacting with customers, enabling resolution through purpose-built AI and data-driven self-service and providing agents with knowledge and tools to successfully resolve any need in real-time. We intend to achieve this by:

- Infusing AI, analytics and automation into every element of our Customer Engagement offerings to enable predictive and proactive service, workforce augmentation and automation. We leverage insights from an extensive number of interactions, with hundreds of purpose-built CX AI models to create frictionless customer experiences that are smarter and faster.
- Enabling our customers to deploy domain-specific AI-driven agents that provide self-service and assisted service capabilities, to improve customer experience as well as reduce the cost to service consumers.
- Augmenting agents with unique unified and native capabilities including digital collaboration, agent assistants, AI-powered copiloting capabilities and real-time guidance, to assist agents using conversational context and knowledge-based information.
- Empowering our customers to anticipate business demands with smarter, AI-based forecasting and scheduling tools, and providing their workforce with AI- enhanced training and analytics tools to help them gain the accountability, transparency and flexibility they need around their performance, as part of our holistic WEM suite that enhances both agent engagement and customer experiences.
- Offering CXone Mpower, a global leading unified AI platform for automating customer service, combining journey orchestration for voice and digital channels, with advanced digital capabilities, self-service, domain-specific AI purpose-built for CX use-cases, knowledge management, agent assist tools, customer journey analytics, leading Workforce Engagement Management and automation solutions.
- Expanding our capabilities to provide holistic digital and self-service experiences throughout the entire customer journey, through self-service and engagement with human or AI agents, enabling customer service organizations to provide a end-to-end service experience across all touchpoints.
- Leading cloud transformation across the entire Customer Engagement portfolio for all market segments and regions to enable rapid innovation, enhance flexibility and agility, and lower operational costs.
- Offering our customers the ability to extend our solutions by using CXone Mpower’s open framework of hubs, simplifying integrations with quick, intuitive connections that eliminate silos and streamline management, as well as through innovative third-party applications provided by our DEVone dedicated partner ecosystem, selected from our platform’s CXexchange marketplace.
- Increasing our presence across all verticals, regions and market segments with CXone Mpower, AI innovation and enhanced data to help organizations adapt to today’s complex consumer expectations as well as the constantly changing CX environment.
- Leveraging our large customer base in all verticals and regions to generate incremental revenue growth through up-selling and cross-selling our Customer Engagement portfolio.
- Extending our public safety offering to the Public Safety Answering Points (PSAP) to support next generation digital emergency communication, ensuring compliance, improving performance and enabling enhanced digital evidence collection and investigation.
- Offering one of the industry’s most unified cloud-based Digital Evidence Management and Investigation platform, Evidencentral, that integrates and consolidates all forms of evidence information - data and media from police records, citizen videos and photos, and dispatch management systems.

Financial Crime and Compliance Business Strategy

We plan to continue extending our market leading position and our addressable market, while further supporting the move to the cloud by financial institutions. We also plan to leverage our capabilities to facilitate both better financial crime protection and to help our customers realize cost reductions. We intend to achieve this by focusing on:

- Enhancing our platform of integrated Financial Crime and Compliance solutions that help financial services organizations identify risks faster and earlier throughout all phases of the customer lifecycle.
- Expanding our market reach within the mid-tier banks and financial institutions with our Xceed native cloud and AI platform, which provides AML and Fraud solutions in a packaged SaaS offering to smaller organizations, enabling them to benefit from the capabilities previously only afforded to large organizations.
- Expanding X-Sight, our AI cloud platform and solutions for the top tiers of the market to further strengthen and grow our market leadership position. X-Sight combines data and analytics agility and provides us the ability to cross-sell solutions. Our cloud platform leverages data, AI, machine learning, advanced automation, and other technologies to help customers reduce the cost of operations, while increasing their adherence to compliance and preventing financial crime.
- Expanding X-Sight AI, machine-learning data-driven, analytics-managed service or self-development environment to help further optimize analytic models and develop new analytics by leveraging insights across our broad customer base and our market-wide and domain expertise in fraud prevention and anti-money laundering.
- Empowering our customers to increase their operations teams' productivity by providing more purpose-built Generative AI offerings within X-Sight and Xceed to enable faster and more accurate investigations.
- Offering X-Sight DataIQ, our orchestration and aggregation engine that effortlessly connects to multiple premium and public data sources, turning raw data into data intelligence to fight financial crimes.
- Expanding the X-Sight Marketplace, an ecosystem of innovative third-party partners where our customers can select complementary offerings to extend our platforms and products.
- Offering our solutions to verticals outside of the traditional financial services, such as technology, gaming, energy, insurance, industry regulators, government agencies, fintech and alternative payments providers.
- Further expanding our footprint across international geographies and segments while continuing to cross-sell and up-sell into our existing customer base around the world.
- Expanding our sales channels with world-class systems integrators, consultancies, core banking providers, and other regional reseller firms to identify additional significant opportunities.

I. Offering Overview - Customer Engagement

Enterprises face increasing pressure to deliver superior customer experiences while reducing operational costs. CX leaders struggle with fragmented technology, rising labor expenses, and inconsistent service quality across channels. The growing demand for AI-driven automation and intelligent workflows is reshaping how organizations operate customer service at scale.

CXone Mpower is a comprehensive AI platform, enabling enterprises to design, build and operate customer service automation by seamlessly orchestrating workflows, agents and knowledge as part of a single, unified and scalable platform, helping businesses reduce costs, improve efficiency, and deliver consistent, high-quality service experiences.

Demand for AI-powered solutions continues to accelerate as organizations prioritize cost efficiency, digital-first customer engagement, and proactive service strategies. With purpose-built AI models, proactive automation, and scalable orchestration, CXone Mpower enables enterprises to meet these challenges while future-proofing operations for the AI era of customer experience.

Our Platform and Solutions' Core Capabilities:

AI Cloud Platform - CXone Mpower is an AI-first platform designed to automate, optimize, and enhance customer service at scale. AI-powered automation understands intent, analyzes sentiment, and drives intelligent workflows to improve efficiency and resolution accuracy. Predictive, generative, and real-time AI models continuously learn and adapt, ensuring smarter decision-making and optimal customer interactions. The platform integrates enterprise knowledge, data, and AI models to deliver precise, context-aware responses. AI enhances every layer of customer engagement, powering automation across workflows, interactions, and workforce augmentation to drive cost efficiency and service excellence.

Interaction Orchestration - CXone Mpower ensures seamless customer experiences by orchestrating interactions across 30+ supported channels, including voice, digital, and self-service. AI-driven routing matches customers to the best available resource in real time, considering skills, sentiment, and past interactions. CXone Mpower dynamically orchestrates interactions between human and AI agents based on customer intent and desired outcomes, optimizing business results. End-to-end service workflows connect front-office, mid-office, and back-office teams, ensuring smooth handoff and full-resolution automation. Proactive engagement capabilities anticipate customer needs and trigger automated outreach, resolving issues before they escalate.

Workforce Augmentation - CXone Mpower enhances workforce performance with AI-powered solutions that optimize scheduling, training, performance, and real-time decision-making. AI-driven workforce management ensures the right agents are available at the right time, balancing efficiency with service quality. AI copilots provide real-time assistance, automating repetitive tasks, surfacing relevant insights, and guiding agents through complex interactions. Advanced performance analytics continuously monitor quality, compliance, and customer sentiment, delivering actionable insights that help organizations refine agent skills and improve service outcomes.

Customer Service Automation - CXone Mpower automates customer service end-to-end, resolving interactions from intent to fulfillment without human intervention. AI-powered workflows execute entire service processes, ensuring faster, more accurate resolutions. With AI-powered experience memory, CXone Mpower retains customer history and context, enabling intelligent, personalized automation. Generative AI and domain-specific models create dynamic, context-aware responses that continuously evolve, improving service accuracy and efficiency. Automation extends across front-office, mid-office, and back-office processes, ensuring organizations scale AI-driven service efficiently. AI continuously analyzes interaction data and optimizes automation strategies, reducing costs and enhancing customer experience.

NICE Evidential - Our Digital Evidence Management and Investigation Platform for the criminal justice system, transforms how digital evidence and data are managed. Criminal Justice agencies spend precious time managing digital evidence and data- collecting, storing, copying, analyzing, sharing and even physically transporting it. Evidential helps overcome these obstacles by breaking down data silos, applying analytics and workflow automation to processes, and by connecting public safety and criminal justice agencies together, so justice can flow smoothly, from incident to court. Evidential help agencies get control of digital evidence and data, so they can get emergency response right, be a greater force for good, ensure safer communities, and provide timelier justice for victims.

II. Offering Overview - Financial Crime and Compliance

Enabling trusted financial transactions is critical in the digital banking era and is increasingly challenging for financial services organizations. With criminals, organized crime rings, and armies of cyber bots leveraging AI to attack digital payments and banking channels while also scamming individuals and corporations, preventing fraud without customer friction and detecting and predicting money laundering is more complex than ever. In addition, adhering to capital markets compliance regulations by surveilling trades across all asset classes and communications across all mediums for market manipulation has also become more complex.

These demands, the evolving regulatory landscape and market dynamics coupled with consumers' desire for frictionless digital transactions require organizations to transform and modernize their financial crime programs.

NICE Actimize provides a market-leading purpose-built cloud platforms embedded with AI capabilities for real-time and cross-channel fraud prevention, know-your-customer, anti-money laundering and capital markets compliance. We enable financial institutions to effectively adapt to changing threats, provide excellent customer experiences and grow their business, all while protecting their organization, safeguarding their customers, and ensuring the integrity of the financial services industry.

Our Platforms' and Solutions' Core Capabilities

- **Our AI cloud platform for the high-end of the market, X-Sight**, is an open and flexible AI-cloud platform for Financial Crime and Compliance, enabling top-tier financial services organizations to leverage market-leading solutions and services that meet their sophisticated and unique needs with security, scalability and speed. X-Sight is powered by embedded AI including Machine Learning, Agentic AI, Generative AI and other AI technologies which provide global clients with immediate value and access to new innovations. Our analytics are trained on industry-wide data and include the richest set of analytic models and features. The platform also includes many self-service capabilities providing the largest global financial institutions the flexibility to configure their controls and financial crime programs to meet their unique needs.
- **Our AI cloud platform for the mid-market, Xceed**, brings together powerful AI, data intelligence, machine learning, and insights for comprehensive AML and fraud prevention for small and mid-sized organizations. The solutions on Xceed provide the protection that larger organizations receive but are packaged and connect directly with core banking providers for smaller organizations to realize immediate value.
- **Our X-Sight and Xceed AI offerings** apply advanced AI techniques fueled by insights we receive in working collaboratively with our large world-class client base to provide rich intelligence to optimize machine learning prevention and detection analytics in our portfolio of solutions as well use Generative AI and automation to cut down analysts' time when investigating financial crimes. This allows us to provide leading solutions to our customers, addressing numerous business use cases across risk domains and coverage areas. All Financial Crime and Compliance solutions are infused with Always on AI, our multi-layered approach that injects AI, machine learning, automation, natural language processing, and other advanced technologies throughout the financial crime and compliance value chain. This provides financial services organizations with innovative and patented technologies which fuel automation and analytic precision to detect and prevent financial crimes in real-time and provides secure and frictionless customer experiences.
- **Our cloud platforms** provide financial services organizations with the agility required to quickly adapt to changing regulatory and threat landscapes. With machine learning, predictive analytics, and embedded AI, organizations are able to proactively prevent crime faster, leading to higher customer satisfaction, lower losses, and reduced risk of regulatory enforcement action or reputational damage. Our platforms and solutions enable organizations to have a more comprehensive understanding of their customers' activities and risk, as well as the organization's risk exposure.
- **Our data intelligence** solutions enable organizations to turn raw data into comprehensive actionable intelligence to prevent and detect financial crimes and enable better and faster decisions. With effortless access to data, our curated risk signals, and our X-Sight Marketplace ecosystem of complementary partner offerings, our solutions deliver comprehensive real-time intelligence to fuel analytics and enrich investigations.
- **Our AI and Analytics** innovative technologies, our deep domain expertise, and the insights we receive by working collaboratively and collectively with our large world-class client base provide rich intelligence to our solutions. This allows us to provide market leading solutions to our customers, addressing numerous business use-cases across risk domains and coverage areas. All Financial Crime and Compliance solutions are embedded with AI, including machine learning, Agentic AI and Generative AI, and other advanced technologies throughout the financial crime and compliance value chain. This provides financial services organizations with innovative and patented technologies which fuel automation and analytic precision to detect and prevent financial crimes in real-time and provides secure and frictionless customer experiences.
- **Our vast coverage of** solutions enables organizations to detect market manipulations and prevent money laundering and fraud while helping them adhere to compliance regulations. With broad coverage for compliance around regulations and financial crime risks including account takeover, social engineering scams and many other financial crimes, the solutions include hundreds of out-of-the-box engineered models for current risk topologies across global regulatory regimes as well as emerging risk types including cryptocurrencies and cannabis-related risks to name a couple. Organizations gain holistic coverage to reduce risk, mitigate losses and protect their organizations and customers.
- **Our intelligent investigations** solutions serve hundreds of thousands of analysts and investigators across the globe enabling them to make better, faster decisions. The rich and robust, purpose-built solutions include out-of-the-box workflows and audits for the regulated industries. Our Agentic AI capabilities understand financial institutions' policy and procedures guidelines, recognize the context of an investigation and have the agency to determine what

data sources and risk signals to leverage for accurate and fast decisioning. The solutions track all activity providing transparency for internal and regulatory audits.

- Our **Self-Service** solutions provide organizations with customization and self-development capabilities powered by APIs and intuitive tools.

Strategic Alliances

We sell our Customer Engagement and Financial Crime and Compliance platforms and solutions worldwide, primarily directly to customers and indirectly through selected partners to better serve our global customers. We partner with companies in a variety of sales channels, including service providers, system integrators, consulting firms, distributors, value-added resellers and complimentary technology vendors. These partners form a vital network for selling and supporting our solutions and platforms. We have established a cross-organization business partner program to support our ever-growing ecosystem, providing a full range of tools and benefits to help promote the NICE offerings and drive mutual revenue growth and success.

Our strategic technology partnerships ensure full integration with the NICE offerings, delivering value added capabilities that enable them to provide our customers with an improved set of solutions and services.

Our DEVone program, comprising more than 200 partners, allows third-party software providers that bring complementary capabilities, to integrate with our CXone Mpower platform and extend its functionality. DEVone partner offerings are listed in our CXexchange Marketplace. Our Actimize X-Sight Marketplace hosts market leading vendors in the AML and Fraud domains that complement the Financial Crime and Compliance solution suite.

Our Evidential Marketplace hosts an expanding ecosystem of technology vendors that integrate with our Evidential platform to extend its functionality and make it simpler and faster for Emergency Communications, Law Enforcement and Criminal Justice agencies to bring a high volume of multimedia evidence together, accelerate case building, unearth hidden evidence and address evidence disclosure challenges.

Professional Service and Support

The NICE Professional Services and Support organization enables our customers to derive sustainable business value from our solutions. In addition to our internal Services organization, we also utilize third party certified implementation partners to extend our capacity for deployment of our offerings.

The Professional Service and Support offerings include a variety of services - both standalone and bundled with our products. We address all stages of the technology lifecycle, including defining requirements, planning, design, implementation, customization, optimization, proactive maintenance and ongoing support.

Enabling Value

Solution Delivery optimizes solution delivery to our customers and enables them to achieve their specific business and organizational goals, on time and on budget. NICE solutions are delivered by certified project managers, technical experts, and application specialists. We follow a proven methodology that includes business discovery to map solutions to business processes.

Value Realization Services (VRS) ensure quick, deep and sustained adoption of the NICE solutions. These services enable our customers to leverage the features and functionalities of our solutions to drive immediate and long-term results, aligned to their specific business case, accelerating their return on investment. The services are specifically designed to address the top short and long-term business concerns we heard through working with hundreds of customers across the globe. VRS teams work with customers during all phases of solution implementation – before, during and after go-live. We begin working with customer teams as soon as the project is kicked off, when the solution goes live, and for months after the solution is implemented. Our experience has shown that our customers benefit greatly from access to NICE VRS resources once they begin using the solution. This post-implementation engagement allows us to build skill and ownership within customer teams, embed changes within the customer organization and determine return on investment from the solution.

Managed Services empowers organizations to meet short term objectives, such as reducing handle time or improving sales rates, along with achieving long term goals such as customer retention. Our team of experienced practitioners

work with customers, guiding the process of collecting interactions, prioritizing subjects to study, conducting analysis and most importantly, developing plans that put the results of the analysis into action.

Customer Education Services provide users with the necessary knowledge and skills to operate NICE solutions and to leverage their capabilities to meet customer needs. These services are offered both before and after the deployment of NICE solutions.

Sustaining Value

Customer Success means working hand-in-hand with our customers to identify areas where they can maximize business value and minimize complications, ensuring continued delivery of business benefits.

Cloud Operations ensure that solutions deployed on the NICE cloud run optimally and allow more simplified software upgrades, maximizing availability, performance and quality, while ensuring the security of customer information. This is delivered by using sophisticated proprietary utilities and automations that operate in a proactive manner, providing the means to avoid impacting customer and business operations. This includes: Cloud Architecture teams that design cloud service delivery and operation architectures; Cloud Security teams that help ensure that we set and meet the required Security certifications; Cloud Infrastructure teams that manage both virtual and physical infrastructure requirements; Cloud DevOps teams that implement the utilities and automations while working with our product development teams to optimize our solutions for the cloud environment; and the 7X24 Cloud Application Support teams that monitor and manage the solutions for our customers, ensuring world class up-time, performance, scalability and security. The NICE Cloud utilizes multiple underlying technologies to give our customers many paths to the cloud – these include Physical Data Centers and Public Cloud providers such as AWS and Azure. NICE maintains multiple Cloud Certifications including SOC 2 Type II – Applications; HITRUST; ISO:27001 and PCI DSS.

Customer Support and Maintenance responds to customer requests for support on a 24/7 basis, using advanced tools and methodologies. NICE offers flexible service level agreements to meet our customers' needs. Our solutions are generally sold with a warranty for repairs of software defects or malfunctions. Software maintenance includes an enhancement program with (in the majority of cases) an ongoing delivery of “like-for-like” upgrade releases, service packs and hot fixes. NICE also offers a Technical Account Management service or TAM. The TAM is a designated manager responsible for escalation management and overall customer care services.

Proactive Maintenance addresses issues before they can significantly impact our customers' businesses. These offerings include:

- **Advanced Services** – Technical experts perform system-level audits to ensure ongoing compliance with operational specifications as well as specific product customizations tailored to the requirements of the customer.
- **Application Performance Services** – A 24/7 function that proactively monitors NICE-hosted and customer-premises environments with triage, resolution and escalation of system alarms.

Managed Technical Services (Technical and Operation) – NICE offers a suite of managed technical and operation services that enable the customer to fully outsource all necessary responsibilities and functions required in order to manage the NICE solutions. This service includes dedicated onsite and remote support engineers, system management, system operation, updates and upgrades.

Information Security - we have established information security management policies and procedures to protect the confidentiality, integrity, and availability of our data while providing value to the way we conduct our business. We have security measures, internal policies, and procedures in place to protect our customers' information and ensure that proper measures are taken in connection with our customers' and their end users' information. Additionally, we ensure that information security controls are designed and implemented throughout our products and services development lifecycle. Our information security management policies and procedures comply with industry accepted standards, such as ISO 27001. For additional information on information security, please see Item 16K, “Cybersecurity“ in this annual report.

Manufacturing and Source of Supplies

Many of our solutions are software-based and are deployed by open cloud platform and standard commercial servers. The cloud platform services are provided to us by one or more third-party provider. For information on the risks relating to our engagements with cloud providers, please see Item 3, "Risks Relating to Our Offerings and Operations" and "Risks Relating to Information and Product Security and Intellectual Property" in this annual report.

In addition, there is a small portion of our products that have certain hardware elements that are based primarily on standard commercial off-the-shelf components and utilize proprietary in-house developed circuit cards and algorithms, digital processing techniques and software. These products are IT-grade compatible.

We manufacture those products that contain hardware elements through subcontractors. Our manufacturers provide turnkey manufacturing solutions including order receipt, purchasing, manufacturing, testing, configuration, inventory management and delivery to customers for all of our product lines. NICE exercises various control mechanisms and supervision over the entire production process. In addition, the manufacturer of a significant portion of such products, is obligated to ensure the readiness of a back-up site in the event that the main production site is unable to operate as required. We believe these outsourcing agreements provide us with a number of cost advantages.

Some of the components we use have a single approved manufacturer while others have two or more alternatives for supply. In addition, we maintain an inventory for some of the components and subassemblies in order to limit the potential for interruption. We also maintain relationships directly with some of the more significant manufacturers of our components, and we believe that we can obtain alternative sources of supply in the event that the suppliers are unable to meet our requirements in a timely manner.

We have qualified for and received the ISO-9001:2015 quality management, as well as the ISO 27001:2022 information security management, ISO 27701:2019 privacy management and ISO 14001:2015 environmental management certifications.

Research and Development

We believe that the development of new products and solutions and the enhancement of existing products and solutions are essential to our future success. Therefore, we intend to continue to devote substantial resources to research and new product and service development, and to continuously improve our systems and design processes in order to reduce the cost of our products and services. We conduct our research and development activities primarily in Israel, India and the U.S. Our research and development efforts have been financed through our internal funds and through some programs sponsored through the government of Israel.

We participate in programs funded by the IIA to develop generic technology relevant to the development of our products. Such programs are approved pursuant to the Law for the Encouragement of Research, Development and Technological Innovation in Industry 5744-1984 (the "Research and Development Law"), and the regulations promulgated thereunder. We were eligible to receive grants constituting between 30% and 55% of certain research and development expenses relating to these programs. Some of these programs were approved as programs for companies with large research and development activities and some of these programs are in the form of membership in certain Magnet consortiums. Accordingly, the grants under these programs are not required to be repaid by way of royalties. However, the restrictions of the Research and Development Law described below apply to these programs.

The Research and Development Law generally requires that the product incorporating know-how developed under an IIA-funded program be manufactured in Israel. However, upon the approval of the IIA (or notification in the event set forth below, as the case may be), some of the manufacturing volume may be performed outside of Israel, provided that the grant recipient pays royalties at an increased rate, which may be substantial, and the aggregate repayment amount is increased). Following notification to the IIA (and provided the IIA did not object), up to 10% of the grant recipient's approved Israeli manufacturing volume, measured on an aggregate basis, may be transferred out of Israel, subject to payment of the increased royalties referenced above.

The Research and Development Law also provides that know-how (or rights thereto) developed under an approved research and development program may not be transferred or pledged to third parties without the approval of the IIA. Such approval is not required for the sale or export of any products resulting from such research or development. The IIA, under

special circumstances, may approve the transfer of IIA-funded know-how outside Israel, including, in the event of a sale of the know-how, provided that the grant recipient pays to the IIA a portion of the sale price, which portion will not exceed six times the amount of the grants received plus interest (or three times the amount of the grant received plus interest, in the event that the recipient of the know-how has committed to retain the R&D activities of the grant recipient in Israel after the transfer).

Intellectual Property

We currently rely on a combination of trade secret, patent, copyright and trademark law, together with non-disclosure and non-compete agreements, to establish and/or protect the technology used in our systems.

We currently hold 575 U.S. patents and 35 patents issued in additional countries covering substantially the same technology as the U.S. patents. We have 230 patent applications pending in the United States and other countries. We believe that the improvement of existing products and the development of new products are important in establishing and maintaining a competitive advantage. We believe that the value of our products is dependent, among other things, upon our proprietary software and hardware continuing to be “trade secrets” or subject to copyright or patent protection. We generally enter into non-disclosure and non-compete agreements with our employees, subcontractors and business counterparties. However, there can be no assurance that such measures will protect our technology, or that others will not develop a similar technology or use such technology in products competitive with those offered by us. In most of the areas in which we operate, third parties also have patents which could be found applicable to our technology and products. Such third parties may include competitors, as well as large companies, which invest significant amounts in their patent portfolios, regardless of their actual field of business. Although we believe that our products do not infringe upon the proprietary rights of third parties, there can be no assurance that one or more third parties will not make a claim alleging that our products infringe upon their proprietary rights, nor that we will be successful in defending such claim.

In addition, to the extent we are not successful in defending such claims, we may be subject to injunctions with respect to the use or sale of certain of our products or to liabilities for damages and may be required to obtain royalty bearing licenses which may not be available on reasonable terms.

We own the following trademarks and/or registered trademarks in different countries: Actimize, Actimize logo, NICE Adaptive WFO, NICE WFM, NICE Voice of the Customer, NICE Work Force Management, NICE Incentive Compensation, NICE Real Time Solutions, NICE Trading Recording, NICE Uptivity, NICE Air, NICE Communication Surveillance, Customer Engagement Analytics, Decisive Moment, Fizzback, IEX, inContact, inContact Logo, NICE inContact, Last Message Replay, NICE, NICE Analyzer, NICE Engage, NICE Engage Platform, NICE Interaction Management, NICE Sentinel, NICE Inform, NICE Inform Lite, NICE Performance Compliance, NICE Inform Media Player, NICE Inform Verify, NICE Logo, NICE Incentive Compensation Management, NICE Real Time Solutions, NICE Trading Recording, NICE Proactive Compliance, NICE Security Recording, NICE, Nexidia, Nexidia (!) Logo, Nexidia Search Grid, Neural Phonetic Speech Analytics, Own the Decisive Moment, Scenario Replay, inContact Cloud Center Solutions, Supervisor on-the-go, VAAS, Voice as a Service, Personal Connection, InTouch, Echo, inCloud, CXone, CXone Logo, NICE inContact CXone, NICE Performance Management, inContact Automatic Contact Distributor, inContact Personal Connection, inContact Interactive Voice Response, inContact Work Force Management, Mattersight, Mattersight Logo, Net Promoter, Satmetrix, NPX, NPS, Fraudmap, Guardian Analytics, Evidence Lake, Alacra, Free your business, Resolve, Brand Embassy, ContactEngine, ContactEngine Logo, GoMoxie, FluenCX, Truth Depends on it, MindTouch, NICE ElevateAI, ElevateAI, NICE Smile design logo, StatsViewer, ScheudleViewer, VoApps, Directdrop voicemail and Directdrop voicemail logo, BusinessPhone, BusinessPhone Logo, LiveVox, LiveVox Logo, Human Call Initiator, HCI and HTI.

Seasonality

In previous years the majority of our business operated under an on-premises enterprise software model, which was characterized, in part, by uneven business cycles throughout the year, with a significant portion of customer orders received in the fourth quarter of each calendar year. This was due primarily to year-end capital purchases by customers and holiday season spending. In recent years, our business has been shifting more and more to the cloud, which is characterized by more evenly distributed business, which balances the impact of being heavily weighted towards the fourth quarter. While the seasonality associated with our cloud business is less impactful, we continue to have a second half fiscal year which typically results in higher usage of our solutions stemming primarily from the retail, health care and insurance verticals. While seasonal factors such as these are common in the software and technology industry, this pattern should not be considered a reliable indicator of our future revenue or financial performance. Many other factors, including general economic conditions,

also have an impact on our business and financial results. See “Risk Factors” under Item 3, “Key Information” of this annual report for a more detailed discussion of factors which may affect our business and financial results.

Regulation

Data Privacy, Cyber-Related Security and AI

Certain data privacy and cyber-related security laws and regulations apply to us or to our customers and end-users in countries in which we operate and our customers and their end-users are located, including the United States, Israel, the E.U and the U.K., mostly in relation to our SaaS, hosting and cloud offering, as well as other outsourced services. These laws and regulations also include industry specific regulations that may apply to certain of our customers or end-users, such as regulations with respect to the digital operational resilience as well as requirements related to security risk management. In addition, as the regulatory landscape continues to evolve, new laws, rules and regulations governing the use of AI technologies may also apply. For example, the EU AI Act has come into effect during 2024. With heightened privacy, cyber security and AI concerns and regulations, we are aligning our governance and compliance of certain offerings or services to facilitate our customers and end-users' compliance. In addition, our failure to comply with the applicable legislation, procedures and security measures may result in significant financial penalties. For more information on data privacy, cyber security and AI related concerns and legislation, including the GDPR and regulations governing AI, see also Item 3, "Key Information - Risk Factors" in this annual report.

We or our customers are also subject to domestic data privacy laws, such as the Israeli Privacy Law, the CCPA, CPRA and the United Kingdom Data Protection Act 2018. We are evaluating the business impact of compliance with the constantly changing data privacy laws and regulations, which may include domestic laws, regulations and guidelines that may come into effect in additional regions as well, and apply to our operations, products and services.

As part of our effort to comply with such regulations and mitigate any future risks related to data privacy and cyber-security, we have adopted certain internal policies and procedures related to privacy, information security and incident response, as well as Business Continuity Plans, Risk Assessment Procedures and Vendor Management Policies. These internal policies and procedures are intended to address our business and operational practices as well as our customers' information security concerns, and to avoid or mitigate the risks associated with our information assets and those of our customers. In addition, we received the ISO 27001:2022 information security management certification, ISO 27701:2019 privacy management and SOC2 Type II, PCI DSS, Hitrust and FedRamp certifications were provided to the relevant business lines (as required). Furthermore, we continually evaluate our policies and procedures in light of the evolving regulations related to data privacy, cyber-security and AI and to our customers' needs.

Trade Compliance

As a company with global operations, we may be subject to laws as well as international treaties and conventions controlling imports, exports, re-export and transfer of goods, services and technology. These include import and customs laws, export controls, trade embargoes and economic sanctions, restrictions on sales to parties that are listed on (or are owned or controlled by one or more parties listed on) denied party watch lists and anti-boycott measures.

We are subject to applicable export control regulations in countries from which we export goods and services, including the United States, Israel, European Union and the United Kingdom. Such regulations may apply with respect to product components that are developed or manufactured in, or shipped from, the United States, Israel, European Union and the United Kingdom, or with respect to certain content contained in our products. There are restrictions that apply to software products that contain encryption functionality. In the event that our products and services are subject to such controls and restrictions, we may be required to obtain an export license or authorization and comply with other applicable requirements pursuant to such regulations or may be restricted from exporting certain products and services to certain countries or to sanctioned parties.

European Environmental Regulations

Our European activities require us to comply with the Directive 2011/65/EU of the European Parliament and of the Council on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment and the Commission Delegated Directive (EU) 2015/863 (together “RoHS”). RoHS provides, among other things, that producers of electrical and electronic equipment may not place new equipment containing certain materials, in amounts exceeding certain maximum concentration values, on the market in the EU. We are also required to comply with Regulation (EC) 1907/2006 of the European Parliament and of the Council Registration, Evaluation, Authorisation and Restriction of Chemicals

(“REACH”, SVHC-205), which requires producers to manage the risks from chemicals used in their products and to provide safety information on the substances found in their products.

Our products meet the requirements of the RoHS and REACH directives, and we are making every effort in order to maintain compliance, without adversely affecting the quality and functionalities of our products. If we fail to maintain compliance, including by reason of failure of our suppliers to comply, we may be restricted from conducting certain business in the EU, which could adversely affect our results of operations.

Our European activities also require us to comply with Directive 2012/19/EU of the European Parliament on Waste Electrical and Electronic Equipment (“WEEE”). The WEEE directive covers the labeling, recovery and recycling of IT/ Telecommunications equipment, electrical and electronic tools, monitoring and control instruments and other types of equipment, devices and items, and we have set up the operational and financial infrastructure required for collection and recycling of WEEE, as stipulated in the WEEE directive, including product labeling, registration and the joining of compliance schemes. We are taking and will continue to take all requisite steps to ensure compliance with this directive. If we fail to maintain compliance, we may be restricted from conducting certain business in the EU, which could adversely affect our results of operations.

Similar regulations have been, or are being, formulated in other parts of the world. We may be required to comply with other similar programs that are enacted outside Europe in the future.

Environmental, Social and Governance (ESG) Report

NICE is guided by a deep commitment to social contribution, environmental sustainability and corporate citizenship that is ingrained in our core values. For further information on our ESG strategy and performance, you may access our full ESG Report, which is located on our Corporate Responsibility webpage at <https://www.nice.com/company/corporate-responsibility>. The contents of our ESG Report and related supplemental information (including information on our website) are not incorporated by reference into this annual report or in any other report or document we file with the SEC.

Competition

We believe that our solutions have several competitive advantages (as set forth above in “Our Solutions” section in this Item 4, “Information on the Company – Business Overview”) in their scale, performance and accuracy, comprehensiveness and broad functionality.

We are leaders in the Customer Engagement space. In the CCaaS market, which is a part of the broader Contact Center Infrastructure market that is still mainly held by traditional on-premises players, we compete against Amazon Connect, Avaya, Cisco, Five9, Genesys, and TalkDesk, as well as other niche vendors. We also compete against certain UCaaS and collaboration software vendors such as 8x8, Vonage and Zoom, which offer basic CCaaS capabilities, and certain digital engagement vendors such as LivePerson, which offer digital engagement and self-service capabilities for contact centers.

In the WEM market we compete against players such as Alvaria, Calabrio, Genesys and Verint. In addition, we are seeing some CRM companies, such as Salesforce and Zendesk, that provide a subset functionality of our broader offerings.

In the emergency communications market, we compete against traditional recording vendors like Eventide, Equature and Exacom. In the Law Enforcement and Justice space, we compete against evidence content generation providers like Axon and Genetec who are looking to expand into broader digital evidence management.

We are leaders in the Financial Crime and Compliance space. We compete against niche vendors that provide one subset of functionality to protect against a specific risk and against vendors that provide a more comprehensive offering. In the Anti-Fraud market, we compete against vendors such as SAS, FICO and Feedzai. In the Anti-Money Laundering market we compete against vendors such as SAS, Oracle and Quantexa. In the Financial Markets Compliance market, we compete against vendors such as SMARTS (NASDAQ), Oracle and SAS. In the Mid-market segment, we compete mainly against Verafin.

Item 4.C Organizational Structure

The following is a list of our significant subsidiaries and other subsidiaries, including the country of incorporation or residence. Each of our subsidiaries listed below is wholly owned by us.

<u>Name of Subsidiary</u>	<u>Country of Incorporation or Residence</u>
NICE Systems Australia PTY Ltd.	Australia
NICE Systems Technologies Brasil LTDA	Brazil
NICE Systems Canada Ltd.	Canada
NICE Interactive Solutions India Private Ltd.	India
Actimize Ltd.	Israel
NICE Japan Ltd.	Japan
NICE Technologies Mexico S.R.L.	Mexico
NICE Netherlands B.V.	Netherlands
NICE Systems (Singapore) Pte. Ltd.	Singapore
NICE Technologies Sole Proprietorship LLC	United Arab Emirates
Actimize UK Limited	United Kingdom
NICE Systems Technologies UK Limited	United Kingdom
NICE Systems UK Ltd.	United Kingdom
Actimize Inc.	United States
inContact Inc.	United States
NICE Systems Inc.	United States
NICE Systems Technologies Inc.	United States
LiveVox Inc.	United States

Item 4.D Property, Plants and Equipment

We have leased offices and facilities in several countries, which include the following headquarter offices:

- Our Israeli headquarters in Ra'anana occupies approximately 165,000 square feet.
- Our North American headquarters in Hoboken, New Jersey, occupies approximately 60,000 square feet;
- Our EMEA headquarters in London, occupies approximately 10,000 square feet; and
- Our APAC headquarters in Singapore occupies approximately 5,600 square feet.

Additional leased facilities consist of the following:

- Americas facilities located in Atlanta, Georgia and Salt Lake City, Utah.
- APAC facilities include offices space located in Pune and Manila.

We believe that our existing facilities are adequate to meet our current needs and substantially adequate to meet our foreseeable future needs.

Item 4A. Unresolved Staff Comments.

None.

Item 5. Operating and Financial Review and Prospects.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes and other financial information included elsewhere in this annual report. This discussion contains certain forward-looking statements that involve risks, uncertainties and assumptions. As a result of many factors, including those set forth under Item 3, “Key Information - Risk Factors” and elsewhere in this annual report, our actual results may differ materially from those anticipated in these forward-looking statements. For more information about forward-looking statements, see the “Preliminary Note” that immediately follows the Table of Contents of this annual report.

Overview

NICE is a global enterprise software leader, providing AI-powered cloud platforms that serve two main markets: Customer Engagement and Financial Crime and Compliance. Our core mission is to automate customer service by seamlessly orchestrating workflows, AI and human agents, and enterprise knowledge on CXone Mpower - a leading advanced and comprehensive AI platform. We protect financial services organizations with embedded AI to help prevent money laundering and fraud, as well as ensure financial markets compliance in real-time.

Our strategy is based on serving rapidly expanding, specialized markets that require feature-rich solutions, with robust, comprehensive cloud platforms that are spearheaded by AI as an overarching catalyst, propelling our unique AI-driven vectors of growth: using AI differentiation to expand our cloud win rates, positioning AI as the bedrock for driving rapid expansion into digital, utilizing AI to fuel massive platform-adoption and leveraging AI as a lucrative source for new domain-specific use-cases.

In the Customer Engagement market, our CXone Mpower platform enables organizations to automate service at scale, augment their workforce with AI-powered solutions, and unify enterprise knowledge, data and AI models to drive faster resolutions and superior customer experiences. Purpose-built AI ensures every interaction and workflow is intelligently orchestrated across all customer touchpoints, seamlessly blending autonomous Agentic AI and human assisted interactions to deliver best-in-class service that is proactive, knowledge-based, resolution-oriented and efficient. Our Public Safety and Justice business is included in our Customer Engagement segment. In this business, we are transforming the criminal justice system by using AI to uncover the truth in digital evidence, facilitating swift justice. Our AI-powered workflows help relieve police, prosecutors, public defenders, courts and correctional institutions from the tedious task of managing digital evidence.

In the Financial Crime and Compliance market, we protect financial services organizations, with embedded-AI solutions that identify risks and help prevent money laundering and fraud, as well as help ensure financial markets compliance in real-time. With our holistic, data and entity-centric approach, we leverage machine learning, NLP (natural language processing), Generative AI and Agentic AI that automate routine tasks, collaborate with analysts and adapt in real time to proactively keep ahead of emerging threats.

NICE is at the forefront of several industry technological disruptions that have greatly accelerated in the last several years: AI-driven automation is transforming customer service; domain-specific AI is enhancing decision-making and workforce performance; and cloud scalability is enabling enterprises to modernize operations at an unprecedented pace. As organizations seek to optimize both efficiency and customer experience. NICE’s AI-powered platforms unify data, workflows, and automation to drive enterprise-wide transformation. Built on deep domain expertise, our solutions empower customer service, financial crime prevention, and criminal justice organizations to lead with intelligence, efficiency, and confidence.

We rely on multiple key assets to drive our growth:

- Our AI leadership with purpose-built AI models that power automation, optimization, and user experience transformation.

- Our domain-specific Agentic AI that manages complex tasks, makes decisions and takes action, driving AI-powered automation at scale and precision, with and without human intervention.
- Our comprehensive cloud platforms that are scalable, secure, and built for enterprise-wide adoption.
- Our AI-powered copiloting employee augmentation capabilities, built for specific roles and around domain-specific functionality to increase efficiencies, maintain compliance and improve resolution.
- AI-powered orchestration tools that allow organizations to design, build and operate end-to-end workflows.
- Our extensive self-service automation solutions that use the power of AI to deliver human-like interactions at scale.
- Our extensive portfolio of applications addresses organizational needs across all our areas of domain expertise.
- Our broad array of proprietary technologies and algorithms in the domains of Generative AI, LLMs, automation, analytics, machine learning, speech-to-text, natural language processing, personality-based routing and others.
- Our native AI models which are based on years of industry-specific data and domain expertise, consistently using machine learning for generating actionable insights.
- Our access to vast amounts of CX data, derived from billions of domain-specific interactions of all types, enriching our applications and enabling us to build hundreds of CX purpose-built AI models.
- Our advanced data security and compliance capabilities that deliver trusted enterprise software across all our markets, including FedRAMP authorization to the relevant business lines, with 30 authorized applications, native PCI, supported by advanced SOC.
- Our flexible delivery model that allows our customers to benefit from a wide range of both cloud and on-premises solutions.
- Our solutions' market coverage of all segments, from small and mid-sized businesses to large scale Fortune 100 enterprises.
- The mission critical nature of our solutions to the operations of our customers and our cloud platforms that are essential for enabling a scalable and sustainable work-from-anywhere environment.
- Our market leadership, which makes us a well-recognized brand and creates top-of-mind awareness for our solutions in our areas of operation..
- Our large and broad partner ecosystem with strategic alliances and integrations that extend market reach and solution capabilities.
- Our loyal customer base of more than 25,000 organizations in over 150 countries, across many industries, including 85 of the Fortune 100 companies.
- Our strong cash position that allows us to invest in innovative solutions and product development and fuels strategic acquisitions.
- Our ability to quickly drive mainstream adoption for innovative solutions and new technologies and trends, which we introduce to the market through our direct sales force and distribution network.

- Our skilled employees and domain expertise in our core markets allow us to bring our customers the right solutions to address key business challenges and build strong customer partnerships.
- Our customer support and operations, which enable our customers to quickly enjoy the benefits of our solutions, with multiple deployment models in the cloud or on-premises throughout the world and support for full value realization and customer success.
- Our outcome-oriented white-glove services that enable our customers to achieve greater efficiency, higher revenue, and lower operating costs with our solutions.

Recent Acquisitions

From time to time we complete acquisitions and investments. Some of them are not considered material to our business and operations. During 2024, we completed two acquisitions for total consideration of approximately \$68.9 million. During 2023, we completed an acquisition for total consideration of approximately \$446.9 million. For additional information see Note 1b to our Consolidated Financial Statements included elsewhere in this annual report.

The acquisitions were accounted for by the acquisition method of accounting, and, accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their respective fair values. The results of operations related to each acquisition are included in our consolidated statements of income from the date of acquisition.

Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP.

Certain accounting policies require that we apply significant judgment in determining the appropriate assumptions for calculating financial estimates. By their nature, these judgments will be subject to an inherent degree of uncertainty. Our judgments are based upon our management's historical experience, terms of existing contracts, observance of trends in the industry, information provided by our customers and information available from other outside sources, as appropriate.

We believe that the accounting policies and estimates discussed below are critical to our financial results and to the understanding of our past and future performance, as these policies relate to the more significant areas involving management's estimates and assumptions. We consider an accounting estimate to be critical if: (1) it requires us to make assumptions because information was not available at the time or it included matters that were highly uncertain at the time we were making our estimate and (2) changes in the estimate could have a material impact on our financial condition or results of operations.

Revenue Recognition. We generate revenues from sales of cloud, service and software products, which include software license, SaaS, network connectivity, hosting, support and maintenance, implementation, configuration, project management, consulting and training. We sell our cloud, products and services directly through our sales-force and indirectly through a global network of distributors, system integrators and strategic partners, all of whom are considered end-users.

We recognize revenues in accordance with ASC No. 606, "Revenue from Contracts with Customers" ("ASC 606"). Under this standard, we recognize revenues when a customer obtains control of promised goods or services in an amount that reflects the consideration that we expect to receive in exchange for those goods or services. To determine revenue recognition for contracts that are within the scope of this standard, we perform the following five steps:

- 1) Identify the contract(s) with a customer

A contract with a customer exists when (i) there is an enforceable contract with the customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services; (ii) the contract has commercial substance; and (iii) we determine that collection of substantially all consideration for goods or services that are transferred is likely based on the customer's intent and ability to pay the promised consideration. We apply judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience.

2) Identify the performance obligations of the contract

We enter into contracts that may include multiple performance obligations. We account for individual products and services separately if they are distinct – i.e., if a product or service is separately identifiable from other items in the contract and if a customer can benefit from it on its own or with other resources that are readily available to the customer.

3) Determine the transaction price

The transaction price is determined based on the consideration to which we will be entitled in exchange for transferring goods or services to the customer. For certain contracts, the Company's contracts include usage based fees that constitute variable consideration and are included in the transaction price.

The Company receives payments from customers based upon billing cycles and contract terms which may vary by contract type. Invoice payment terms are usually 30 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we generally do not include a significant financing component in our contracts since our sale prices are not subject to billing terms and the purpose of our contracts is not to receive financing from, or provide financing to, customers. In addition, we elect to apply the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component if we expect, at contract inception, that the period between when we transfer a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Revenue is measured based on the consideration specified in a contract with a customer, excluding taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that we collect from a customer. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations.

4) Allocate the transaction price to the performance obligations of the contract

We allocate the transaction price to each performance obligation identified based on its relative standalone selling price (“SSP”) out of the total consideration of the contract.

We use judgment in determining the SSP. If the SSP is not observable through standalone transactions, we estimate the SSP by taking into account available information such as geographic or regional specific factors, internal costs, profit objectives, and internally approved pricing guidelines related to the performance obligations.

We typically establish SSP range for our products and services, which is reassessed on a periodic basis or when facts and circumstances change. SSP for products and services can evolve over time due to changes in NICE pricing practices that are influenced by intense competition, changes in demand for products and services, and economic factors, among others.

For products for which the SSP cannot be determined based on observable prices given that the same products are sold for a broad range of amounts (i.e., the selling price is highly variable), the SSP included in a contract with multiple performance obligations is determined by applying a residual approach whereby all other performance obligations within a contract are first allocated a portion of the transaction price based upon their respective SSPs, with any residual amount of transaction price allocated to these product revenues.

Some of the Company's contracts include variable fees that are based on actual usage. For these contracts the Company generally allocates the variable fees using the variable consideration allocation exception.

5) Recognize revenue when (or as) the entity satisfies a performance obligation

We derive our cloud revenues from subscription services, which are comprised of subscription fees from granting customers access to our cloud platforms, network connectivity and/or services fees for deployment of certain cloud platforms.

Revenue from subscription services is recognized when control is transferred to the customer, occurring either evenly over the contract period or based on actual usage. Revenue from network connectivity is based on customer call usage and is recognized in the period the call is initiated. Services fees for deployment, which are considered as material rights, are initially deferred and recognized over the average customer life.

Revenue from software license, support and maintenance services are recognized at the time the related performance obligation is satisfied by transferring the promised product or service to the customer. Software license revenues are recognized at the point in time when the software license is delivered, and the customer obtains control of the asset. Support and maintenance service revenues are recognized when control is transferred to the customer, occurring evenly over the maintenance contract term, as the services have a consistent continuous pattern of transfer to a customer.

professional services revenues, except fees for deployment of certain cloud platforms, are recognized as services are performed.

Impairment of Long-Lived Assets. Our long-lived assets include goodwill, property and equipment and identifiable other intangible assets that are subject to amortization.

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Under ASC 350, "Intangible - Goodwill and Other" ("ASC 350"), goodwill is not amortized, but rather is subject to an annual impairment test. If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then we prepare a quantitative analysis to determine whether the carrying value of reporting unit exceeds its estimated fair value. If the carrying value of a reporting unit exceeds its estimated fair value, we recognize an impairment of goodwill for the amount of this excess.

During the fourth quarter of each of the fiscal years ended December 31, 2024, 2023 and 2022, we performed a qualitative assessment for our reporting units and concluded that the qualitative assessment did not result in a more likely than not indication of impairment, and therefore no further impairment testing was required. Accordingly, no impairment charge was recognized during any of such fiscal years.

Income Taxes. To prepare our consolidated financial statements, we estimate our income taxes in each of the jurisdictions in which we operate, and in certain of these jurisdictions, our income taxes are calculated based on our assumptions as to our entitlement to various benefits under the applicable tax laws in the jurisdiction. The entitlement to such benefits depends upon our compliance with the terms and conditions set out in these laws.

We account for income taxes in accordance with ASC 740, "Income Taxes." This topic prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. We provide a valuation allowance, if necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized. Deferred tax assets and deferred tax liabilities are presented under long-term assets and long-term liabilities, respectively.

We implement a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative basis) likely to be realized upon ultimate settlement.

Business Combination. We apply the provisions of ASC 805, "Business Combination," and we allocate the fair value of purchase consideration to the tangible assets acquired, liabilities assumed and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets.

Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from customer relationships, acquired technology and acquired trademarks from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

Contingent consideration incurred in a business combination is included as part of the acquisition price and recorded at fair value as of the acquisition date. The fair value of the contingent consideration is re-measured at each reporting period, with any adjustments in fair value recognized in earnings under general and administrative expenses.

Stock-based Compensation. We account for stock-based compensation in accordance with ASC 718, "Compensation - Stock Compensation" ("ASC 718"), which requires the measurement and recognition of stock base compensation expense based on estimated fair values for all share-based payment awards made to employees and directors. ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. We elect to account for forfeitures as they occur.

We recognize compensation expenses for the value of our awards, which have graded vesting, based on the accelerated attribution method over the requisite service period of each of the awards.

We estimate the fair value of stock options granted using the Black-Scholes-Merton option-pricing model, which requires a number of assumptions: the expected volatility is based upon actual historical stock price movements; the expected term of options granted is based upon historical experience and represents the period of time that options granted are expected to be outstanding; the risk-free interest rate is based on the yield from U.S. Federal Reserve zero-coupon bonds with an equivalent term; and the expected dividend rate (an annualized dividend yield) is based on the per share dividend declared by our Board of Directors.

We measure the fair value of restricted stock based on the market value of the underlying shares at the date of grant.

Marketable Securities. We account for investments in debt securities in accordance with ASC 320, "Investments - Debt Securities" and ASC No. 326, "Financial Instruments - Credit Losses". Management determines the appropriate classification of our investments in debt securities at the time of purchase and re-evaluates such determinations at each balance sheet date.

Marketable securities classified as "available-for-sale" ("AFS") are carried at fair value. Unrealized gains and losses are reported in a separate component of shareholders' equity in accumulated other comprehensive income, net of taxes. Gains and losses are recognized when realized, on a specific identification basis, in our consolidated statements of income.

For each reporting period, we evaluate whether declines in fair value below the amortized cost are due to expected credit losses, as well as our ability and intent to hold the investment until a forecasted recovery occurs, in accordance with ASC 326. Allowance for credit losses on AFS debt securities are recognized as a charge in financial expenses (income) and other, net, on the consolidated statements of income, and any remaining unrealized losses, net of taxes, are included in accumulated other comprehensive income (loss). As of December 31, 2024, no credit losses have been recorded.

We classified all our securities with maturities beyond 12 months as current assets under the caption short term investments on the consolidated balance sheet. These securities are available to support current operations and we may sell these debt securities prior to their stated maturities.

Exchangeable Senior Notes. We apply ASC 470, "Debt" and ASC 815 "Derivatives and Hedging" to our senior notes and to all features related to the senior notes. When features meet the definition of a derivative, are not clearly and closely related to the characteristics of the debt host, and do not qualify for any exceptions within ASC 815, they are required to be accounted for separately from the debt instrument and recorded as derivative instrument liabilities. The fair value assigned to the embedded derivative instruments is marked to market in each reporting period. The proceeds allocated to the debt host are then accounted for using the effective interest method.

Starting January 1, 2022, we adopted ASU 2020-06, which simplifies the guidance on the issuer's accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. Following the adoption of ASU 2020-06, we do not separately present in equity an embedded conversion feature in such debt. Instead, we account for a convertible debt instrument solely as debt unless the debt contains embedded derivatives required to be bifurcated or the debt is issued at a substantial premium.

In December 2021, we made an irrevocable election to settle the principal amount of the 2020 Notes (as defined in Item 10, "Additional Information - Material Contracts - Notes and Indenture") in cash. Accordingly, upon conversion, the principal amount shall be paid in cash. Any amount in excess of the principal amount may be paid, or delivered, as the case may be, in cash, shares of common stock or a combination of cash and shares of the Company stock, at the Company's discretion. Prior to this irrevocable election, upon conversion, we, could have elected to deliver to holders cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock to settle the principal amount.

Recently Issued Accounting Pronouncements Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures", which expands the disclosure requirements for income taxes, primarily related to the rate reconciliation and income taxes paid. This guidance is effective for the fiscal years beginning after December 15, 2024. Early adoption is permitted. The adoption of ASU 2023-09 is not expected to have a significant impact our consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses, which requires disaggregated disclosure in the notes to the financial statements, of prescribed categories of expenses within relevant income statement captions. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. We are currently evaluating the effect of adopting the ASU on our disclosures.

Results of Operations

The following table sets forth our selected consolidated statements of income for the years ended December 31, 2024 and 2023, expressed as a percentage of total revenues (totals may not add up due to rounding).

	2024	2023
Revenue:		
Cloud	72.5 %	66.5 %
Services	21.8 %	27.0 %
Product	5.7 %	6.5 %
	<u>100.0 %</u>	<u>100.0 %</u>
Cost of revenue:		
Cloud	25.6 %	23.3 %
Services	6.7 %	7.9 %
Product	0.9 %	1.1 %
	<u>33.2 %</u>	<u>32.3 %</u>
Gross profit	66.8 %	67.7 %
Operating expenses:		
Research and development, net	13.2 %	13.6 %
Selling and marketing	23.5 %	25.2 %
General and administrative	10.1 %	10.6 %
Total operating expenses	<u>46.8 %</u>	<u>49.4 %</u>
Operating income	20.0 %	18.3 %
Financial income and other, net	<u>2.2 %</u>	<u>0.9 %</u>
Income before taxes	22.2 %	19.2 %
Taxes on income	<u>5.9 %</u>	<u>5.0 %</u>
Net income	<u><u>16.3 %</u></u>	<u><u>14.2 %</u></u>

Comparison of Years Ended December 31, 2024 and 2023

For a comparison of our results for the years ended 2023 and 2022, please refer to Item 5 in our annual report on Form 20-F for the year ended 2023, filed with the SEC on March 27, 2024.

Our revenues increased by approximately

	Years Ended December 31,		Percentage
	(In millions)		
	2024	2023	2023-2024
Cloud revenue	\$ 1,984.2	\$ 1,581.8	25.4 %
Service revenue	596.0	641.4	(7.1)%
Product revenue	155.1	154.3	0.5 %
Total revenue	<u>\$ 2,735.3</u>	<u>\$ 2,377.5</u>	<u>15.0 %</u>

Our revenues increased by approximately \$357.8 million, or 15%, from \$2,377.5 million in the year ended December 31, 2023 to \$2,735.3 million in the year ended December 31, 2024. The increase consisted of a \$307.7 million increase in Customer Engagement revenue and \$50.1 million increase in Financial Crime and Compliance revenue.

The revenue growth of our Customer Engagement business segment in 2024 is primarily attributed to the continued increase in demand for our cloud platform CXone Mpower from new customers and ongoing expansion within our installed customer base, driven by further penetration into both large enterprises and the mid-market.

The revenue increase in our Financial Crime and Compliance business segment in 2024 is primarily attributed to an increase in cloud revenue due to increased adoption of our cloud platforms X-Sight and Xceed, as well as an increase in revenues from our premise-based business.

Our cloud revenue in 2024 increased by 25.4%, or \$402.4 million, to \$1,984.2 million compared to \$1,581.8 million in 2023, mainly due to an increase in the Customer Engagement segment from growing demand for our CXone Mpower cloud platform, including ongoing penetration in the mid-market with further adoption at the high end of the market and increasing international cloud adoption, resulting from both new customers and expansion from existing customers. In addition, the increase in overall cloud revenue is partially attributed to the growing adoption of our cloud solutions in the Financial Crime and Compliance segment. Revenue derived from our cloud platforms accounted for 72.5% of our total revenue in 2024, as part of our strategy of increasing cloud revenue as a percentage of our total revenue.

Our service revenue in 2024 decreased by 7.1%, or \$45.4 million, to \$596.0 million compared to \$641.4 million in 2023, mainly due to a decrease in maintenance revenue, as a growing number of our existing on-premises customers transitioned to our cloud-based solutions.

Our product revenue in 2024 increased by 0.5%, or \$0.8 million, to \$155.1 million compared to \$154.3 million in 2023, as demand increased for on-premises products in 2024 compared to 2023, in the Financial Crime and Compliance business segment.

Revenue by Region

	Years Ended December 31, (In millions)		Percentage Change
	2024	2023	2023-2024
United States, Canada and Central and South America (“Americas”)	\$ 2,321.5	\$ 1,986.6	16.9 %
Europe, the Middle East and Africa (“EMEA”)	278.1	248.0	12.1 %
Asia-Pacific (“APAC”)	135.7	142.9	(5.0)%
Total revenues	\$ 2,735.3	\$ 2,377.5	15.0 %

Revenue in Americas increased in 2024 by 16.9%, or \$334.9 million, to \$2,321.5 million compared to \$1,986.6 million in 2023, mainly due to an increase in cloud revenue for our cloud platforms, primarily from CXone Mpower.

Revenue in EMEA increased in 2024 by 12.1%, or \$30.1 million, to \$278.1 million compared to \$248.0 million in 2023, primarily attributed to the increase in cloud revenue for our cloud platforms in both of our business segments..

Revenue in APAC decreased in 2024 by 5.0%, or \$7.2 million, to \$135.7 million compared to \$142.9 million in 2023. The decrease in revenue in 2024 is primarily attributed to the decrease in service and product revenue in Customer Engagement and in the Financial Crime and Compliance segments. The decrease was partially offset by an increase in cloud revenue from CXone Mpower and the Customer Engagement segments.

Cost of Revenue

	Years Ended December 31,		Percentage
	(In millions)		Change
	2024	2023	2023-2024
Cost of cloud revenue	\$ 699.7	\$ 553.7	26.4 %
Cost of service revenue	184.4	188.9	(2.4)%
Cost of product revenue	25.4	25.6	(0.8)%
Total cost of revenue	\$ 909.5	\$ 768.2	18.4 %

Our cost of cloud revenue in 2024 increased by \$146.0 million, or 26.4% compared to 2023, and remained stable as a percentage of cloud revenue. The increase in the cost of cloud revenue is primarily due to an increase in our public cloud costs associated with an increase in our cloud sales.

Our cost of service revenue in 2024 decreased by \$4.5 million, or 2.4%, compared to 2023 and slightly increased as a percentage of service revenue compared to 2023.

Our cost of product revenue in 2024 decreased by \$0.2 million, or 0.8%, compared to 2023 and decreased as a percentage of product revenue compared to 2023, mainly due to decreased scale in our product business in 2024.

Gross Profit

	Years Ended December 31,		Percentage
	(In millions)		Change
	2024	2023	2023-2024
Gross profit on cloud revenue	\$ 1,284.4	\$ 1,028.2	24.9 %
as a percentage of cloud revenue	64.7 %	65.0 %	
Gross profit on service revenue	411.6	452.5	(9.0)%
as a percentage of service revenue	69.1 %	70.5 %	
Gross profit on product revenue	129.7	128.6	0.9 %
as a percentage of product revenue	83.6 %	83.3 %	
Total gross profit	\$ 1,825.7	\$ 1,609.3	13.4 %
as a percentage of total revenue	66.7 %	67.7 %	

Our cloud gross profit was \$1,284.4 in 2024 compared to \$1,028.2 in 2023, representing an increase of \$256.2 million, or 24.9%. Our cloud gross profit as a percentage of cloud revenue decreased to 64.7% in 2024 compared to 65.0% in 2023. The increase in cloud gross profit is mainly attributed to an increase in our cloud business. The decrease in the cloud margin is mainly attributed to additional costs to scale our cloud business as we continue to invest in our international expansion.

Our services gross profit was \$411.6 in 2024 compared to \$452.5 in 2023, representing a decrease of \$40.9 million, or 9.0%, which is mainly attributed to a decrease in maintenance and professional services revenue, as a growing number of our existing on-premises customers migrate to our cloud-based solutions. As a percentage of service revenue, our services gross profit was 69.1% in 2024 compared to 70.5% in 2023.

Our product gross profit was \$129.7 in 2024 compared to \$128.6 in 2023, representing an increase of \$1.1 million, or 0.9%, which is attributed to an increase from the Financial Crime and Compliance segment. Our product gross margin increased to 83.6% in 2024 compared to 83.3% in 2023.

Operating Expenses

	Years Ended December 31,		Percentage
	(In millions)		Change
	2024	2023	2023-2024
Research and development, net	\$ 360.6	\$ 322.7	11.7 %
Selling and marketing	642.3	599.1	7.2 %
General and administrative	276.9	252.3	9.8 %
Total operating expenses	\$ 1,279.7	\$ 1,174.1	9.0 %

Research and Development, Net. Net research and development expenses increased by \$37.9 million to \$360.6 million in 2024 compared to \$322.7 million in 2023, and represented 13.2% and 13.6% of revenues in 2024 and 2023, respectively. The increase in research and development expenses is attributed mainly to an increase in headcount to further drive innovation in our AI-based solutions and expand our cloud platforms and capabilities.

Selling and Marketing Expenses. Selling and marketing expenses increased by \$43.1 million to \$642.3 million in 2024 compared to \$599.1 million in 2023, which represented 23.5% and 25.2% of total revenues in 2024 and 2023, respectively. The increase in selling and marketing expenses is attributed primarily to an increase in headcount, stock-based compensation costs and intangible assets amortization.

General and Administrative Expenses. General and administrative expenses in 2024 were \$276.9 million compared to \$252.3 million in 2023, which represented 10.1% of total revenues in 2024, as compared to 10.6% of total revenues in 2023. The increase in general and administrative expenses is attributed primarily to an increase in salaries and related costs and reduced gains arising from remeasurement of contingent consideration liability.

Financial Expenses and Other, net

	Years Ended December 31,		Percentage
	(In millions)		Change
	2024	2023	2023-2024
Financial income and other, net	58.9	22.5	161.8 %

Financial Expense income and Other, net. Financial income and other, net, increased by \$36.4 million to income of \$58.9 million in 2024 compared to \$22.5 million in 2023. The increase in financial income and other, net is attributable primarily to an increase in interest income earned from our cash and investment portfolio and higher amortization premiums on investment bonds.

Taxes on Income. Total tax expenses were \$162.2 million in 2024 and \$119.4 million in 2023. Our effective tax rate was 26.8% in 2024 and 26.1% in 2023. The increase in 2024 of \$42.8 million in tax expenses is mainly due to our increased profitability.

The majority of our income in Israel continues to benefit from reduced tax rates, pursuant to our Special Preferred Technological Enterprise and Preferred Technology Enterprise programs, as discussed in Note 13 of our Consolidated Financial Statements included elsewhere in this annual report under the caption "Taxes on Income".

Net Income. Net income increased by \$104.3 million to \$442.6 million in 2024 compared to \$338.3 million in 2023. The increase in 2024 resulted primarily from an increase in our revenue, gross profit, operating income and financial income, partially offset by higher cost of revenue and operating expenses.

Liquidity and Capital Resources

To date, we have financed our operations, acquisitions and the repurchase of our equity, primarily through cash generated from our operating activities as well as through debt financing in the form of Exchangeable Notes.

As of December 31, 2024, we had \$1,621.7 million of cash equivalents and in short-term investments, which included \$481.7 million in cash and cash equivalents, and \$1,140.0 million in short-term investments. We believe our existing cash and cash equivalents will be sufficient to meet our working capital and capital expenditure needs for at least the next 12 months.

We plan to continue to finance our operations in the future primarily through sales of our solutions, most notably our cloud platforms. Our future capital requirements will depend on many factors, including our growth rate, continuing market acceptance of our solutions, client retention, our ability to gain new clients, the timing and extent of spending to support research and development efforts, the expansion of sales and marketing activities and personnel, the introduction of new and enhanced offerings, and the impact of changes to the global economy, among other factors. We may also acquire or invest in complementary businesses, technologies and intellectual property rights, which may increase our use of cash and future capital requirements, both to pay acquisition costs and to support our combined operations.

We continually evaluate our capital needs and may decide to raise additional capital to fund the growth of our business and future acquisitions and investments, through public or private equity offerings or through additional debt financing. Access to additional capital may not be available or on favorable terms.

Cash Flows

Generally, we invest our excess cash in highly liquid investment grade securities. As of December 31, 2024, we had \$1,621.7 million of cash and cash equivalents and short-term investments, as compared to \$1,407.8 million at December 31, 2023.

Cash provided by operating activities was \$832.6 million and \$561.4 million in 2024 and 2023, respectively. Net cash from operations in 2024 consisted primarily of net income of \$442.6 million, adjusted for non-cash activities such as depreciation and amortization of \$205.0 million, stock-based compensation of \$182.1 million, an increase in deferred taxes of \$40.3 million as well as working capital changes derived from an increase in trade payables of \$44.0 million, an increase in accrued expenses and other liabilities of \$42.0 million and a decrease in prepaid expenses and other current assets of \$25.0 million, partially offset by an increase in trade receivables of \$61.0 million. Net cash from operations in 2023 consisted primarily of net income of \$338.3 million, adjusted for non-cash activities such as depreciation and amortization of \$167.4 million, stock-based compensation of \$176.7 million, an increase in deferred taxes of \$66.6 million as well as working capital changes derived from a decrease in deferred revenues of \$45.9 million, a decrease in accrued expenses and other liabilities of \$55.7 million, partially offset by an increase in trade receivables of \$34.3 million.

Net cash used in investing activities was \$397.4 million and \$293.6 million in 2024 and 2023, respectively. In 2024, net cash used in investing activities consisted primarily of net investments in marketable securities and short-term bank deposits of \$232.8 million, payment for acquisitions in the aggregate amount of \$64.8 million, purchase of property and equipment of \$35.0 million and capitalization of internal use software costs of \$64.8 million. In 2023, net cash used in investing activities consisted primarily of payment for an acquisition in the amount of \$415.2 million, purchase of property and equipment of \$29.2 million and capitalization of internal use software costs of \$55.0 million, partially offset by net proceeds from investment in marketable securities and short-term bank deposits of \$205.8 million.

Net cash used in financing activities was \$456.6 million and \$290.3 million in 2024 and 2023, respectively.

In 2024, net cash used in financing activities was attributed primarily to repurchase of our ordinary shares of \$369.2 million and repayment of long-term debt in the amount of \$192.1 million. In 2023, net cash used in financing activities was attributed primarily to repurchase of our ordinary shares of \$288.4 million and repayment of long-term debt in the amount of \$2.6 million, which were partially offset by proceeds from the issuance of shares upon the exercise of options of \$2.6 million.

Contractual and Other Obligations

Set forth below are our material contractual obligations and other commercial commitments as of December 31, 2024 (in thousands).

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 year	1- 3 years	3-5 years	More than 5 years
Debt Obligations, including estimated interest *	\$ 460,000	\$ 460,000			
Operating Leases	130,035	16,523	32,241	26,949	54,322
Unconditional Purchase Obligations	\$ 458,239	\$ 155,580	\$ 223,083	\$ 79,576	\$ —
Severance Pay**	\$ 20,291				
Total Contractual Cash Obligations	\$ 1,068,565	\$ 632,103	\$ 255,324	\$ 106,525	\$ 54,322
Uncertain Income Tax Positions ***	\$ 92,851				

* Debt obligations include senior exchangeable notes. The principal balances of the exchangeable senior notes are reflected in the payment periods in the table above based on their respective contractual maturities assuming no conversion. See Note 15 to our consolidated financial statements included elsewhere in this annual report for further details.

** Severance pay relates to accrued obligations to employees as required under applicable labor laws. These obligations are payable only upon termination, retirement or death of the respective employees.

*** Uncertain income tax positions under ASC 740 are due upon settlement and we are unable to reasonably estimate the ultimate amount or timing of settlement. See Note 13(i) of our consolidated financial statements included elsewhere in this annual report for further information regarding our liability under ASC 740.

Other Commercial Commitments	Total Amounts Committed	Amount of Commitment Expiration Per Period			
		Less than 1 year	1- 3 years	3- 5 years	More than 5 years
Guarantees*	\$ 2,324	\$ 84	\$ 2,240		

* Primarily in connection with office lease agreements.

Research and Development and Intellectual Property

For information on our research and development policies and intellectual property, please see “Research and Development” and “Intellectual Property” under Item 4, “Information on the Company” in this annual report.

Trend Information

For additional information on trends in our industry, please see Item 4, “Information on the Company—Business Overview—Industry and Technology Trends” in this annual report.

For additional information on trends, uncertainties, demands, commitments or events that may have a material effect on revenue, please see Item 3, “Key Information—Risk Factors” in this annual report.

Item 6. Directors, Senior Management and Employees.

Item 6A. Directors and Senior Management.

The following tables set forth, as of March 16, 2025, the name, age and position of each of our directors and executive officers and, in regard to our directors, any of the committees of our board of directors on which they serve and whether any such director is an outside director:

Members of the Board of Directors

Name	Age	Position	Audit Committee Member	Compensation Committee Member	Internal Audit Committee Member	Mergers and Acquisitions Committee Member	Nominations Committee Member	Outside Director*
David Kostman	60	Chairman of the Board of Directors				X	X	
Rimon Ben-Shaoul	80	Director	X			X		
Dan Falk	80	Director	X	X	X	X	X	X
Yocheved Dvir	72	Director	X	X	X			X
Yehoshua Ehrlich	75	Director		X		X		
Leo Apotheker	71	Director		X		X		
Joe Cowan	76	Director	X			X		
Zehava Simon	66	Director	X	X	X			X

* See Item 6C., “Directors, Senior Management and Employees—Board Practices— Outside Directors.”

Members of Management

Name	Age	Position
Scott Russell	51	Chief Executive Officer
Beth Gaspich	59	Chief Financial Officer
Barry Cooper	54	President, CX
Craig Costigan	64	Chief Executive Officer, NICE Actimize
Dan Belanger	60	President, CE Americas
Darren Rushworth	57	President, CE International
Awan Roy	54	Vice President, Head of NICE India
Shiri Neder	49	Executive Vice President, Human Resources
Gil Vassoly	51	Vice President, Corporate Finance

David Kostman has served as one of our directors since 2001 (with the exception of the period between June 2007 and July 2008), and as our Chairman of the Board since February 2013. Mr. Kostman is currently CEO and board member of publicly traded Outbrain, Inc. and serves on the board of directors of publicly traded Unity Inc. and privately held Tivit S.A. Mr. Kostman is also a former board member of publicly traded Retalix Ltd. (acquired by NCR). From 2006 until 2008, Mr. Kostman was a Managing Director in the investment banking division of Lehman Brothers, heading the Global Internet Group. From April 2003 until July 2006, Mr. Kostman was Chief Operating Officer and then Chief Executive Officer of Delta Galil USA, a subsidiary of publicly traded Delta Galil Industries Ltd. From 2000 until 2002, Mr. Kostman was President of the International Division and Chief Operating Officer of publicly traded VerticalNet Inc. Prior to that Mr. Kostman worked in the investment banking divisions of Lehman Brothers from 1994 to 2000, focusing on the technology and Internet sectors, and NM Rothschild & Sons from 1992 to 1993, focusing on mergers and acquisitions and privatizations. Mr. Kostman holds a Bachelor's degree in Law from Tel Aviv University and a Master's degree in Business Administration from INSEAD.

Rimon Ben-Shaoul has served as one of our directors since September 2001. Between 2001 and 2005, Mr. Ben-Shaoul has served as Co-Chairman, President, and Chief Executive Officer of Koonras Technologies Ltd., a technology investment company controlled by LEADER Ltd., an Israeli holding company. Since 2002 Mr. Ben-Shaoul serves as Chairman of Grand AutoMotive LLP, a private company. Mr. Ben-Shaoul also served as a director of MIND C.T.I. Ltd., BVR Systems Ltd. and several private companies. In addition, he served as the President and Chief Executive Officer of Polar Communications Ltd., which manages media and communications investments. Mr. Ben-Shaoul also served as the Chairman of T.A.T Technologies Ltd., a public company listed on NASDAQ and TASE. Between 1997 and 2001, Mr. Ben-Shaoul was the President and Chief Executive Officer of Clal Industries and Investments Ltd., one of the largest holding companies in Israel with substantial holdings in the high-tech industry. During that time, Mr. Ben-Shaoul also served as Chairman of the Board of Directors of Clal Electronics Industries Ltd., Scitex Corporation Ltd., and various other companies within the Clal Group. Mr. Ben-Shaoul also served as a director of ECI Telecom Ltd., Fundtech Ltd., Creo Products, Inc. and Nova Measuring Instruments Ltd. From 1985 to 1997, Mr. Ben-Shaoul was President and Chief Executive Officer of Clal Insurance Company Ltd. and a director of the company and its various subsidiaries. Mr. Ben-Shaoul holds a Bachelor's degree in Economics and Statistics and a Master's degree in Business Administration, both from Tel-Aviv University.

Dan Falk has served as one of our outside directors since 2001. Mr. Falk is currently a board member and the Chair of the audit committee of each of Innoviz Technologies Ltd. and Evogene Ltd. Mr. Falk also served on the board of directors of each of Attunity Ltd. and Orbotech Ltd. and until recently also served on the board of directors of Ormat Technologies Inc. From 1999 to 2000, Mr. Falk was President and Chief Operating Officer of Sapiens International Corporation N.V. From 1985 to 1999, Mr. Falk served in various positions in Orbotech Ltd., the last of which was Chief Financial Officer and Executive Vice President. From 1973 to 1985, he served in several executive positions in the Israel Discount Bank. Mr. Falk holds a Bachelor's degree in Economics and Political Science and a Master's degree in Business Administration, both from the Hebrew University of Jerusalem.

Yocheved Dvir has served as one of our outside directors since January 2008. Since 2000, Ms. Dvir has served as a strategic advisor in business development affairs to multiple companies and initiatives. Ms. Dvir also serves on the board of directors of Harel Insurance. She previously served on the board of directors of Menorah Insurance Company, Xenia Venture Capital, Endey Med, Alrov Real Estate, Visa Cal, Trendline Business Information & Communications Ltd., Israel Corporation Ltd., ECI Telecom Ltd., Strauss Industries Ltd., Phoenix Holding and Phoenix Insurance Co. Between 1990 and 2000, Ms. Dvir served as a Senior Vice President of the Migdal Group. Ms. Dvir joined the Migdal Group in 1981 and, until late 2000, held a number of senior financial and managerial positions, including Head of the Group's Economics Department (1986-1988), Head of the Group's Corporate Office from 1989 to 1992, Head of the Group's General Insurance Division and Corporate Office from 1993 to 1997, Group CFO from 1997 to 1999, and Head of the Group's Strategic Development Division and Marketing Array and Risk Manager in 2000. Ms. Dvir holds a Bachelor's degree in Economics and Statistics from the University of Haifa and completed studies towards a second degree in Statistics from the Hebrew University of Jerusalem.

Yehoshua (Shuki) Ehrlich has served as one of our directors since September 2012. Mr. Ehrlich is an active social investor, serving as Chairman of "Committed to Give", a group formed by Israeli social investors for promoting philanthropy in Israel and several other social organizations. Mr. Ehrlich also serves as a board member of the American Joint Distribution Committee and a board member of AfterDox, an angels' investment group. Between the years 2000 and 2010, Mr. Ehrlich served as Managing Director at Giza Venture Capital, where he focused on the communications, enterprise software and information technology sectors. Additionally, Mr. Ehrlich had a fifteen-year career with Amdocs, a public software company specializing in billing, CRM, order management systems for telecommunications and Internet service providers. In his last role at Amdocs, Mr. Ehrlich served as Senior Vice President of Business Development. Mr. Ehrlich holds a Bachelor of Science in Mathematics and Computer Science from Tel Aviv University.

Leo Apotheker has served as one of our directors since August 2013. Mr. Apotheker is currently chairman of the board of privately held Synchron AB, Harvest, Eudonet and MercuryGate, and a member of the board of Schneider SE, a public company traded on the Euronext Exchange. Mr. Apotheker was the Co-Chief Executive Officer of Burgundy Technology Acquisition Corp until recently and the Managing Partner and co-founder of Efficiency Capital SAS, a growth capital advisory firm from 2012-2014. From 2010 to 2011, Mr. Apotheker served as Chief Executive Officer of Hewlett Packard. From 2008 to 2010, he served as Chief Executive Officer of SAP AG. Mr. Apotheker also previously served as the chairman of the board of Unit4, a leading Dutch software company and a member of the board of Taulia Inc. Mr. Apotheker holds a Bachelor's degree in Economics and International Relations from the Hebrew University of Jerusalem.

Joe Cowan has served as one of our directors since August 2013. Mr. Cowan is currently a director of Auburn University Foundation, StartProto and MachineMetrics, private entities. Until recently, Mr. Cowan served as a director of Drishti Technologies Inc, ChannelAdvisor Inc and SAI Global. From 2013 until 2017, Mr. Cowan was the CEO and director of Epicor. During 2013, Mr. Cowan also served as President of DataDirect Networks, Inc. He also served as a director of DataDirect Networks, Inc. between 2011 and 2013. From 2010 until 2013, Mr. Cowan served as the Chief Executive Officer and President of Online Resources Corp. During 2009, he served as an Operating Executive and Consultant at Vector Capital. From 2007 to 2009, Mr. Cowan served as the Chief Executive Officer of Interwoven Inc. From 2004 to 2006, Mr. Cowan served as the President and Chief Executive Officer of Manugistics Inc. and Manugistics Group Inc. Prior to that, Mr. Cowan served in various senior executive positions, including as the Chief Operating Officer of Baan Co. NV and Avantis GOB NV. Mr. Cowan has also served on the board of directors of Blackboard Inc., as well as several private companies. Mr. Cowan holds an M.S. degree in Electrical Engineering from Arizona State University and holds a B.S. degree in Electrical Engineering from Auburn University.

Zehava Simon has served as one of our outside directors since July 2015. Ms. Simon served as a Vice President of BMC Software Inc. from 2000 until 2013, most recently as Vice President of Corporate Development. From 2002 to 2011, Ms. Simon also served as Vice President and General Manager of BMC Software in Israel. Prior to that, Ms. Simon held various positions at Intel Israel, which she joined in 1982, including acting as leader of Finance and Operations and Business Development for Intel in Israel. Ms. Simon is currently a board member of Audiocodes Ltd. and Nova Measurements, both public companies traded on NASDAQ and TASE. Ms. Simon is a former member of the board of directors of Insightec Ltd., M-Systems Ltd. (acquired by SanDisk Corp.), Tower Semiconductor Ltd. and Amiad Water Systems, a public company traded on the London Stock Exchange. Ms. Simon holds a B.A. in Social Sciences from the Hebrew University, Jerusalem, a law degree (LL.B.) from the Interdisciplinary Center in Herzliya and an M.A. in Business and Management from Boston University.

Scott Russell has served as our Chief Executive Officer since January 1, 2025. Prior to joining NICE, for the last 14 years, Mr. Russell was at SAP, most recently as a member of the Executive Board of the Company and Global Chief Revenue Officer. During this period, Mr. Russell also served as Chairman of SAP North America and Chairman of Taulia, an SAP acquired business. Prior to that, he served as President Asia Pacific Japan. In addition, Mr. Russell previously served on the Board of Directors of Qualtrics. Mr. Russell holds a Bachelor of Computer and Information Science from the Federation University Australia and a post graduate degree in business from Deakin University at Geelong Campus, Australia.

Beth Gaspich has served as our Chief Financial Officer since October 2016. Ms. Gaspich joined NICE as CFO of the Financial Crime and Compliance division NICE Actimize in September 2011, where she was responsible for finance, legal and business operations. Prior to joining NICE, she was Chief Financial Officer for Archive Systems, Inc., a privately held document management software provider. She also served as Vice President of Finance at RiskMetrics Group, Inc., a cloud-based risk management software company. Ms. Gaspich was one of the founding members of RiskMetrics Group and assisted in taking the company through a successful public offering on the NYSE in January 2008. Prior to that, Ms. Gaspich held several other senior positions throughout her career at large global financial institutions, including JP Morgan and Price Waterhouse. Ms. Gaspich holds a B.A. in Accounting from the University of Missouri.

Barry Cooper has been with NICE since March 2011 and serves as our President, CX since October 2022. Previously he served as our President, WCX - Workforce Engagement & Customer Experience from January 2019, and from May 2016 until December 2018, he served as Chief Operating Officer (COO). Prior to serving as COO, Mr. Cooper served as Vice President, Business Operations for NICE APAC from March 2011 until June 2013, and as of July 2013 and until assuming the role of COO, he served as Executive Vice President, Professional Services and Cloud. Prior to joining NICE, Mr. Cooper was a Management Consultant at Accenture; the Head of Customer Service, IT and Billing at Time Telekom, Malaysia; and Vice President of Professional Services, APAC for CSG Systems, later Comverse. Mr. Cooper holds a First Class Bachelor of Computer Science and Mathematics with Honors from Salford University in the United Kingdom.

Craig Costigan has served as NICE Actimize CEO since November 2018. From 2016 to 2018, he served as President of Capital Markets & Credit at Fidelity National Information Services Inc. (FIS), where he managed a team of approximately 4,000 staff worldwide, overseeing risk, compliance, credit, security finance, securities processing and market data solutions and services for over 2,000 banks, broker dealers, investment firms, hedge funds, insurance companies and clients in the financial market. Prior to that, Mr. Costigan served as President of the Risk, Compliance and Global Securities Business at SunGard. Mr. Costigan holds a BS in Economics from Northeastern University.

Dan Belanger has served as our President, NICE Americas since July 1, 2024. Prior to his current position, Mr. Belanger served as Sales Director and General Manager for Telecom, Media & Entertainment, Sports and Games industry accounts at Amazon Web Services (AWS) for North America (Amazon Global Sales). Prior to joining AWS in 2020, Mr. Belanger served as Senior Vice President and Managing Director for Hewlett Packard Enterprise, North America leading sales, pre-sales engineering, services, operations and field channel teams. Mr. Belanger graduated Cum Laude from Assumption College, Worcester Massachusetts.

Darren Rushworth has been with NICE since 2017 and serves as our President, CE International since April 2022. Previously he served as President of NICE APAC. Mr. Rushworth's career spans over 30 years in the IT industry of which the past 21 years have been in the Asia Pacific Region. Prior to joining NICE, Mr. Rushworth held the role of Managing Director of Singapore for SAP Asia Pacific and he also led SAP's Philippine and Emerging Market operations. Prior to that, Mr. Rushworth held multiple leadership roles at Oracle including VP Applications Sales APAC, VP Channels and VP Oracle Direct APAC.

Awan Roy has served as our Vice President, Head of NICE India GTC since March 2021. From 2007 to 2020 Mr. Roy served as Sr Director, R&D and India Site Head at Varian Medical Systems where he established the India center, growing it into a global Center of Excellence for Infrastructure and Informatics software. Prior to that, Mr. Roy served as Sr Manager at Siemens Healthineers where he led the development of several medical software products and platforms. Mr. Roy holds a Bachelor's degree in Computer Science from the University of Delhi and a Masters' degree in Computer Science from Devi Ahilya Vishwavidyalaya.

Shiri Neder has served as our Executive Vice President, Human Resource since February 2018. Prior to joining NICE, Ms. Neder was the Corporate Vice President, Head of Human Resources at Nova Measuring Instruments. Prior to that, Ms. Neder worked at Amdocs as Vice President, Human Resources for the Product and Delivery organizations and served as head of Amdocs' Talent Development organization. In addition, Ms. Neder has held positions at Microsoft where she established the Human Resources function for the Telecom division as well as served as Regional Senior Human Resources Manager for the EMEA region. Ms. Neder holds a B.A. in Social Science and an M.A. in Law from Bar Ilan University.

Gil Vassoly has served as our Vice President, Corporate Finance since August 2022. Between 2019 and August 2022, Mr. Vassoly served as Vice President Finance and Operations for KLA Ltd., where he led the Electronics, Packaging and Components Finance Organization and the Orbotech integration, and in early 2019 he served as Chief Financial Officer for StoreONE. Prior to that, between 2015 and 2019, Mr. Vassoly served as Executive Vice President, Chief Operating Officer and Chief Financial Officer for Gibbs International Inc., where he led the finance and operations activity. In addition, Mr. Vassoly held positions at The Gores Group and PwC in Israel, as an Audit Manager. Mr. Vassoly is a Certified Public Accountant (CPA) and holds a BA in Accounting from the College of Management.

We are not party to, and are not aware of, any arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any director or executive officer was selected as a director or member of senior management, as the case may be. In addition, there are no family relationships between any of the directors or executive officers named above.

Item 6B. Compensation.

(a) Aggregate Executive Compensation

The aggregate compensation paid to our directors and executive officers as a group of 19 person for 2024 (including compensation accrued for such year) consisted of approximately \$11.1 million in salary, fees, bonus, commissions and directors' fees and approximately \$1.4 million in amounts set aside or accrued to provide pension, garden leave, severance, retirement or similar benefits or expenses, but excluding amounts expended for business travel, relocation, professional and business association dues and expenses reimbursed to our directors and executive officers.

Our compensation policy for our executive management team, as approved by our shareholders, following the recommendation of our compensation committee and approval by our Board of Directors (as amended, the "Compensation Policy"), is required to be reviewed and approved by our compensation committee, Board of Directors and shareholders once every three years, in line with requirement of the Israeli Companies Law, 5759-1999 (the "Israeli Companies Law"). Any bonus payment made under the Compensation Policy is approved by the Board of Directors in accordance with the Israeli Companies Law.

We have a performance-based bonus plan for our executive management team. The plan is based on our overall performance, the particular unit performance and individual performance. The measurements can change from year to year, based on a combination of financial parameters, including revenues, booking and operating income as well as other non-financial parameters, such as customer satisfaction and others. The plan is reviewed and approved by our compensation committee and Board of Directors annually, as is any bonus payment under the plan.

During 2024, our officers and directors received, in the aggregate, (i) options to purchase 92,301 ordinary shares, which include 65,566 options with an exercise price equal to the par value of the ordinary shares (the “par value options”), and (ii) 178,622 restricted share units, under our equity-based compensation plans. The options (other than the par value options) have a weighted average price of \$168.46 and all options will expire six years after the date of grant. The restricted shares units are granted at par value of the ordinary shares.

Pursuant to the requirements of the Israeli Companies Law, remuneration of our directors requires shareholder approval. Compensation and reimbursement for outside directors (as described below) is statutorily determined pursuant to the Israeli Companies Law. Effective as of July 1, 2015, our shareholders approved the payment to each of our non-executive directors, including outside directors, of an annual fee of \$40,000 and a meeting attendance fee of \$1,500 for each Board meeting attended (whether in person or through media), and \$1,000 for each Board committee meeting attended (whether in person or through media) (in each case paid in U.S. dollars or in NIS based on the exchange rate on July 1, 2015), subject to additional value added tax, as applicable. Furthermore, effective as of 2015, each non-executive director is entitled to an annual equity-based award, as previously approved by our shareholders and pursuant to the terms of the Compensation Policy.

In addition, our shareholders approved a special annual cash fee for the Chairman of the Board in the amount of NIS 450,000 (equivalent to approximately \$123,000). The special annual fee is subject to adjustment for changes in the Israeli consumer price index after September 2012. At the Company’s 2024 annual general meeting, following the recommendation of our compensation committee and approval by our Board of Directors, our shareholders approved updates to our Compensation Policy, as further discussed below in Item 10, “Additional Information. – Approval of Office Holder Compensation” in this annual report.

(b) Individual Compensation of Covered Executives

The following describes the compensation of our five most highly compensated executive officers in 2024, based on the total of salary costs, bonus cost and equity costs for equity granted and expensed by the Company in 2024 (“Covered Executives”).

The compensation specified below is broken down into the following components (all amounts specified below are in terms of cost to the Company, as recorded in our financial statements, and U.S. dollar amounts indicated for Salary, Bonus Costs and Equity Costs are in thousands of dollars):

- (1) Salary Costs. Salary Costs include gross salary, benefits and perquisites, including those mandated by applicable law which may include, to the extent applicable to each Covered Executive, payments, contributions and/or allocations for pension, garden leave, severance, vacation, travel and accommodation, car or car allowance, medical insurances and risk insurances (e.g., life, disability, accidents), phone, convalescence pay, relocation, payments for social security, and other benefits consistent with the Company’s guidelines.
- (2) Bonus Costs. Bonus Costs represent bonuses granted to the Covered Executive with respect to the year ended December 31, 2024, paid in accordance with the Company’s performance-based bonus plan or as detailed below.
- (3) Equity Costs. Represents the expense recorded in our financial statements for the year ended December 31, 2024, with respect to equity granted in 2024 and in previous years (if applicable). For assumptions and key variables used in the calculation of such amounts, see Note 14b of our audited consolidated financial statements.
 - i. Barak Eilam – Former CEO. Salary Costs - \$2,268; Bonus Costs - \$1,564; Equity Costs - \$9,085 expense recorded in 2024 for equity granted in 2024; and \$10,653 expense recorded in 2024 for equity granted in previous years. The amounts indicated also include bonus and salary expenses

accrued in 2024, that are attributable to or payable in 2025 in connection with Mr. Eilam's transition.

- ii. Beth Gaspich – CFO. Salary Costs - \$560; Bonus Costs - \$501; Equity Costs - \$2,828 expense recorded in 2024 for equity granted in 2024 and \$2,381 expense recorded in 2024 for equity granted in previous years.
- iii. Craig Costigan – CEO, NICE Actimize. Salary Costs - \$542; Bonus Costs - \$600; Equity Costs - \$2,351 expense recorded in 2024 for equity granted in 2024 and \$2,323 expense recorded in 2024 for equity granted in previous years.
- iv. Darren Rushworth– President, CE International. Salary Costs - \$921; Bonus Costs \$568; Equity Costs - \$1,914 expense recorded in 2024 for equity granted in 2024 and \$2,522 expense recorded in 2024 for equity granted in previous years.
- v. Barry Cooper – President, CX. Salary Costs - \$570; Bonus Costs - \$532; Equity Costs - \$2,015 expense recorded in 2024 for equity granted in 2024 and \$5,471 expense recorded in 2024 for equity granted in previous years.

Item 6C. Board Practices

Corporate Governance Practices

We are incorporated in Israel and therefore are subject to various corporate governance practices under the Israeli Companies Law, relating to such matters as outside directors, the internal audit committee, the internal auditor and approvals of interested party transactions. These matters are in addition to the ongoing listing conditions of the NASDAQ and other relevant provisions of U.S. securities laws. Under applicable NASDAQ rules, a foreign private issuer may generally follow its home country rules of corporate governance in lieu of comparable NASDAQ requirements, except for certain matters such as composition and responsibilities of the audit committee and the independence of its members. For further information, see Item 16G, “Corporate Governance” of this annual report.

General Board Practices

Our articles of association provide that the number of directors serving on the Board shall be not less than three but shall not exceed thirteen. Our directors, other than outside directors, are elected at the annual shareholders meeting to serve until the next annual meeting or until their earlier resignation, death, bankruptcy, incapacity or removal by an extraordinary resolution of the general shareholders meeting. Directors may be re-elected at each annual shareholders’ meeting. The Board may appoint additional directors (whether to fill a vacancy or create new directorships) to serve until the next annual shareholders meeting, provided, however, that the Board shall have no obligation to fill any vacancy unless the number of directors is less than three.

The Board may, subject to the provisions of the Israeli Companies Law, appoint a committee of the Board and delegate to such committee all or any of the powers of the Board, as it deems appropriate. Notwithstanding the foregoing and subject to the provisions of the Israeli Companies law, the Board may, at any time, amend, restate or cancel the delegation of any of its powers to any of its committees. The Board has appointed an internal audit committee under the Israeli Companies Law that has three members, an audit committee that has five members, a compensation committee that has five members, a nominations committee that has two members and a mergers and acquisitions committee that has six members. In addition, from time to time the Board may appoint an ad hoc committee for certain purposes, such as the review, negotiation and recommendation of approval of M&A transactions. We do not have, nor do our subsidiaries have, any service contracts granting to the directors any benefits upon termination of their service as Board members.

Outside Directors

Except as discussed below, under the Israeli Companies Law companies incorporated under the laws of Israel whose shares have been offered to the public in or outside of Israel are required to appoint at least two “outside” directors. Pursuant to regulations under the Israeli Companies Law that took effect in April 2016, a NASDAQ-listed company that does not have

a controlling shareholder is entitled to opt out of the provisions of the Israeli Companies Law requiring at least two outside directors and certain related requirements, so long as the company complies with the SEC regulations and NASDAQ listing rules regarding independent directors and the composition of the audit and compensation committees. In December 2016, our shareholders approved amendments to our articles of association, pursuant to which our Board of Directors may elect to opt out of such requirements for appointment of outside directors (together the “2016 Relief Amendments”). At this time, our Board of Directors has not made an election to opt out of such requirements.

Outside directors are required to possess professional qualifications as set out in regulations promulgated under the Israeli Companies Law. The Israeli Companies Law provides that a person may not be appointed as an outside director if (i) such person or person’s relative or affiliate has, at the date of appointment, or had at any time during the two years preceding such date, any affiliation with the company, a controlling shareholder thereof or their respective affiliates; or (ii) in a company that does not have a 25% shareholder, such person has an affiliation with any person who, at the time of appointment, is the chairman, the chief executive officer, the chief financial officer or a 5% shareholder of the company. In general, the term “affiliation” includes: an employment relationship; a business or professional relationship maintained on a regular basis; control; and service as an office holder.

No person may serve as an outside director if the person’s position or other activities create or may create a conflict of interest with the person’s responsibilities as an outside director or may otherwise interfere with the person’s ability to serve as an outside director. Until the lapse of two years from termination of office, a company or its controlling shareholder may not give any direct or indirect benefit to the former outside director.

Outside directors are to be elected by a majority vote at a shareholders’ meeting, provided that either:

- the majority of shares voted at the meeting shall include at least a majority of the shares of non-controlling shareholders and shares of shareholders who do not have a personal interest (as such term is defined by the Israeli Companies Law) in the approval of such item, present at the meeting and voting on the matter (without taking into account the votes of the abstaining shareholders); or
- the total number of shares of non-controlling shareholders voted against the election of the outside directors does not exceed two percent of the aggregate voting rights in the company.

The initial term of an outside director is three years and may be extended for up to two additional three-year terms. Thereafter, he or she may be reelected by our shareholders for additional periods of up to three years each only if the internal audit committee and the Board of Directors confirm that, in light of the outside director’s expertise and special contribution to the work of the Board of Directors and its committees, the reelection for such additional period is beneficial to the company. Reelection of an outside director may be effected through one of the following mechanisms: (1) the Board of Directors proposed the reelection of the nominee and the election was approved by the shareholders in the same manner required to appoint outside directors for their initial term; or (2) one or more shareholders holding one percent or more of a company’s voting rights or the outside director proposed the reelection of the nominee, and the reelection is approved by a majority of the votes cast by the shareholders of the company, excluding the votes of controlling shareholders and those who have a personal interest in the matter as a result of their relations with the controlling shareholders, provided that the aggregate votes cast in favor of the reelection by such non-excluded shareholders constitute more than two percent of the voting rights in the company. An outside director may be removed only in a general meeting, by the same percentage of shareholders as is required for electing an outside director, or by a court, and in both cases only if the outside director ceases to meet the statutory qualifications for appointment or if he or she has violated the duty of loyalty to us. Unless we actually adopt the applicable relief provided under the 2016 Relief Amendments, each committee of the Company’s Board of Directors which is empowered to exercise any of the Board’s powers is required to include at least one outside director, provided that each of the internal audit committee and compensation committee must include all of the outside directors. At this time, our Board of Directors has not made an election to opt out of such requirements.

An outside director is entitled to compensation as provided in regulations adopted under the Israeli Companies Law and is otherwise prohibited from receiving any other compensation, directly or indirectly, from the company. In accordance with such regulations, our shareholders approved that our outside directors are to receive compensation equal to that paid to the other members of the Board of Directors. For further information, please see Item 6, “Directors, Senior Management and Employees—Compensation” in this annual report.

Financial and Accounting Expertise

Pursuant to the Israeli Companies Law, our Board of Directors has determined that at least one member of our Board of Directors must be an “accounting and financial expert.” The Israeli Companies Law requires that all outside directors must be “professionally qualified.” Under applicable NASDAQ rules, each member of our audit committee must be financially literate and at least one of the members must have experience or background that results in such member’s financial sophistication. Our Board of Directors has determined that each of Dan Falk and Yocheved Dvir is an “accounting and financial expert” for purposes of the Israeli Companies Law and is financially sophisticated for purposes of applicable NASDAQ rules. See also Item 16A, “Audit Committee Financial Expert” in this annual report.

Independent Directors

Under the rules of the NASDAQ, a majority of our directors are required to be “independent” as defined in applicable NASDAQ rules. All of our directors satisfy the respective independence requirements of NASDAQ.

In addition, our Articles of Association provide that, if we do not have a shareholder that holds 25% or more of our issued and outstanding share capital, a majority of the directors must be “independent” as defined in the Israeli Companies Law and the regulations promulgated thereunder. If we have a shareholder that holds 25% or more of our issued and outstanding share capital, then at least one third of the directors must be “independent.” All of our directors satisfy the respective independence requirements of the Israeli Companies Law. The qualifications for independent directors under the Israeli Companies Law are similar to those for outside directors, as described above under “Outside Directors”, including the nine-year term limit and the ability to extend such term beyond nine years upon the approval of our internal audit committee and Board of Directors.

Internal Audit Committee

The Israeli Companies Law requires public companies to appoint an internal audit committee. The role of the internal audit committee under the Israeli Companies Law is to examine flaws in the management of the company’s business in consultation with the internal auditors and the independent accountants, and to propose remedial measures to the Board. The internal audit committee also reviews interested party transactions for approval as required by law, including approval of the remuneration of a director in any capacity, which also requires Board, compensation committee and shareholder approval. The internal audit committee also assesses our internal audit system and the performance of our internal auditor and oversees the implementation and enforcement of our compliance program. Under the Israeli Companies Law, an internal audit committee must consist of at least three directors, including all of the outside directors. The members of the internal audit committee must satisfy certain independence standards under the Israeli Companies Law, and the chairman of the internal audit committee must be an outside director. The following may not serve as members of the internal audit committee: the chairman of the Board of Directors, any director employed by the company or by its controlling shareholder or by an entity controlled by the controlling shareholder, a director who regularly provides services to the company or to its controlling shareholder, any director who derives most of its income from the controlling shareholder and a controlling shareholder or any relative of a controlling shareholder. Pursuant to the 2016 Relief Amendments, the Company may elect to opt out of the composition and attendance rules set with respect to the internal audit committee under the Israeli Companies Law, so long as the Company complies with the SEC regulations and NASDAQ listing rules regarding the composition and attendance rules in that respect. At this time, our Board of Directors has not made an election to opt out of such requirements.

All of the current members of our internal audit committee (presently comprised of Yocheved Dvir (Chair), Dan Falk and Zehava Simon) meet these qualifications.

Internal Auditor

Under the Israeli Companies Law, the Board of Directors must appoint an internal auditor, proposed by the internal audit committee. The role of the internal auditor is to examine, among other matters, whether the company’s activities comply with the law and orderly business procedures. Under the Israeli Companies Law, the internal auditor may be an employee of the company but may not be an interested party or office holder, or a relative of any interested party or office holder and may not be a member of the company’s independent accounting firm or its representative. We have appointed an internal auditor in accordance with the requirements of the Israeli Companies Law.

Audit Committee

The NASDAQ rules require that the audit committee of a listed company be composed of at least three directors, each of whom is (i) independent; (ii) does not receive any compensation (except for board fees) from the company; (iii) is not an affiliated person of the company or any subsidiary; and (iv) has not participated in the preparation of the company's (or a current subsidiary's) financial statements during the past three years. All of the current members of our audit committee (presently comprised of Zehava Simon (Chair), Rimon Ben-Shaoul, Dan Falk, Yocheved Dvir and Joe Cowan) meet the NASDAQ standards described above.

Our audit committee has adopted a charter specifying the committee's purpose and outlining its duties and responsibilities which include, among other things, (i) appointing, retaining and compensating the company's independent auditor, subject to Board of Directors and shareholder approval, (ii) pre-approving all services of the independent auditor, (iii) reviewing the annual audited financial statements and quarterly financial statements and the content of our earnings press releases, and (iv) overseeing our accounting and financial reporting processes and the audits of our financial statements. Our audit committee is also authorized to act as our "qualified legal compliance committee." As such, our audit committee will be responsible for investigating reports made by attorneys appearing and practicing before the SEC in representing us, of perceived material violations of U.S. federal or state securities laws, breaches of fiduciary duty or similar material violations of U.S. law by us or any of our agents.

We believe we currently meet the applicable NASDAQ requirements with respect to our Audit Committee and we intend to continue to take all actions as may be necessary for us to maintain our compliance with applicable NASDAQ requirements with respect to our Audit Committee.

Compensation Committee

As required by NASDAQ rules, our compensation committee approves the compensation of our executive officers. The compensation committee is also authorized to approve the grant of stock options and other securities to eligible grantees under our benefit plans pursuant to guidelines adopted by our Board of Directors. However, grants of stock options and other securities to our executive officers also require approval of our Board of Directors. Under the Israeli Companies Law, the Board of Directors of a public company must establish a compensation committee. Pursuant to the 2016 Relief Amendments, the Company may elect to opt out of the relevant composition and attendance rules set under the Israeli Companies Law, and to comply with the SEC regulations and NASDAQ listing rules that apply to the composition and attendance rules of a compensation committee. At this time, our Board of Directors has not made an election to opt out of such requirements and we have continued to comply with the Israeli Companies Law with respect to the composition and attendance rules of a compensation committee, as our compensation committee consists of at least three directors who satisfy the independence qualifications detailed above in "Internal Audit Committee", and the chairman of the compensation committee is an outside director.

Under the Israeli Companies Law, the role of the compensation committee is to recommend to the Board of Directors, for ultimate shareholder approval by a special majority, a policy governing the compensation of office holders based on specified criteria, to review modifications to the Compensation Policy from time to time, to review its implementation and to approve the actual compensation terms of office holders prior to the approval thereof by the Board of Directors.

Pursuant to the NASDAQ rules, our compensation committee is required to consist of at least two members, with all members of the compensation committee required to be independent, unless we elect to take advantage of the exemption provided to foreign private issuers to comply with home country practice instead of the listing rules of exchanges such as NASDAQ. At this time, our Board of Directors has not made an election to opt out of such requirements. The determination of whether a director is independent takes into account all factors relevant to whether a director has a relationship with the Company which would be material to such director's ability to be independent from management in connection with carrying out the duties of a compensation committee member. Factors required for consideration in making this determination specifically include (i) the source of compensation of such director (including any consulting, advisory or other compensatory fee paid to such director) and (ii) whether such director is affiliated with the Company or one of its affiliates or subsidiaries. Pursuant to the NASDAQ rules, we are also required to have a compensation committee charter, which, among other things, must set forth the scope of the compensation committee's responsibilities and how they will be carried out, as well as grant the compensation committee the power to retain compensation advisers following consideration of certain factors that may be indicative of a conflict of interest by the compensation adviser in rendering compensation advice.

Our Board of Directors adopted a compensation committee charter that includes the requirements of the NASDAQ rules. However, the charter provides that if there is any conflict between the responsibilities and requirements set forth therein and either the Israeli Companies Law or the Compensation Policy, the latter will govern. For information regarding the Compensation Policy, see Item 10, “Additional Information – Memorandum and Articles of Association – Approval of Office Holder Compensation” in this annual report.

We do not believe that there are any existing conflicts between the compensation committee charter and either of the Israeli Companies Law or the Compensation Policy. However, if any such conflict should develop such that we are no longer in compliance with the requirements of the NASDAQ rules, we intend to utilize the foreign private issuer exemption described above with respect to such requirement, and in accordance with the NASDAQ rules we will disclose the practice that we follow in lieu of the applicable NASDAQ requirement in our future annual reports.

All of the current members of the compensation committee (presently comprised of Dan Falk (Chairman), Yocheved Dvir, Leo Apotheker, Zehava Simon and Yehoshua Ehrlich) satisfy the respective independence requirements of both the NASDAQ rules and the Israeli Companies Law.

Nominations Committee

As required by NASDAQ rules, our nominations committee recommends candidates for election to our Board of Directors pursuant to a written charter. Both of the current members of this committee (David Kostman and Dan Falk) are independent directors.

Mergers and Acquisitions Committee

Our Board of Directors has delegated powers with respect to the review and recommendation of mergers and acquisitions and related investments and transactions, which are then subject to approval by the Board of Directors. The committee also has limited authority to approve mergers and acquisitions for consideration up to a certain amount. All of the current members of this committee (presently comprised of David Kostman (Chairman), Dan Falk, Rimon Ben Shaoul, Yehoshua Ehrlich, Leo Apotheker and Joe Cowan) are independent directors.

Item 6D. Employees.

As of December 31, 2024, we had 8,726 employees worldwide, which represented an increase of approximately 4.1% from December 31, 2023, resulting from both organic and non-organic growth.

The following table sets forth the number of our full-time employees at the end of each of the last three fiscal years as well as the main category of activity and geographic location of such employees:

Category of Activity	At December 31,		
	2024	2023	2022
Customer Support*	2,994	3,012	2,794
Sales and Marketing	1,808	1,746	1,678
Research and Development	3,070	2,780	2,643
General and Administrative	854	846	811
Total	8,726	8,384	7,926
Geographic Location			
Americas	3,723	3,674	3,439
EMEA	1,546	1,526	1,509
APAC	3,457	3,184	2,978
Total	8,726	8,384	7,926

* Including the number of employees designated under “Operations” in our previous annual reports.

We also utilize temporary employees in various activities. On average, we employed 51 temporary employees and obtained services from 1,851 consultants (not included in the numbers set forth above) during 2024.

Our future success will depend in part upon our ability to attract and retain highly skilled and qualified personnel. Although competition for such personnel is generally intense, we believe that adequate personnel resources are currently available to meet our requirements.

We are not a party to any collective bargaining agreement with our employees or with any labor organization in substantially all jurisdictions where we operate. However, we are subject to certain labor related statutes and certain provisions of collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordinating Bureau of Economic Organizations (including the Industrialists’ Association of Israel) that apply to our Israeli employees by order of the Israeli Ministry of Labor and Welfare. These statutes and provisions principally deal with the length of the work day and the work week, minimum wages, insurance coverage of work-related accidents, determination of severance pay and the provisions of other employment matters. Israeli law generally requires the payment of severance pay by employers upon certain circumstances, including, an employee’s death, retirement or termination of employment by the employer without due cause. We currently fund our ongoing severance payment obligations in Israel by making monthly payments to approved severance funds or insurance policies. For more information please see Note 2p of our consolidated financial statements. In addition, according to the National Insurance Law, Israeli employers and employees are required to pay predetermined sums to the National Insurance Institute, an organization similar to the U.S. Social Security Administration. These contributions entitle the employees to benefits in periods of unemployment, work injury, maternity leave, disability, reserve military service and bankruptcy or winding-up of the employer and also include payments for national health insurance. The payments to the National Insurance Institute varies between 7.05%-19.6% of an employee’s salary (up to a certain cap as determined from time to time by the law), of which the employee contributes approximately 3.5%-12.0% and the employer contributes approximately 3.55%-7.6%.

In addition, we pay severance benefits to our employees located elsewhere in accordance with local laws and practices of the countries in which they are employed, including our U.S. based employees pursuant to the U.S. Federal Department labor legislation and requirements and local state regulations.

Employment Agreements

We have employment agreements with our officers. Pursuant to these employment agreements, each party may terminate the employment without cause by giving a 30, 60 or 90 day prior written notice (six to twelve months in case of

certain senior officers). In addition, we may terminate such agreement for cause with no prior notice subject to applicable laws in the applicable jurisdictions. The agreements generally include non-competition and non-disclosure provisions, although the enforceability of non-competition provisions in employment agreements may be limited under applicable law.

Item 6E. Share Ownership.

As of March 16, 2025, our directors and executive officers then-serving beneficially owned an aggregate of 312,674 ordinary shares, including options and restricted share units to purchase ordinary shares that were vested on such date or that are scheduled to vest within 60 days thereafter, or approximately 0.5% of our outstanding ordinary shares. The options and restricted share units have an average exercise price of \$119.88 per share and the options will expire between 2025 and 2031. No individual director or executive officer beneficially owns 1% or more of our outstanding ordinary shares.

The following is a description of each of our equity plans under which awards were outstanding as of March 16, 2025.

2016 Share Incentive Plan

In February 2016 the Company adopted the 2016 Share Incentive Plan (the “2016 Plan”). The Company adopted the 2016 Plan to provide incentives to employees, directors, consultants and/or contractors by rewarding performance and encouraging behavior that will improve the Company’s profitability.

Under the 2016 Plan, the Company’s employees, directors, consultants and/or contractors may be granted any equity-related award, including: any type of an option to acquire the Company ordinary shares; share appreciation right; share and/or restricted share award (“RSA”); restricted stock unit (“RSU”) and/or other share unit; and/or other share-based award and/or other right or benefit under the 2016 Plan, including any such equity-related award that is a performance-based award (each an “Award”).

Generally, under the terms of the 2016 Plan, unless determined otherwise by the administrator of the 2016 Plan, 25% of an Award granted becomes exercisable on the first anniversary of the date of grant and 6.25% becomes exercisable once every quarter during the subsequent three years. Specifically with respect to RSUs and options granted with an exercise price equal to the nominal value of an ordinary share (“par value options”), unless determined otherwise by the Board of Directors, 25% of the RSUs and the par value options granted become vested on each of the four consecutive annual anniversaries following the date of grant. Certain executive officers are entitled to acceleration of vesting of Awards in the event of a change of control, subject to certain conditions. Different terms related to vesting of Awards may apply with respect to Awards granted in relation to equity grants assumed pursuant to acquisition transactions. Awards with a vesting period expire six years after the date of grant. The maximum number of shares that may be subject to Awards granted under the 2016 Plan is calculated each calendar year as 3% of the Company’s issued and outstanding share capital as of December 31 of the preceding calendar year. Such amount is reset for each calendar year. Awards are non-transferable except by will or the laws of descent and distribution.

Options granted under the 2016 Plan are granted at an exercise price equal to the average of the closing prices of one ADR as quoted on the NASDAQ market during the 30 consecutive calendar days preceding the date of grant, unless determined otherwise by the administrator of the 2016 Plan (including par value options in some cases).

The Company’s Board of Directors also adopted an addendum to the 2016 Plan for Awards granted to residents of Israel (the “Addendum”) and resolved to elect the “Capital Gains Route” (as defined in Section 102(b)(2)) of the Israeli Income Tax Ordinance-5721-1961 (“Tax Ordinance”) for the grant of Awards to Israeli grantees. There is also a U.S. addendum under the 2016 Plan that applies to non-qualified stock options for purposes of U.S. tax laws.

The 2016 Plan is generally administered by our Board of Directors and compensation committee, which determine the grantees under the 2016 Plan and the number of Awards to be granted. As of March 16, 2025, options and restricted share units to purchase 3,066,451 ordinary shares were outstanding under the 2016 Plan at a weighted average exercise price of \$10.26.

Guardian Analytics, Inc. 2006 Stock Plan

In 2006, Guardian Analytics, Inc. (“Guardian Analytics”) adopted the Guardian Analytics, Inc. 2006 Stock Plan (the “Guardian Plan”), to attract and retain Guardian Analytics' employees and consultants (which includes its directors and advisors), and to align the interests of such recipients with the interests of Guardian Analytics' shareholders.

Pursuant to the terms of the Guardian Analytics' acquisition agreement, we assumed and converted Guardian Analytics' stock options originally granted under the Guardian Plan into stock options of NICE.

As of March 16, 2025, assumed Guardian Analytics' stock options to purchase 2,729 shares of NICE were outstanding under the Guardian Plan, at a weighted average exercise price of \$31.71. We have registered, through the filing of a registration statement on Form S-8 with the SEC under the Securities Act, 5,823 ordinary shares for issuance under the Guardian Plan.

Nexidia Inc. 2005 Stock Incentive Plan

In 2005, Nexidia adopted the Nexidia Inc. 2005 Stock Incentive Plan (the “Nexidia Plan”), to attract and retain Nexidia's employees, directors, consultants and advisors and to align the interests of such recipients with the interests of Nexidia's shareholders.

Pursuant to the terms of the Nexidia acquisition agreement, we assumed and converted Nexidia's stock options and restricted stock units originally granted under the Nexidia Plan into stock options and restricted stock units of NICE, respectively.

As of March 16, 2025, assumed Nexidia options to purchase 152 shares of NICE were outstanding under the Nexidia Plan, at a weighted average exercise price of \$6.72. We have registered, through the filing of a registration statement on Form S-8 with the SEC under the Securities Act, 173,860 ordinary shares for issuance under the Nexidia Plan.

Item 6F. Disclosure of a registrant's action to recover erroneously awarded compensation.

Not applicable.

Item 7. Major Shareholders and Related Party Transactions

Major Shareholders

As of March 16, 2025, we are not aware of any beneficial owner holding 5% or more of our outstanding ordinary shares.

On November 7, 2024, Capital Research Global Investors filed Schedule 13G with the SEC reporting that they are no longer a beneficial owner of 5% or more of our outstanding ordinary shares.

As of March 16, 2025, we had 40 registered ADS holders of record in the United States, with our ADS holders holding in total approximately 76% of our outstanding ordinary shares, as reported by JPMorgan Chase Bank, N.A., the depository for our ADSs.

To our knowledge, we are not directly or indirectly owned or controlled by another corporation or by any foreign government and there are no arrangements that might result in a change in control of our company.

Related Party Transactions

Other than transactions related to compensation of our executive officers and directors as described under “Item 6. Directors, Senior Management and Employees”, since January 1, 2024, we have not entered into any related party transactions.

Item 8. Financial Information.

A. Consolidated Statements and Other Financial Information

See Item 18, “Financial Statements” in this annual report.

Legal Proceedings

From time to time, we or our subsidiaries may be involved in legal proceedings and/or litigation arising in the ordinary course of our business. While the outcome of these matters cannot be predicted with certainty, we do not believe they, individually or in the aggregate, will have a material effect on our business, consolidated financial position, results of operations, or cash flows.

Dividends

We do not have any plans at this time to make any future dividend payments. Payment of future dividends, if any, will be at the discretion of our Board of Directors and will depend on various factors, such as our statutory profits, financial condition, operating results and current and anticipated cash needs. In the event cash dividends are declared by us, we may decide to pay such dividends in Israeli currency. Under current Israeli regulations, any cash dividend in Israeli currency paid in respect of ordinary shares purchased by non-residents of Israel with non-Israeli currency may be freely repatriated in such non-Israeli currency, at the rate of exchange prevailing at the time of conversion. For more information regarding the taxation implications of the dividend plan, see Item 10, "Additional Information - Taxation" of this annual report.

B. Significant Changes

There are no significant changes that occurred since December 31, 2024, except as otherwise disclosed in this annual report and in the annual consolidated financial statements included in this annual report.

Item 9. The Offer and Listing.

Trading in the ADSs

Our ADSs have been quoted on the NASDAQ Stock Market under the symbol “NICEV” from our initial public offering in January 1996 until April 7, 1999, and thereafter under the symbol “NICE.” Prior to that time, there was no public market for our ordinary shares in the United States. Each ADS represents one ordinary share.

JPMorgan Chase Bank, N.A. is the depository for our ADSs. Its address is 4 New York Plaza, Floor 12, New York, New York 10004.

Trading in the Ordinary Shares

Our ordinary shares have been listed on the Tel-Aviv Stock Exchange, or TASE, since 1991 under the symbol “NICE.TA.” Our ordinary shares are not listed on any other stock exchange and have not been publicly traded outside Israel (other than through ADSs, as noted above).

Item 10. Additional Information.

Memorandum and Articles of Association

Organization and Register

We are a company limited by shares organized in the State of Israel under the Israeli Companies Law. We are registered with the Registrar of Companies of the State of Israel and have the company number 52-0036872.

Objectives and Purposes

Our objectives and purposes include a wide variety of business purposes, including all kinds of research, development, distribution, service and maintenance of products in all fields of technology and engineering and to engage in any other kind of business or commercial activity. Our objectives and purposes are set forth in detail in Section 2 of our memorandum of association.

Directors

Our articles of association provide that the number of directors serving on the Board shall be not less than three but shall not exceed thirteen. As discussed above in Item 6, “Directors, Senior Management and Employees – Board Practices – Outside Directors,” in December 2016, our shareholders approved amendments to our articles of association, pursuant to which our Board of Directors may elect to opt out of such requirements and we would not be required to have outside directors serve on our Board of Directors. At this time, our Board of Directors has not made an election to opt out of such requirements. Our directors, other than outside directors, are elected at the annual shareholders meeting to serve until the next annual meeting or until their earlier death, resignation, bankruptcy, incapacity or removal by resolution of the general shareholders meeting. Directors may be re-elected at each annual shareholders’ meeting. The Board may appoint additional directors (whether to fill a vacancy or create new directorship) to serve until the next annual shareholders meeting, provided, however, that the Board shall have no obligation to fill any vacancy unless the number of directors is less than three. Our officers serve at the discretion of the Board.

The Board of Directors may meet and adjourn its meetings according to the Company’s needs but must meet at least once every three months. A meeting of the Board may be called at the request of any two directors. The quorum required for a meeting of the Board consists of a majority of directors who are lawfully entitled to participate in the meeting and vote thereon. The adoption of a resolution by the Board requires approval by a simple majority of the directors present at a meeting in which such resolution is proposed. In lieu of a Board meeting, a resolution may be adopted if all of the directors lawfully entitled to vote thereon consent not to convene a meeting.

Subject to the Israeli Companies law, the Board may appoint a committee of the Board and delegate to such committee all or any of the powers of the Board, as it deems appropriate. Under the Israeli Companies Law, the Board of Directors must appoint an internal audit committee comprised of at least three directors. The function of the internal audit committee is to review irregularities in the management of the Company’s business and recommend remedial measures. The committee is also required, under the Israeli Companies Law, to approve certain related party transactions and to assess our internal audit system and the performance of our internal auditor. Notwithstanding the foregoing, the Board may, at any time, amend, restate or cancel the delegation of any of its powers to any of its committees. The Board has appointed an internal audit committee which has three members, an audit committee which has five members, a compensation committee which has five members, a nominations committee which has two members and a mergers and acquisitions committee which has six members. For more information on the Company’s committees, please see Item 6C., “Directors, Senior Management and Employees—Board Practices” in this annual report.

Fiduciary Duties of Officers

The Israeli Companies Law codifies the fiduciary duties that “office holders,” including directors and executive officers, owe to a company. An office holder’s fiduciary duties consist of a duty of care and a duty of loyalty. The duty of loyalty includes avoiding any conflict of interest between the office holder’s position in the company and his personal affairs, avoiding any competition with the company, avoiding exploiting any business opportunity of the company in order to receive personal advantage for himself or others, and revealing to the company any information or documents relating to the company’s affairs which the office holder has received due to his position as an office holder.

Approval of Certain Transactions

The Israeli Companies Law requires that an office holder of a company promptly disclose any personal interest that he or she may have and all related material information known to him or her, in connection with any existing or proposed transaction by the company. In addition, if the transaction is an extraordinary transaction as defined under Israeli law, the office holder must also disclose any personal interest held by the office holder’s spouse, siblings, parents, grandparents, descendants, spouse’s descendants and the spouses of any of the foregoing. In addition, the office holder must also disclose any interest held by any corporation in which the office holder is a 5% or greater shareholder, director or general manager or

in which he or she has the right to appoint at least one director or the general manager. An extraordinary transaction is defined as a transaction not in the ordinary course of business, not on market terms, or that is likely to have a material impact on the company's profitability, assets or liabilities.

In the case of a transaction which is not an extraordinary transaction, after the office holder complies with the above disclosure requirement, only Board approval is required unless the articles of association of the company provide otherwise. The transaction must not be adverse to the company's interest. Furthermore, if the transaction is an extraordinary transaction, then, in addition to any approval stipulated by the articles of association, it also must be approved by the company's internal audit committee and then by the Board of Directors, and, under certain circumstances, by a meeting of the shareholders of the company. An office holder who has a personal interest in a transaction that is considered at a meeting of the Board of Directors or the internal audit committee generally may not be present at the deliberations or vote on this matter, unless the chairman of the Board or chairman of the internal audit committee, as the case may be, determined that the presence of such person is necessary to present the transaction to the meeting. If a majority of the directors have a personal interest in an extraordinary transaction with the company, shareholder approval of the transaction is required.

It is the responsibility of the audit committee to determine whether or not a transaction should be deemed an extraordinary transaction. In addition, the audit committee must also establish (i) procedures for the consideration of any transaction with a controlling shareholder, even if it is not extraordinary, such as a competitive process with third parties or negotiation by independent directors, and (ii) approval requirements for controlling shareholder transactions that are not negligible.

The Israeli Companies Law applies the same disclosure requirements to a controlling shareholder of a public company, which includes a shareholder that holds 25% or more of the voting rights if no other shareholder owns more than 50% of the voting rights in the company. Extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest, and the terms of management fees of a controlling shareholder or compensation of a controlling shareholder who is an office holder, require the approval of the audit committee, the Board of Directors and the shareholders of the company by simple majority; provided that either such majority vote must include at least a simple majority of the shareholders who have no personal interest in the transaction and are present at the meeting (without taking into account the votes of the abstaining shareholders), or that the total shareholdings of those who have no personal interest in the transaction who vote against the transaction represent no more than two percent of the voting rights in the company. Any such extraordinary transaction whose term is longer than three years requires further shareholder approval every three years, unless (with respect to transactions not involving management fees or employment terms) the internal audit committee approves that a longer term is reasonable under the circumstances.

In addition, under the Israeli Companies Law, a private placement of securities requires approval by the Board of Directors and the shareholders of the company if it will cause a person to become a controlling shareholder or if:

- the securities issued amount to 20% or more of the company's outstanding voting rights before the issuance;
- some or all of the consideration is other than cash or listed securities or the transaction is not on market terms; and
- the transaction will increase the relative holdings of a shareholder that holds 5% or more of the company's outstanding share capital or voting rights or that will cause any person to become, as a result of the issuance, a holder of more than 5% of the company's outstanding share capital or voting rights.

According to the Company's articles of association, certain resolutions, such as resolutions regarding mergers and windings up, require approval of the holders of 75% of the shares represented at the meeting and voting thereon.

Approval of Office Holder Compensation

Under the Israeli Companies Law, we are required to adopt a compensation policy, recommended by the compensation committee, and approved by the Board of Directors and the shareholders, in that order, at least once every three years. The shareholder approval requires a majority of the votes cast by shareholders, excluding any controlling shareholder and those who have a personal interest in the matter (similar to the threshold described above). Our current Compensation Policy was approved by our shareholders at our 2023 annual general meeting. At our 2024 annual general meeting, our

shareholders approved updates to our current Compensation Policy with respect to Executive Equity Award Caps and Performance Mix. In general, all office holders' terms of compensation – including fixed remuneration, bonuses, equity compensation, retirement or termination payments, indemnification, liability insurance and the grant of an exemption from liability - must comply with the Company's Compensation Policy. Although NASDAQ rules generally require shareholder approval when an equity-based compensation plan is established or materially amended, as a foreign company we follow the aforementioned requirements of the Israeli Companies Law.

In addition, the compensation terms of directors, the chief executive officer, and any employee or service provider who is considered a controlling shareholder generally must be approved separately by the compensation committee, the Board of Directors and the shareholders of the company, in that order. The shareholder approval of the compensation of the chief executive officer requires a majority of the votes cast by shareholders, excluding any controlling shareholder and those who have a personal interest in the matter.

Notwithstanding the foregoing, in certain limited circumstances, a company's compensation committee and board of directors are permitted to approve the compensation policy or the compensation terms of the chief executive officer, without shareholders' approval.

The compensation terms of other officers require the approval of the compensation committee and the Board of Directors. An amendment of existing compensation terms of an office holder who is not a director, if the compensation committee determines that the amendment is not material, requires the approval of the compensation committee only. Pursuant to regulations promulgated under the Israeli Companies Law, an amendment of the existing compensation terms of office holders who are subordinate to the chief executive officer, if the amendment is not material and the changes are in line with the existing Compensation Policy, requires only the chief executive officer's approval. Under our Compensation Policy, our Chief Executive Officer is authorized to approve non-material changes to the compensation terms of office holders subordinated to him, without seeking the approval of the compensation committee.

The Compensation Policy sets forth the guidelines for the compensation of our office holders. It is tailored to ensure a compensation which balances performance targets and time horizons through rewarding business results and long-term performance. The Compensation Policy requires that compensation of our office holders include a mix of fixed amounts (such as annual based salaries), variable performance-based components (such as performance-based cash incentive compensation), and long term incentive components (such as long-term equity-based compensation, including performance-based equity). Pursuant to the Compensation Policy, performance-based compensation granted may be based on our overall performance, the particular unit performance, individual performance and the results of the customer satisfaction survey conducted annually. Our Compensation Policy includes applicable clawback provisions and references the Company's compensation recovery policy adopted pursuant to the recent NASDAQ listing rules in response to Exchange Act Rule 10D-1.

Duties of Shareholders

Under the Israeli Companies Law, a shareholder has a duty to act in good faith towards the company and other shareholders and to refrain from abusing his or her power in the company including, among other things, voting in a general meeting of shareholders on the following matters:

- any amendment to the articles of association;
- an increase of the company's authorized share capital;
- a merger; or
- approval of interested party transactions which require shareholder approval.

In addition, any controlling shareholder, any shareholder who knows that it possesses power to determine the outcome of a shareholder vote and any shareholder who, pursuant to the provisions of a company's articles of association, has the power to appoint or prevent the appointment of an office holder in the company, is under a duty to act with fairness towards the company. The Israeli Companies Law does not describe the substance of this duty but provides that a breach of his duty is tantamount to a breach of fiduciary duty of an officer of the company.

Exemption, Insurance and Indemnification of Directors and Officers

Exemption of Office Holders

Under the Israeli Companies Law, an Israeli company may not exempt an office holder from liability for breach of his duty of loyalty but may exempt in advance an office holder from liability to the company, in whole or in part, for a breach of his duty of care (except in connection with distributions), provided the articles of association of the company allow it to do so. Our articles of association do not allow us to do so.

Office Holder Insurance

Our articles of association provide that, subject to the provisions of the Israeli Companies Law, including the receipt of all approvals as required therein or under any applicable law, we may enter into an agreement to insure an office holder for any responsibility or liability that may be imposed on such office holder in connection with an act performed by such office holder in such office holder's capacity as an office holder of us with respect to each of the following:

- a violation of his duty of care to us or to another person;
- a breach of his duty of loyalty to us, provided that the office holder acted in good faith and had reasonable grounds to assume that his act would not prejudice our interests;
- a financial obligation imposed upon him for the benefit of another person;
- a payment which the office holder is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law, 5728-1968, as amended (the "Securities Law") and Litigation Expenses (as defined below) that the office holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law; and
- any other event, occurrence or circumstance in respect of which we may lawfully insure an office holder.

Indemnification of Office Holders

Our articles of association provide that, subject to the provisions of the Israeli Companies Law, including the receipt of all approvals as required therein or under any applicable law we may indemnify an office holder with respect to any liability or expense for which indemnification may be provided under the Israeli Companies Law, including the following liabilities and expenses, provided that such liabilities or expenses were imposed upon or incurred by such office holder in such office holder's capacity as an office holder of us:

- a monetary liability imposed on or incurred by an office holder pursuant to a judgment in favor of another person, including a judgment imposed on such office holder in a settlement or in an arbitration decision that was approved by a court of law;
- reasonable Litigation Expenses, expended by the office holder as a result of an investigation or proceeding instituted against him by a competent authority, provided that such investigation or proceeding concluded without the filing of an indictment against him and either (A) concluded without the imposition of any financial liability in lieu of criminal proceedings or (B) concluded with the imposition of a financial liability in lieu of criminal proceedings but relates to a criminal offense that does not require proof of criminal intent (*mens rea*) or in connection with a financial sanction;
- "conclusion of a proceeding without filing an indictment" in a matter in which a criminal investigation has been instigated and "financial liability in lieu of a criminal proceeding," have the meaning ascribed to them under the Israeli Companies Law. The term "Litigation Expenses" shall include, without limitation, attorneys' fees and all other costs, expenses and obligations paid or incurred by an office holder in connection with investigating, defending, being a witness or participating in (including on appeal), or preparing to defend, be a witness or participate in any claim or proceeding relating to any matter for which indemnification may be provided;

- reasonable Litigation Expenses, which the office holder incurred or with which the office holder was charged by a court of law, in a proceeding brought against the office holder, by the Company, on its behalf or by another person, or in a criminal prosecution in which the office holder was acquitted, or in a criminal prosecution in which the office holder was convicted of an offense that does not require proof of criminal intent (*mens rea*);
- a payment which the office holder is obligated to make to an injured party as set forth in Section 52(54)(a)(1)(a) of the Securities Law, and Litigation Expenses that the office holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law; and
- any other event, occurrence or circumstance in respect of which we may lawfully indemnify an office holder.

The foregoing indemnification may be procured by us (a) retroactively and (b) as a commitment in advance to indemnify an office holder, provided that, in respect of the first bullet above, such commitment shall be limited to (A) such events that in the opinion of the Board of Directors are foreseeable in light of our actual operations at the time the undertaking to indemnify is provided, and (B) to the amounts or criterion that the Board of Directors deems reasonable under the circumstances; and further provided that such events and amounts or criterion are set forth in the undertaking to indemnify, and which shall in no event exceed, in the aggregate, the greater of: (i) 25% of our shareholder's equity at the time of the indemnification or (ii) 25% of our shareholder's equity at the end of fiscal year of 2010.

We have undertaken to indemnify our directors and officers pursuant to applicable law and we have obtained directors' and officers' liability insurance for the benefit of our directors and officers.

Limitations on Exemption, Insurance and Indemnification

The Israeli Companies Law provides that a company may not exempt or indemnify an office holder, or enter into an insurance contract, which would provide coverage for any monetary liability incurred as a result of any of the following:

- a breach by the office holder of his duty of loyalty unless, with respect to insurance coverage or indemnification, the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach by the office holder of his duty of care if the breach was done intentionally or recklessly (other than if solely done in negligence);
- any act or omission done with the intent to derive an illegal personal benefit; or
- a fine, civil fine or ransom levied on an office holder, or a financial sanction imposed upon an office holder under Israeli Law.

Required Approvals

In addition, under the Israeli Companies Law, any exemption of, indemnification of, or procurement of insurance coverage for, our office holders must be approved by our Audit Committee and our Board of Directors and, if the beneficiary is the chief executive officer or a director, by our shareholders. We have obtained such approvals for the procurement of liability insurance covering our officers and directors and for the grant of indemnification letters to our officers and directors.

Rights of Ordinary Shares

Our ordinary shares confer upon our shareholders the right to receive notices of, and to attend, shareholder meetings, the right to one vote per ordinary share at all shareholders' meetings for all purposes, and to share equally, on a per share basis, in such dividends as may be declared by our Board of Directors; and upon liquidation or dissolution, the right to participate in the distribution of any surplus assets of the Company legally available for distribution to shareholders after payment of all debts and other liabilities of the Company. All ordinary shares rank *pari passu* in all respects with each other. Our Board of Directors may, from time to time, make such calls as it may think fit upon a shareholder in respect of any sum

unpaid in respect of shares held by such shareholder which is not payable at a fixed time, and each shareholder shall pay the amount of every call so made upon him (and of each installment thereof if the same is payable in installments).

Meetings of Shareholders

An annual general meeting of our shareholders shall be held once in every calendar year at such time and at such place either within or without the State of Israel as may be determined by our Board of Directors.

Our Board of Directors may, whenever it thinks fit, convene a special general meeting at such time and place, within or without the State of Israel, as may be determined by the Board of Directors. Special general meetings may also be convened upon shareholder request in accordance with the Israeli Companies Law and our articles of association.

The quorum required for a meeting of shareholders consists of at least two shareholders present in person or by proxy who hold or represent between them at least 25% of the outstanding voting shares, unless otherwise required by applicable rules. Although NASDAQ generally requires a quorum of 33-1/3%, subject to an exemption under the NASDAQ rules we follow the generally accepted business practice for companies in Israel, which have a quorum requirement of 25%. A meeting adjourned for lack of a quorum generally is adjourned to the same day in the following week at the same time and place or any time and place as the chairman may designate with the consent of a majority of the voting power represented at the meeting and voting on the matter adjourned. At such reconvened meeting, the required quorum consists of any two members present in person or by proxy.

Mergers and Acquisitions

A merger of the Company shall require the approval of the holders of 75% of the voting power represented at the annual or special general meeting in person or by proxy or by written ballot, as shall be permitted, and voting thereon in accordance with the provisions of the Israeli Companies Law. Upon the request of a creditor of either party of the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that as a result of the merger, the surviving company will be unable to satisfy the obligations of any of the parties to the merger. In addition, a merger may not be completed unless at least (i) 50 days have passed from the time that the requisite proposal for the merger has been filed by each party with the Israeli Registrar of Companies and (ii) 30 days have passed since the merger was approved by the shareholders of each party.

The Israeli Companies Law also provides that an acquisition of shares of a public company must be made by means of a tender offer if, as a result of the acquisition, the purchaser would become a 25% or greater shareholder of the company and there is no existing 25% or greater shareholder in the company. An acquisition of shares of a public company must be made by means of a tender offer if, as a result of the acquisition, the purchaser would hold more than 45% of the company and there is no existing shareholder of more than 45% in the company. These requirements do not apply if the acquisition (i) occurs in the context of a private placement by the company that received shareholder approval for the purpose of reaching such threshold, (ii) was from a 25% shareholder of the company and resulted in the acquirer becoming a 25% shareholder of the company or (iii) was from a greater than 45% shareholder of the company and resulted in the acquirer becoming a greater than 45% shareholder of the company. The tender offer must be extended to all shareholders, but the offeror is not required to purchase more than 5% of the company's outstanding shares, regardless of how many shares are tendered by shareholders. The tender offer may be consummated only if (i) at least 5% of the company's outstanding shares will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer.

If as a result of an acquisition of shares the acquirer will hold more than 90% of a company's outstanding shares, the acquisition must be made by means of a tender offer for all of the outstanding shares. If as a result of a full tender offer the acquirer would own more than 95% of the outstanding shares, then all the shares that the acquirer offered to purchase will be transferred to it. The law provides for appraisal rights if any shareholder files a request in court within six months following the consummation of a full tender offer, but the acquirer is entitled to stipulate that tendering shareholders forfeit their appraisal rights. If as a result of a full tender offer the acquirer would own 95% or less of the outstanding shares, then the acquirer may not acquire shares that will cause his shareholding to exceed 90% of the outstanding shares.

Material Contracts

Notes and Indenture

2017 Notes and Indenture

On January 18, 2017, NICE Systems Inc., a wholly owned subsidiary of the Company ("NICE Systems"), issued \$287.5 million aggregate principal amount of the 1.25% exchangeable senior notes due 2024 (the "2017 Notes"). The 2017 Notes were the general unsecured obligations of NICE Systems, guaranteed by us. The sale of the Notes generated net proceeds of approximately \$260.1 million. The 2017 Notes were issued pursuant to an indenture (the "2017 Indenture") among us, NICE Systems and the Trustee.

On December 31, 2021, the Company entered into the First Supplemental Indenture. In accordance with the First Supplemental Indenture, the Company settled certain exchangeable notes by way of a Cash Settlement (as defined in the 2017 Indenture).

The 2017 Notes fully matured on January 15, 2024 and were settled in cash in the amount of \$87.4 million.

2020 Notes and Indenture

On August 27, 2020, we issued \$400 million aggregate principal amount of 0% exchangeable senior notes due 2025 (the "2020 Notes" and together with the 2017 Notes, the "Notes") and on September 4, 2020, we issued an additional \$60 million of the 2020 Notes pursuant to the exercise of the initial purchasers' option. The 2020 Notes are general unsecured obligations of the Company. The sale of the 2020 Notes generated net proceeds of approximately \$451 million. The 2020 Notes were issued pursuant to an indenture (the "2020 Indenture" and collectively with the 2017 Indenture, the "Indentures") between us and U. S. Bank National Association, as trustee (the "Trustee").

The 2020 Notes do not bear regular interest, and the principal amount of the 2020 Notes does not accrete. The 2020 Notes will mature on September 15, 2025, unless earlier prepaid, redeemed or converted, and are not redeemable at our option prior to September 21, 2023, except in the event of certain tax law changes. We may redeem for cash all or any portion of the 2020 Notes, at our option, on or after September 21, 2023 if the last reported sale price of the ADSs has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption. In the case of any redemption, the redemption price will be equal to 100% of the principal amount of the 2020 Notes to be redeemed, plus accrued and unpaid special interest, if any, to, but excluding, the redemption date. A holder may convert its 2020 Notes at its option at any time prior to the close of business on the business day immediately preceding June 15, 2025 in the event certain conditions are met during set periods. On or after June 15, 2025, until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder may convert its 2020 Notes at any time.

Upon conversion, we, at our election, can pay or deliver (i) cash, (ii) ADSs or (iii) a combination thereof. The conversion rate will initially be 3.3424 ADSs per \$1,000 principal amount of 2020 Notes (equivalent to an initial conversion price of approximately \$299.19 per ADS). The conversion rate will be subject to adjustment in some events. In addition, following certain corporate events that occur prior to the maturity date or our delivery of a notice of redemption, the Company will under certain circumstances, increase the conversion rate for a holder who elects to convert its 2020 Notes in connection with such a corporate event or to convert its 2020 Notes called for redemption in connection with such notice of redemption, as the case may be.

If we undergo a fundamental change, holders of the 2020 Notes will have the right to require us to repurchase all or a portion of their 2020 Notes upon the occurrence of a fundamental change (as defined in the 2020 Indenture) at a cash repurchase price equal to 100% of the principal amount of the 2020 Notes to be repurchased, plus any accrued and unpaid interest, if any, to, but excluding the fundamental change repurchase date.

The Indentures contain customary events of default, including a default in the payment of principal or interest when due, default in compliance with the covenants set forth therein, and certain events of bankruptcy, insolvency or reorganization.

On December 31, 2021, the Company irrevocably elected that all conversions occurring on or after December 31, 2021 will be settled pursuant to Combination Settlement (as defined in the 2020 Indenture) with a Specified Dollar Amount

(as defined in the 2020 Indenture) no less than \$1,000 per \$1,000 principal amount of 2020 Notes. Generally, under this settlement method, the conversion value corresponding to the principal amount will be converted in cash, and the conversion value over the principal amount will be settled, at the Company's election, in cash or shares or a combination thereof.

Exchange Controls

Holders of ADSs are able to convert dividends and liquidation distributions into freely repatriable non-Israeli currencies at the rate of exchange prevailing at the time of repatriation, pursuant to regulations issued under the Currency Control Law, 5738-1978, provided that Israeli income tax has been withheld by us with respect to amounts that are being repatriated to the extent applicable or an exemption has been obtained.

Our ADSs may be freely held and traded pursuant to the General Permit and the Currency Control Law. The ownership or voting of ADSs by non-residents of Israel are not restricted in any way by our memorandum of association or articles of association or by the laws of the State of Israel, except subjects of a country deemed an "enemy country" under Israeli legislation or persons or individuals on weapon of mass destruction or terror sanctions lists.

Taxation

The following is a discussion of Israeli and United States tax consequences material to our shareholders. The discussion is not intended, and should not be construed, as legal or professional tax advice and does not exhaust all possible tax considerations.

Holders of our ADSs should consult their own tax advisors as to the United States, Israeli or other tax consequences of the purchase, ownership and disposition of our ADSs, including, in particular, the effect of any foreign, state or local taxes.

Israeli Tax Considerations

The following is a summary of both the general corporate tax laws applicable to companies in Israel, with special reference to their effect on us, and a discussion of the material tax consequences to holders of our ordinary shares or ADSs related to our domicile in Israel. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular holder in light of his or her personal circumstances or to some types of holders subject to special treatment under Israeli law. To the extent that the discussion is based on new tax legislation which has not been subject to judicial or administrative interpretation, we cannot assure that the views expressed in the discussion will be accepted by the appropriate tax authorities or the courts. The discussion is not intended, and should not be construed, as a legal or professional tax advice and is not exhaustive of all possible tax considerations.

General Corporate Taxation in Israel

Generally, Israeli companies are subject to corporate tax on taxable income, including capital gains, at the rate of 23% for 2023 and 2024. However, the effective tax rate payable by a company that is eligible for tax benefits under the Israeli Law for the Encouragement of Capital Investments-1959 (the "Investments Law"), and in particular the 6% tax rate in 2024 and 12% rate in 2023 under the Special Preferred Technology Enterprise and Preferred Technology Enterprise regime (as discussed below), may be considerably less.

Foreign Exchange Regulations

We are permitted to measure our Israeli taxable income in U.S. dollars pursuant to regulations published by the Israeli Minister of Finance, which provide the conditions for doing so. We believe that we meet, and will continue to meet, the necessary conditions and as such, we measure our results for tax purposes based on the U.S. dollar/NIS exchange rate on December 31 of the relevant tax year.

Tax Benefits under the Israeli Law for the Encouragement of Capital Investments, 1959, as amended.

Pursuant to the Investments Law and its various amendments, our Company and its Israeli subsidiary have been granted "Approved Enterprise" status, allowing us to benefit from significant tax benefits through our "Approved, Privileged, Preferred Enterprise and Special Preferred Enterprises" programs up to 2016 tax year, and from "Preferred Technological Enterprise" and "Special Preferred Enterprises" programs from 2017 onwards. Continued eligibility for these benefits requires compliance with specific conditions; non-compliance may result in revocation of benefits and interest and inflation

adjustments. As of December 31, 2024, we believe that we compliance with all the conditions required by the Investments Law.

Amendments enacted in December 2016, effective January 1, 2017, introduced the “Nexus Principles” based on OECD guidelines as part of the Base Erosion and Profit Shifting (BEPS) project, which govern the tax regime applicable to both the Company and its Israeli subsidiary from the 2017 tax year.

Benefits under the “Preferred Technology Enterprise” and Special Preferred Enterprises regimes include:

- A reduced corporate tax rate of 12% (or 7.5% in Development Area A) on qualifying income from eligible intellectual property (“Preferred Technology Income”), subject to conditions, including a minimal amount or ratio of annual R&D expenditures and R&D employees, and having at least 25% of annual income derived from export. Special Preferred Technological Enterprises are subject to 6% on such income.;
- A 12% capital gains tax rate on the sale of preferred intangible assets to foreign affiliated enterprise, provided that the asset was initially purchased from a foreign resident at an amount of NIS 200 million or more. Special Preferred Technological Enterprises are subject to 6% on such income; and
- A 20% withholding tax rate for dividends paid from Preferred Technology Income (with an exemption from such withholding tax applying to dividends paid to an Israeli company). Such rate may be reduced to 4% on dividends paid to a foreign resident company, subject to valid certificate from the Israel Tax Authority.

These rates may be further reduced by applicable double tax treaties, subject to the receipt in advance of a valid certificate from the Israel Tax Authority.

The effective tax rate applying to our Special Preferred Technological Enterprises and Preferred Technology Enterprise is calculated based on the Nexus Principles, considering eligible and ineligible R&D expenses incurred by us, as prescribed in the Regulations.

Income from sources other than the Special Preferred Technological Enterprises and Preferred Technology Income are taxable at regular corporate tax rates of 23% for 2023 and 2024.

Full details regarding our Preferred, Preferred Technology Enterprises and Special Preferred Technological Enterprises may be found in Note 13(a)(1) of our consolidated financial statements.

Tax Benefits and Grants for Research and Development

Israeli tax law allows, under specified conditions, a tax deduction for expenditures, including capital expenditures, for the year in which they are incurred. These expenses must relate to scientific research and development projects and must be approved by the relevant Israeli government ministry, determined by the field of research, and the research and development must be conducted for the promotion of the company and carried out by or on behalf of the company seeking such deduction. However, the amount of such deductible expenses is reduced by the sum of any funds received through government grants for the financing of such scientific research and development projects. No deduction is allowed if it is related to an expense invested in an asset depreciable under the general depreciation rules of the Tax Ordinance. Expenditures not so approved, but otherwise qualifying for deduction, are deductible over a three-year period.

Tax Benefits under the Law for the Encouragement of Industry (Taxes), 1969

Under the Law for the Encouragement of Industry (Taxes), 1969 (the “Industry Encouragement Law”), Industrial Companies (as defined below) are entitled to the following tax benefits, among others:

- deductions over an eight-year period for purchases of know-how and patents;
- deductions over a three-year period of expenses involved with the issuance and listing of shares on a stock market; and

- the right to elect, under specified conditions, to file a consolidated tax return with other related Israeli Industrial Companies.

Eligibility for benefits under the Industry Encouragement Law does not require prior approval from any governmental authority. Under the Industry Encouragement Law, an “Industrial Company” is defined as an Israeli resident for tax purposes deriving at least 90% of its income (other than income from certain government loans), in any tax year, from an “Industrial Enterprise” located in Israel and owned by such company.

An “Industrial Enterprise” is defined as an enterprise whose major activity in a given tax year is industrial production activity. We believe that we currently qualify as an Industrial Company under the Industry Encouragement Law. No assurance can be given that we will continue to qualify as an Industrial Company or that the benefits described above will be available in the future.

Taxation of Holders of Ordinary Shares

The following discussion refers to the tax consequences to holders of our ordinary shares. However, the same tax treatment would apply to holders of our ADSs.

Capital Gains Tax on Sales of Our Ordinary Shares

Israeli law generally imposes a capital gains tax on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and on the sale of assets located in Israel, including shares in Israeli companies, by both residents and non-residents of Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder’s country of residence provides otherwise. The Tax Ordinance distinguishes between real gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain equivalent to the increase of the relevant asset’s purchase price attributable to an increase in the Israeli consumer price index, or, under certain circumstances, a foreign currency exchange rate, between the date of purchase and the date of sale. The real gain is the excess of the total capital gain over the inflationary surplus.

Taxation of Israeli Residents

Israeli individuals are generally subject to a tax rate of 25% on capital gains derived from the sale of shares, whether listed on a stock market or not unless such shareholder claims a deduction for financing expenses in connection with such shares, in which case the gain is generally taxed at a rate of 30%. In addition, if such shareholder is considered a “significant shareholder” at any time during the 12-month period preceding such sale (i.e., such shareholder holds directly or indirectly, including jointly with others, at least 10% of any means of control in the company), the tax rate will be 30%. “Means of control” generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or direct someone who holds any of such rights on how to exercise these rights, regardless of the source of such right. Individual holders dealing in securities in Israel for whom the income from the sale of securities is considered “business income” as defined in Section 2(1) of the Tax Ordinance are subject to tax at the marginal tax rates applicable to business income (up to 47% in 2025). Individuals who are subject to tax in Israel are also subject to an additional income surtax (as described below). For this purpose, taxable income will include taxable capital gains from the sale of our shares and taxable income from dividend distributions. Certain Israeli institutions that are exempt from tax under Section 9(2) or Section 129C(a)(1) of the Tax Ordinance (such as exempt trust funds and pension funds) may be exempt from capital gains tax on the sale of the shares.

Israeli companies are subject to the corporate tax rate on capital gains derived from the sale of listed shares.

Different tax rates may apply to dealers in securities and shareholders who acquired their shares prior to an initial public offering.

Taxation of Non-Israeli Residents

Non-Israeli residents, both individuals and corporations, are generally exempt from Israeli capital gains tax on gains from the sale of shares publicly traded on the TASE, provided such gains do not arise from a permanent establishment in Israel. They are also exempt from capital gains tax on shares of Israeli companies traded on recognized foreign markets, as long as the shares were not acquired before the issuer’s initial public offering and the gains do not arise from a permanent establishment. This exemption does not apply if Israeli residents hold over 25% of the non-Israeli corporation or are entitled to 25% or more of its revenues or profits.

U.S. resident shareholders are exempt from Israeli capital gains tax for sale, exchange or disposition of our ordinary shares under the U.S.-Israel Tax Treaty unless they hold 10% or more of our voting power in the preceding 12 months, the gains are from real estate or a permanent establishment in Israel, or the individual was present in Israel for 183 days or more in the relevant year. In such cases, the sale, exchange or disposition would be subject to Israeli tax, however the gain would be treated as foreign source income for U.S. tax credit purposes.

Shareholders potentially liable for Israeli tax may face withholding at source and must demonstrate their exemption status. In transactions involving the sale of all shares of an Israeli resident company, the Israel Tax Authority may require non-Israeli shareholders to sign a declaration or obtain a specific exemption.

A tax return must be filed by January 31 and July 31 for sales made in the last six months of the preceding year or the first six months of the current year. If all tax due was withheld at source, filing is not required if the income was not generated from business in Israel, the taxpayer has no other taxable income in Israel, and is not obligated to pay surtax. Capital gains must also be reported on the annual income tax return.

Taxation of Dividends Paid on our Ordinary Shares

Taxation of Israeli Residents

Israeli resident individuals are generally subject to Israeli income tax on dividends received on our ordinary shares, other than bonus shares (share dividends) or stock dividends. The applicable tax is 25% or 30% for a significant shareholder within the 12-month preceding such distribution. Individuals may also be required to pay surtax on dividend. Dividends from profits sourced from ordinary income are subject to a 25% withholding tax rate if the shares are registered with a nominee company. Dividends from Approved and Privileged Enterprises are taxed at 15%, while those from our Preferred Enterprise and Preferred Technology Enterprise are taxed at 20%. If the recipient of the dividend is an Israeli resident corporation, such dividend income is exempt from tax, provided the dividend was derived from income accrued within Israel and received from another corporation subject to Israeli corporate tax. Certain tax exempt Israeli institutions, such as exempt trust funds and pension funds (under Section 9(2) or Section 129C(a)(1) of the Tax Ordinance) may also be exempt from tax on dividends. We cannot guarantee that we will designate the profits that are being distributed in a way that will reduce shareholders' tax liability.

Dividend distributions to Israeli resident corporations are generally not subject to a withholding tax.

Taxation of Non-Israeli Residents

Non-residents of Israel, both individuals and companies, are generally subject to Israeli income tax on dividends paid on our ordinary shares, with tax withheld at source, unless a treaty specifies otherwise.

Under the U.S.-Israel Treaty, the maximum withholding tax on dividend paid by us is 25%. A 12.5% rate applies to dividends paid to U.S. corporations owning at least 10% of the Israeli company's voting power for, in general, the part of the tax year which precedes the date of payment of the dividend and the entire preceding tax year. The 12.5% rate is applicable only to dividends from regular income and not from Approved, Privileged, Preferred Enterprise, or Preferred Technological Enterprise income and does not apply if the company has more than 25% of its gross income derived from certain types of passive income. If conditions are met, dividends from these enterprises are subject to a 15% withholding tax.

U.S. residents typically have withholding tax deducted at source in Israel and may claim a credit for U.S. federal income tax purposes subject to detailed rules contained in United States tax statutes, rules and regulations. If dividends are attributable from a combination of income derived from income that was subject to tax under the Investment Law and to other sources of income mixed income sources, a blended withholding rate will apply. We cannot guarantee that we will designate distributed profits to reduce shareholders' tax liability.

Non-resident individuals or corporations with dividend income from Israel, from which tax was withheld, are generally exempt from filing tax returns in Israel if the income was not derived from a business conducted in Israel, they have no other taxable income in Israel, and they are not subject to income surtax.

Surtax

Subject to applicable tax treaties, individuals subject to tax in Israel are also subject to a surtax at the rate of 3% on annual income exceeding NIS 721,560 for each of the years 2025 - 2027. Additionally, individuals with taxable income from "Capital Sources" (which for the purpose means any source of income) in the tax year exceeding such amount will be subject to an additional tax of 2% on the exceeding the threshold.

U.S. Federal Income Tax Considerations

The following is a summary of the material U.S. federal income tax consequences that apply to U.S. holders (defined below) who hold ADSs as capital assets for tax purposes. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), existing final, temporary and proposed regulations thereunder, judicial decisions and published positions of the Internal Revenue Service (the "IRS") and the U.S.-Israel income tax treaty in effect as of the date of this annual report, all of which are subject to change at any time (including changes in interpretation), possibly with retroactive effect, in a manner that could adversely affect a U.S. holder.

This summary does not address all U.S. federal income tax matters that may be relevant to a particular prospective holder or all tax considerations that may be relevant with respect to an investment in ADSs, including the U.S. federal estate, gift, or alternative minimum tax consequences, or any state, local or non-U.S. tax consequences, of the acquisition, ownership and disposition of ADSs.

This summary does not address tax considerations applicable to a holder of an ADS that may be subject to special tax rules including, without limitation, the following:

- dealers or traders in securities, currencies or notional principal contracts;
- financial institutions, banks and financial services entities;
- insurance companies;
- real estate investment trusts;
- persons subject to special tax accounting rules under Section 451(b) of the Code;
- investors subject to the alternative minimum tax;
- tax-exempt organizations;
- regulated investment companies;
- investors that actually or constructively own 10% or more of our shares and/or other equity by vote or value;
- investors that will hold the ADSs as part of a hedging or conversion transaction or as a position in a straddle or a part of a synthetic security or other integrated transaction for U.S. federal income tax purposes;
- investors that are treated as partnerships or other pass-through entities for U.S. federal income tax purposes and persons who hold the ADSs through partnerships or other pass-through entities;
- investors whose functional currency is not the U.S. dollar; and
- expatriates or former long-term residents of the United States.

You are urged to consult your own tax advisor regarding the foreign and U.S. federal, state and local and other tax consequences of an investment in ADSs.

For purposes of this summary, a “U.S. holder” is a beneficial owner of ADSs that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if:
 - (a) the trust has validly elected to be treated as a U.S. person for U.S. federal income tax purposes; or
 - (b) (i) a court within the United States is able to exercise primary supervision over the administration of the trust; and (ii) one or more United States persons have the authority to control all substantial decisions of the trust

If an entity that is classified as a partnership for U.S. federal income tax purposes holds ADSs, the U.S. federal income tax treatment of its partners will generally depend upon the status of the partners and the activities of the partnership. Entities that are classified as partnerships for U.S. federal income tax purposes and persons holding ADSs through such entities should consult their own tax advisors.

In general, if you hold ADSs, you will be treated as the holder of the underlying shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if you exchange ADSs for the underlying shares represented by those ADSs.

U.S. holders should consult their own tax advisors regarding the U.S. federal income tax consequences to them with respect to the acquisition, ownership and disposition of ADSs in light of their particular circumstances.

U.S. Taxation of ADSs

Distributions

Subject to the discussion under “Passive Foreign Investment Companies” below, any distribution received by a U.S. holder of ADSs, including Israeli taxes withheld (see “Israeli Tax Considerations”), will be taxable as a dividend to the extent of our current and accumulated earnings and profits under U.S. federal tax principles. Distributions exceeding earnings and profits will reduce the U.S. holder’s adjusted tax basis in the ADSs and may be taxable as capital gains. We do not maintain calculations of our earnings and profits under U.S. federal tax principles. If we do not report to a U.S. holder the portion of a distribution that exceeds earnings and profits, it will generally be taxed as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as a capital gain under the rules described above. A U.S. holder that is a corporation will not be eligible for any dividends received deduction, except as provided by Sections 245 and 245A of the Code.

Under the Code, certain dividends received by non-corporate U.S. holders may be “qualified dividend income,” taxed at a lower capital gains rate of 20%. This reduced rate only applies to dividends from a “qualified foreign corporation” that is not a “passive foreign investment company” and only for shares held by a qualified U.S. holder (i.e., a non-corporate holder) for a minimum period (generally 61 days during the 121-day period beginning 60 days before the ex-dividend date). We should be considered a qualified foreign corporation because (i) we are eligible for the benefits of a comprehensive tax treaty between Israel and the U.S., which includes an exchange of information program; and (ii) the ADSs are readily tradable on an established securities market in the U.S. In addition, based on our current business plans, we do not expect to be classified as a “passive foreign investment company” (see “Passive Foreign Investment Companies” below). Accordingly, dividends paid by us to individual U.S. holders on shares held for the minimum holding period should be eligible for the reduced income tax rate. In addition to the income tax on dividends discussed above, certain non-corporate U.S. holders will also be subject to the 3.8% Medicare tax on dividends as discussed below under “Medicare Tax on Unearned Income”.

Distributions in currency other than U.S. dollars (a “foreign currency”) will be included in gross income of a U.S. holder based on the U.S. dollar value at the exchange rate on the date of receipt. If converted to U.S. dollars on that date, no

foreign currency gain or loss is recognized. If not converted, the U.S. holder will have a basis in the foreign currency equal to its U.S. dollar value on the receipt date, with any subsequent gain or loss treated as ordinary income or loss.

Generally, dividends received by a U.S. holder with respect to ADSs will be treated as foreign source income for calculating the foreign tax credit limitation. Subject to certain conditions and limitations, any Israeli taxes withheld on dividends at the rate provided by the U.S.-Israel tax treaty may be deducted from taxable income or credited against a U.S. holder's federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to various categories of income, including "passive" income and "general" income. . The rules relating to foreign tax credits and the timing thereof are complex. U.S. holders should consult their own tax advisors regarding the availability of a foreign tax credit under their particular situation.

Sale or Other Disposition of ADSs

If a U.S. holder sells or disposes of ADSs, gain or loss will be recognized for U.S. federal income tax purposes as the difference between the amount realized and the holder's adjusted tax basis in the ADSs. Subject to the discussion below under the heading "Passive Foreign Investment Companies," generally, this gain or loss will be a capital in nature, and if the ADSs were held for more than one year, it will be classified as long-term capital gain or loss. Long-term capital gains for individual U.S. holders are generally subject to a lower deferral income tax rate (currently up to 20%) than ordinary income. Additionally, certain non-corporate U.S. holders may be subject to a 3.8% Medicare tax on net gains as discussed below under "Medicare Tax on Unearned Income".

If a U.S. holder receives foreign currency upon a sale or exchange of ADSs, gain or loss, if any, recognized on the subsequent sale, conversion or disposition of such foreign currency will be ordinary income or loss, and will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. However, if such foreign currency is converted into U.S. dollars on the date received by the U.S. holder, the U.S. holder generally should not be required to recognize any gain or loss on such conversion.

U.S. holders using an Israeli stockbroker or intermediary may be subject to Israeli withholding tax on capital gains unless they obtain an exemption from the Israeli Tax Authorities or claim any allowable refunds or reductions. U.S. holders are advised that any Israeli tax paid under circumstances in which an exemption from (or a refund of or a reduction in) such tax was available will not give rise to a deduction or credit for foreign taxes paid for U.S. federal income tax purposes. If applicable, U.S. holders are advised to consult their Israeli stockbroker or intermediary regarding the procedures for obtaining an exemption or reduction.

Medicare Tax on Unearned Income

Certain U.S. holders that are individuals, estates or trusts are required to pay an additional 3.8% tax on all or a portion of their "net investment income," which includes dividends and net gains from the sale or other dispositions of ADSs (other than ADSs held in a trade or business).

Passive Foreign Investment Companies

For U.S. federal income tax purposes, we will be considered a passive foreign investment company ("PFIC") for any taxable year in which either (i) 75% or more of our gross income is "passive income", as defined in the relevant provisions of the Code; or (ii) on average, at least 50% of our assets (generally determined on a quarterly basis) produce or are held for the production of passive income. For this purpose, passive income includes dividend, interest, royalty, rent, and annuity income and the excess of gains over losses from the disposition of assets which produce passive income. If we were determined to be a PFIC for U.S. federal income tax purposes, highly complex rules would apply to U.S. holders owning ADSs.

Based on our estimated gross income, the average value of our gross assets and the nature of our business, we do not believe that we will be classified as a PFIC in the current taxable year. Our status in any taxable year will depend on our assets and activities in each year and because this is a factual determination made annually at the end of each taxable year, there can be no assurance that we will not be considered a PFIC for any future taxable year. If we were treated as a PFIC in any year during which a U.S. holder owns ADSs, such U.S. holder may be subject to materially adverse tax consequences, including additional U.S. federal income tax liability and tax filing obligations. Given our current business plans, however, we do not expect that we will be classified as a PFIC in future years.

You are urged to consult your own tax advisor regarding the possibility of us being classified as a PFIC and the potential tax consequences arising from the ownership and disposition (directly or indirectly) of an interest in a PFIC.

Tax Cuts and Jobs Act (the "U.S. Tax Reform" or "TCJA")

As a global corporation, we are subject to income, non-income and transactional tax regimes in the United States and various other jurisdictions, which may change significantly. On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the "TCJA"), a comprehensive tax law that included several key tax changes to business taxation, including an amendment to Section 174 of the Code. Effective for taxable years beginning after December 31, 2021, this amendment requires research and development expenses to be capitalized and amortized over five or fifteen years, whereas previously, these expenses could be fully expensed when incurred.

The final impact of the TCJA may vary due to, among other things, possible changes in the interpretations, assumptions made by us as a result of additional information, or additional guidance or finalization of law and regulations that will be issued by the U.S. Department of Treasury, the IRS or other standard-setting bodies, and which may impact our future financial statements, and will be accounted for when such guidance is issued.

Backup Withholding and Information Reporting

Payments of dividends with respect to ADSs and the proceeds from the sale, retirement, or other disposition of ADSs made by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. holder as may be required under applicable U.S. Treasury regulations. We, or an agent, a broker, or any paying agent, as the case may be, may be required to withhold tax (backup withholding), currently at the rate of 24%, if a non-corporate U.S. holder that is not otherwise exempt fails to provide an accurate taxpayer identification number and comply with other IRS requirements concerning information reporting. Certain U.S. holders (including, among others, corporations and tax-exempt organizations) are not subject to backup withholding. Any amount of backup withholding withheld may be used as a credit against your U.S. federal income tax liability provided that the required information is timely furnished to the IRS. U.S. holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.

Foreign Asset Reporting

Certain U.S. holders who are specified individuals or specified domestic entities are required to report information relating to an interest in our ADSs on IRS Form 8938 (Statement of Specified Foreign Financial Assets), subject to certain exceptions (including an exception for shares held in accounts maintained by financial institutions). U.S. holders are encouraged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our ADSs.

Documents on Display

We are subject to certain of the information reporting requirements of the Securities and Exchange Act of 1934, as amended. As a foreign private issuer, we are exempt from the rules and regulations under the Securities Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions contained in Section 16 of the Securities Exchange Act, with respect to their purchase and sale of our shares. In addition, we are not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Securities Exchange Act. NASDAQ rules generally require that companies send an annual report to shareholders prior to the annual general meeting, however we rely upon an exception under the NASDAQ rules and follow the generally accepted business practice for companies in Israel. Specifically, we file annual reports on Form 20-F, which contain financial statements audited by an independent accounting firm, electronically with the SEC and post a copy on our website. We also furnish to the SEC quarterly reports on Form 6-K containing unaudited financial information after the end of each of the first three quarters.

The SEC maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC, and our SEC reports can be viewed or downloaded there. The

address of this web site is <http://www.sec.gov>. In addition, information that we furnish or file with the SEC, including annual reports on Form 20-F, reports on Form 6-K, proxy and information statements and any amendments to, or exhibits included in, those reports are available to be viewed or download, free of charge, on our website at <http://www.nice.com/company/investors> as soon as reasonably practicable after such materials are filed or furnished with the SEC. Information contained, or that can be accessed through, our website does not constitute a part of this annual report and is not incorporated by reference herein, and we have included our website address in this annual report solely for informational purposes.

Item 11. Quantitative and Qualitative Disclosures About Market Risk.

General

Market risks relating to our operations result primarily from weak economic conditions in the markets in which we sell our products and changes in interest and exchange rates. To manage the volatility related to the latter exposure, we may enter into various derivative transactions. Our objective is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in currency exchange rates. It is our policy and practice to use derivative financial instruments only to manage such exposures. We do not use financial instruments for trading purposes and we are not a party to any leveraged derivative.

Foreign Currency Exchange Risk

We conduct our business primarily in U.S. dollars but also in the currencies of Israel, the U.K., the E.U., India and Philippines, as well as other currencies. Thus, we are exposed to foreign exchange fluctuations, primarily in NIS, GBP, EUR, INR and PHP. We monitor foreign currency exposure and from time to time we may use various instruments to preserve the value of sale transactions and commitments, however, this cannot assure us protection against risks of currency fluctuations. For more information regarding foreign currency related risks, please refer to Item 3, “Key Information—General Risks Relating to Our Business” of this annual report. We use currency forward contracts and option contracts in order to protect against the increase in value of forecasted non-dollar currency cash flows and to hedge future anticipated payments.

As of December 31, 2024, we had outstanding currency forward contracts to hedge payroll, facilities expenses and lease obligations, denominated in NIS, INR, PHP and ,COP in the total amount of approximately \$211.13 million. The fair value adjustment of those contracts was approximately \$1.94 million. These transactions were for a period of up to one year.

The following table details the balance sheet exposure (i.e., the difference between assets and liabilities) in our main foreign currencies, as of December 31, 2024, against the relevant functional currency.

	Functional currencies					
	(In U.S. dollars in millions)					
	USD	GBP	CAD	MXN	AUD	SGD
Foreign currencies						
USD	\$ —	\$ 30	\$ 28	\$ 3	\$ (1)	\$ 7
GBP	\$ 22	\$ —	\$ —	\$ —	\$ (1)	\$ —
EUR	\$ 26	\$ 18	\$ —	\$ —	\$ —	\$ —
CAD	\$ 28	\$ 3	\$ —	\$ —	\$ —	\$ —
AUD	\$ 2	\$ (1)	\$ —	\$ —	\$ —	\$ —
MXN	\$ 4	\$ —	\$ —	\$ —	\$ —	\$ —
CHF	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
JPY	\$ (6)	\$ —	\$ —	\$ —	\$ —	\$ —
INR	\$ (4)	\$ —	\$ —	\$ —	\$ —	\$ —
SGD	\$ (6)	\$ —	\$ —	\$ —	\$ —	\$ —
HKD	\$ (9)	\$ —	\$ —	\$ —	\$ —	\$ —
NIS	\$ (10)	\$ —	\$ —	\$ —	\$ —	\$ —
PHP	\$ (28)					\$ —
BRL	\$ 8					
Other currencies	\$ (1)	\$ —	\$ —	\$ —	\$ —	\$ —

The table below presents the fair value of firmly committed transactions for lease obligations denominated in currencies other than the U.S. dollar, which is our reporting currency:

	(In U.S. dollars in millions)		
	New Israeli Shekel	Other currencies *	Total
Less than 1 year	\$ (4)	\$ (3)	\$ (7)
1-3 years	\$ (8)	\$ (7)	\$ (15)
3-5 years	\$ (7)	\$ (4)	\$ (11)
Over 5 years	\$ (10)	\$ (3)	\$ (13)
Total	\$ (29)	\$ (17)	\$ (46)

* Other currencies include the following currencies: AUD, EUR, GBP, INR, JPY, PHP, COP and SGD.

Interest Rate Risk

We are subject to interest rate risk on our investments and on our borrowings.

On August 24, 2020, we issued \$460 million aggregate principal amount of 0% exchangeable senior notes due 2025.

Our outstanding debt obligations, the corresponding interest rates, currency and repayment schedules as of December 31, 2024, are set forth in the table below in U.S. dollar equivalent terms (in millions).

<u>Currency</u>	<u>Amount</u>	<u>Interest rate</u>	<u>2025</u>	<u>2026 & thereafter</u>
(In millions)				
Fixed Rate:				
USD	\$ 460.0	— %	\$ 460.0	\$ —
Total:	<u>\$ 460.0</u>		<u>\$ 460.0</u>	<u>\$ —</u>
Debt issuance costs, net of amortization	(1.2)			
Total:	<u>\$ 458.8</u>			

Our investments are exposed to market risk due to fluctuations in interest rates, which may affect our interest income and the fair market value of our marketable securities portfolio.

Our short term investment portfolio consists of investment-grade corporate debentures, U.S. Government agencies and U.S. treasuries. As of December 31, 2024, **66.2%** of our portfolio was in such securities and the remainder was in dollar deposits.

We invest in dollar deposits with U.S. banks, European banks, Israeli banks and money market funds. As of December 31, 2024, 33.8% of our portfolio was in such deposits. Since these investments are for short periods, interest income is sensitive to changes in interest rates.

The weighted average duration of the securities portfolio, as of December 31, 2024, is 1.88 years. The securities in our marketable securities portfolio are rated generally as A+ according to Standard and Poor’s rating or A1, according to Moody’s rating. Securities representing 3.2% of the marketable securities portfolio are rated as AAA; securities representing 17.36% of the marketable securities portfolio are rated as AA; securities representing 75% of the marketable securities portfolio are rated as A; securities representing 3.96% of the marketable securities portfolio are rated as BBB+ securities representing 0.5% of the marketable securities portfolio are rated as BBB and securities representing 0.5 % of the marketable securities portfolio are rated as BBB- after being downgraded during 2023.

The table below presents the fair value of marketable securities which are subject to risk of changes in interest rate, segregated by maturity dates (in U.S. dollars, in millions):

	Amortized Cost				Estimated fair value			
	Up to 1 year	1-3 years	4-7 years	Total	Up to 1 year	1-3 years	4-7 years	Total
Corporate debentures	140.6	522.3	159.2	822.1	140.0	521.5	156.8	818.3
U.S. treasuries	63.8	29.1	—	92.9	63.8	29.1	—	92.9
U.S. government agencies	3.0	5.1	—	8.1	3.0	5.1	—	8.1
Total	207.4	556.5	159.2	923.1	206.8	555.7	156.8	919.3

Other risks and uncertainties that could affect actual results and outcomes are described in Item 3, “Key Information – Risk Factors” in this annual report.

Item 12. Description of Securities Other than Equity Securities.

American Depositary Shares and Receipts

Set forth below is a summary of certain provisions in relation to charges and other payments under the Deposit Agreement, as amended, among NICE, JPMorgan Chase Bank, N.A. as depositary (the “Depositary”), and the owners and

holders from time to time of ADRs issued thereunder (the “Deposit Agreement”). A summary of rights of holders and additional terms contained in the Deposit Agreement has been filed as Exhibit 2.4 to this Annual Report. These summaries are not complete and are qualified in their entirety by the Deposit Agreement, a form of which has been filed as Exhibit 99(a) to the Registration Statement on Form F-6 (Registration No. 333-203623) filed with the SEC on April 24, 2015, as amended by that certain Amendment No. 1 to the Deposit Agreement, a form of which has been filed as Exhibit 99(a)(2) to the Post-Effective Amendment No. 1 to the Form F-6 (Registration No. 333-303623) filed with the SEC on April 29, 2020.

Charges of the Depositary

The Depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADSs are cancelled or reduced for any other reason, \$0.05 for each ADS issued, delivered, reduced, cancelled or surrendered, as the case may be. The Depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights or other distribution prior to such deposit to pay such charge.

The following additional charges shall be incurred by the ADR holders, by any party depositing or withdrawing shares or by any party surrendering ADSs or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of \$1.50 per ADR for transfers of certificated or direct registration ADRs;
- a fee of up to \$0.05 per ADS for any cash distribution made pursuant to the Deposit Agreement;
- a fee of up to \$0.05 per ADS per calendar year (or portion thereof) for services performed by the Depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the Depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- a fee for the reimbursement of such fees, charges and expenses as are incurred by the Depositary or any of its agents (including, without limitation, the custodian and expenses incurred on behalf of holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the Depositary’s or its custodian’s compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against holders as of the record date or dates set by the Depositary and shall be payable at the sole discretion of the Depositary by billing such holders or by deducting such charge from one or more cash dividends or other cash distributions);
- stock transfer or other taxes and other governmental charges;
- cable, telex and facsimile transmission and delivery charges incurred at the request of an ADR holder in connection with the deposit or delivery of shares;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;
- in connection with the conversion of foreign currency into U.S. dollars, the fees, charges and expenses of the Depositary (which are paid out of such foreign currency); and
- fees of any division, branch or affiliate of the Depositary utilized by the Depositary to direct, manage or execute any public or private sale of securities under the deposit agreement.

The Depositary may generally refuse to provide services until it is reimbursed applicable amounts, including stock transfer or other taxes and other governmental charges, and is paid its fees for applicable services.

The fees and charges an ADR holder may be required to pay may vary over time and may be changed by us and by the Depositary. Our ADR holders will receive prior notice of the increase in any such fees and charges.

We will pay all other charges and expenses of the Depositary and any agent of the Depositary (except the custodian) pursuant to agreements from time to time between us and the Depositary. The charges described above may be amended from time to time by agreement between us and the Depositary.

Fees paid by the Depositary

Our Depositary has agreed to reimburse us for certain expenses we incur that are related to establishment and maintenance of the ADR program upon such terms and conditions as we and the Depositary may agree from time to time. The Depositary may make available to us a set amount or a portion of the Depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the Depositary may agree from time to time.

In respect of 2024, we received a payment in the amount of approximately \$1 million from the Depositary as reimbursement for expenses we incurred in 2024 in relation to the maintenance and administration of the ADR program.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies.

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds.

None.

Item 15. Controls and Procedures.

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of NICE's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer) concluded that NICE's disclosure controls and procedures were effective as of such date.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting, as such term is defined in Rule 15d-15(f) under the Securities Exchange Act. Our internal control over our financial reporting system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements and even when determined to be effective can only provide reasonable assurance with respect to financial statements. Also, projections of any evaluation of 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 assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. Our management based its assessment on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, our management has concluded that, as of December 31, 2024, our internal control over financial reporting is effective.

Attestation Report of the Independent Registered Public Accounting Firm

Our independent registered public accounting firm, Kost, Forer, Gabbay & Kasierer, a member of Ernst & Young Global independently assessed the effectiveness of our internal control over financial reporting and has issued an attestation report, which is included under Item 18 on page F-4 of this annual report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the period covered by this annual report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert.

Our Board of Directors has determined that each of Dan Falk and Yocheved Dvir meets the definition of an audit committee financial expert, as defined in Item 407 of Regulation S-K and is independent under the applicable regulations.

Item 16B. Code of Ethics.

We have adopted a Code of Ethics and Business Conduct (the “Code of Ethics”) that applies to our principal executive and financial officers, and that also applies to all of our employees. If we make any substantive amendments to the Code of Ethics or grant any waiver from a provision of this code to our chief executive officer, principal financial officer or corporate controller, we will either disclose the nature of such amendment or waiver on our website or in our annual report on Form 20-F.

The Code of Ethics, among other things, summarizes the principles of our Anti-Bribery and Corruption Policy. We have zero tolerance for bribery and corruption and are committed to complying with applicable laws and regulations relating to the fight against bribery and corruption.

The Code of Ethics and our separate Anti-Bribery and Corruption Policy are each available on our website: www.nice.com. Written copies are available upon request without charge.

Item 16C. Principal Accountant Fees and Services.

Fees Paid to Independent Auditors

Fees billed or expected to be billed by Kost, Forer, Gabbay & Kasierer, a member of EY Global, and other members of EY Global for professional services for each of the last two fiscal years were as follows:

<u>Services Rendered</u>	<u>2024 Fees</u>	<u>2023 Fees</u>
Audit (1)	\$ 1,144	\$ 1,150
Audit-related (2)	\$ 369	\$ 95
Tax (3)	\$ 468	\$ 438
All Other Fees	\$ —	\$ —
Total	\$ 1,981	\$ 1,683

- (1) Audit fees refer to audit services for each of the years shown in this table which include fees associated with the annual audit for each of 2023 and 2024 (including an audit in each such year in accordance with section 404 of the Sarbanes-Oxley Act), certain procedures regarding our quarterly financial results submitted on Form 6-K, consultations concerning financial accounting and various accounting issues and performance of local statutory audits.
- (2) Audit-related fees relate to assurance and associated services that traditionally are performed by the independent auditor, which include due diligence investigations and audit services related to other statutory or regulatory filings, mainly those related to mergers and acquisitions.
- (3) Tax fees refer to professional services rendered by our auditors, which include tax compliance, tax advice on actual or contemplated transactions, tax consulting associated with transfer pricing.

Policies and Procedures

Our audit committee has adopted a policy and procedures for the pre-approval of audit and non-audit services rendered by our external auditors, Kost, Forer, Gabbay & Kasierer, a member of EY Global. The policy, which is designed to ensure that such services do not impair the independence of our auditors, requires pre-approval from the audit committee on an annual basis for the various audit and non-audit services that may be performed by our auditors. If a type of service, that is to be provided by our auditors, has not received such general pre-approval, it will require specific pre-approval by our audit committee. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by our audit committee. The policy prohibits retention of the independent auditors to perform the prohibited non-audit functions defined in Section 201 of the Sarbanes-Oxley Act of 2002 or the rules of the SEC, and also considers whether proposed services are compatible with the independence of the public auditors.

Item 16D. Exemptions from the Listing Standards for Audit Committees.

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

During 2024, we repurchased our ordinary shares as described in the table below.

Period	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced plans or programs	(d) Maximum number (or approximate dollar value) of shares that may yet be purchased under the plans or programs
(In dollars, except share amounts)				
January 1 - January 31	515	200		258,002,366
February 1 - February 28	55,139	223.79	55,139	245,662,866
March 1 - March 31	115,458	251.80	115,458	216,590,123
April 1 - April 30	—	—	—	216,590,123
May 1 - May 31	44,250	193.93	44,250	208,008,817
June 1 - June 30	822,968	167.09	822,968	70,501,148
July 1 - July 31	4	169.54	4	70,500,470
August 1 - August 31	120,000	178.93	120,000	49,028,302
September 1 - September 30	392,004	165.72	392,004	483,953,368
October 1 - October 31	—	—	—	483,953,368
November 1 - November 30	249,255	174.90	249,255	440,357,698
December 1 - December 31	281,042	183.46	281,042	388,797,265
Total	2,080,635	177.44	2,080,120	3,131,945,914

On November 9, 2022, our Board of Directors authorized a program to repurchase up to \$250 million of our issued and outstanding ordinary shares and ADRs. The Company fully executed the \$250 million share repurchase program before the end of 2023. On November 15, 2023, our Board of Directors authorized an additional program to repurchase up to \$300 million of our issued and outstanding ordinary shares and ADRs which commenced following completion of the repurchase program that was authorized by our Board of Directors in 2022. On June 7, 2024 our Board of Directors authorized the acceleration of the \$300 million share repurchase plan. On that day, our Board also authorized an additional program to repurchase up to \$500 million of our issued and outstanding ordinary shares and ADRs. The Company fully executed the \$300 million share repurchase program before the end of 2024. Repurchases may be made from time to time in the open market or in privately negotiated transactions in accordance with applicable securities laws and regulations. The timing and amount of the repurchase transactions will be determined by management and may depend on a variety of factors including market conditions, alternative investment opportunities and other considerations.

These programs do not obligate us to acquire any particular amount of ordinary shares and ADRs and each program may be modified or discontinued at any time without prior notice.

Item 16F. Change in Registrant's Certifying Accountant.

None.

Item 16G. Corporate Governance.

We follow the Israeli Companies Law, the relevant provisions of which are summarized in this annual report, rather than comply with the NASDAQ requirements relating to: (i) the quorum for shareholder meetings (see Item 10, “Additional Information – Memorandum and Articles of Association – Meetings of Shareholders” in this annual report); (ii) shareholder approval with respect to issuance of securities under equity-based compensation plans (see Item 10, “Additional Information – Memorandum and Articles of Association – Approval of Certain Transactions” and “Approval of Office Holder Compensation” in this annual report); and (iii) sending annual reports to shareholders (see Item 10, “Additional Information – Documents on Display” in this annual report).

Item 16H. Mine Safety Disclosure.

Not Applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not Applicable.

Item. 16J. Insider trading policies

Our Board of Directors has adopted an insider trading policy (the "Insider Trading Policy"), governing the purchase, sale, and other dispositions of our securities by directors, senior management, and employees that are reasonably designed to promote compliance with applicable insider trading laws, rules and regulations, and applicable listing standards. A copy of the Insider Trading Policy is filed as Exhibit 11.1 to this Annual Report.

Item. 16K. Cybersecurity

Cybersecurity forms an integral part of our risk management practices. We have established and maintain a Cybersecurity Risk Program which has been developed to assess, identify and manage material risks from cybersecurity threats. Our program is inclusive of related information security policies and procedures to protect the confidentiality, integrity, and availability of the information contained within our systems, products, and services, and to assess, identify, manage, and address cybersecurity risks. Our internal cybersecurity policies and procedures incorporate industry best practices and are assessed annually as part of our Cybersecurity Risk Program review. These policies and procedures include information security policies, incident response procedure, risk assessment procedures and a vendor management policy.

We have verified our information security management policies and procedures and received certifications in accordance with the ISO 27001:2022 information security management standard and ISO 27701:2019 privacy management standard as well as other certifications such as FedRAMP, SOC 2 Type II Applications, PCI DSS, and HITRUST for specific business lines.

We utilize multiple third-party experts to support our program, to advise us on best practices and assist us in evaluating and enhancing our cybersecurity practices. These experts include threat monitoring service providers, cyber software and managed service providers, penetration testing firms, forensic investigators, cybersecurity consultants, and legal counsel specializing in the cyber domain.

We regularly conduct cybersecurity risk assessments and audits, both internally and through the engagement of third parties. These processes include regular scanning of our information systems for vulnerabilities, including by conducting penetration testing, and we maintain tools to detect unusual or unauthorized activities that may affect our systems, products, and services. We also retain the services of a reputable third-party firm for threat monitoring and detection.

We require that employees, contractors, partners, and vendors understand their cybersecurity responsibilities. All of our employees conduct an annual cybersecurity training and other on-going cybersecurity awareness exercises.

We maintain third party risk management process in order to identify, assess and mitigate the risks associated with our third-party service providers. As part of this process, we impose contractual obligations related to information security and require that our third-party partners maintain adequate security measures and controls to ensure the security of our data.

Our incident response policy provides guidelines for the handling and reporting of cybersecurity incidents. In the event of a potential cybersecurity incident, our Security Operations Center (SOC) conducts an initial assessment and, depending on the severity of the incident, provides a report regarding the incident to our Corporate VP Information Security. The Corporate VP Information Security then consults with other internal and external parties, depending upon the nature and/or severity of the incident, including members of our Cyber Incident Response Team (CIRT) and our General Counsel. Depending on the assessed potential materiality of an incident, notification may be given to our Chief Financial Officer, Chief Executive Officer, the Chair of the Board's Internal Audit Committee, and the Chairman of our Board of Directors. Additional guidelines covered under our incident response policy include steps for incident identification, containment, eradication, recovery, and lessons learned activities.

Our Cybersecurity Risk Program is run by our Corporate VP Information Security who reports to our Chief Financial Officer. Our Corporate VP Information Security has significant experience assessing and managing cybersecurity programs and risks and has extensive cybersecurity knowledge. Members of the corporate cybersecurity team are responsible for implementing and maintaining the cybersecurity program and practices for the Company. Other cybersecurity teams and professionals within our Company have the responsibility to implement and maintain cybersecurity processes within their business lines. Such teams and individuals work in coordination with our corporate cybersecurity team and under the guidance of our Corporate VP Information Security. The corporate cybersecurity team works closely with the SOC team, which serves as the central hub for monitoring and responding to security incidents and is trained to support our management in incident related matters.

Our management is committed to maintaining a robust cybersecurity program, which includes supplying the necessary resources to sustain the program, including people, tools, processes, procedures, and education. Cybersecurity risks and controls are evaluated and reviewed regularly by our senior management, including as part of our internal audits that are presented to the Internal Audit Committee of the Board of Directors. Our Board of Directors has ultimate oversight of cybersecurity risk management as part of its general oversight function. Our Board of Directors receives and reviews updates, reports and presentations related to cybersecurity threats and trends as well as to our cybersecurity program.

Through the date of filing this annual report, cybersecurity threats, including as a result of any previous cybersecurity incidents, have not materially affected our business strategy, results of operations, or financial condition. If a material cybersecurity incident will occur in the future, it may have an adverse effect on our business or financial condition. For information on the market risks relating to cybersecurity, please see Item 3 "Risks Relating to Information and Product Security and Intellectual Property" in this annual report.

PART III

Item 17. Financial Statements.

Not Applicable.

Item 18. Financial Statements.

See pages F-1 through F-57 of this annual report attached hereto.

Item 19. Exhibits.

Exhibit No.	Description
1.1	Amended and Restated Memorandum of Association, as approved on December 21, 2006 (English translation) (filed as Exhibit 1.1 to NICE Ltd.'s Annual Report on Form 20-F filed with the SEC on June 13, 2007, and incorporated herein by reference).
1.2	Amended and Restated Articles of Association, as amended on December 21, 2016 (filed as Exhibit 1.2 to NICE Ltd.'s Annual Report on Form 20-F filed with the SEC on April 21, 2017, and incorporated herein by reference).
2.1	Form of Share Certificate (filed as Exhibit 4.1 to Amendment No. 1 to NICE Ltd.'s Registration Statement on Form F-1 (Registration No. 333-99640) filed with the SEC on December 29, 1995, and incorporated herein by reference).
2.2	Form of Deposit Agreement including Form of ADR Certificate (filed as Exhibit 1 to NICE Ltd.'s Registration Statement on Form F-6 (Registration No. 333-203623) filed with the SEC on April 24, 2015, and incorporated herein by reference).
2.3	Form of Amendment No. 1 to the Deposit Agreement, including Form ADR Certificate (filed as Exhibit 99(a)(2) to the Post-Effective Amendment No. 1 to the Form F-6 (Registration No. 333-303623) filed with the SEC on April 29, 2020 and incorporated herein by reference).
2.4	Description of Securities (filed as Exhibit 2.4 to NICE Ltd.'s Annual Report on Form 20-F filed with the SEC on March 30, 2023, and incorporated herein by reference).
4.1	NICE Ltd.'s Executives & Directors Compensation Policy (filed as Exhibit A in Exhibit 99.1 of NICE's Report on Form 6-K filed with the SEC on June 8, 2023, and incorporated herein by reference).
4.2	Amendment to Executives & Directors Compensation Policy (filed as Annex A in Exhibit 99.1 of NICE's Report on Form 6-K filed with the SEC on May 24, 2024 and incorporated herein by reference).
4.3	Nexidia Inc. 2005 Stock Incentive Plan (filed as Exhibit 4.4 to NICE-Systems Ltd.'s Registration Statement on Form S-8 (Registration No. 333-191176) filed with the SEC on March 23, 2016, and incorporated herein by reference).
4.4	Guardian Analytics, Inc. 2006 Stock Plan (filed as Exhibit 4.4 to NICE Ltd.'s Registration Statement on Form S-8 (Registration No. 333-249186), filed with the SEC on October 1, 2020, and incorporated herein by reference).
4.5	2017 Indenture, dated January 18, 2017 (filed as Exhibit 4.16 to NICE Ltd.'s Annual Report on Form 20-F filed with the SEC on April 21, 2017, and incorporated herein by reference).
4.6	2020 Indenture, dated August 27, 2020 (filed as Exhibit 4.14 to NICE Ltd.'s Annual Report on Form 20-F filed with the SEC on March 23, 2021, and incorporated herein by reference).
4.7	NICE Ltd. 2016 Share Incentive Plan (filed as Exhibit 4.7 to NICE Ltd.'s Annual Report on Form 20-F filed with the SEC on March 30, 2023, and incorporated herein by reference).
8.1	List of significant subsidiaries.
11.1	NICE Ltd. Policy on Insider Trading
12.1	Certification by the Chief Executive Officer of NICE Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act 2002.

- [12.2](#) [Certification by the Chief Financial Officer of NICE Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- [13.1](#) [Certification by the Chief Executive Officer of NICE Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- [13.2](#) [Certification by the Chief Financial Officer of NICE Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.](#)
- [15.1](#) [Consent of Kost, Forer, Gabbay & Kasierer, a member of EY Global.](#)
- [97.1](#) [NICE Ltd. Policy for Recovery of Erroneously Awarded Compensation \(filed as Exhibit 97.1 to NICE Ltd.'s Annual Report on Form 20-F, filed with the SEC on March 27, 2024, and incorporated here by reference\).](#)

101 The following financial information from NICE Ltd.'s Annual Report on Form 20-F for the year ended December 31, 2024, formatted in Inline XBRL ("iXBRL"): (i) Consolidated Balance Sheets at December 31, 2024 and 2023; (ii) Consolidated Statements of Income for the years ended December 31, 2024, 2023 and 2022; (iii) Statements of Changes in Shareholders' Equity and Comprehensive Income for the years ended December 31, 2024, 2023 and 2022; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2024, 2023 and 2022; and (v) Notes to Consolidated Financial Statements.

NICE LTD. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2024

IN U.S. DOLLARS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of

NICE Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NICE Ltd. and its subsidiaries (the "Company") as of December 31, 2024, and 2023, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes (collectively referred to as the "Consolidated Financial Statements"). In our opinion, the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company at December 31, 2024, and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 19, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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 financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.



Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter 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 matter below, providing a separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue Recognition

*Description
of the
Matter*

As described in Note 2 to the Consolidated Financial Statements, the Company generates revenues mainly from licensing its software products and services, including cloud-based services. The Company enters into contracts with customers that often include promises to transfer multiple products and services, which are accounted for separately if they are distinct performance obligations. In such contracts, the transaction price is then allocated to the distinct performance obligations on a relative standalone selling price basis and revenue is recognized when control of the distinct performance obligation is transferred. Revenues from cloud-based services are recognized over time and revenues from software licenses are generally recognized at a point in time.

The accounting for contracts with multiple performance obligations require the company to exercise significant judgment, which includes: (a) identification and determination of whether products and services are considered distinct performance obligations that should be accounted for separately based on the terms and conditions of the relevant agreements, (b) determination of stand-alone selling prices for each distinct performance obligation that is not sold separately. For products that are not sold separately, directly observable data is generally not available, which requires the Company to make significant assumptions regarding the stand-alone selling prices of the related performance obligations based on, among others, geographic or regional-specific factors and internally approved pricing guidelines, and (c) the pattern of transferring control (i.e., timing of when revenue is recognized) for each distinct performance obligation. For cloud-based revenues recognized based on usage, the processing and recognition of revenue are highly automated and involve capturing and pricing significant volumes of data.

Given these factors, the related audit effort in evaluating management's judgments in determining revenue recognition for these customer contracts was extensive and required a high degree of auditor judgment.



*How We
Addressed
the Matter
in Our
Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's process and controls to identify and determine the distinct performance obligations, the relative standalone selling price for each performance obligation, and the determination of the timing of revenue recognition.

We also involved IT professionals with specialized skill and knowledge to assist in testing certain internal controls over the Company's revenue process, including controls over the capture related usage transactional information through the Company's IT systems.

Our audit procedures included, among others, evaluating the methodology and reasonableness of management's assumptions used for the estimate of stand-alone selling prices for products and services that are not sold separately.

For a sample of contracts, we: (1) obtained and read contract source documents, including master agreements, and other documents that were part of the agreement, (2) tested management's identification of significant terms for completeness, including the identification and determination of distinct performance obligations, (3) tested management's calculations of revenue and the associated timing of revenue recognition, and (4) On a sample basis, we tested usage and accordingly observed that usage attributes such as duration and type of service were captured in the relevant IT systems.

/s/ KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global
We have served as the Company's auditor since 1995.
Tel-Aviv, Israel
March 19, 2025



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of NICE Ltd.

Opinion on Internal Control over Financial Reporting

We have audited NICE Ltd. and its subsidiaries' internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, NICE Ltd. and its subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2024 and 2023, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2024, and the related notes and our report dated March 19, 2025, expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.



Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of 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.

/s/ KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global
Tel-Aviv, Israel
March 19, 2025

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	December 31,	
	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 481,712	\$ 511,795
Short-term investments	1,139,996	896,044
Trade receivables (net of allowance for credit losses of \$13,182 and \$16,712 at December 31, 2024 and 2023, respectively)	643,985	585,154
Debt hedge option	—	121,922
Prepaid expenses and other current assets	239,080	197,967
Total current assets	2,504,773	2,312,882
LONG-TERM ASSETS:		
Prepaid expenses and other long-term assets	212,512	219,332
Property and equipment, net	185,292	174,414
Deferred tax assets	219,232	178,971
Operating lease right-of-use assets	93,083	104,565
Other intangible assets, net	231,346	305,501
Goodwill	1,849,668	1,821,969
Total long-term assets	2,791,133	2,804,752
Total assets	\$ 5,295,906	\$ 5,117,634

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

CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share and per share data)

	December 31,	
	2024	2023
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 110,603	\$ 66,036
Deferred revenues and advances from customers	299,367	302,649
Current maturities of operating leases liabilities	12,554	13,747
Debt	458,791	209,229
Accrued expenses and other liabilities	593,109	528,660
Total current liabilities	1,474,424	1,120,321
LONG-TERM LIABILITIES:		
Deferred revenues and advances from customers	66,289	52,458
Accrued severance pay	20,291	17,078
Deferred tax liabilities	1,965	8,596
Debt	—	457,081
Operating leases	92,258	102,909
Other long-term liabilities	37,516	4,691
Total long-term liabilities	218,319	642,813
COMMITMENTS AND CONTINGENT LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital-		
Ordinary shares of NIS 1 par value:		
Authorized: 125,000,000 shares at December 31, 2024 and 2023; Issued: 74,774,827 shares at December 31, 2024 and 2023; Outstanding: 63,249,843 and 62,870,669 shares at December 31, 2024 and 2023, respectively	18,961	18,961
Additional paid-in capital	2,278,672	2,123,487
Treasury shares at cost – 11,524,984 and 11,904,158 Ordinary shares at December 31, 2024 and 2023, respectively	(1,339,218)	(1,005,104)
Accumulated other comprehensive loss	(71,070)	(59,110)
Retained earnings	2,702,397	2,262,898
Total attributable to NICE Ltd.'s shareholders	3,589,742	3,341,132
Non-controlling interests	13,421	13,368
Total shareholders' equity	3,603,163	3,354,500
Total liabilities and shareholders' equity	\$ 5,295,906	\$ 5,117,634

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

CONSOLIDATED STATEMENTS OF INCOME

U.S. dollars in thousands (except share and per share data)

	Year ended December 31,		
	2024	2023	2022
Revenue:			
Cloud	\$ 1,984,160	\$ 1,581,825	\$ 1,295,323
Services	596,031	641,387	650,116
Product	155,081	154,296	235,855
Total revenue	2,735,272	2,377,508	2,181,294
Cost of revenue:			
Cloud	699,713	553,654	472,805
Services	184,410	188,890	183,938
Product	25,401	25,629	26,945
Total cost of revenue	909,524	768,173	683,688
Gross profit	1,825,748	1,609,335	1,497,606
Operating expenses:			
Research and development, net	360,607	322,708	306,073
Selling and marketing	642,251	599,114	609,833
General and administrative	276,936	252,286	246,527
Total operating expenses	1,279,794	1,174,108	1,162,433
Operating income	545,954	435,227	335,173
Financial income and other, net	58,872	22,473	10,159
Income before taxes on income	604,826	457,700	345,332
Taxes on income	162,238	119,399	79,387
Net income	442,588	338,301	265,945
Basic earnings per share	\$ 6.97	\$ 5.32	\$ 4.17
Diluted earnings per share	\$ 6.76	\$ 5.11	\$ 4.00
Weighted average number of shares (in thousands) used in computing:			
Basic earnings per share	63,483	63,590	63,790
Diluted earnings per share	65,506	66,265	66,465

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

U.S. dollars in thousands

	Year ended December 31,		
	2024	2023	2022
Net income	\$ 442,588	\$ 338,301	\$ 265,945
Change in foreign currency translation adjustment	(13,355)	13,810	(27,582)
Available-for-sale investments:			
Change in net unrealized gains (losses)	919	18,029	(33,319)
Less - reclassification adjustment for net gains (losses) realized and included in net income	(423)	12,271	419
Net change (net of tax effect of \$(342), \$(4,130) and \$4,483)	496	30,300	(32,900)
Cash flow hedges:			
Change in unrealized losses	(3,621)	(5,300)	(18,223)
Less - reclassification adjustment for net gains realized and included in net income	4,520	13,335	7,189
Net change (net of tax effect of \$10, \$(1,096) and \$1,505)	899	8,035	(11,034)
Total other comprehensive income (loss)	(11,960)	52,145	(71,516)
Comprehensive income	\$ 430,628	\$ 390,446	\$ 194,429

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Non-controlling Interest	Total shareholders' equity
Balance as of January 1, 2024	\$ 18,961	\$ 2,123,487	\$(1,005,104)	\$ (59,110)	\$ 2,262,898	\$ 13,368	\$ 3,354,500
Stock-based compensation	—	187,101	—	—	—	—	187,101
Issuance of treasury shares under share-based compensation plan (945,979 ordinary shares) and exercise of warrants (1,513,183 ordinary shares)	—	(31,916)	34,979	—	—	—	3,063
Treasury shares purchase	—	—	(369,093)	—	—	—	(369,093)
Other comprehensive income	—	—	—	(11,960)	—	—	(11,960)
Dividends Paid to non-controlling interest	—	—	—	—	—	(3,036)	(3,036)
Net income attributable to Nice Shareholders	—	—	—	—	439,499	—	439,499
Net income attributable to non-controlling interests	—	—	—	—	—	3,089	3,089
Balance as of December 31, 2024	<u>\$ 18,961</u>	<u>\$ 2,278,672</u>	<u>\$(1,339,218)</u>	<u>\$ (71,070)</u>	<u>\$ 2,702,397</u>	<u>\$ 13,421</u>	<u>\$ 3,603,163</u>

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Non- controlling Interest	Total shareholders' equity
Balance as of January 1, 2023	\$ 18,961	\$ 1,951,035	\$ (743,054)	\$ (111,255)	\$ 1,926,398	\$ 13,338	\$ 3,055,423
Stock-based compensation	—	183,302	—	—	—	—	183,302
Issuance of treasury shares under share-based compensation plan (733,472 ordinary shares)	—	(23,923)	26,496	—	—	—	2,573
Treasury shares purchase	—	—	(288,546)	—	—	—	(288,546)
Other comprehensive income	—	—	—	52,145	—	—	52,145
Equity awards assumed for acquisitions	—	13,073	—	—	—	—	13,073
Dividends Paid to non-controlling interest	—	—	—	—	—	(1,771)	(1,771)
Net income attributable to NICE Shareholders	—	—	—	—	336,500	—	336,500
Net income attributable to non-controlling interests	—	—	—	—	—	1,801	1,801
Balance as of December 31, 2023	<u>\$ 18,961</u>	<u>\$ 2,123,487</u>	<u>\$ (1,005,104)</u>	<u>\$ (59,110)</u>	<u>\$ 2,262,898</u>	<u>\$ 13,368</u>	<u>\$ 3,354,500</u>

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Non- controlling Interest	Total shareholders' equity
Balance as of January 1, 2022	\$ 18,961	\$ 1,817,710	\$ (625,810)	\$ (39,739)	\$ 1,653,963	\$ 12,874	\$ 2,837,959
Adoption of ASU 2020-06 (Note 2k)		(28,816)			7,331		(21,485)
Stock-based compensation	—	188,888	—	—	—	—	188,888
Issuance of treasury shares under share-based compensation plan (840,766 ordinary shares)	—	(26,747)	27,700	—	—	—	953
Treasury shares purchase	—	—	(144,944)	—	—	—	(144,944)
Other comprehensive income	—	—	—	(71,516)	—	—	(71,516)
Dividends Paid to non-controlling interest	—	—	—	—	—	(376)	(376)
Net income attributable to NICE Shareholders	—	—	—	—	265,104	—	265,104
Net income attributable to non- controlling interests	—	—	—	—	—	840	840
Balance as of December 31, 2022	<u>\$ 18,961</u>	<u>\$ 1,951,035</u>	<u>\$ (743,054)</u>	<u>\$ (111,255)</u>	<u>\$ 1,926,398</u>	<u>\$ 13,338</u>	<u>\$ 3,055,423</u>

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2024	2023	2022
<u>Cash flows from operating activities:</u>			
Net income	\$ 442,588	\$ 338,301	\$ 265,945
Adjustments required to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	205,020	167,360	176,546
Share-based compensation	182,067	176,658	182,704
Accrued severance pay, net	3,050	789	1,171
Amortization of premium, discount and accrued interest on marketable securities	(9,861)	2,480	8,322
Deferred taxes, net	(40,261)	(66,620)	(52,618)
Changes in operating assets and liabilities:			
Trade receivables, net	(61,025)	(34,292)	(129,712)
Prepaid expenses and other current assets	25,040	73,052	(31,673)
Trade payables	43,965	3,426	19,923
Accrued expenses and other current liabilities	41,952	(55,703)	33,684
Operating lease right-of-use assets	12,951	12,518	20,393
Deferred revenue	3,049	(45,947)	6,417
Realized loss on marketable securities, net	—	12,271	—
Operating lease liabilities	(13,291)	(11,100)	(26,191)
Amortization of discount on long-term debt	1,834	4,615	4,582
Loss from extinguishment of debt	—	53	1,206
Change in fair value of contingent consideration	(3,054)	(18,258)	—
Other	(1,383)	1,827	(984)
Net cash provided by operating activities	<u>832,641</u>	<u>561,430</u>	<u>479,715</u>
<u>Cash flows from investing activities:</u>			
Purchase of property and equipment	(34,962)	(29,205)	(31,893)
Purchase of investments	(938,154)	(230,263)	(396,297)
Proceeds from investments	705,332	436,044	355,560
Payments for business acquisitions, net of cash acquired	(64,816)	(415,185)	(29,724)
Capitalization of internal use software costs	(64,805)	(54,974)	(49,997)
Net cash used in investing activities	<u>(397,405)</u>	<u>(293,583)</u>	<u>(152,351)</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Year ended December 31,		
	2024	2023	2022
<u>Cash flows from financing activities:</u>			
Proceeds from issuance of shares upon exercise of options	3,063	2,570	953
Purchase of treasury shares	(369,196)	(288,443)	(144,944)
Dividends paid to non-controlling interest	(3,036)	(1,771)	(376)
Repayment of debt	(192,108)	(2,628)	(20,132)
Proceeds from settlement of debt hedge option	104,673	—	—
Net cash used in financing activities	<u>(456,604)</u>	<u>(290,272)</u>	<u>(164,499)</u>
Effect of exchange rate changes on cash	<u>(6,914)</u>	<u>2,643</u>	<u>(8,425)</u>
Net change in cash, cash equivalents and restricted cash	(28,282)	(19,782)	154,440
Cash, cash equivalents and restricted cash at the beginning of the year	513,314	533,096	378,656
Cash, cash equivalents and restricted cash at the end of the year	<u>\$ 485,032</u>	<u>\$ 513,314</u>	<u>\$ 533,096</u>
Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheet:			
Cash and cash equivalents	\$ 481,712	\$ 511,795	\$ 529,596
Restricted cash included in other current assets	3,320	1,519	3,500
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 485,032</u>	<u>\$ 513,314</u>	<u>\$ 533,096</u>
<u>Supplemental disclosure of cash flows activities:</u>			
<u>Cash paid during the year for:</u>			
Income taxes	\$ 120,343	\$ 210,445	\$ 123,586
Interest	236	1,221	2,974
<u>Non-cash activities:</u>			
Change in fair value of contingent consideration	(3,054)	(18,258)	—
Increase in accrued expenses and other liabilities with respect to purchase of treasury shares	—	103	—

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL

a. General:

NICE Ltd. (together with its subsidiaries, “NICE”, or the “Company”) is a global enterprise software leader, providing AI-powered cloud platforms that serve two main markets: Customer Engagement and Financial Crime and Compliance. The Company's core mission is to automate customer service by seamlessly orchestrating workflows, AI and human agents, and enterprise knowledge on CXone Mpower—a leading advanced and comprehensive AI platform. The Company protect financial services organizations with embedded AI to help prevent money laundering and fraud, as well as ensure financial markets compliance in real-time.

The Company's strategy is based on serving rapidly expanding, specialized markets that require feature-rich solutions, with robust, comprehensive cloud platforms that are spearheaded by AI as an overarching catalyst, propelling the Company's unique AI-driven vectors of growth: using AI differentiation to expand the Company's cloud win rates, positioning AI as the bedrock for driving rapid expansion into digital, utilizing AI to fuel massive platform-adoption and leveraging AI as a lucrative source for new domain-specific use-cases.

In the Customer Engagement market, the Company's CXone Mpower platform enables organizations to automate service at scale, augment their workforce with AI-powered solutions, and unify enterprise knowledge, data and AI models to drive faster resolutions and superior customer experiences. Purpose-built AI ensures every interaction and workflow is intelligently orchestrated across all customer touchpoints, seamlessly blending autonomous Agentic AI and human assisted interactions to deliver best-in-class service that is proactive, knowledge-based, resolution-oriented and efficient. The Company's Public Safety and Justice business is included in the Company's Customer Engagement segment. In this business, the Company is transforming the criminal justice system by using AI to uncover the truth in digital evidence, facilitating swift justice. The Company's AI-powered workflows help relieve police, prosecutors, public defenders, courts and correctional institutions from the tedious task of managing digital evidence.

In the Financial Crime and Compliance market, the Company protect financial services organizations, with embedded-AI solutions that identify risks and help prevent money laundering and fraud, as well as help ensure financial markets compliance in real-time. With the Company's holistic, data and entity-centric approach, the Company leverage machine learning, NLP (natural language processing), Generative AI and Agentic AI that automate routine tasks, collaborate with analysts and adapt in real time to proactively keep ahead of emerging threats.

The Company is at the forefront of several industry technological disruptions that have greatly accelerated in the last several years: AI-driven automation is transforming customer service; domain-specific AI is enhancing decision-making and workforce performance; and cloud scalability is enabling enterprises to modernize operations at an unprecedented pace. As organizations seek to optimize both efficiency and customer experience. The Company's AI-powered platforms unify data, workflows, and automation to drive enterprise-wide transformation. Built on deep domain expertise, the Company's solutions empower customer service, financial crime prevention, and criminal justice organizations to lead with intelligence, efficiency, and confidence.

b. Acquisitions:

1. Acquisitions in 2024:

During 2024, the Company completed the acquisition of two companies, which were accounted for as business combinations for a total consideration of \$68,910. The financial results of those acquired companies are included in the Company's consolidated financial statements from their respective acquisition dates. The results from these acquisitions individually and in the aggregate, were not material to the Company's consolidated financial statements. The Company preliminarily recorded \$41,802 of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL (Cont.)

identifiable intangible assets based on their estimated fair values, and \$27,091 of residual goodwill, from these acquisitions.

2. Acquisitions in 2023:

- a. In December 2023, the Company completed an acquisition of LiveVox Inc. (“LiveVox”), a leading AI-driven proactive outreach provider. The Company acquired LiveVox for a total consideration of \$424,117.

Upon consummation of the acquisition, LiveVox became a wholly-owned subsidiary of the Company. The acquisition was accounted for as a business combination. This method requires, among other things, that assets acquired, and liabilities assumed in the business combination be recognized at their fair values as of the acquisition date.

The following table presents details of the identified intangible assets acquired as of the date of the acquisition:

	Fair Value	Estimated useful life (in years)
Net tangible assets and liabilities assumed	\$ 63,575	
Trademarks	4,930	5
Technology	137,462	5
Customer relationships	31,957	5
Goodwill	186,193	
Total	\$ 424,117	

Goodwill generated from this business combination is primarily attributable to synergies between the Company's and LiveVox's respective products and services. The goodwill is not deductible for income tax purposes.

Pro forma results of operations related to this acquisition have not been prepared because they are not material to the Company's consolidated financial statements.

The preliminary fair value of assets acquired, and liabilities assumed from the acquisition, completed during 2023, were based upon preliminary calculations and valuations, and the estimates and assumptions for this acquisition are subject to change as the Company obtains additional information during the respective measurement periods (up to one year from the respective acquisition dates). These estimates were finalized during 2024 as part of the measurement period. During 2024, the Company recorded measurement period adjustments to the preliminary allocation of the purchase price to the fair value of the assets acquired and liabilities assumed. See also Note 8 regarding changes made during 2024.

During 2023, the Company acquired certain additional companies, which were accounted for as business combinations for a total consideration of \$22,815. The financial results of those acquired companies are included in the Company's consolidated financial statements from their respective acquisition dates. The results from these acquisitions individually and in aggregate, were not material to the Company's consolidated financial statements. The Company preliminarily recorded \$13,247 of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 1:- GENERAL (Cont.)

identifiable intangible assets based on their estimated fair values, and \$10,682 of residual goodwill, from these acquisitions.

The estimated fair value of assets acquired and liabilities assumed from acquisitions completed during 2023 were based upon preliminary calculations and valuations. These estimates were finalized during 2024 as part of the measurement period. No adjustments were made during 2024.

3. Acquisitions in 2022:

In November 2022, the Company completed an acquisition for a total consideration of \$50,381 as follows: \$30,000 cash consideration and a milestone-based contingent payment in a total sum of up to \$24,000 payable in March 2026. The contingent consideration was measured at fair value at the closing date and recorded as a liability on the balance sheet in the amount of \$20,381.

Upon consummation of the acquisition, the acquired company became a wholly-owned subsidiary of the Company. The acquisition was accounted for as a business combination. As of the acquisition date the Company preliminarily recorded core technology, customer relationships, trademark and goodwill in amounts of \$12,470; \$9,058; \$459 and \$28,039, respectively. The estimated useful life of the core technology, customer relationships, and trademark is four years, four years and three years, respectively.

Goodwill generated from this business combination was attributed to synergies between the Company's and acquired company respective products and services. The goodwill is not deductible for income tax purposes.

The results of the acquired company's operations have been included in the consolidated financial statements since November 2022. Pro forma results of operations related to this acquisition have not been prepared because they are not material to the Company's consolidated financial statements.

The estimated fair value of assets acquired and liabilities assumed from the acquisition completed during 2022 was based upon preliminary calculations and valuations. These estimates were finalized during 2023 as part of the measurement period. The transaction price included liability classified contingent consideration that was remeasured through earnings and the resulting change in fair value for the twelve months ended December 31, 2023 was non-cash income of \$18,258 included under general and administrative operating expenses in the consolidated statements of income. This was primarily driven by lower expected performance measurements of the acquired entity as determined in the purchase agreement.

The fair value of the contingent consideration arrangement was determined using a probability-based scenario analysis approach. The resulting probability-weighted contingent consideration amounts were discounted based on the Company's estimated cost of debt.

As of December 31, 2024, the contingent consideration conditions are not expected to be satisfied and as such, the fair value of the liability was updated as immaterial and is not included in the consolidated balance sheet. For the year ended December 31, 2024, the Company recorded a gain of \$3,054 related to the remeasurement of this contingent consideration liability, which is included in general and administrative expenses in the consolidated statements of income.

4. Acquisitions related costs:

During 2024, 2023 and 2022, acquisition related costs amounted to \$3,167, \$13,987 and \$48, respectively, and were included in general and administrative expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands (except share and per share data)****NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements were prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

a. Use of estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions. The Company's management believes that the estimates, judgments and assumptions used are reasonable based upon information available at the time they are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

b. Financial statements in United States dollars:

The currency of the primary economic environment in which the operations of NICE Ltd. and certain subsidiaries are conducted is the U.S. dollar ("dollar"); thus, the dollar is the functional currency of NICE Ltd. and certain subsidiaries.

NICE Ltd. and certain subsidiaries' transactions and balances denominated in dollars are presented at their original amounts. Non-dollar transactions and balances have been remeasured to dollars in accordance with ASC 830, "Foreign Currency Matters". All transaction gains and losses from remeasurement of monetary balance sheet items denominated in non-dollar currencies are reflected in the statements of income as financial income or expenses, as appropriate.

For those subsidiaries whose functional currency has been determined to be a non-dollar currency, assets and liabilities are translated at year-end exchange rates and statement of income items are translated at average exchange rates prevailing during the year. Such translation adjustments are recorded as a separate component of accumulated other comprehensive income (loss) in shareholders' equity.

c. Principles of consolidation:

The consolidated financial statements incorporate the financial statements of the Company and all of its subsidiaries. Intercompany transactions and balances have been eliminated upon consolidation.

d. Cash equivalents:

Cash equivalents are short-term unrestricted highly liquid investments that are readily convertible into cash, with original maturities of three months or less at acquisition.

e. Marketable securities:

The Company accounts for investments in debt securities in accordance with ASC 320, "Investments - Debt Securities" and ASC No. 326, "Financial Instruments - Credit Losses". Management determines the appropriate classification of its investments in debt securities at the time of purchase and re-evaluates such determinations at each balance sheet date.

Marketable securities classified as "available-for-sale" ("AFS") are carried at fair value. Unrealized gains and losses are reported in a separate component of shareholders' equity in accumulated other comprehensive income, net of taxes. Gains and losses are recognized when realized, on a specific identification basis, in the Company's consolidated statements of income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

For each reporting period, the Company evaluates whether declines in fair value below the amortized cost are due to expected credit losses, as well as the Company's ability and intention to hold the investment until a forecasted recovery occurs, in accordance with ASC 326. Allowance for credit losses on AFS debt securities are recognized as a charge in financial expenses (income) and other, net, on the consolidated statements of income, and any remaining unrealized losses, net of taxes, are included in accumulated other comprehensive income (loss). As of December 31, 2024 and 2023, no allowance for credit losses have been recorded.

The Company classifies all securities with maturities beyond 12 months as current assets under the caption short term investments on the consolidated balance sheet. These securities are available to support current operations and the company may sell these debt securities prior to their stated maturities.

f. Property and equipment, net:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, at the following annual periods ranges:

	Years
Computers and peripheral equipment	3 - 5
Internal use software	3
Office furniture and equipment	4 - 14
Leasehold improvements	Over the lease term or the estimated useful life of the improvements, whichever is shorter

g. Internal use software costs:

The Company capitalizes development costs incurred during the application development stage that are related to internal use technology that supports its cloud services. Under ASC 350-40, internal-use software is included in property and equipment, net in the consolidated balance sheets. Capitalization of such costs begins when the preliminary project stage is complete and ceases at the point in which the project is substantially complete and is ready for its intended purpose. Costs incurred in the process of software production are charged to expenses as incurred.

h. Other intangible assets, net:

Other intangible assets are amortized over their estimated useful lives using the straight-line method, at the following annual periods ranges:

	Years
Core technology	3 - 8
Customer relationships	1 - 9
Trademarks	1 - 12
Customer backlog	3

i. Impairment of long-lived assets:

The Company's long-lived assets and identifiable intangibles that are subject to amortization are reviewed for impairment in accordance with ASC 360, "Property, Plant, and Equipment" whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment indicators include any significant changes in the manner of the Company's use of the assets and significant negative industry or economic trends.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Upon determination that the carrying value of a long-lived asset may not be recoverable based upon a comparison of aggregate undiscounted projected future cash flows to the carrying amount of the asset, an impairment charge is recorded for the excess of the carrying amount over fair value. In 2024, 2023 and 2022, no impairment charges were recognized.

j. Goodwill:

Goodwill represents the excess of the purchase price in a business combination over the fair value of the net tangible and intangible assets acquired. Under ASC 350, "Intangible - Goodwill and Other" ("ASC 350"), goodwill is not amortized, but rather is subject to an annual impairment test. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then the Company prepares a quantitative analysis to determine whether the carrying value of reporting unit exceeds its estimated fair value. If the carrying value of a reporting unit exceeds its estimated fair value, the Company recognizes an impairment of goodwill for the amount of this excess.

For each of the three years in the periods ended December 31, 2024, 2023 and 2022, no impairment was identified.

k. Exchangeable senior notes:

The Company applies ASC 470, "Debt" and ASC 815 "Derivatives and Hedging" to its senior notes and to all features related to the senior notes. When features meet the definition of a derivative, are not clearly and closely related to the characteristics of the debt host, and do not qualify for any scope exceptions within ASC 815, they are required to be accounted for separately from the debt instrument and recorded as derivative instrument liabilities. The fair value assigned to the embedded derivative instruments is marked to market in each reporting period. The proceeds allocated to the debt host are then accounted for using the effective interest method.

Starting January 1, 2022, the Company adopted ASU 2020-06, which simplifies the guidance on the issuer's accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. Following the adoption of ASU 2020-06, we do not separately present in equity an embedded conversion feature in such debt. Instead, the Company account for a convertible debt instrument solely as debt unless the debt contains embedded derivatives required to be bifurcated or the debt is issued at a substantial premium.

Additionally, in December 2021, the Company made an irrevocable election to settle the principal amount of the 2020 Notes only in cash. Accordingly, upon conversion, the Company will pay the principal amount in cash and will pay, or deliver, as the case may be, any amount in excess of the principal amount in cash, shares of common stock or a combination of cash and shares of the Company stock, at the Company's election. Prior to this election, upon conversion, the Company, could have elected to deliver to holders cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock for the principal amount.

l. Revenue recognition:

The Company generates revenues from sales of cloud, services, and software products, which include software license, SaaS, network connectivity, hosting, support and maintenance, implementation, configuration, project management, consulting and training. The Company sells its cloud, products and services directly through its sales-force and indirectly through a global network of distributors, system integrators and strategic partners.

The Company recognizes revenues in accordance with ASC No. 606, "Revenue from Contracts with Customers" ("ASC 606"). Under the standard, the Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration that the Company expects

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

to receive in exchange for those goods or services. To determine revenue recognition for contracts that are within the scope of the standard, the Company performs the following five steps:

1) Identify the contract(s) with a customer

A contract with a customer exists when (i) there is an enforceable contract with the customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services; (ii) the contract has commercial substance; and (iii) the Company determines that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience.

2) Identify the performance obligations of the contract

The Company enters into contracts that can include multiple performance obligations. The Company accounts for individual products and services separately if they are distinct – i.e., if a product or service is separately identifiable from other promises in the contract and if a customer can benefit from it on its own or with other resources that are readily available to the customer.

3) Determine the transaction price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods or services to the customer. For certain contracts, the Company's contracts include usage based fees that constitute variable consideration and are included in the transaction price.

The Company receives payments from customers based upon billing cycles and contract terms which may vary by contract type. Invoice payment terms are usually 30 days. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company determines its contracts generally to not include a significant financing component since the Company's selling prices are not subjected to billing terms nor is its purpose to receive financing from its customers or to provide customers with financing. In addition, the Company elect to apply the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company will transfer a promised good or service to a customer and when the customer will pay for that good or service will be one year or less.

Revenue is measured based on the consideration specified in a contract with a customer, excluding taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer.

4) Allocate the transaction price to the performance obligations in the contract

The Company allocates the transaction price to each performance obligation identified based on its relative standalone selling price ("SSP") out of the total consideration of the contract.

The Company uses judgment in determining the SSP. If the SSP is not observable through standalone transactions, the Company estimates the SSP taking into account available information such as geographic or regional specific factors, internal costs, profit objectives, and internally approved pricing guidelines related to the performance obligations.

The Company typically establishes a SSP range for its products and services, which is reassessed on a periodic basis or when facts and circumstances change. SSP for products and services can evolve over

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

time due to changes in the Company's pricing practices that are influenced by intense competition, changes in demand for products and services, and economic factors, among others.

For a product where the SSP cannot be determined based on observable prices, given the same products are sold for a broad range of amounts (that is, the selling price is highly variable), the Company applies the residual approach whereby all other performance obligations within a contract are first allocated a portion of the transaction price based upon their respective SSPs, with any residual amount of transaction price allocated to these product revenues.

Some of the Company's contracts include variable fees that are based on actual usage. For these contracts the Company generally allocates the variable fees using the variable consideration allocation exception.

5) Recognize revenue when (or as) the entity satisfies a performance obligation

The Company derives its cloud revenues from subscription services, which are comprised of subscription fees from granting customers access to the Company's cloud platforms, network connectivity and services fees for deployment of certain cloud platforms.

Revenue from subscription services is recognized when control is transferred to the customer, occurring either evenly over the contract period or based on actual usage. Revenue from network connectivity is based on customer call usage and is recognized in the period the call is initiated. Services fees for deployment, which are considered as material rights, are initially deferred and recognized the over average customer life.

Revenue from software licenses, support and maintenance services are recognized at the time the related performance obligation is satisfied by transferring the promised product or service to the customer. Software license revenues are recognized at the point in time when the software license is delivered and the customer obtains control of the asset. Support and maintenance service revenues are recognized when control is transferred to the customer occurring evenly over the maintenance contract term, as the services have a consistent continuous pattern of transfer to a customer.

professional services revenues, except fees for deployment of certain cloud platforms, are recognized as services are performed.

Deferred revenues, which represent a contract liability, represent unrecognized fees collected mostly for maintenance, cloud and professional services. Deferred revenues are recognized as (or when) the Company performs under the contract. The amount of revenues recognized in the period that was included in the opening deferred revenues balance was approximately \$280,365 for the year ended December 31, 2024.

As of December 31, 2024, the aggregate amount of the total transaction price allocated in contracts with original duration greater than one year of the remaining performance obligations was approximately \$3,072,784. For performance obligations which are recognized over time, based on usage, the Company elected to disclose only the contractual minimum attributed to these performance obligations, as part of the remaining performance obligation disclosure.

As of December 31, 2024, the Company expects to recognize the majority of the revenue of remaining performance obligations over the next 24 months. Such remaining performance obligations represent unsatisfied or partially unsatisfied performance obligations pursuant to ASC 606. The Company has elected the optional exemption, which allows for the exclusion of the amounts for remaining performance obligations that are part of contracts with an original expected duration of one year or less.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

m. Costs to Obtain Contracts:

The Company capitalizes certain sales commission as costs of obtaining a contract when they are incremental and if they are expected to be recovered. The Company applies judgment in estimating the amortization period by taking into consideration customer contract terms, history of renewals, expected length of customer relationship, as well as the useful life of the underlying technology and products. Amortization of sales commission expenses are amortized over the expected period of benefits and included in Selling and Marketing expenses in the accompanying consolidated statements of income. For costs that the Company would have capitalized and amortized over one year or less, the Company has elected to apply the practical expedient and expense these contract costs as incurred. Costs to obtain contracts amortization expense for the years 2024, 2023 and 2022 were \$142,802, \$142,699 and \$135,437, respectively.

n. Research and development costs:

Research and development costs (net of grants and capitalized expenses) incurred in the process of software production are charged to expenses as incurred.

o. Income taxes:

To prepare the consolidated financial statements, the Company estimates its income taxes in each of the jurisdictions in which it operates, and in certain of these jurisdictions, it is calculated based on the Company's assumptions as to its entitlement to various benefits under the applicable tax laws in the jurisdiction. The entitlement to such benefits depends upon the Company's compliance with the terms and conditions set out in these laws.

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes". ASC 740 prescribes the use of the liability method whereby deferred tax asset and liability account balances are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to the amount that is more likely than not to be realized. Deferred tax assets and deferred tax liabilities are presented under long-term assets and long-term liabilities, respectively.

The Company implements a two-step approach to recognize and measure uncertain tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is more than 50% (cumulative basis) likely to be realized upon ultimate settlement.

p. Non-royalty grants:

Non-royalty bearing grants from the Government of Israel for funding research and development projects are recognized at the time the Company is entitled to such grants on the basis of the related costs incurred and recorded as a deduction from research and development expenses.

q. Concentrations of credit risk:

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, trade receivables, marketable securities and foreign currency derivative contracts.

The Company's cash and cash equivalents are invested in deposits and money market funds, mainly in dollars with major international banks. Deposits in the U.S. may be in excess of insured limits and are not

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

insured in other jurisdictions. Generally, these deposits may be redeemed upon demand and therefore bear minimal risk.

The Company's trade receivables are derived from sales to customers generated from a multitude of markets in countries around the world with the largest proportion denominated in the US dollar. The Company performs ongoing credit evaluations of its customers and insures some of its receivables with a credit insurance company. The Company performs ongoing credit evaluations of its customers for the purpose of determining the appropriate allowance for credit losses.

The Company's marketable securities include investment in corporate debentures, U.S. Treasuries and U.S. government agencies. The Company's investment policy limits the amount that the Company may invest in any one type of investment per minimum credit rating or specific issuer, thereby reducing credit risk concentrations.

The Company enter into foreign currency forward and option contracts intended to protect cash flows resulting from payroll and facilities related expenses against the volatility in value of forecasted non-dollar currency. The derivative instruments hedge a portion of the Company's non-dollar currency exposure. See Note 10 for additional information.

r. Severance pay:

The Israeli Severance Pay Law-1963 (the "Severance Pay Law") generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain circumstances. The Company makes ongoing deposits into Israeli employees' pension plans to fund their severance liabilities. According to Section 14 of the Severance Pay Law, the Company deposits for employees employed by the Company since May 1, 2009 are made in lieu of the Company's severance liability, therefore no obligation is provided for in the financial statements. Severance Pay liabilities for employees employed by the Company prior to May 1, 2009, as well as employees with special contractual arrangements, are provided for in the financial statements based upon the latest monthly salary multiplied by the number of years of employment.

Severance pay expenses for 2024, 2023 and 2022 amounted to \$12,002, \$10,917 and \$8,328, respectively.

The Company also has other liabilities for severance pay in other jurisdictions.

The Company has multiple 401(k) defined contribution plans covering certain employees in the U.S. All eligible employees may elect to contribute a portion of their eligible compensation, generally not greater than an annual contribution of \$23.0 in 2024, \$22.5 in 2023 and \$20.5 in 2022 (for certain employees over 50 years of age the maximum annual contribution was \$30.5 in 2024, \$30 in 2023 and \$27 in 2022) of their total annual compensation to the plan through salary deferrals, subject to IRS limits. The Company, at its discretion, matches 50% of employee contributions to the plan up to a limit of 6-8% of their eligible compensation. In the years 2024, 2023 and 2022, the Company recorded an expense for all matching contributions in the amount of \$10,430; \$11,599 and \$9,887, respectively.

s. Leases

Under Topic 842, the Company determines if an arrangement is a lease at inception. ROU assets and lease liabilities are recognized at commencement date based on the present value of remaining lease payments over the lease term. For this purpose, the Company considers only payments that are fixed and determinable at the time of commencement. As most of the Company leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The incremental borrowing rate is estimated to approximate the interest rate on a collateralized basis with similar terms and payments. The ROU asset is recorded net of any lease incentives received. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. The Company's lease

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

agreements may contain variable costs such as common area maintenance, insurance, real estate taxes or other costs. Variable lease costs are expensed as incurred on the consolidated statements of income.

The Company elected to combine its lease and non-lease components for car leases and to not recognize a lease liability and a right-of-use ("ROU") asset on the balance sheet for leases with a term of twelve months or less. The Company recognizes the associated lease payments in the consolidated statements of income on a straight-line basis over the lease term.

t. Basic and diluted net earnings per share:

Basic net earnings per share are computed based on the weighted average number of ordinary shares outstanding during each year. Diluted net earnings per share are computed based on the weighted average number of ordinary shares outstanding during each year plus dilutive potential equivalent ordinary shares considered outstanding during the year, in accordance with ASC 260, "Earnings per Share".

As further described in Note 15, the Company entered into an exchangeable note hedge transaction and warrants transaction in 2017. While the exchangeable note hedge transaction was anti-dilutive and as such was not included in the computation of diluted earnings per share, the warrants transaction had a dilutive effect, and as such, was included in the computation of the diluted earnings per share. The number of shares related to the warrants transaction was 3,457,475. During 2024 the warrants were exercised into 1,513,183 ordinary shares using the net share settlement method.

On December 31, 2021, the Company entered into the First Supplemental Indenture according to which the Company irrevocably elected cash settlement for the principal and any premium due upon conversion to apply to all conversions of the 2017 Notes issued under the 2017 Notes with an Exchange Date (as defined in the 2017 Indenture) that occurs on or after December 31, 2021. As a result, the 2017 Notes did not have a dilutive effect for the years ended December 31, 2024, 2023 and 2022.

On December 31, 2021, the Company irrevocably elected to settle the principal of the exchangeable senior notes issued in 2020 in cash. As a result, the Company uses the if converted method for calculating any potential dilutive effect on diluted net income per share, if applicable. The conversion premium will have a dilutive impact on diluted net income per share only when the average market price of an ordinary share for a given period exceeds the conversion price of \$299.19 per share. As a result, 1,537,504 shares underlying the conversion option of the exchangeable senior notes issued in 2020 are not considered in the calculation of diluted net income per share in either 2022, 2023 or 2024, as the effect would be anti-dilutive.

The weighted average number of shares related to outstanding anti-dilutive options excluded from the calculations of diluted net earnings per share was 8,089, 4,096 and 18,161 for the years 2024, 2023 and 2022, respectively.

u. Accounting for stock-based compensation:

The Company accounts for stock-based compensation in accordance with ASC 718, "Compensation - Stock Compensation" ("ASC 718"), which requires the measurement and recognition of stock base compensation expenses based on estimated fair values for all share-based payment awards made to employees and directors. ASC 718 requires companies to estimate the fair value of equity-based payment awards on the date of grant using an option-pricing model. The Company elect to account for forfeitures as they occur.

The Company recognizes compensation expenses for the value of its awards, which have graded vesting, based on the accelerated attribution method over the requisite service period of each of the awards.

The Company estimates the fair value of stock options granted using the Black-Scholes-Merton option-pricing model, which requires a number of assumptions: the expected volatility is based upon actual historical stock price movements; the expected term of options granted is based upon historical experience

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

and represents the period of time that options granted are expected to be outstanding; the risk-free interest rate is based on the yield from U.S. Federal Reserve zero-coupon bonds with an equivalent term; and the expected dividend rate (an annualized dividend yield) is based on the per share dividend declared by the Company's Board of Directors.

The Company measures the fair value of restricted stock based on the market value of the underlying shares at the date of grant.

v. Fair value of financial instruments:

The Company applies ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820") for valuing financial instruments. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The Company measures its investments in money market funds classified as cash equivalents, marketable securities, foreign currency derivative contracts, exchangeable notes hedge and its contingent consideration arrangement at fair value.

In determining fair value, the Company uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including, for example, the type of investment, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment and the investments are categorized as Level 3.

The Company's marketable securities, exchangeable senior notes and foreign currency derivative contracts are classified within Level 2 (see Notes 3, 10 and 15).

The fair value of the contingent consideration arrangement was classified within Level 3 and was determined using a probability-based scenario analysis approach. The resulting probability-weighted contingent consideration amounts were discounted based on the Company's estimated cost of debt.

The carrying amounts of cash and cash equivalents, short-term bank deposits, trade receivables and trade payables approximate their fair value due to the immediate or short-term maturities of these financial instruments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

w. Legal contingencies:

The Company is currently involved in various claims and legal proceedings arising in the ordinary course of business. The Company reviews the status of each matter and assesses its potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, the Company accrues a liability for the estimated loss.

x. Advertising expenses:

Advertising expenses are charged to expense as incurred. Advertising expenses for the years 2024, 2023 and 2022 were \$58,118, \$50,740 and \$43,981, respectively.

y. Treasury shares:

The Company repurchases its ordinary shares from time to time on the open market or in other transactions and holds such shares as treasury shares. The Company accounts for the cost to repurchase treasury shares as a reduction of shareholders' equity. The Company reissues treasury shares under the stock purchase plan, upon exercise of options and upon vesting of restricted stock units ("RSU"). Re-issuance of treasury shares is accounted for in accordance with ASC 505-30 in which gains are credited to additional paid-in capital and losses are charged to additional paid-in capital to the extent that previous net gains are included therein and otherwise to retained earnings.

z. Business combination:

The Company applies the provisions of ASC 805, "Business Combination", and allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets.

Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from customer relationships, acquired technology and acquired trademarks from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates. Acquisition-related expenses are recognized separately from the business combination and are expensed as incurred.

Contingent consideration incurred in a business combination is included as part of the acquisition price and recorded at fair value as of the acquisition date. The fair value of the contingent consideration is re-measured at each reporting period, with any adjustments in fair value recognized in earnings under general and administrative expenses.

aa. Non-controlling interests:

The consolidated financial statements include the Company's accounts and the accounts of the Company's wholly- and majority-owned subsidiaries. Non-controlling interest positions of the Company's consolidated entities are reported as a separate component of consolidated equity from the equity attributable to the Company's shareholders.

In case of an increase in ownership of a subsidiary, the carrying amount of the non-controlling interest is adjusted to reflect the controlling interest's increased ownership interest in the subsidiary's net assets. Any difference between the consideration paid by the Company to a non-controlling interest holder (or contributed by the Company to the net assets of the subsidiary) and the adjustment to the carrying amount of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

the non-controlling interest in the subsidiary is recognized directly in equity and attributable to the controlling interest. In 2021, the Company acquired an additional 20% in the 2020 Subsidiary (the "2020 Subsidiary") for a total consideration of approximately \$14,000. See Note 19 for additional information.

ab. Comprehensive income:

The Company accounts for comprehensive income in accordance with ASC 220, "Comprehensive Income". Comprehensive income generally represents all changes in shareholders' equity during the period except those resulting from investments by, or distributions to, shareholders. Other comprehensive income for the Company relates to gains and losses on hedging derivative instruments, unrealized gains and losses on available for sale marketable securities and changes in foreign currency translation adjustments.

The following tables show the components of accumulated other comprehensive income, net of taxes, as of December 31, 2024, 2023 and 2022:

	Year ended December 31, 2024			
	Unrealized gains (losses) on marketable securities	Unrealized gains (losses) on cash flow hedges	Foreign currency translation adjustment	Total
Beginning balance	\$ (4,086)	\$ 933	\$ (55,957)	\$ (59,110)
Other comprehensive income (loss) before reclassifications	919	(3,621)	(13,355)	(16,057)
Amounts reclassified from accumulated other comprehensive income (loss)	(423)	4,520	—	4,097
Net current-period other comprehensive income (loss)	496	899	(13,355)	(11,960)
Ending balance	\$ (3,590)	\$ 1,832	\$ (69,312)	\$ (71,070)

	Year ended December 31, 2023			
	Unrealized gains (losses) on marketable securities	Unrealized gains (losses) on cash flow hedges	Foreign currency translation adjustment	Total
Beginning balance	\$ (34,386)	\$ (7,102)	\$ (69,767)	\$ (111,255)
Other comprehensive income (loss) before reclassifications	18,029	(5,300)	13,810	26,539
Amounts reclassified from accumulated other comprehensive income	12,271	13,335	—	25,606
Net current-period other comprehensive income	30,300	8,035	13,810	52,145
Ending balance	\$ (4,086)	\$ 933	\$ (55,957)	\$ (59,110)

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NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

	Year ended December 31, 2022			
	Unrealized gains (losses) on marketable securities	Unrealized gains (losses) on cash flow hedges	Foreign currency translation adjustment	Total
Beginning balance	\$ (1,486)	\$ 3,932	\$ (42,185)	\$ (39,739)
Other comprehensive loss before reclassifications	(33,319)	(18,223)	(27,582)	(79,124)
Amounts reclassified from accumulated other comprehensive income	419	7,189	—	7,608
Net current-period other comprehensive loss	(32,900)	(11,034)	(27,582)	(71,516)
Ending balance	\$ (34,386)	\$ (7,102)	\$ (69,767)	\$ (111,255)

ac. Recently adopted accounting Pronouncements:

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. This standard updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance on an interim and annual basis. This update is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company adopted ASU 2023-07 during the year ended December 31, 2024, on a retrospective basis which resulted in updated segment disclosures. See Note 16 for further details.

ad. Recently issued accounting Pronouncements, not yet adopted:

In December 2023, the FASB issued ASU 2023-09 "Income Taxes (Topics 740): Improvements to Income Tax Disclosures", which expands the disclosure requirements for income taxes, primarily related to the rate reconciliation and income taxes paid. This guidance is effective for the fiscal years beginning after December 15, 2024. Early adoption is permitted. The adoption of ASU 2023-09 is not expected to have a significant impact on the Company's consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Topic 220): Disaggregation of Income Statement Expenses, which requires disaggregated disclosure in the notes to the financial statements, of prescribed categories of expenses within relevant income statement captions. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The Company is currently evaluating the effect of adopting the ASU on its disclosures.

NOTE 3:- SHORT-TERM INVESTMENTS

Short-term investments include marketable securities in the amount of \$919,316 and \$873,976 as of December 31, 2024 and 2023, respectively and short-term bank deposits in the amounts of \$220,680 and \$22,068 as of December 31, 2024 and 2023, respectively.

The following table summarizes amortized costs, gross unrealized gains and losses and estimated fair values of available-for-sale marketable securities as of December 31, 2024 and 2023:

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	Amortized cost		Gross unrealized gains		Gross unrealized losses		Estimated fair value (Level 2 within the fair value hierarchy)	
	December 31,		December 31,		December 31,		December 31,	
	2024	2023	2024	2023	2024	2023	2024	2023
Corporate debentures	\$ 822,156	\$ 835,856	\$ 779	\$ 1,299	\$ (4,552)	\$ (16,582)	\$ 818,383	\$ 820,573
U.S. Treasuries	92,902	51,207	50	93	(51)	(741)	92,900	50,559
U.S. Government Agencies	8,060	2,841	4	3	(32)	—	8,033	2,844
	<u>\$ 923,118</u>	<u>\$ 889,904</u>	<u>\$ 833</u>	<u>\$ 1,395</u>	<u>\$ (4,635)</u>	<u>\$ (17,323)</u>	<u>\$ 919,316</u>	<u>\$ 873,976</u>

The scheduled maturities of available-for-sale marketable securities as of December 31, 2024 are as follows:

	Amortized cost	Estimated fair value
Due within one year	\$ 207,335	\$ 206,850
Due after one year through five years	715,783	712,466
	<u>\$ 923,118</u>	<u>\$ 919,316</u>

Investments with continuous unrealized losses for less than 12 months and 12 months or greater and their related fair values as of December 31, 2024 and 2023 are as indicated in the following tables:

	December 31, 2024					
	Investments with continuous unrealized losses for less than 12 months		Investments with continuous unrealized losses for 12 months or greater		Total Investments with continuous unrealized losses	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate debentures	\$ 370,114	\$ (3,123)	\$ 167,185	\$ (1,429)	\$ 537,299	\$ (4,552)
U.S. Treasuries	\$ 5,949	\$ (22)	\$ 10,068	\$ (29)	\$ 16,017	\$ (51)
U.S. Government Agencies	\$ 5,075	\$ (32)	\$ —	\$ —	\$ 5,075	\$ (32)
	<u>\$ 381,138</u>	<u>\$ (3,177)</u>	<u>\$ 177,253</u>	<u>\$ (1,458)</u>	<u>\$ 558,391</u>	<u>\$ (4,635)</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	December 31, 2023					
	Investments with continuous unrealized losses for less than 12 months		Investments with continuous unrealized losses for 12 months or greater		Total Investments with continuous unrealized losses	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate debentures	\$ 103,904	\$ (993)	\$ 541,497	\$ (15,589)	\$ 645,401	\$ (16,582)
U.S. Treasuries	12,369	(127)	29,249	(614)	41,618	(741)
	<u>\$ 116,273</u>	<u>\$ (1,120)</u>	<u>\$ 570,746</u>	<u>\$ (16,203)</u>	<u>\$ 687,019</u>	<u>\$ (17,323)</u>

NOTE 4:- PREPAID EXPENSES AND OTHER CURRENT ASSETS

	December 31,	
	2024	2023
Government authorities	\$ 111,580	\$ 90,455
Interest receivable	4,206	1,124
Prepaid expenses	105,910	90,017
Other	17,384	16,371
	<u>\$ 239,080</u>	<u>\$ 197,967</u>

NOTE 5:- PREPAID EXPENSES AND OTHER LONG-TERM ASSETS

	December 31,	
	2024	2023
Deferred commission costs	\$ 118,531	\$ 129,687
Severance pay fund	11,972	11,808
Prepaid expenses	78,751	74,421
Other	3,258	3,416
	<u>\$ 212,512</u>	<u>\$ 219,332</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 6:- PROPERTY AND EQUIPMENT, NET

	December 31,	
	2024	2023
Cost:		
Computers and peripheral equipment	\$ 67,260	\$ 249,677
Internal use software	301,632	309,383
Office furniture and equipment	3,663	3,148
Leasehold improvements	28,616	41,897
	<u>401,171</u>	<u>604,105</u>
Accumulated depreciation:		
Computers and peripheral equipment	19,017	204,631
Internal use software	175,660	194,262
Office furniture and equipment	758	78
Leasehold improvements	20,444	30,720
	<u>215,879</u>	<u>429,691</u>
Depreciated cost	<u><u>\$ 185,292</u></u>	<u><u>\$ 174,414</u></u>

Depreciation expense totaled \$89,151, \$74,907 and \$71,460 for the years ended December 31, 2024, 2023 and 2022, respectively.

The Company recorded a reduction of \$325,346 and \$34,692 to the cost and accumulated depreciation of fully depreciated equipment, internal use software and leasehold improvements no longer in use for the years ended December 31, 2024 and 2023, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 7:- OTHER INTANGIBLE ASSETS, NET

a. Finite-lived other intangible assets:

	December 31,	
	2024	2023
Original amounts:		
Core technology	\$ 843,415	\$ 821,835
Customer relationships and backlog	351,185	334,881
Trademarks	50,780	50,072
	<u>1,245,380</u>	<u>1,206,788</u>
Accumulated amortization:		
Core technology	672,849	581,930
Customer relationships and backlog	296,864	281,032
Trademarks	44,321	38,325
	<u>1,014,034</u>	<u>901,287</u>
Other intangible assets, net	<u>\$ 231,346</u>	<u>\$ 305,501</u>

b. Amortization expense amounted to \$115,869, \$92,445 and \$105,086 for the years ended December 31, 2024, 2023 and 2022, respectively.

c. Estimated intangible asset amortization expense:

For the year ended December 31,

2025	\$ 77,261
2026	68,164
2027	46,377
2028	37,971
2029	1,573
Thereafter	—
	<u>\$ 231,346</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 8:- GOODWILL

Following the Company's acquisitions in 2024 and 2023, as described in Note 1b, the changes in the carrying amount of goodwill allocated to reportable segments for the years ended December 31, 2024 and 2023 are as follows:

	Year ended December 31, 2024		
	Customer Engagement	Financial Crime and Compliance	Total
As of January 1, 2024	\$ 1,471,606	\$ 350,363	\$ 1,821,969
Acquisitions (*)	30,833	—	30,833
Functional currency translation adjustments	(2,829)	(305)	(3,134)
As of December 31, 2024	<u>\$ 1,499,610</u>	<u>\$ 350,058</u>	<u>\$ 1,849,668</u>

(*) Including adjustment of \$3,743 resulting from the finalization of purchase price allocations with respect to 2023.

	Year ended December 31, 2023		
	Customer Engagement	Financial Crime and Compliance	Total
As of January 1, 2023	\$ 1,269,610	\$ 347,508	\$ 1,617,118
Acquisitions	194,990	1,885	196,875
Functional currency translation adjustments	7,006	970	7,976
As of December 31, 2023	<u>\$ 1,471,606</u>	<u>\$ 350,363</u>	<u>\$ 1,821,969</u>

NOTE 9:- ACCRUED EXPENSES AND OTHER LIABILITIES

	December 31,	
	2024	2023
Payroll and related expenses	\$ 196,940	\$ 200,820
Accrued expenses	157,857	162,953
Government authorities	235,469	162,306
Other	2,843	2,581
	<u>\$ 593,109</u>	<u>\$ 528,660</u>

NOTE 10:- DERIVATIVE INSTRUMENTS

The Company's risk management strategy includes the use of derivative financial instruments to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands (except share and per share data)****NOTE 10:- DERIVATIVE INSTRUMENTS (Cont.)**

ASC 815, "Derivatives and Hedging" ("ASC 815"), requires the Company to recognize all of its derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, an entity must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation.

Gains and losses on derivatives instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that are attributable to a particular risk), are recorded in accumulated other comprehensive income (loss) and reclassified into the statement of income in the same accounting period in which the designated forecasted transaction or hedged item affects earnings.

The Company entered into option and forward contracts to hedge a portion of anticipated New Israeli Shekel ("NIS"), Indian Rupee ("INR"), Philippine peso ("PHP") and Colombian Peso ("COP") payroll and benefit payments. These derivative instruments are designated as cash flow hedges, as defined by ASC 815 and accordingly are measured at fair value. These transactions are effective and, as a result, gain or loss on the derivative instruments are reported as a component of accumulated other comprehensive income (loss) and reclassified as payroll expenses, facility expenses or finance expenses, respectively, at the time that the hedged income/expense is recorded.

	Notional amount		Fair value (Level 2 within the fair value hierarchy)	
	December 31,		December 31,	
	2024	2023	2024	2023
Forward contracts				
expenses NIS	122,401	107,940	4,047	253
expenses INR	68,504	62,023	(1,329)	147
expenses PHP	12,697	11,577	(341)	302
expenses COP	7,526	—	(428)	—
	\$ 211,128	\$ 181,540	\$ 1,949	\$ 702

The Company currently hedges its exposure to the variability in future cash flows, generally for a maximum period of one year. As of December 31, 2024, the Company expects to reclassify all of its unrealized gains and losses from accumulated other comprehensive income to earnings during the next twelve months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 10:- DERIVATIVE INSTRUMENTS (Cont.)

The fair value of the Company's outstanding derivative instruments at December 31, 2024 and 2023 is summarized below:

Balance sheet line item	Fair value of derivative instruments		
	December 31,		
	2024	2023	
<u>Derivative assets:</u>			
Foreign exchange forward contracts	Prepaid expenses and other current assets	\$ 4,047	\$ 702
<u>Derivative liabilities:</u>			
Foreign exchange forward contracts	Accrued expenses and other liabilities	\$ (2,098)	\$ —

The effect of derivative instruments in cash flow hedging relationship on income and other comprehensive income for the years ended December 31, 2024, 2023 and 2022 is summarized below:

	Amount of gain (loss) recognized in other comprehensive income on derivative, net of tax (effective portion)		
	Year Ended December 31,		
	2024	2023	2022
<u>Derivatives in foreign exchange cash flow hedging relationships:</u>			
Forward contracts	\$ (3,621)	\$ (5,300)	\$ (18,223)
	\$ (3,621)	\$ (5,300)	\$ (18,223)

Derivatives in foreign exchange cash flow hedging relationships for the years ended December 31, 2024, 2023 and 2022 is summarized below:

	Statements of income line item	Amount of gain (loss) reclassified from other comprehensive income into income (expenses), net of tax (effective portion)		
		Year Ended December 31,		
		2024	2023	2022
Forward contracts to hedge payroll and facility expenses	Cost of revenues, operating expenses and financial expenses	4,520	13,335	7,189
		\$ 4,520	\$ 13,335	\$ 7,189

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 11:- LEASES

The Company has entered into various non-cancelable operating lease agreements for certain office spaces and motor vehicles. The leases have original lease periods expiring between 2025 and 2037. The Company does not assume renewals in its determination of the lease term unless the renewals are considered as reasonably assured.

The operating lease cost for the year ended December 31, 2024 was \$22,664.

Supplemental cash flow information related to leases was as follows:

	Year ended December 31, 2024
Cash payments related to operating lease	\$ 17,970
New right-of-use assets obtained in exchange for operating lease obligations	5,418

Maturities of lease liabilities were as follows:

	Operating Leases
2025	\$ 16,523
2026	16,687
2027	15,554
2028	14,127
2029	12,822
Thereafter	54,322
Total lease payments	130,035
Less imputed interest	(25,223)
Total	\$ 104,812

Supplemental balance sheet information related to leases was as follows:

	Year ended December 31, 2024
Current maturities of operating leases	12,554
Long-term operating leases	92,258
Total operating lease liabilities	\$ 104,812
Weighted-average remaining operating lease term	9.15
Weighted-average discount rate of operating leases	5.17 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 12:- COMMITMENTS AND CONTINGENT LIABILITIES

a. Commitments:

The Company is also obligated under certain agreements with its suppliers to purchase licenses and hosting services. These non-cancelable obligations as of December 31, 2024 are \$458,239.

b. Legal proceedings:

From time to time the Company or its subsidiaries may be involved in legal proceedings and/or litigation arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, the Company does not believe it will have a material effect on its consolidated financial position, results of operations, or cash flows.

c. Bank Guarantees:

The Company obtained bank guarantees as of December 31, 2024 of \$2,324, primarily in connection with office lease agreements.

NOTE 13:- TAXES ON INCOME

a. Israeli taxation:

1. Corporate tax:

Commencing 2012, NICE Ltd. and its Israeli subsidiary elected the Preferred Enterprise regime to apply under the Law for the Encouragement of Capital Investments (the "Investment Law"). The election is irrevocable.

In December 2016, the Israeli Knesset passed a number of changes to the Investments Law regimes. These changes came into law in May 2017, effective beginning January 1, 2017, upon the passing into law of Regulations promulgated by the Finance Ministry to implement the "Nexus Principles" based on OECD guidelines published as part of the Base Erosion and Profit Shifting (BEPS) project. Such Regulations provide rules for implementation of the Special Preferred Technology Enterprise tax regime.

The Company believes it qualifies as a Special Preferred Technology Enterprise and accordingly is eligible for a tax rate of 6% on its Special qualifying Preferred Technology income, as defined in such regulations, beginning from tax year 2017 and onwards. The Company expects that it will continue to qualify as a Special Preferred Technology Enterprise in subsequent tax years.

Income not eligible for Preferred Enterprise or Preferred Technology Enterprise or Special Preferred Technology Enterprise benefits is taxed at the regular corporate tax rate, which was 23% in 2024, 2023 and 2022".

2. Foreign Exchange Regulations:

Under the Foreign Exchange Regulations, NICE Ltd. and its Israeli subsidiary calculate their tax liability in U.S. Dollars according to certain orders. The tax liability, as calculated in U.S. Dollars, is translated into NIS according to the exchange rate as of December 31st of each year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 13:- TAXES ON INCOME (Cont.)

3. Tax benefits under the Israeli Law for the Encouragement of Industry (Taxation), 1969:

NICE Ltd. and its Israeli subsidiary believe they each currently qualify as an "Industrial Company" as defined by the Investment Law and, as such, are entitled to certain tax benefits including deduction of public offering expenses in three equal annual installments and amortization of cost of purchased know-how and patents for tax purposes over eight years.

b. Income taxes on non-Israeli subsidiaries:

Non-Israeli subsidiaries are taxed according to the tax laws in their respective country of residence. The Company's consolidated tax rate depends on the geographical mix of where its profits are earned. In 2024, the Company's U.S. subsidiaries are subject to combined federal and state income taxes of approximately 25.7% and its subsidiaries in the U.K. and India are subject to corporation tax at a rate of approximately 25% and 34.9%, respectively. Neither Israeli income taxes, foreign withholding taxes nor deferred income taxes were provided in relation to undistributed earnings of the Company's foreign subsidiaries. This is because the Company has the intent and ability to reinvest these earnings indefinitely in the foreign subsidiaries and therefore those earnings are continually redeployed in those jurisdictions. As of December 31, 2024, the amount of undistributed earnings of non-Israeli subsidiaries, which is considered indefinitely reinvested, was \$1,925 with a corresponding unrecognized deferred tax liability of \$252. If these earnings were distributed to Israel in the form of dividends or otherwise, the Company would be subject to additional Israeli income taxes, subject to an adjustment for foreign tax credits, and foreign withholding taxes.

c. Net operating loss carryforward:

As of December 31, 2024, the Company and certain of its subsidiaries had tax loss carry-forwards totaling in aggregate approximately \$153,170, which can be carried forward and offset against taxable income. Approximately \$80,300 of these carry-forward tax losses have no expiration date, with the balance expiring between the years 2025 and 2041.

Utilization of U.S. net operating losses may be subject to substantial annual limitation due to the "change in ownership" provisions of the Internal Revenue Code of 1986 and similar state provisions. The annual limitation may result in the expiration of net operating losses before utilization.

d. Deferred tax assets and liabilities:

Deferred taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts recorded for tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows :

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 13:- TAXES ON INCOME (Cont.)

	December 31,	
	2024	2023
Deferred tax assets:		
Net operating losses carryforward and tax credits	\$ 50,090	\$ 96,079
Intra-entity transfer of certain intangible assets (*)	9,256	14,563
Operating leases liabilities	21,124	18,820
Share based payments	39,784	37,110
Research and development costs	154,024	112,311
Reserves, allowances and other	51,788	55,124
Deferred tax assets before valuation allowance	326,066	334,007
Valuation allowance	(11,401)	(19,818)
Deferred tax assets	314,665	314,189
Deferred tax liabilities:		
Acquired intangibles	(1,638)	(75,396)
Operating lease right-of-use assets	(17,381)	(15,813)
Internal use software and other fixed assets	(45,070)	(18,650)
Prepaid compensation expenses	(28,160)	(33,936)
Other	(5,149)	(19)
Deferred tax liabilities	(97,398)	(143,814)
Deferred tax assets, net	\$ 217,267	\$ 170,375

(*) During the years ended December 31, 2024 and 2023, the Company completed intra-entity transfers of certain intangible assets to a different tax jurisdiction. As a result of the transfers, the Company utilized net operating losses carried forward, incurred a tax expense on capital gain.

	December 31,	
	2024	2023
Deferred tax assets	\$ 219,232	\$ 178,971
Deferred tax liabilities	(1,965)	(8,596)
Deferred tax assets, net	\$ 217,267	\$ 170,375

The Company has provided valuation allowances in respect of certain deferred tax assets resulting from tax loss carry forwards and other reserves and allowances due to uncertainty concerning their realization.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 13:- TAXES ON INCOME (Cont.)

- e. A reconciliation of the Company's effective tax rate to the statutory tax rate in Israel is as follows:

	Year Ended December 31,		
	2024	2023	2022
Income before taxes on income, as reported in the consolidated statements of income	\$ 604,826	\$ 457,700	\$ 345,332
Statutory tax rate in Israel	23.0 %	23.0 %	23.0 %
Preferred Enterprise / Preferred Technology Enterprise benefits/Special Preferred Technology Enterprise (*)	(13.3)%	(6.8)%	(3.3)%
Changes in valuation allowance	(1.4)%	1.6 %	0.5 %
Earnings taxed under foreign law	6.7 %	(0.9)%	0.7 %
Tax settlements and prior years adjustments	11.9 %	4.4 %	0.4 %
Other	(0.1)%	4.7 %	1.7 %
Effective tax rate	26.8 %	26.1 %	23.0 %

(*) The effect of the benefit resulting from the "Preferred Enterprise/Preferred Technology Enterprise benefits/Special Preferred Technology Enterprise (for 2024)" status on net earnings per ordinary share is as follows:

	Year Ended December 31,		
	2024	2023	2022
Basic	\$ 1.27	\$ 0.49	\$ 0.18
Diluted	\$ 1.23	\$ 0.47	\$ 0.19

- f. Income before taxes on income is comprised as follows:

	Year Ended December 31,		
	2024	2023	2022
Domestic	\$ 178,691	\$ 195,203	\$ 102,500
Foreign	426,135	262,497	242,832
	\$ 604,826	\$ 457,700	\$ 345,332

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 13:- TAXES ON INCOME (Cont.)

g. Taxes on income (tax benefit) are comprised as follows:

	Year Ended December 31,		
	2024	2023	2022
Current	\$ 202,178	\$ 182,789	\$ 132,129
Deferred	(39,940)	(63,390)	(52,742)
	<u>162,238</u>	<u>119,399</u>	<u>79,387</u>
Domestic	58,711	51,334	28,853
Foreign	103,527	68,065	50,534
	<u>\$ 162,238</u>	<u>\$ 119,399</u>	<u>\$ 79,387</u>

Of which:

	Year Ended December 31,		
	2024	2023	2022
Domestic taxes:			
Current	\$ 44,659	\$ 50,414	\$ 29,576
Deferred	14,052	920	(723)
	<u>58,711</u>	<u>51,334</u>	<u>28,853</u>
Foreign taxes:			
Current	157,519	132,375	102,553
Deferred	(53,992)	(64,310)	(52,019)
	<u>103,527</u>	<u>68,065</u>	<u>50,534</u>
Taxes on income	<u>\$ 162,238</u>	<u>\$ 119,399</u>	<u>\$ 79,387</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 13:- TAXES ON INCOME (Cont.)

h. Uncertain tax positions:

A reconciliation of the beginning and ending balances of the total amounts of uncertain tax position is as follows:

	December 31,	
	2024	2023
Uncertain tax positions, beginning of year	\$ 90,124	\$ 80,005
Increases (decrease) in tax positions for prior years	(4,345)	1,262
Increases in tax positions for current year	9,743	11,712
Expiry of the statute of limitations	(2,671)	(2,855)
Uncertain tax positions, end of year	<u>\$ 92,851</u>	<u>\$ 90,124</u>

The Company accrued \$62,487 and \$38,347 due to interest and penalties related to uncertain tax positions as of December 31, 2024 and 2023, respectively.

NICE Ltd. and its foreign affiliates in Hungary and in the United Kingdom (“Foreign Affiliates”) are undergoing routine Israeli income tax audits for the tax years 2011 through 2021. On December 30, 2020, February 28, 2022 and on February 20, 2023 NICE Ltd. received a final assessments by way of Tax Decrees (“Tax Decrees”) from the Israel Tax Authority (“ITA”) with respect to its fiscal years 2014 through 2016 for an aggregate amount of tax of approximately NIS 166,369 (equivalent to approximately \$45,618). On March 22, 2023, August 20, 2023, and on December 7, 2023 NICE Ltd.’s Foreign Affiliates received Tax Decrees from the ITA with respect to its fiscal years 2011 through 2015, for an aggregate amount of tax of approximately NIS 537,562 (equivalent to approximately \$119,979). On December 28, 2022, NICE Ltd. received an assessment from the ITA with respect to its fiscal years 2017 (“Assessment”), for an aggregate amount of tax of approximately NIS 56,971 (equivalent to approximately \$15,621) On December 6, 2023, NICE Ltd. received an assessment from the ITA with respect to its fiscal years 2018 through 2021, for an aggregate amount of tax of approximately NIS 50,834 (equivalent to approximately \$13,938). Nice Ltd. and its affiliates have filed number of appeals and objections in relation to the different assessments and decrees mentioned above with the district court of Tel Aviv. In addition, the ITA, NICE Ltd and NICE Ltd.’s Foreign Affiliates are in discussions in an effort to resolve these matters in a mutually agreeable manner. We believe our recorded unrecognized tax benefits are sufficient to cover the resolution of the ITA’s Tax Decrees and the Assessments.

As of December 31, 2024, U.S. federal income tax returns filed by the Company's U.S. subsidiaries for the tax years prior to 2021 are no longer subject to general audit. To the extent the Company or its subsidiaries generated net operating losses or tax credits in closed tax years, future use of the net operating loss or tax credit carry forward balance would be subject to examination within the relevant statute of limitations for the year in which it was utilized. The Company and its subsidiaries are still subject to other income tax audits for the tax years of 2012 through 2023.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**U.S. dollars in thousands (except share and per share data)****NOTE 14:- SHAREHOLDERS' EQUITY**

- a. The ordinary shares, par value NIS 1.0 per share, of the Company are traded on the Tel-Aviv Stock Exchange and its American Depositary Shares ("ADSs"), each representing one fully paid ordinary share, are traded on The NASDAQ Stock Market.
- b. Share option plan:

2016 Share Incentive Plan

In February 2016 the Company adopted the 2016 Share Incentive Plan (the "2016 Plan"). The Company adopted the 2016 Plan to provide incentives to employees, directors, consultants and/or contractors by rewarding performance and encouraging behavior that will improve the Company's profitability.

Under the 2016 Plan, the Company's employees, directors, consultants and/or contractors may be granted any equity-related award, including: any type of an option to acquire the Company's ordinary shares; share appreciation right; share and/or restricted share award ("RSA"); restricted stock unit ("RSU") and/or other share unit; and/or other share-based award and/or other right or benefit under the 2016 Plan, including any such equity-related award that is a performance-based award (each an "Award").

Generally, under the terms of the 2016 Plan, unless determined otherwise by the administrator of the 2016 Plan, 25% of an Award granted becomes exercisable on the first anniversary of the date of grant and 6.25% becomes exercisable once every quarter during the subsequent three years. Specifically with respect to RSUs and options granted with an exercise price equal to the nominal value of an ordinary share ("par value options"), unless determined otherwise by the Board of Directors, 25% of the RSUs and the par value options granted become vested on each of the four consecutive annual anniversaries following the date of grant. Certain executive officers are entitled to acceleration of vesting of Awards in the event of a change of control, subject to certain conditions.

Awards with a vesting period expire six years after the date of grant. Pursuant to a resolution of the Company's Board of Directors dated February 4, 2014, options that are performance-based and that were granted during calendar year 2014 and thereafter shall expire seven years following the date of grant. The maximum number of shares that may be subject to Awards granted under each of the Plans is calculated each calendar year as 3% of the Company's issued and outstanding share capital as of December 31 of the preceding calendar year (pursuant to an amendment of the 2016 Plan approved by the Board of Directors on October 2, 2019). Such amount is reset for each calendar year. Awards are non-transferable except by will or the laws of descent and distribution.

Options granted under the 2016 Plan are granted at an exercise price equal to the average of the closing prices of one ADR as quoted on the NASDAQ market during the 30 consecutive calendar days preceding the date of grant, unless determined otherwise by the administrator of the 2016 Plan (including par value options).

The Company's Board of Directors also adopted an addendum to the 2016 Plan for Awards granted to residents of Israel (the "Addendum") and resolved to elect the "Capital Gains Route" (as defined in Section 102(b)(2)) of the Israeli Income Tax Ordinance-5721-1961 ("Tax Ordinance") for the grant of Awards to Israeli grantees. There is also a U.S. addendum under the 2016 Plan that applies to non-qualified stock options for purposes of U.S. tax laws.

During 2024, the Company granted 1,176,229 options and restricted share units under the 2016 Plan (which constituted 1.86% of the Company issued and outstanding share capital as of December 31, 2024).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 14:- SHAREHOLDERS' EQUITY (Cont.)

Pursuant to the terms of certain acquisitions, the Company assumed or replaced unvested options, RSAs and RSUs and converted them or replaced them with the Company's options, RSAs and RSUs, as applicable, based on an agreed exchange ratio. Each assumed or replaced option, RSA and RSU is subject to the same terms and conditions, including vesting, exercisability and expiration, as originally applied to any such option, RSA and RSU immediately prior to the acquisition.

The fair value of the Company's stock options granted to employees and directors for the years ended December 31, 2024, 2023 and 2022 was estimated using the following assumptions:

	2024	2023	2022
Expected volatility	33.33%-36.70%	33.35%-35.67%	29.45%-34.11%
Risk free interest rate	3.49%-4.57%	3.60%-4.68%	1.78%-4.15%
Expected dividend	—	—	—
Expected term (in years)	2.5 - 3.5	3.5	3.5

A summary of the Company's stock options activity and related information for the year ended December 31, 2024, is as follows:

	Number of options	Weighted- average exercise price	Weighted- average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at January 1, 2024	1,253,794	24.08	4.25	221,610
Granted	340,451	13.48		
Exercised	(272,978)	10.55		
Cancelled	(953)	23.05		
Forfeited	(72,155)	0.29		
Outstanding at December 31, 2024	<u>1,248,159</u>	<u>25.53</u>	<u>4.08</u>	<u>184,832</u>
Exercisable at December 31, 2024	<u>491,206</u>	<u>57.58</u>	<u>2.74</u>	<u>59,781</u>

The weighted-average grant-date fair value of options granted during the years 2024, 2023 and 2022 was \$169.94, \$171.43 and \$198.41, respectively.

The total intrinsic value of options exercised, and restricted shares vested during the years 2024, 2023 and 2022 was \$191,389, \$138,202 and \$178,693, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 14:- SHAREHOLDERS' EQUITY (Cont.)

The options outstanding under the Company's stock option plans as of December 31, 2024, have been separated into ranges of exercise price as follows:

Ranges of exercise price	Options outstanding as of December 31, 2024	Weighted average remaining contractual term (Years)	Weighted Average Exercise Price \$	Options Exercisable as of December 31, 2024	Weighted average exercise price of options exercisable \$
\$ 0.00 - 0.32	1,083,295	4.26	0.28	346,395	0.29
\$ 6.72	152	0.78	6.72	152	6.72
\$ 20.44 - 24.99	1,928	2.92	21.37	1,928	21.37
\$ 40.63 - 54.51	1,116	3.78	51.79	1,116	51.79
\$ 151.63 - 197.42	86,235	3.05	171.01	66,182	171.78
\$ 206.52 - 232.2	75,433	2.72	221.55	75,433	221.55
	<u>1,248,159</u>	<u>4.08</u>	<u>25.53</u>	<u>491,206</u>	<u>57.58</u>

A summary of the Company's RSU and the Company's RSA activities and related information for the year ended December 31, 2024, is as follows:

	Number of RSU and RSA (*)
Outstanding at January 1, 2024	1,703,149
Granted	835,778
Vested	(673,001)
Forfeited	(78,104)
Outstanding at December 31, 2024	<u>1,787,822</u>

(*) NIS 1.0 par value, which represents approximately \$0.27.

The weighted-average grant-date fair value of restricted shares granted during the year 2024 was \$185.83.

As of December 31, 2024, the total compensation cost related to non-vested awards not yet recognized was approximately \$241,817, which is expected to be recognized over a period of up to four years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 14:- SHAREHOLDERS' EQUITY (Cont.)

The total equity-based compensation expense related to all of the Company's equity-based awards recognized for the years ended December 31, 2024, 2023 and 2022 was comprised as follows:

	Year ended December 31,		
	2024	2023	2022
Cost of revenues	\$ 17,418	\$ 18,904	\$ 18,535
Research and development, net	33,526	38,047	39,747
Selling and marketing	57,230	48,022	57,114
General and administrative	78,927	78,329	73,492
Total stock-based compensation expenses	<u>\$ 187,101</u>	<u>\$ 183,302</u>	<u>\$ 188,888</u>

c. Treasury shares:

On February 12, 2020, the Company's Board of Directors authorized a program to repurchase up to \$200,000 of the Company issued and outstanding ordinary shares and ADRs, which commenced following completion of the repurchase program that was authorized by the Company's Board of Directors in 2017. On November 9, 2022, the Company's Board of Directors authorized an additional program to repurchase up to \$250,000 of the Company issued and outstanding ordinary shares and ADRs, which commenced following completion of the program that was authorized in 2020. On November 15, 2023, the Company's Board of Directors authorized an additional program to repurchase up to \$300,000 of the Company issued and outstanding ordinary shares and ADRs, which commenced following completion of the repurchase program that was authorized by the Company's Board of Directors in 2022. On June 7, 2024 the Company's Board of Directors authorized the acceleration of the \$300,000 share repurchase plan. On that day, the Company's Board also authorized an additional program to repurchase up to \$500,000 of the Company issued and outstanding ordinary shares and ADRs. The Company fully executed the \$300,000 share repurchase program by December 31, 2024.

Repurchases may be made from time to time in the open market or in privately negotiated transactions in accordance with applicable securities laws and regulations. The timing and amount of the repurchase transactions will be determined by management and may depend on a variety of factors including market conditions, alternative investment opportunities and other considerations.

These programs do not obligate us to acquire any particular amount of ordinary shares and ADRs and each program may be modified or discontinued at any time without prior notice.

NOTE 15:- DEBT

*Exchangeable Senior Notes and Hedging Transactions**2017 Notes*

In January 2017, the Company issued \$287,500 aggregate principal amount of 2017 Notes due 2024.

In the event that the last reported sale price of the company's ADS for at least 20 trading days (whether consecutive or not) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the exchange price ("Share Price

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 15:- DEBT (Cont.)

Condition") or in the event of the satisfaction of certain other conditions, during set periods, as defined in the indenture governing the Notes, the holders of the exchangeable senior notes will have the option to exchange the Notes for (at the Company's election) (i) cash, (ii) ADSs or (iii) a combination thereof.

As of December 31, 2023, the Share Price Condition for the 2017 Notes was triggered and, accordingly, the net carrying amount of these 2017 Notes was presented in current liabilities.

The Company may provide additional ADSs upon conversion if there is a "Make-Whole Fundamental Change" in the Company as defined in the indenture governing the 2017 Notes. The 2017 Notes are not redeemable by the Company prior to the maturity date apart from certain cases as set forth in the indenture governing the notes.

On December 31, 2021, the Company entered into the First Supplemental Indenture. In accordance with the First Supplemental Indenture, the Company irrevocably elected cash settlement for the principal and any premium due upon conversion (as defined in the 2017 Indenture) to apply to all conversions of 2017 Notes with an Exchange Date (as defined in the 2017 Indenture) that occurs on or after December 31, 2021.

As a result of the requirement to deliver cash to settle the principal and any premium due upon conversion, on December 31, 2021, the Company reclassified from equity to liability the conversion option (a derivative) fair value of \$292,940. The conversion option will be no longer eligible for ASC 815 scope exception. Therefore, a derivative accounting for the conversion option was required.

Debt issuance costs of \$5,791 attributable to the 2017 Notes are amortized as interest expense over the contractual term of the notes using the effective interest rate.

Interest is payable on the debentures semi-annually at the cash coupon rate, however, the remaining debt discount is being amortized as additional non-cash interest expense using an effective annual interest rate equal to the Company's estimated nonconvertible debt borrowing rate at the time of issuance.

The Company received notices for conversion of \$2,626 and \$87,427 of principal amount of the 2017 Notes in 2023 and 2024, respectively, for which \$2,628 and \$87,435 were settled in 2023 and 2024, respectively. The Company paid the note holders the conversion value of the notes in cash. The cash conversion premium payment upon conversion of the 2017 Notes was offset by cash under the convertible bond hedge transaction (a derivative) entered into in connection with the offering of the 2017 Notes. As a result of the conversions, the Company recorded in 2023 \$53 loss on extinguishment of debt.

In January 2024, the Company settled the entire 2017 Notes in cash, reflecting both the principal amount in the sum of \$87,435 and the conversion option in the sum of \$104,673. As such, the Company settled the associated debt hedge asset in the total amount of \$104,673, using the resulting proceeds to repay the outstanding debt.

2020 Notes

In August 2020, the Company issued \$460,000 aggregate principal amount of exchangeable senior notes (the "2020 Notes" and together with the 2017 Notes, the "Notes") due 2025.

In the event that the Share Price Condition is satisfied or in the event of the satisfaction of certain other conditions, during set periods, set forth in the indenture governing the 2020 Notes, the holders of the exchangeable senior notes will have the option to exchange the Notes for (at the Company's election) (i) cash, (ii) ADSs or (iii) a combination thereof.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 15:- DEBT (Cont.)

On December 31, 2021, the Company irrevocably elected that all conversions occurring on or after December 31, 2021, will be settled pursuant to a Combination Settlement (as defined in the 2020 Indenture) with a Specified Dollar Amount (as defined in the 2020 Indenture) no less than \$1,000 per \$1,000 principal amount of 2020 Notes. Generally, under this settlement method, the conversion value corresponding to the principal amount will be converted in cash, and the conversion value over the principal amount will be settled, at the Company's election, in cash or shares or a combination thereof.

The 2020 Notes are redeemable by the Company on or after September 21, 2023 upon the fulfillment of the Share Price Condition for cash in relation to the principal amount, and the conversion value over the principal amount will be settled, at the Company's election, in (i) cash, (ii) ADSs or (iii) a combination thereof, apart from certain cases as set forth in the indenture governing the Notes.

The 2020 Notes do not bear interest, however, the remaining debt discount is being amortized as additional non-cash interest expense using an effective annual interest rate.

Debt issuance costs of \$8,574 attributable to the 2020 Notes are amortized as interest expense over the contractual term of the 2020 Notes using the effective interest rate.

The Company may provide additional ADSs upon conversion if there is a "Make-Whole Fundamental Change" in the Company as defined in the indenture governing the 2020 Notes.

The following table summarizes some key facts and terms regarding the outstanding Notes as of December 31, 2024:

	Due 2025
Issuance date	August 27, 2020
Maturity date	September 15, 2025
Effective conversion date	June 15, 2025
Principal amount	\$460,000
Cash coupon rate (per annum)	—%
Conversion rate effective (per \$1000 principal amount)	3.34
Effective conversion price (per ADS)	\$299.19

The carrying values of the liability of the Notes are reflected in the Company's accompanying consolidated balance sheets as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 15:- DEBT (Cont.)

	2020 Notes		2017 Notes	
	December 31,		December 31,	
	2024	2023	2024	2023
Principal	\$ 460,000	\$ 460,000	\$ —	\$ 87,432
Conversion option (Level 2)			—	\$ 121,922
Less:				
Debt issuance costs, net of amortization	(1,209)	(2,919)	—	(14)
Unamortized discount	—	—	—	(111)
Net liability carrying amount	\$ 458,791	\$ 457,081	\$ —	\$ 209,229

As of December 31, 2024, the estimated fair value of 2020 Notes which the Company has classified as Level 2 financial instruments is \$442,157 (\$437,368 as of December 31, 2023).

The estimated fair value was determined based on the quoted bid price of the exchangeable senior notes in an over-the-counter market on the last trading day of the reporting period.

Interest expense related to the Notes is reflected on the accompanying consolidated statements of income as follows:

	2020 Notes			2017 Notes		
	Year Ended December 31,			Year Ended December 31,		
	2024	2023	2022	2024	2023	2022
Amortization of debt issuance costs	\$ 1,710	\$ 1,699	\$ 1,693	\$ 14	\$ 316	\$ 303
Non-cash amortization of debt discount	—	—	—	110	2,600	2,587
Interest expense	—	—	—	46	1,101	1,127
Loss in respect of convertible loan extinguishment	—	—	—	—	53	1,206
Total interest expense recognized	\$ 1,710	\$ 1,699	\$ 1,693	\$ 170	\$ 4,070	\$ 5,223
Effective interest rate	0.37 %	0.37 %	0.37 %	4.65 %	4.65 %	4.65 %

Exchangeable notes hedge transactions

In connection with the pricing of the 2017 Notes, the Company has entered into privately negotiated exchangeable note hedge transactions with some of the initial purchasers and/or their respective affiliates (the "Option Counterparties").

Subject to customary anti-dilution adjustments substantially similar to those applicable to the 2017 Notes, the exchangeable note hedge transactions cover the number of ADSs will initially underline the 2017 Notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 15:- DEBT (Cont.)

The note hedge transactions are expected generally to reduce cash payments the Company is required to make in excess of the principal amount, in each case, upon any exchange of the 2017 Notes.

A portion of the call-options can be settled upon a surrender of the same amounts of Notes by a holder. As stated above, the Company irrevocably elected cash settlement to apply to all conversions of 2017 Notes with an Exchange Date (as defined in the 2017 Indenture) that occurs on or after December 31, 2021.

Conversion notices received on and after December 31, 2021 relating to the 2017 Notes will be fully settled in cash, and amounts paid in excess of the principal amount will be offset by an equal receipt of cash under the convertible bond hedge.

As a result of the irrevocable cash election, on December 31, 2021, the Company reclassified from equity to derivative asset the remaining bond hedge fair value of \$292,940 (Level 2).

Concurrently with the Company's entry into the exchangeable note hedge transactions, the Company has entered into warrant transactions with the Option Counterparties relating to the same number of ADSs (3,457,475), with a strike price of \$101.82 per ADS, subject to customary anti-dilution adjustments. The warrants were classified to equity in accordance with U.S. GAAP

During 2024, the warrants were exercised into 1,513,183 ordinary shares.

NOTE 16:- REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION

a. Reportable segments:

ASC 280, "Segment Reporting" establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

The Company reports its financial results for our two reportable segments: Customer Engagement and Financial Crime and Compliance.

The Customer Engagement segment includes CXone Mpower platform that empowers organizations to automate service at scale, augment the workforce with AI-powered solutions, and unify enterprise knowledge, data and AI models to drive faster resolutions and superior customer experiences.

The Financial Crime and Compliance Segment includes embedded-AI solutions that identify risks and help prevent money laundering and fraud, as well as help ensure financial markets compliance in real-time.

The Company's chief executive officer is its chief operating decision maker (CODM), who allocates resources to and assesses the performance of each operating segment using information about the operating segment's revenue and operating income.

In the 2024 annual reporting, the Company adopted ASU 2023-07 retrospectively.

The following table sets forth segment information of revenue, expenses, and operating income:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 16:- REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION (Cont.)

	Year ended December 31, 2024			
	Customer Engagement	Financial Crime and Compliance	Not allocated	Total
Revenues	\$ 2,281,781	\$ 453,491	\$ —	\$ 2,735,272
Cost of Cloud (1)	620,919	74,125		
Cost of Services (1)	124,250	58,127		
Cost of Product (1)	17,926	3,124		
Other segment items (1,2)	944,352	159,819		
Operating income	\$ 574,334	\$ 158,296	\$ (186,676)	\$ 545,954
Financial income and other, net				58,872
Income before taxes on income				\$ 604,826

(1) Includes depreciation and amortization expense. Depreciation and amortization expense totaled \$174,659 and \$20,985 in respect of the Customer Engagement and Financial Crime and Compliance segments, respectively.

(2) Other segment items represent mainly cost of wages, maintenance expense, professional services expense, marketing expense, depreciation and amortization expense, and other expenses.

	Year ended December 31, 2023			
	Customer Engagement	Financial Crime and Compliance	Not allocated	Total
Revenues	\$ 1,974,090	\$ 403,418	\$ —	\$ 2,377,508
Cost of Cloud (1)	496,516	58,618		
Cost of Services (1)	132,069	56,190		
Cost of Product (1)	17,804	3,259		
Other segment items (1,2)	870,908	156,328		
Operating income	\$ 456,793	\$ 129,023	\$ (150,589)	\$ 435,227
Financial income and other, net				22,473
Income before taxes on income				\$ 457,700

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 16:- REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION (Cont.)

(1) Includes depreciation and amortization expense. Depreciation and amortization expense totaled \$143,585 and \$15,757 in respect of the Customer Engagement and Financial Crime and Compliance segments, respectively.

(2) Other segment items represent mainly cost of wages, maintenance expense, professional services expense, marketing expense, depreciation and amortization expense, and other expenses.

	Year ended December 31, 2022			
	Customer Engagement	Financial Crime and Compliance	Not allocated	Total
Revenues	\$ 1,768,804	\$ 412,490	\$ —	\$ 2,181,294
Cost of Cloud (1)	427,664	44,636		
Cost of Services (1)	127,951	54,789		
Cost of Product (1)	18,422	4,410		
Other segment items (1,2)	850,875	149,357		
Operating income	\$ 343,892	\$ 159,298	\$ (168,017)	\$ 335,173
Financial income and other, net				10,159
Income before taxes on income				\$ 345,332

(1) Includes depreciation and amortization expense. Depreciation and amortization expense totaled \$151,913 and \$12,972 in respect of the Customer Engagement and Financial Crime and Compliance segments, respectively.

(2) Other segment items represent mainly cost of wages, maintenance expense, professional services expense, marketing expense, depreciation and amortization expense, and other expenses.

The following table presents property and equipment as of December 31, 2024 and 2023, based on operational segments:

	December 31,	
	2024	2023
Customer Engagement	\$ 147,869	\$ 132,824
Financial Crime and Compliance	35,624	39,943
Non-allocated	1,799	1,647
	185,292	\$ 174,414

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 16:- REPORTABLE SEGMENTS AND GEOGRAPHICAL INFORMATION (Cont.)

b. Geographical information:

Total revenues from external customers on the basis of the Company's geographical areas are as follows:

	Year Ended December 31,		
	2024	2023	2022
Americas, principally the US	\$ 2,321,524	\$ 1,986,634	\$ 1,802,192
EMEA (*)	275,009	244,523	245,198
Israel	3,053	3,508	4,484
Asia Pacific	135,686	142,843	129,420
	<u>\$ 2,735,272</u>	<u>\$ 2,377,508</u>	<u>\$ 2,181,294</u>

The following presents property and equipment and operating lease right-of-use assets as of December 31, 2024 and 2023, based on geographical areas:

	December 31,	
	2024	2023
Americas, principally the US	\$ 132,115	\$ 128,065
EMEA (*)	12,509	10,145
Israel	118,786	122,940
Asia Pacific	14,965	17,829
	<u>\$ 278,375</u>	<u>\$ 278,979</u>

(*) Includes Europe, the Middle East (excluding Israel) and Africa.

NOTE 17:- SELECTED STATEMENTS OF INCOME DATA

a. Research and development, net:

	Year Ended December 31,		
	2024	2023	2022
Total costs	\$ 432,355	\$ 386,745	\$ 364,654
Less - grants and participations	(1,961)	(2,441)	(2,414)
Less - capitalization of software development costs	(69,787)	(61,596)	(56,167)
	<u>\$ 360,607</u>	<u>\$ 322,708</u>	<u>\$ 306,073</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 17:- SELECTED STATEMENTS OF INCOME DATA (Cont.)

b. Financial expenses and other, net:

	Year Ended December 31,		
	2024	2023	2022
Financial income:			
Interest and amortization/accretion of premium/discount on marketable securities, net	\$ 40,482	\$ 13,813	\$ 13,659
Interest income	24,501	20,260	4,720
	<u>64,983</u>	<u>34,073</u>	<u>18,379</u>
Financial expenses:			
Interest expense	(46)	(1,101)	(1,127)
Loss in respect of debt extinguishment	—	(53)	(1,206)
Debt issuance costs amortization	(1,724)	(2,015)	(1,996)
Exchangeable senior notes amortization of discount	(110)	(2,600)	(2,587)
Exchange rates differences	(466)	(3,297)	(301)
Other	(3,390)	(2,412)	(2,774)
	<u>(5,736)</u>	<u>(11,478)</u>	<u>(9,991)</u>
Other (expenses) Income, net	<u>(375)</u>	<u>(122)</u>	<u>1,771</u>
	<u>\$ 58,872</u>	<u>\$ 22,473</u>	<u>\$ 10,159</u>

c. Net earnings per share:

The following table sets forth the computation of basic and diluted net earnings per share:

1. Numerator:

	Year Ended December 31,		
	2024	2023	2022
Net income to ordinary shareholders	<u>\$ 442,588</u>	<u>\$ 338,301</u>	<u>\$ 265,945</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share and per share data)

NOTE 17:- SELECTED STATEMENTS OF INCOME DATA (Cont.)

2. Denominator (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Denominator for basic net earnings per share:			
Weighted average number of shares (thousand)	63,483	63,590	63,790
Effect of dilutive securities:			
Add - employee stock options and RSU	1,172	995	894
Warrants issued in the exchangeable notes transaction	851	1,680	1,781
Denominator for diluted net earnings per share - adjusted weighted average shares (thousand)	\$ 65,506	66,265	66,465

NOTE 18:- RELATED PARTY BALANCES AND TRANSACTIONS

As of December 31, 2024 and 2023, the 2020 Subsidiary's CEO holds 12.04% of the 2020 Subsidiary, which reflects \$5,406 and \$5,385 of the non-controlling amount on the balance sheet as of December 31, 2024 and 2023, respectively.

NOTE 19:- SUBSEQUENT EVENTS

On January 16, 2025, the Company acquired an additional 29.9% in the 2020 Subsidiary for a total consideration of \$36,466. Upon consummation of the acquisition, the 2020 Subsidiary became a wholly-owned subsidiary of the Company.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

NICE LTD.

By: /s/ Scott Russell

Scott Russell

Chief Executive Officer

Date: March 19, 2025

Significant Subsidiaries

The following is a list of our significant subsidiaries and other subsidiaries, including the country of incorporation or residence. Each of our subsidiaries listed below is wholly-owned.

Name of Subsidiary	Country of Incorporation or Residence
NICE Systems Australia PTY Ltd.	Australia
NICE Systems Technologies Brasil LTDA	Brazil
NICE Systems Canada Ltd.	Canada
NICE Interactive Solutions India Private Ltd.	India
Actimize Ltd.	Israel
NICE Japan Ltd.	Japan
NICE Technologies Mexico S.R.L.	Mexico
NICE Netherlands B.V.	Netherlands
NICE Systems (Singapore) Pte. Ltd.	Singapore
NICE Technologies Sole Proprietorship LLC	United Arab Emirates
Actimize UK Limited	United Kingdom
NICE Systems Technologies UK Limited	United Kingdom
NICE Systems UK Ltd.	United Kingdom
Actimize Inc.	United States
inContact Inc.	United States
NICE Systems Inc.	United States
NICE Systems Technologies Inc.	United States
LiveVox Inc.	United States

Exhibit 11.1

NICE LTD.

POLICY STATEMENT ON INSIDER TRADING

INTRODUCTION

This Policy Statement on Insider Trading (the "**Policy**") explains the requirements and procedures that apply to all directors, officers, employees, consultants, contractors and temporary personnel of NICE Ltd., its subsidiaries and all entities directly or indirectly under its control (respectively, the "**Company**" or "**NICE**" and "**Covered Persons**"), under United States and Israeli securities laws regarding trading in securities of the Company (and in some cases in the securities of other companies as described herein). This Policy also addresses issues regarding the disclosure of confidential information about the Company's business and affairs to outsiders.

Please read this Policy carefully and contact the General Counsel of the Company if at any time you have questions about this Policy or its application to a particular situation or you plan to trade in the Company's securities but are unsure about whether you are able to do so at the time.

A. GENERAL RULES

In general, United States and Israeli securities laws and/or our Company Policy:

- Prohibit buying or selling Company securities (or in some cases the securities of other companies) while in possession of material non-public information ("**Inside Information**").
- Prohibit buying or selling Company securities during certain prescribed periods of time before and after earnings releases.
- Prohibit disclosing Inside Information to outsiders, including family members and others (tipping), who then trade in the Company's securities on the basis of that Inside Information or trade in the securities of another company, about which they have acquired Inside Information through their position in the Company.
- Prohibit the sale of any unregistered Company securities without complying with all the requirements of Rule 144 under the Securities Act of 1933, as amended (the "**Securities Act**"). This Rule, also described in more detail later in this Policy, has detailed reporting requirements, and strict limitations and/or requirements that:
 - May limit the number of shares that may be sold during an established period of time;
 - For certain securities, establish the length of time for which they must be held before they are sold;
 - May mandate the availability of publicly available information about the Company; and
 - May govern the manner of sale.
- Prohibit answering questions or providing information about the Company and its affairs to Company outsiders unless you are specifically authorized to do so, or it is a regular part of your position, and only in accordance with the Company's Disclosure Policy.

B. INSIDER TRADING

The United States federal securities laws and Israeli securities laws prohibit corporate insiders in possession of Inside Information with respect to their company from engaging in transactions in its securities. If the Inside Information concerns another company, an insider may not trade in that other company's securities as well.

Policy on Insider Trading

All Covered Persons are strictly prohibited from, directly or indirectly, (i) purchasing or selling the Company's securities (for their own or "Related Accounts" as defined below) while in possession of Inside Information, regardless of how obtained, and/or (ii) "tipping" others as to such Inside Information. This prohibition applies to anyone in the Company who has access by any means (including, without limitation, tips from other employees) to Inside Information about the Company or its business. The term "Related Account" means (i) any account maintained by family members of Covered Persons and others living in the same household and (ii) accounts that are controlled or subject to the influence of the director, officer or employee, his or her family members, or others in his or her household, or accounts for which such persons act as a fiduciary, such as a trustee. Please note that "purchase" and "sale" include a broad range of transaction types, including a purchase of derivative securities, gifts, and other types of transfers.

The Covered Persons are also prohibited (for their own or Related Accounts) from trading in the securities of any other company about which they have acquired Inside Information through their position in the Company, including, without limitation, the Company's competitors, suppliers, customers or any other person or company with whom the Company does business.

"Materiality" and "Inside Information"

Information is "material" for the purposes of the United States federal securities laws, Israeli securities laws and this Policy if a reasonable investor would consider it important in arriving at a decision to buy, sell or hold securities, or if the information is reasonably certain to have a substantial effect on the price of a company's securities. No simple "bright line" test exists to determine when information is material; assessments of materiality involve a highly fact-specific inquiry. For this reason, you should direct any questions about whether information is material to the Company's General Counsel. In addition to the following, other types of information may also be "material" and considered as Inside Information at any particular time, depending upon the circumstances.

Examples of material Inside Information include the following:

1. Company financial results, earnings, possible dividend increases or decreases, stock splits or stock dividends and other financial information.
2. Anticipated public or private offerings of Company securities.
3. The fact that an acquisition candidate, business unit divestiture, joint venture, tender offer or other restructuring activity is being evaluated or considered, that discussions or negotiations are in progress, or that such a transaction is being undertaken.
4. Any significant litigation, actual or threatened disputes or governmental investigations and any significant developments in any significant litigation, dispute or governmental investigation.
5. Any changes in management or control of the Company.
6. Gain or loss of a significant customer; progress or lack of progress on product development, intent or failure to launch a new release or product.
7. Significant cybersecurity risks and incidents, including vulnerabilities and breaches, and incidents and breaches relating to Company customers, suppliers, partners or other third parties.
8. Significant disruption in the Company's operations or loss, potential loss, breach or unauthorized access of its property or assets, including its facilities and information technology infrastructure.

The fact that information has been disclosed to a few members of the public does not make it public for insider trading purposes. To be "public" the information must have been disseminated in a manner designed to reach investors generally, and the investors must be given the opportunity to absorb the information. Even after public disclosure of information about the Company is made public, you must wait 24 hours after the information was publicly disclosed before you can treat the information as public.

In addition, to the extent that a director, officer or other employee, through their position in the Company, obtains Inside Information concerning another company, such individual may not use that information and trade in that other company's securities.

Situations in Which Certain Parties may come into Insider Information

Certain Covered Persons, by virtue of their positions with the Company, may from time to time be likely to possess Inside Information about limited specified events. For example, if the Company believes a cybersecurity breach may have occurred, the chief information officer and the employees involved in investigating and assessing the incident could be considered to have Inside Information for purposes of this event even though these personnel are not likely to have Inside Information in relation to the release of the Company's financial results.

"Tipper" and "Tippee" Liability

The Covered Persons also are prohibited from recommending or suggesting to anyone else (including family or household members or friends) to buy, sell or hold the securities of any company, including those of the Company, while they are in the possession of Inside Information.

Disclosure of Inside Information to a third party ("tipping") may result in criminal or civil liability for both the "tipper" and "tippee" if such third party ("tippee") trades on the basis of such information or uses that information to tip another person who trades on the basis of such information. It is the Company's policy to prohibit the disclosure of Inside Information to any person, whether inside or outside the Company, unless the person receiving such information has a reason to know such information.

Without limitation to the foregoing, remote work (including by working from home) poses unique challenges. In the era of working outside the traditional office and remote work, Covered Persons who may have access to Inside Information have a responsibility to take steps to ensure that Inside Information remains confidential and to prevent access to Insider Information by other unauthorized individuals, such as, partners or spouses, while working remotely.

Blackout Periods for Trading in the Company's Securities

In order to reduce the Company's exposure to potential liability, the Company has adopted the following rules and policies to address certain particular common or recurring circumstances. These are by no means the only circumstances in which the foregoing principles are applicable.

Quarterly Blackout Period. All members of the Board of Directors of the Company, senior management (down to vice-president level) as well as additional employees having access to Inside Information by virtue of their position as aforementioned and the Related Accounts of such persons, are prohibited from trading in the Company's securities for four

periods (each, a “**Quarterly Blackout Period**”) during the year. Each Quarterly Blackout Period begins two weeks prior to the end of a fiscal quarter (March 31, June 30, September

30 and December 31) and ends 24 hours after the Company publicly announces its quarterly results of operations (or year end results).

Other Blackout Periods. From time to time, other types of Inside Information regarding the Company (such as negotiation of mergers, acquisitions or dispositions, investigation and assessment of cybersecurity incidents or new product developments) may be pending and not be publicly disclosed. While such Inside Information is pending, the Company may impose special blackout periods during which certain members of the Board of Directors of the Company, officers, as well as additional employees are prohibited from trading in the Company's securities (each a "**Special Blackout Period**"). If the Company imposes a Special Blackout Period, it will notify the persons affected.

Specific exceptions to a Quarterly Blackout Periods and Special Blackout Periods (jointly "Blackout Periods") may be made, with approval, in limited circumstances when the applicant does not possess Inside Information and the exception would not otherwise contravene the law or the purposes of this Policy. Any request for an exception shall be directed to the Company's General Counsel in writing and shall be approved by the Chief Executive Officer.

Notwithstanding the Blackout Periods described, no Covered Person with Inside Information concerning the Company may purchase or sell the Company's securities while the information remains non-public. If you are unsure whether the information in your possession is material or non-public, you should inquire of the Company's General Counsel.

Trading Pre-Approval for Restricted Persons

Except as permitted in connection with a Qualified Selling Plan approved in the manner described below and without derogating from the restrictions under the Quarterly Blackout Period or Other Blackout Periods, no Restricted Person may trade in Company securities, or make a gift of Company securities unless the following terms are fulfilled:

1. the Restricted Person proposing to trade has notified the General Counsel and the Chief Financial Officer in writing no later than two business days prior to the proposed trade date, by submission of the form attached as Attachment A (the "**Stock Trade Request**"): (i) of the amount and nature of the proposed trade and (ii) that he or she is not in possession of inside information concerning the Company; and
2. the Restricted Person proposing to trade, if a director or executive officer, will conduct the trade in accordance with Rule 144 under the Securities Act; and

3. the General Counsel or the Chief Financial Officer has approved the trade by countersigning the Stock Trade Request and returned it to the Restricted Person.

Proposed transactions by the General Counsel shall be subject to the approval of the Company's Chief Financial Officer. Proposed transactions by the Chief Financial Officer shall be subject to the approval of the Company's General Counsel. Each of the Chief Financial Officer and the General Counsel may designate one or more individuals who may perform their duties in the event that either of them is unable or unavailable to perform such duties.

"Restricted Person" include directors, executive officers and others included on a restricted person list maintained by the Company's General Counsel.

Trading Plans

Subject to United States and Israeli securities laws, the restrictions set forth above shall not apply to purchases or sales made pursuant to a Qualified Selling Plan that was executed by a Covered Person (including an attached issuer certification letter, signed by the General Counsel on behalf of the Company). For purposes of this exception, a "Qualified Selling Plan" is a written plan, contract or instruction for purchasing or selling the Company's securities which meets each of the following requirements: (1) the plan is adopted by the director, officer or employee during a period when transactions in the Company's securities are permitted pursuant to this Policy; (2) the plan is adopted during a period when the director, officer or employee is not in possession of Inside Information; (3) the plan is adhered to strictly by the director, officer or employee, provided, however, that a Qualified Selling Plan may be terminated or altered only during a period that complies with the description in both subsections (1) and (2) above; (4) the plan either (a) specifies the amount of securities to be purchased or sold and the price at which and the date on which the securities are to be purchased or sold, (b) includes a written formula or algorithm, or computer program, for determining the amount of securities to be purchased or sold and the price at which and the date on which the securities are to be purchased or sold or (c) does not permit the director or employee to exercise any subsequent influence over how, when, or whether to effect purchases or sales, provided, in addition, that any other person who, pursuant to the plan, does exercise such influence must not have been aware of the Inside Information when doing so; (5) at the time a plan is adopted the plan conforms to all other requirements of Rule 10b5-1(c) under the U.S. Securities Exchange Act of 1934 as then in effect; (6) the plan provides that the sales be effected on the NASDAQ Stock Market or any other stock market located outside Israel; and (7) the plan provides that the sales be effected via a non-Israeli broker (although coordination with an Israeli affiliate, branch, agent of such broker shall be permitted).

Trading After Public Announcements

In addition to fully comply with all other provisions of this Policy, all Covered Persons who have access to or who have prior knowledge of any Inside Information concerning the Company which is the subject of a public announcement shall refrain from trading (for their own or related accounts) in the Company's securities for a 24 hour period after the information is made public by the Company so as to allow time for the investing public to receive and absorb such information.

Special Prohibitions on members of the Board of Directors and Senior Management of the Company

Other than upon exercise or vesting of equity based awards pursuant to the Company's share incentive plans, and selling Company securities in anticipation of receipt of the same from the exercise or vesting of the equity based award, members of the Board of Directors and senior management of the Company are prohibited from engaging in "short selling" of the Company's securities. "Short Sales" are sales of a security by an investor who has borrowed the security for this purpose. The short seller borrows the security with the intention of later "covering" the short sale – that is, the investor will return to the lender (brokerage house), at a later date, an identical security that the investor will purchase in the market. The purpose of a short sale is to take advantage of the anticipation of the stock price going down.

Members of the Board of Directors and senior management should also be reminded that pursuant to the Israeli securities laws, the buying and selling of Company securities within three months from the date of a sale or purchase of Company securities, as applicable, may be viewed as a trade while in possession of Inside Information.

Post-Termination Transactions

This Policy shall continue to apply to transactions in Company securities even after termination of service to the Company. If an individual is in possession of Inside Information when his or her service terminates, that individual may not engage in transactions in Company securities until that information has become public or is no longer material.

Responsibility

All Covered Persons must strictly observe the provisions of this Policy. Any questions or concerns regarding this Policy should be referred promptly to the General Counsel of the Company.

This Policy does not address all the requirements and prohibitions pursuant to US and Israeli securities laws regarding trading or communication of Inside Information. It is the personal responsibility of each and every Covered Person to fully comply with the

requirements under applicable insider trading laws, including, without limitation, in connection with satisfying the requirements for entry into a Qualified Selling Plan. In all cases, the responsibility for determining whether a Covered Person is in possession of Inside Information rests with such party, and any action on the part of the Company, the General Counsel or any other employee or director pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate such person from liability under applicable securities laws.

Violations of Insider Trading Laws

Penalties for trading on or communicating Inside Information can be severe, both for individuals involved in such unlawful conduct and their employers and supervisors, and may include jail terms, criminal fines, civil penalties and civil enforcement injunctions. Given the severity of the potential penalties, compliance with this Policy is absolutely mandatory.

1. Legal Penalties. A person who violates insider trading laws by engaging in transactions in a company's securities when he or she has Inside Information can be sentenced to a substantial jail term and required to pay a criminal penalty of several times the amount of profits gained or losses avoided. In addition, a person who tips others may also be liable for transactions by the tippers to whom he or she has disclosed Inside Information. Tippers can be subject to the same penalties and sanctions as the tpees and the Securities Exchange Commission ("SEC") has imposed large penalties even when the tipper did not profit from the transaction.

The SEC and the Israeli Securities Authority ("ISA") can also seek substantial civil penalties from any person who, at the time of an insider trading violation, "directly or indirectly controlled the person who committed such violation," which would apply to the Company and/or management and supervisory personnel. Even for violations that result in a small or no profit, the SEC and ISA can seek penalties from a company and/or its management and supervisory personnel as control persons.

2. Company-imposed Penalties. Employees who violate this Policy may be subject to disciplinary action by the Company, including dismissal for cause.

Except in relation to Quarterly Blackout Periods, as aforementioned, any exceptions to this Policy, if permitted, may only be granted by the Company's General Counsel and Chief Executive Officer in writing, and must be provided before any activity contrary to the above requirements takes place. In the event that the exception relates to either the Company's General Counsel or Chief Executive Officer, such exception may only be granted by the Company's Internal Audit Committee in writing and must be provided before any activity contrary to the above requirements takes place.

NICE LTD.

TRADE REQUEST

Instructions:

The Company requires mandatory pre-clearance for all directors and executive officers and others deemed “Restricted Persons” by the General Counsel who desire to trade in the ordinary shares or American depository shares of NICE Ltd. (the “**Company**”). If you have questions in advance of a trade, including whether you are a Restricted Person, please contact the Company’s General Counsel. Complete this stock trade request form and email it to the Company’s General Counsel and the Company’s Chief Financial Officer at least two business day prior to your intended trade date. Please note that we will act upon your request as promptly as possible, but cannot guarantee same day turnaround.

Trade Request

I would like to request the following open market transaction (select one):

Select One	Transaction Type	Quantity	Price*
	RSU/ Options Exercise		
	Sale		
	Purchase		
	Transfer		
	Gift		

* Trading price or price range in dollars and cents (e.g. specific price or “at market”)

Required Certifying Statement:

By submitting the request to pre-clear a transaction in the Company’s securities described in this form, I hereby represent and warrant that I am not aware of any material non-public information relating to the Company and/or any of its subsidiaries and that this proposed transaction will be affected in full compliance with the Company’s insider trading policy and applicable securities laws. I understand and acknowledge that information is “material,” if it is a fact that the reasonable investor would consider important in arriving in a decision to buy, sell or hold securities, or if the information is reasonably certain to have a substantial effect on the price of a company’s securities, prior to its dissemination in a manner designed to reach investors generally. I acknowledge and agree that the Company will rely on my representations set forth above in pre-clearing the transactions described in this form. I agree that I will inform the Company immediately by e-mail directed to the General Counsel and the Chief Financial Officer in the event I become aware of any material non-public information before the transaction referred to in this form is effected and I understand that in such event it will be my obligation to inform the brokerage used by me in executing this transaction to discontinue any further trading activities on my behalf. I understand and acknowledge that any violation of the insider trading laws is a serious offense that may subject me to criminal and civil liability and penalties.

Attachment A

I understand that any approval granted for a trade request shall only remain valid for the two trading days following the date of receipt of approval (unless earlier terminated due to (a) a Quarterly Blackout Period or Other Blackout Period or; (b) due to me becoming aware of material non-public information (c) the General Counsel or the Chief Financial Officer advise that the approval granted is withdrawn, at their sole discretion. If the approved trade is not executed within such timeframe, I am required to seek new approval from the General Counsel or the Chief Financial Officer prior to engaging in any trade.

Additionally, if I am an executive officer or director of the Company, a sale of ordinary shares/ADSs will be conducted in accordance with Rule 144 under the Securities Act of 1933, as amended.

Signature

Printed Name

Date

Approval:



Trade approved
through:

Request denied.

Signature

Certification of Principal Executive Officer pursuant to 17 CFR 240.13a-14(a),
as adopted pursuant to §302 of the Sarbanes-Oxley Act

I, Scott Russell, certify that:

1. I have reviewed this annual report on Form 20-F of NICE Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

By: /s/ Scott Russell
Scott Russell
Chief Executive Officer

Date: March 19, 2025

Certification of Principal Financial Officer pursuant to 17 CFR 240.13a-14(a),
as adopted pursuant to §302 of the Sarbanes-Oxley Act

I, Beth Gaspich, certify that:

1. I have reviewed this annual report on Form 20-F of NICE Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d – 15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

By: /s/ Beth Gaspich
Beth Gaspich
Chief Financial Officer

Date: March 19, 2025

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of NICE Ltd. (the "Company") for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Scott Russell, Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Scott Russell

Scott Russell
Chief Executive Officer

March 19, 2025

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 20-F of NICE Ltd. (the "Company") for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Beth Gaspich, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. sec. 1350, as adopted pursuant to sec. 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Beth Gaspich

Beth Gaspich
Chief Financial Officer

March 19, 2025

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-166364, 333-168100, 333-171165, 333-162795, 333-162110, 333-06784, 333-08146, 333-11842, 333-09350, 333-11154, 333-111112, 333-111113, 333-134355, 333-144589, 333-145981, 333-153230, 333-177510, 333-179408, 333-181375, 333-191176, 333-199904, 333-210341, 333-210343, 333-210344, 333-214584, 333-210341, 333-210343, 333-210344, 333-214584, 333-226930, 333-228911, 333-249186 and 333-270969) pertaining to the equity incentive plans of NICE Ltd. of our reports dated March 19, 2025, with respect to the consolidated financial statements of NICE Ltd. and the effectiveness of internal control over financial reporting of NICE Ltd. included in this Annual Report (Form 20-F), for the year ended December 31, 2024.

Tel Aviv, Israel
March 19, 2025

/s/ KOST, FORER, GABBAY & KASIERER
KOST, FORER, GABBAY & KASIERER
A Member of Ernst & Young Global