

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

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

	Quarter ended December 31,		Year to date December 31,	
	2025	2024	2025	2024
GAAP revenues	\$ 786,496	\$ 721,600	\$ 2,945,399	\$ 2,735,272
Non-GAAP revenues	\$ 786,496	\$ 721,600	\$ 2,945,399	\$ 2,735,272
GAAP cost of revenue	\$ 272,643	\$ 232,386	\$ 989,254	\$ 909,524
Amortization of acquired intangible assets on cost of cloud	(27,151)	(19,592)	(72,933)	(93,370)
Amortization of acquired intangible assets on cost of product	-	-	-	(410)
Cost of cloud revenue adjustment (1,2)	(2,211)	(3,520)	(11,592)	(12,549)
Cost of services revenue adjustment (1)	(1,725)	(2,966)	(8,852)	(10,472)
Cost of product revenue adjustment (1)	58	(18)	(7)	(108)
Non-GAAP cost of revenue	\$ 241,614	\$ 206,290	\$ 895,870	\$ 792,615
GAAP gross profit	\$ 513,853	\$ 489,214	\$ 1,956,145	\$ 1,825,748
Gross profit adjustments	31,029	26,096	93,384	116,909
Non-GAAP gross profit	\$ 544,882	\$ 515,310	\$ 2,049,529	\$ 1,942,657
GAAP operating expenses	\$ 337,630	\$ 334,902	\$ 1,310,387	\$ 1,279,794
Research and development (1,2)	(3,879)	(6,461)	(16,512)	(28,822)
Sales and marketing (1,2)	(8,610)	(15,565)	(50,739)	(57,891)
General and administrative (1,2)	(14,771)	(21,628)	(73,722)	(81,042)
Amortization of acquired intangible assets	(9,293)	(6,263)	(27,801)	(22,087)
Valuation adjustment on acquired deferred commission	-	-	-	24
Change in fair value of contingent consideration	-	3,054	-	3,054
Non-GAAP operating expenses	\$ 301,077	\$ 288,039	\$ 1,141,613	\$ 1,093,030
GAAP financial and other income, net	\$ (6,453)	\$ (16,938)	\$ (58,259)	\$ (58,872)
Amortization of discount on debt	-	(430)	(1,210)	(1,834)
Realized gain on marketable securities, net	-	-	4,463	(115)
Non-GAAP financial and other income, net	\$ (6,453)	\$ (17,368)	\$ (55,006)	\$ (60,821)
GAAP taxes on income	\$ 32,122	\$ 71,741	\$ 91,916	\$ 162,238
Tax adjustments re non-GAAP adjustments	15,429	(22,878)	92,192	19,787
Non-GAAP taxes on income	\$ 47,551	\$ 48,863	\$ 184,108	\$ 182,025
GAAP net income	\$ 150,554	\$ 99,509	\$ 612,101	\$ 442,588
Amortization of acquired intangible assets	36,444	25,855	100,734	115,867
Valuation adjustment on acquired deferred commission	-	-	-	(24)
Share-based compensation (1)	31,138	49,720	152,358	187,717
Acquisition related expenses (2)	-	438	9,066	3,167
Amortization of discount on debt	-	430	1,210	1,834
Realized gain on marketable securities, net	-	-	(4,463)	-
Change in fair value of contingent consideration	-	(3,054)	-	(2,939)
Tax adjustments re non-GAAP adjustments	(15,429)	22,878	(92,192)	(19,787)
Non-GAAP net income	\$ 202,707	\$ 195,776	\$ 778,814	\$ 728,423
GAAP diluted earnings per share	\$ 2.41	\$ 1.54	\$ 9.67	\$ 6.76
Non-GAAP diluted earnings per share	\$ 3.24	\$ 3.02	\$ 12.30	\$ 11.12
Shares used in computing GAAP diluted earnings per share	62,576	64,802	63,323	65,506
Shares used in computing non-GAAP diluted earnings per share	62,576	64,802	63,323	65,506

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

(1) **Share-based compensation**

	Quarter ended December 31,		Year to date December 31,	
	2025	2024	2025	2024
Cost of cloud revenue	\$ 2,211	\$ 3,520	\$ 11,592	\$ 12,487
Cost of services revenue	1,725	2,966	8,852	10,472
Cost of product revenue	(58)	18	7	108
Research and development	3,879	6,461	16,512	28,492
Sales and marketing	8,610	15,554	50,729	57,230
General and administrative	14,771	21,201	64,666	78,928
	<u>\$ 31,138</u>	<u>\$ 49,720</u>	<u>\$ 152,358</u>	<u>\$ 187,717</u>

(2) **Acquisition related expenses**

	Quarter ended December 31,		Year to date December 31,	
	2025	2024	2025	2024
Cost of cloud revenue	\$ -	\$ -	\$ -	\$ 62
Research and development	-	-	-	330
Sales and marketing	-	11	10	661
General and administrative	-	427	9,056	2,114
	<u>\$ -</u>	<u>\$ 438</u>	<u>\$ 9,066</u>	<u>\$ 3,167</u>

NICE LTD. AND SUBSIDIARIES
RECONCILIATION OF GAAP NET INCOME TO NON-GAAP EBITDA

U.S. dollars in thousands

	Quarter ended December 31,		Year to date December 31,	
	2025	2024	2025	2024
	Unaudited	Audited	Unaudited	Audited
GAAP net income	\$ 150,554	\$ 99,509	\$ 612,101	\$ 442,588
Non-GAAP adjustments:				
Depreciation and amortization	62,073	48,776	199,044	205,020
Share-based compensation	29,565	48,185	146,046	182,067
Financial and other income, net	(6,453)	(16,938)	(58,259)	(58,872)
Acquisition related expenses	-	438	9,066	3,167
Change in fair value of contingent consideration	-	(3,054)	-	(3,054)
Valuation adjustment on acquired deferred commission	-	-	-	(24)
Taxes on income	32,122	71,741	91,916	162,238
Non-GAAP EBITDA	<u>\$ 267,861</u>	<u>\$ 248,657</u>	<u>\$ 999,914</u>	<u>\$ 933,130</u>

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

U.S. dollars in thousands

	Quarter ended		Year to date	
	December 31,		December 31,	
	2025	2024	2025	2024
	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
Net cash provided by operating activities	\$ 179,656	\$ 249,522	\$ 716,549	\$ 832,641
Purchase of property and equipment	(3,416)	(7,567)	(18,920)	(34,962)
Capitalization of internal use software costs	(20,262)	(16,819)	(74,828)	(64,805)
Free Cash Flow (a)	<u>\$ 155,978</u>	<u>\$ 225,136</u>	<u>\$ 622,801</u>	<u>\$ 732,874</u>

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