



## NICE Reports 16% Growth in Total Revenue and 28% Cloud Revenue Growth for the Second Quarter of 2022

### *Significant Expansion in Both Gross and Operating Margins*

### *Company Raises Both Revenue and EPS Guidance for Full Year 2022*

Hoboken, New Jersey, August 18, 2022 - NICE (NASDAQ: NICE) today announced results for the second quarter ended June 30, 2022.

#### *Second Quarter 2022 Financial Highlights*

| <b>GAAP</b>                                                                                             | <b>Non-GAAP</b>                                                                                           |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| Total revenue of \$530.6 million, growth of 16.1% year-over-year                                        | Total revenue of \$530.6 million, growth of 15.6% year-over-year                                          |
| Cloud revenue of \$311.4 million, growth of 27.9% year-over-year                                        | Cloud revenue of \$311.4 million, growth of 26.8% year-over-year                                          |
| Cloud gross margin of 63.6% compared to 59.3% last year                                                 | Cloud gross margin of 70.1% compared to 67.7% last year                                                   |
| Total gross margin of 68.9% compared to 67.1% last year                                                 | Total gross margin of 73.3% compared to 72.2% last year                                                   |
| Operating income of \$84.7 million compared to \$64.8 million last year, growth of 30.7% year-over-year | Operating income of \$154.0 million compared to \$129.6 million last year, growth of 18.8% year-over-year |
| Operating margin of 16.0% compared to 14.2% last year                                                   | Operating margin of 29.0%, compared to 28.2% last year                                                    |
| Diluted EPS of \$0.99 versus \$0.68 last year, growth of 45.6%                                          | Diluted EPS of \$1.86 versus \$1.57 last year, growth of 18.5%                                            |

“It was an outstanding quarter at NICE, as we continued to drive mid-teens double-digit growth in both the top and bottom lines,” said Barak Eilam, CEO of NICE. “Our strong performance with 83% recurring revenue driven by our growing cloud business at scale and industry-leading profitability clearly distinguishes NICE among our competitors in a rapidly evolving industry. Our rock-solid balance sheet gives us the fuel to seize additional growth opportunities that will further extend our leadership.”

Mr. Eilam continued, “For many years now, we have successfully employed a bulls-eye strategy around cloud, platform and next-gen digital. The harmonization of these three elements is what the market is now experiencing more than ever, and we are at the center of it. CXone embodies the industry’s broadest and deepest suite of fully integrated solutions on a native cloud platform, and enterprises of all sizes, especially at the high end of the market, are coming to NICE to replace their on-premise, point solutions and obsolete digital products with CXone.”

### **GAAP Financial Highlights for the Second Quarter Ended June 30:**

**Revenues:** Second quarter 2022 total revenues increased 16.1% to \$530.6 million compared to \$456.8 million for the second quarter of 2021.

**Gross Profit:** Second quarter 2022 gross profit was \$365.7 million compared to \$306.3 million for the second quarter of 2021. Second quarter 2022 gross margin was 68.9% compared to 67.1% for the second quarter of 2021.

**Operating Income:** Second quarter 2022 operating income was \$84.7 million compared to \$64.8 million for the second quarter of 2021. Second quarter 2022 operating margin was 16.0% compared to 14.2% for the second quarter of 2021.

**Net Income:** Second quarter 2022 net income was \$65.6 million compared to \$45.2 million for the second quarter of 2021. Second quarter 2022 net income margin was 12.4% compared to 9.9% for the second quarter of 2021.

**Fully Diluted Earnings Per Share:** Fully diluted earnings per share for the second quarter of 2022 increased 45.6% to \$0.99 compared to \$0.68 in the second quarter of 2021.

**Operating Cash Flow and Cash Balance:** Second quarter 2022 operating cash flow was \$16.0 million. In the second quarter, \$34.1 million was used for share repurchases. As of June 30, 2022, total cash and cash equivalents, and short-term investments were \$1,434.6 million. Our debt, net of a hedge instrument, was \$540.1 million, resulting in net cash and investments of \$894.5 million.

### **Non-GAAP Financial Highlights for the Second Quarter Ended June 30:**

**Revenues:** Second quarter 2022 total revenues increased 15.6% to \$530.6 million compared to \$458.9 million for the second quarter of 2021.

**Gross Profit:** Second quarter 2022 Non-GAAP gross profit increased to \$388.9 million compared to \$331.5 million for the second quarter of 2021. Second quarter 2022 Non-GAAP gross margin was 73.3% compared to 72.2% for the second quarter of 2021.

**Operating Income:** Second quarter 2022 Non-GAAP operating income increased to \$154.0 million compared to \$129.6 million for the second quarter of 2021. Second quarter 2022 Non-GAAP operating margin was 29.0% compared to 28.2% for the second quarter of 2021.

**Net Income:** Second quarter 2022 Non-GAAP net income increased to \$123.2 million compared to \$104.3 million for the second quarter of 2021. Second quarter 2022 Non-GAAP net income margin totaled 23.2% compared to 22.7% for the second quarter of 2021.

**Fully Diluted Earnings Per Share:** Second quarter 2022 Non-GAAP fully diluted earnings per share increased 18.5% to \$1.86 compared to \$1.57 for the second quarter of 2021.

### **Third Quarter and Full Year 2022 Guidance:**

#### **Third Quarter 2022:**

Third quarter 2022 Non-GAAP total revenues are expected to be in a range of \$543 million to \$553 million.

Third quarter 2022 Non-GAAP fully diluted earnings per share are expected to be in a range of \$1.82 to \$1.92.

#### **Raising Full Year 2022 Guidance:**

The Company increased full year 2022 Non-GAAP total revenues, which are expected to be in a range of \$2,168 million to \$2,188 million (compared to previous guidance range of \$2,160 million to \$2,180 million).

The Company increased full year 2022 Non-GAAP fully diluted earnings per share, which are expected to be in a range of \$7.33 to \$7.53 (compared to previous guidance range of \$7.25 to \$7.45).

## **Quarterly Results Conference Call**

NICE management will host its earnings conference call today August 18, 2022, at 8:30 AM ET, 13:30 GMT, 15:30 Israel, to discuss the results and the company's outlook. To participate in the call, please dial into the following numbers: United States 1-877-407-4018 or +1-201-689-8471, United Kingdom 0-800-756-3429, Israel 1-809-406-247. The call will be webcast live on the Company's website at <https://www.nice.com/investor-relations/upcoming-event>.

### **Explanation of Non-GAAP measures**

Non-GAAP financial measures are included in this press release. Non-GAAP financial measures consist of GAAP financial measures adjusted to exclude share-based compensation, amortization of acquired intangible assets, acquisition related expenses, amortization of discount on debt and loss from extinguishment of debt and the tax effect of the Non-GAAP adjustments. FASB issued an accounting update, ASU2021-08, Business Combinations, in the fourth quarter of 2021. The amendments in ASU 2021-08 require acquiring entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. Before this guidance and through December 31, 2020, business combination accounting rules required recognizing a legal performance obligation related to a revenue arrangement of an acquired entity as a liability. The amount assigned to such liability was based on its fair value at the date of acquisition. Effective January 1, 2021, the Company early adopted the new guidance retroactively to the start of the year. The Company has applied the new guidance retrospectively to all business combinations for which the acquisition date occurred on or after January 1, 2021, and therefore comparative financials for periods during 2021 have been adjusted accordingly to recognize the full amount of revenue associated with acquisitions.

The Company believes that these Non-GAAP financial measures, used in conjunction with the corresponding GAAP measures, provide investors with useful supplemental information about the financial performance of our business. We believe Non-GAAP financial measures are useful to investors as a measure of the ongoing performance of our business. Our management regularly uses our supplemental Non-GAAP financial measures internally to understand, manage and evaluate our business and to make financial, strategic and operating decisions. These Non-GAAP measures are among the primary factors management uses in planning for and forecasting future periods. Our Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. These Non-GAAP financial measures may differ materially from the Non-GAAP financial measures used by other companies. Reconciliation between results on a GAAP and Non-GAAP basis is provided in a table immediately following the Consolidated Statements of Income. The Company provides guidance only on a Non-GAAP basis. A reconciliation of guidance from a GAAP to Non-GAAP basis is not available due to the unpredictability and uncertainty associated with future events that would be reported in GAAP results and would require adjustments between GAAP and Non-GAAP financial measures, including the impact of future possible business acquisitions. Accordingly, a reconciliation of the guidance based on Non-GAAP financial measures to corresponding GAAP financial measures for future periods is not available without unreasonable effort.

### **About NICE**

NICE (Nasdaq: NICE) is the worldwide leading provider of both cloud and on-premises enterprise software solutions that empower organizations to make smarter decisions based on advanced analytics of structured and unstructured data. NICE helps organizations of all sizes deliver better customer service, ensure compliance, combat fraud and safeguard citizens. Over 25,000 organizations in more than 150 countries, including over 85 of the Fortune 100 companies, are using NICE solutions. [www.nice.com](http://www.nice.com).

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### **Forward-Looking Statements**

This press release contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements may be identified by words such as "believe," "expect," "seek," "may," "will," "intend," "should," "project," "anticipate," "plan," and similar expressions. Forward-looking statements are based on the current beliefs, expectations and assumptions of the Company's management regarding the future of the Company's business, future plans and strategies, projections, anticipated events and trends, the

economy and other future conditions. Examples of forward-looking statements include guidance regarding the Company's revenue and earnings and the growth of our cloud, analytics and artificial intelligence business.

Forward looking statements are inherently subject to significant economic, competitive and other uncertainties and contingencies, many of which are beyond the control of management. The Company cautions that these statements are not guarantees of future performance, and investors should not place undue reliance on them. There are or will be important known and unknown factors and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These factors, include, but are not limited to, risks associated with changes in economic and business conditions, competition, successful execution of the Company's growth strategy, success and growth of the Company's cloud Software-as-a-Service business, difficulties in making additional acquisitions or effectively integrating acquired operations, products, technologies and personnel, the Company's dependency on third-party cloud computing platform providers, hosting facilities and service partners, rapidly changing technology, cyber security attacks or other security breaches against the Company, privacy concerns and legislation impacting the Company's business, changes in currency exchange rates and interest rates, the effects of additional tax liabilities resulting from our global operations, uncertainty related to COVID-19 and various other factors and uncertainties discussed in our filings with the U.S. Securities and Exchange Commission (the "SEC").

You are encouraged to carefully review the section entitled "Risk Factors" in our latest Annual Report on Form 20-F and our other filings with the SEC for additional information regarding these and other factors and uncertainties that could affect our future performance. The forward-looking statements contained in this press release speak only as of the date hereof, and the Company undertakes no obligation to update or revise them, whether as a result of new information, future developments or otherwise, except as required by law.

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**NICE LTD. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands

|                                                   | <b>June 30,<br/>2022</b>   | <b>December 31,<br/>2021</b> |
|---------------------------------------------------|----------------------------|------------------------------|
|                                                   | <u>Unaudited</u>           | <u>Audited</u>               |
| <b>ASSETS</b>                                     |                            |                              |
| <b>CURRENT ASSETS:</b>                            |                            |                              |
| Cash and cash equivalents                         | \$ 382,219                 | \$ 378,656                   |
| Short-term investments                            | 1,052,391                  | 1,046,095                    |
| Trade receivables                                 | 459,743                    | 395,583                      |
| Debt hedge option                                 | 122,805                    | 292,940                      |
| Prepaid expenses and other current assets         | 206,291                    | 184,604                      |
| Total current assets                              | <u>2,223,449</u>           | <u>2,297,878</u>             |
| <b>LONG-TERM ASSETS:</b>                          |                            |                              |
| Property and equipment, net                       | 153,894                    | 145,654                      |
| Deferred tax assets                               | 73,590                     | 55,246                       |
| Other intangible assets, net                      | 238,912                    | 295,378                      |
| Operating lease right-of-use assets               | 108,714                    | 85,055                       |
| Goodwill                                          | 1,589,729                  | 1,606,756                    |
| Prepaid expenses and other long-term assets       | <u>234,475</u>             | <u>224,445</u>               |
| Total long-term assets                            | <u>2,399,314</u>           | <u>2,412,534</u>             |
| <b>TOTAL ASSETS</b>                               | <u><b>\$ 4,622,763</b></u> | <u><b>\$ 4,710,412</b></u>   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |                            |                              |
| <b>CURRENT LIABILITIES:</b>                       |                            |                              |
| Trade payables                                    | \$ 60,436                  | \$ 36,121                    |
| Deferred revenues and advances from customers     | 371,303                    | 330,459                      |
| Current maturities of operating leases            | 15,866                     | 19,514                       |
| Debt                                              | 208,355                    | 395,946                      |
| Accrued expenses and other liabilities            | <u>458,810</u>             | <u>487,547</u>               |
| Total current liabilities                         | <u>1,114,770</u>           | <u>1,269,587</u>             |
| <b>LONG-TERM LIABILITIES:</b>                     |                            |                              |
| Deferred revenues and advances from customers     | 55,874                     | 66,606                       |
| Operating leases                                  | 104,368                    | 81,185                       |
| Deferred tax liabilities                          | 5,544                      | 7,429                        |
| Debt                                              | 454,528                    | 429,267                      |
| Other long-term liabilities                       | <u>17,161</u>              | <u>18,379</u>                |
| Total long-term liabilities                       | <u>637,475</u>             | <u>602,866</u>               |
| <b>SHAREHOLDERS' EQUITY</b>                       |                            |                              |
| Nice Ltd's equity                                 | 2,857,895                  | 2,825,085                    |
| Non-controlling interests                         | <u>12,623</u>              | <u>12,874</u>                |
| Total shareholders' equity                        | <u>2,870,518</u>           | <u>2,837,959</u>             |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <u><b>\$ 4,622,763</b></u> | <u><b>\$ 4,710,412</b></u>   |

**NICE LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

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

|                                           | Quarter ended |            | Year to date |            |
|-------------------------------------------|---------------|------------|--------------|------------|
|                                           | June 30,      |            | June 30,     |            |
|                                           | 2022          | 2021       | 2022         | 2021       |
|                                           | Unaudited     | Unaudited  | Unaudited    | Unaudited  |
| Revenue:                                  |               |            |              |            |
| Cloud                                     | \$ 311,394    | \$ 243,520 | \$ 605,986   | \$ 471,601 |
| Services                                  | 166,733       | 167,133    | 323,707      | 328,924    |
| Product                                   | 52,454        | 46,174     | 128,317      | 111,323    |
| Total revenue                             | 530,581       | 456,827    | 1,058,010    | 911,848    |
| Cost of revenue:                          |               |            |              |            |
| Cloud                                     | 113,441       | 99,172     | 226,790      | 192,754    |
| Services                                  | 44,994        | 46,882     | 91,902       | 95,816     |
| Product                                   | 6,489         | 4,453      | 13,234       | 9,799      |
| Total cost of revenue                     | 164,924       | 150,507    | 331,926      | 298,369    |
| Gross profit                              | 365,657       | 306,320    | 726,084      | 613,479    |
| Operating expenses:                       |               |            |              |            |
| Research and development, net             | 73,482        | 62,218     | 150,060      | 121,373    |
| Selling and marketing                     | 150,410       | 126,195    | 303,028      | 254,754    |
| General and administrative                | 57,075        | 53,133     | 115,942      | 106,105    |
| Total operating expenses                  | 280,967       | 241,546    | 569,030      | 482,232    |
| Operating income                          | 84,690        | 64,774     | 157,054      | 131,247    |
| Financial and other expense/(income), net | 50            | 9,062      | (436)        | 12,456     |
| Income before tax                         | 84,640        | 55,712     | 157,490      | 118,791    |
| Taxes on income                           | 19,068        | 10,515     | 33,977       | 21,383     |
| Net income                                | \$ 65,572     | \$ 45,197  | \$ 123,513   | \$ 97,408  |
| Earnings per share:                       |               |            |              |            |
| Basic                                     | \$ 1.03       | \$ 0.72    | \$ 1.94      | \$ 1.54    |
| Diluted                                   | \$ 0.99       | \$ 0.68    | \$ 1.86      | \$ 1.46    |
| Weighted average shares outstanding:      |               |            |              |            |
| Basic                                     | 63,806        | 63,108     | 63,775       | 63,096     |
| Diluted                                   | 66,274        | 66,512     | 66,563       | 66,618     |

**NICE LTD. AND SUBSIDIARIES**  
**CONSOLIDATED CASH FLOW STATEMENTS**

U.S. dollars in thousands

|                                                                                    | Quarter ended     |                   | Year to date      |                   |
|------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                                                                    | June 30,          |                   | June 30,          |                   |
|                                                                                    | 2022              | 2021              | 2022              | 2021              |
|                                                                                    | Unaudited         | Unaudited         | Unaudited         | Unaudited         |
| <u>Operating Activities</u>                                                        |                   |                   |                   |                   |
| Net income                                                                         | \$ 65,572         | \$ 45,197         | \$ 123,513        | \$ 97,408         |
| Adjustments to reconcile net income to net cash provided by operating activities   |                   |                   |                   |                   |
| Depreciation and amortization                                                      | 42,202            | 45,911            | 86,483            | 90,835            |
| Stock based compensation                                                           | 43,109            | 30,979            | 91,293            | 62,434            |
| Amortization of premium and discount and accrued interest on marketable securities | 1,254             | 2,066             | 5,072             | 5,997             |
| Deferred taxes, net                                                                | (10,248)          | (16,207)          | (12,044)          | (17,065)          |
| Changes in operating assets and liabilities:                                       |                   |                   |                   |                   |
| Trade Receivables                                                                  | (49,596)          | (2,783)           | (70,855)          | (22,467)          |
| Prepaid expenses and other assets                                                  | (11,479)          | (14,103)          | (40,410)          | (24,963)          |
| Trade payables                                                                     | 15,354            | (4,912)           | 24,432            | 4,792             |
| Accrued expenses and other current liabilities                                     | (63,560)          | (11,064)          | (34,331)          | (12,429)          |
| Operating lease right-of-use assets                                                | 3,941             | 4,442             | 7,883             | 8,923             |
| Deferred revenue                                                                   | (15,718)          | (4,638)           | 36,631            | 47,265            |
| Operating lease liabilities                                                        | (6,997)           | (4,778)           | (11,994)          | (10,475)          |
| Amortization of discount on debt                                                   | 1,151             | 3,513             | 2,288             | 7,612             |
| Loss from extinguishment of debt                                                   | 113               | 7,298             | 1,205             | 7,298             |
| Other                                                                              | 933               | 519               | (424)             | 515               |
| Net cash provided by operating activities                                          | <u>16,031</u>     | <u>81,440</u>     | <u>208,742</u>    | <u>245,680</u>    |
| <u>Investing Activities</u>                                                        |                   |                   |                   |                   |
| Purchase of property and equipment                                                 | (5,301)           | (10,631)          | (14,885)          | (12,960)          |
| Purchase of Investments                                                            | (123,536)         | (70,442)          | (221,802)         | (223,748)         |
| Proceeds from Investments                                                          | 79,924            | 112,527           | 181,590           | 167,104           |
| Capitalization of software development costs                                       | (13,073)          | (11,159)          | (23,744)          | (21,275)          |
| Other                                                                              | 276               | -                 | 276               | 444               |
| Payments for business and asset acquisitions, net of cash acquired                 | -                 | (129,306)         | -                 | (129,306)         |
| Net cash used in investing activities                                              | <u>(61,710)</u>   | <u>(109,011)</u>  | <u>(78,565)</u>   | <u>(219,741)</u>  |
| <u>Financing Activities</u>                                                        |                   |                   |                   |                   |
| Proceeds from issuance of shares upon exercise of share options                    | 198               | 2,083             | 273               | 2,375             |
| Purchase of treasury shares                                                        | (34,070)          | (340)             | (97,912)          | (44,562)          |
| Dividends paid to noncontrolling interest                                          | (376)             | (801)             | (376)             | (801)             |
| Repayment of debt                                                                  | (2,017)           | (82,814)          | (20,110)          | (82,814)          |
| Net cash provided by/(used in) financing activities                                | <u>(36,265)</u>   | <u>(81,872)</u>   | <u>(118,125)</u>  | <u>(125,802)</u>  |
| Effect of exchange rates on cash and cash equivalents                              | <u>(5,702)</u>    | <u>1,767</u>      | <u>(6,639)</u>    | <u>1,048</u>      |
| Net change in cash, cash equivalents and restricted cash                           | (87,646)          | (107,676)         | 5,413             | (98,815)          |
| Cash, cash equivalents and restricted cash, beginning of period                    | <u>\$ 471,715</u> | <u>\$ 451,128</u> | <u>\$ 378,656</u> | <u>\$ 442,267</u> |
| Cash, cash equivalents and restricted cash, end of period                          | <u>\$ 384,069</u> | <u>\$ 343,452</u> | <u>\$ 384,069</u> | <u>\$ 343,452</u> |

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

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

|                                                                       | Quarter ended<br>June 30, |                   | Year to date<br>June 30, |                   |
|-----------------------------------------------------------------------|---------------------------|-------------------|--------------------------|-------------------|
|                                                                       | 2022                      | 2021              | 2022                     | 2021              |
| GAAP revenues                                                         | \$ 530,581                | \$ 456,827        | \$ 1,058,010             | \$ 911,848        |
| Valuation adjustment on acquired deferred cloud revenue               | -                         | 1,978             | -                        | 3,800             |
| Valuation adjustment on acquired deferred services revenue            | -                         | 60                | -                        | 166               |
| Non-GAAP revenues                                                     | <u>\$ 530,581</u>         | <u>\$ 458,865</u> | <u>\$ 1,058,010</u>      | <u>\$ 915,814</u> |
| GAAP cost of revenue                                                  | \$ 164,924                | \$ 150,507        | \$ 331,926               | \$ 298,369        |
| Amortization of acquired intangible assets on cost of cloud           | (18,623)                  | (18,211)          | (37,287)                 | (35,726)          |
| Amortization of acquired intangible assets on cost of services        | -                         | (1,226)           | (377)                    | (2,451)           |
| Amortization of acquired intangible assets on cost of product         | (258)                     | (287)             | (534)                    | (570)             |
| Valuation adjustment on acquired deferred cost of cloud               | 13                        | 26                | 28                       | 51                |
| Cost of cloud revenue adjustment (1)                                  | (1,741)                   | (1,676)           | (4,070)                  | (3,170)           |
| Cost of services revenue adjustment (1)                               | (2,519)                   | (1,646)           | (5,486)                  | (4,081)           |
| Cost of product revenue adjustment (1)                                | (134)                     | (126)             | (266)                    | (251)             |
| Non-GAAP cost of revenue                                              | <u>\$ 141,662</u>         | <u>\$ 127,361</u> | <u>\$ 283,934</u>        | <u>\$ 252,171</u> |
| GAAP gross profit                                                     | \$ 365,657                | \$ 306,320        | \$ 726,084               | \$ 613,479        |
| Gross profit adjustments                                              | 23,262                    | 25,184            | 47,992                   | 50,164            |
| Non-GAAP gross profit                                                 | <u>\$ 388,919</u>         | <u>\$ 331,504</u> | <u>\$ 774,076</u>        | <u>\$ 663,643</u> |
| GAAP operating expenses                                               | \$ 280,967                | \$ 241,546        | \$ 569,030               | \$ 482,232        |
| Research and development (1)                                          | (7,886)                   | (4,111)           | (16,401)                 | (8,168)           |
| Sales and marketing (1)                                               | (13,129)                  | (6,911)           | (29,398)                 | (17,819)          |
| General and administrative (1)                                        | (18,086)                  | (18,688)          | (36,486)                 | (31,375)          |
| Amortization of acquired intangible assets                            | (6,963)                   | (9,952)           | (15,774)                 | (19,660)          |
| Valuation adjustment on acquired deferred commission                  | 52                        | 55                | 105                      | 108               |
| Non-GAAP operating expenses                                           | <u>\$ 234,955</u>         | <u>\$ 201,939</u> | <u>\$ 471,076</u>        | <u>\$ 405,318</u> |
| GAAP financial and other expense, net                                 | \$ 50                     | \$ 9,062          | \$ (436)                 | \$ 12,456         |
| Amortization of discount on debt and loss from extinguishment of debt | (1,264)                   | (10,813)          | (3,493)                  | (14,937)          |
| Non-GAAP financial and other income, net                              | <u>\$ (1,214)</u>         | <u>\$ (1,751)</u> | <u>\$ (3,929)</u>        | <u>\$ (2,481)</u> |
| GAAP taxes on income                                                  | \$ 19,068                 | \$ 10,515         | \$ 33,977                | \$ 21,383         |
| Tax adjustments re non-GAAP adjustments                               | 12,911                    | 16,529            | 29,262                   | 32,344            |
| Non-GAAP taxes on income                                              | <u>\$ 31,979</u>          | <u>\$ 27,044</u>  | <u>\$ 63,239</u>         | <u>\$ 53,727</u>  |
| GAAP net income                                                       | \$ 65,572                 | \$ 45,197         | \$ 123,513               | \$ 97,408         |
| Valuation adjustment on acquired deferred revenue                     | -                         | 2,038             | -                        | 3,966             |
| Valuation adjustment on acquired deferred cost of cloud revenue       | (13)                      | (26)              | (28)                     | (51)              |
| Amortization of acquired intangible assets                            | 25,844                    | 29,676            | 53,972                   | 58,407            |
| Valuation adjustment on acquired deferred commission                  | (52)                      | (55)              | (105)                    | (108)             |
| Share-based compensation (1)                                          | 43,495                    | 31,251            | 92,107                   | 62,957            |
| Acquisition related expenses (2)                                      | -                         | 1,907             | -                        | 1,907             |
| Amortization of discount on debt and loss from extinguishment of debt | 1,264                     | 10,813            | 3,493                    | 14,937            |
| Tax adjustments re non-GAAP adjustments                               | (12,911)                  | (16,529)          | (29,262)                 | (32,344)          |
| Non-GAAP net income                                                   | <u>\$ 123,199</u>         | <u>\$ 104,272</u> | <u>\$ 243,690</u>        | <u>\$ 207,079</u> |
| GAAP diluted earnings per share                                       | <u>\$ 0.99</u>            | <u>\$ 0.68</u>    | <u>\$ 1.86</u>           | <u>\$ 1.46</u>    |
| Non-GAAP diluted earnings per share                                   | <u>\$ 1.86</u>            | <u>\$ 1.57</u>    | <u>\$ 3.66</u>           | <u>\$ 3.11</u>    |
| Shares used in computing GAAP diluted earnings per share              | 66,274                    | 66,512            | 66,563                   | 66,618            |
| Shares used in computing non-GAAP diluted earnings per share          | 66,274                    | 66,512            | 66,563                   | 66,618            |

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

U.S. dollars in thousands

**(1) Share-based Compensation**

|                            | Quarter ended<br>June 30, |                  | Year to date<br>June 30, |                  |
|----------------------------|---------------------------|------------------|--------------------------|------------------|
|                            | 2022                      | 2021             | 2022                     | 2021             |
| Cost of cloud revenue      | \$ 1,741                  | \$ 1,676         | \$ 4,070                 | \$ 3,170         |
| Cost of services revenue   | 2,519                     | 1,646            | 5,486                    | 4,081            |
| Cost of product revenue    | 134                       | 126              | 266                      | 251              |
| Research and development   | 7,886                     | 4,111            | 16,401                   | 8,168            |
| Sales and marketing        | 13,129                    | 6,911            | 29,398                   | 17,819           |
| General and administrative | 18,086                    | 16,781           | 36,486                   | 29,468           |
|                            | <u>\$ 43,495</u>          | <u>\$ 31,251</u> | <u>\$ 92,107</u>         | <u>\$ 62,957</u> |

**(2) Acquisition related expenses**

|                            | Quarter ended<br>June 30, |              | Year to date<br>June 30, |              |
|----------------------------|---------------------------|--------------|--------------------------|--------------|
|                            | 2022                      | 2021         | 2022                     | 2021         |
| Research and development   | -                         | -            | -                        | -            |
| Sales and marketing        | -                         | -            | -                        | -            |
| General and administrative | -                         | 1,907        | -                        | 1,907        |
|                            | <u>-</u>                  | <u>1,907</u> | <u>-</u>                 | <u>1,907</u> |