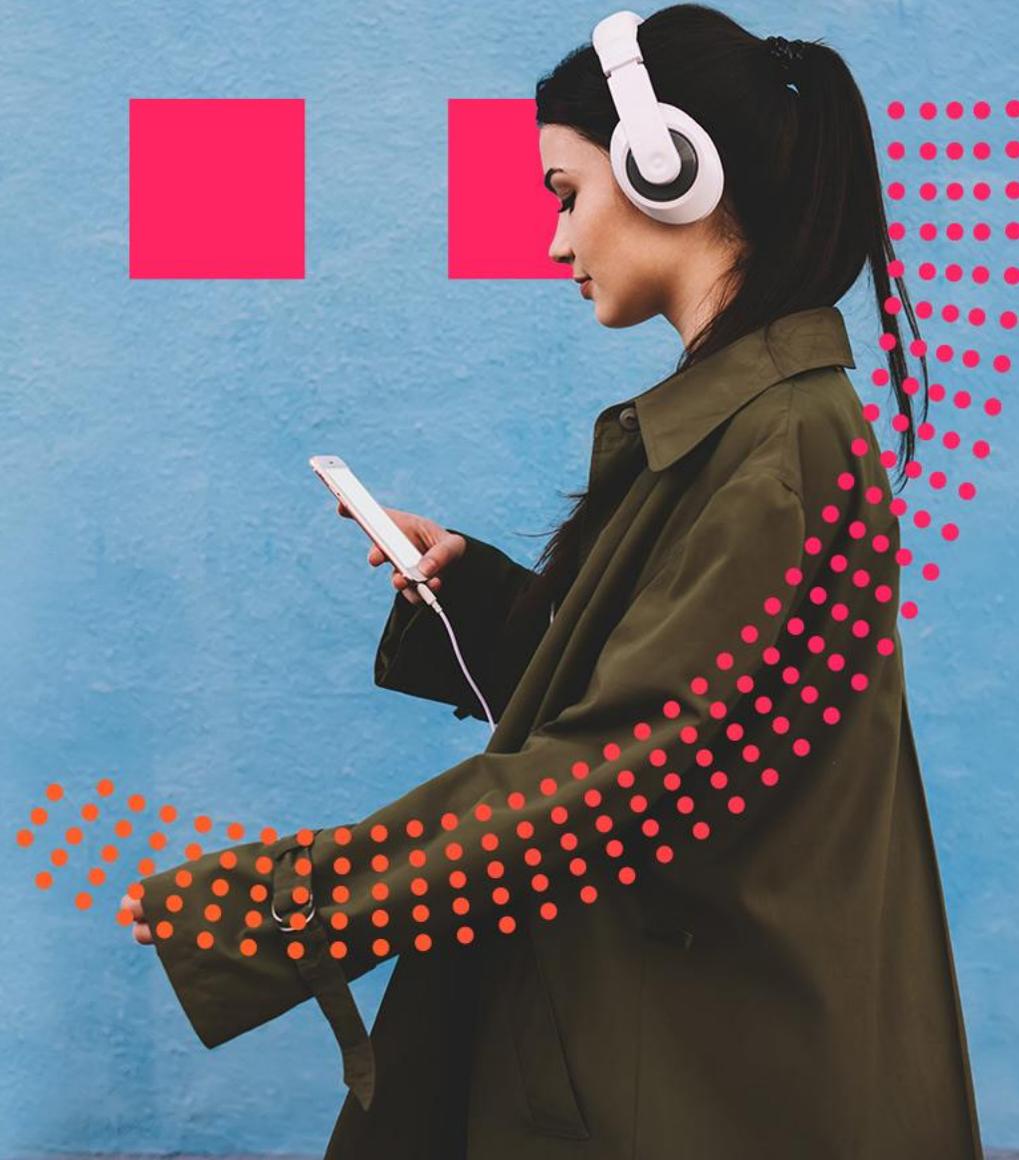


2023 Second Quarter Results

Ended June 30, 2023



Disclaimer

Forward Looking Statements Disclaimer

This presentation 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.

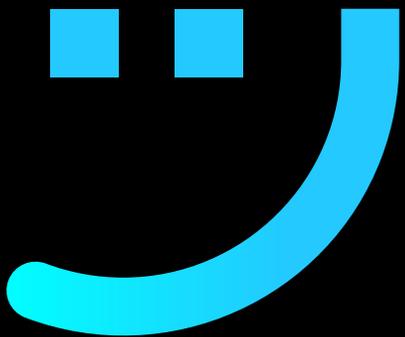
Forward looking statements are inherently subject to significant economic, competitive and other uncertainties and contingencies, many of which are beyond the control of management. The Company cautions that these statements are not guarantees of future performance, and investors should not place undue 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, the effect of unexpected events or geo-political conditions, such as the COVID-19 pandemic, that may disrupt our business and the global economy 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 presentation 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.

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.

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.



Agenda

Q2 2023 Highlights

Income Statement

Balance Sheet and Cash Flow Analysis

Outlook

Q2 2023 Highlights (Non-GAAP)

Total revenue increased 10% to \$581M; compared to \$531M in Q2 2022

Cloud revenue increased 23% to \$382M; compared to \$311M in Q2 2022

Cloud revenue as a percentage of total revenue was 66% compared to 59% in Q2 2022

Cloud gross margin increased 20 bps to 70.3%; compared to 70.1% in Q2 2022

Operating income increased 10% to \$170M; compared to \$154M in Q2 2022

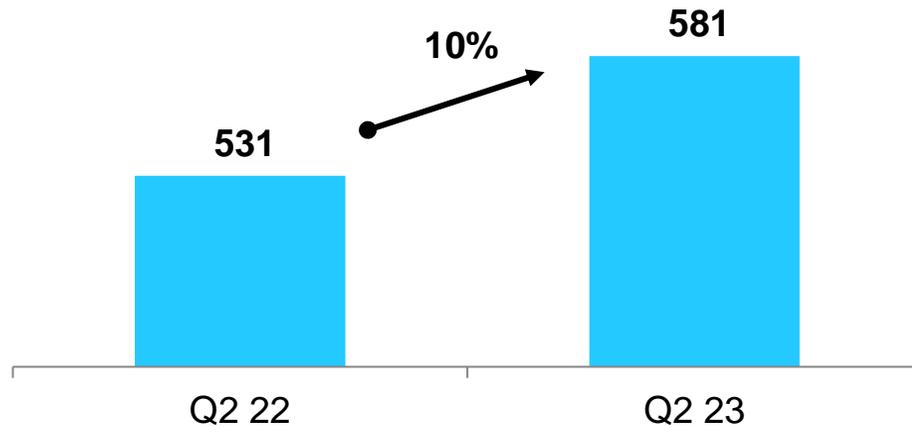
Operating margin increased 20 bps to 29.2%; compared to 29.0% in Q2 2022

Fully diluted EPS increased 15% to \$2.13; compared to \$1.86 in Q2 2022

Cash flow from operations increased to \$65M in Q2 2023; compared to \$16M in Q2 2022

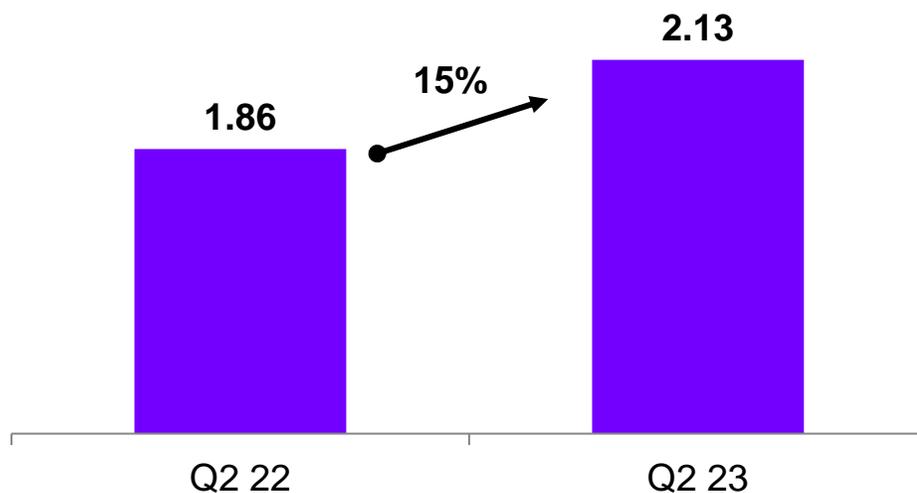
Impressive Growth and Execution

TOTAL REVENUE (Non-GAAP, \$M)

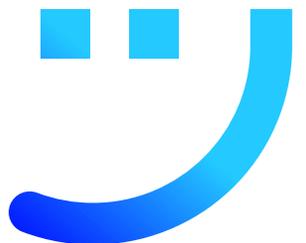


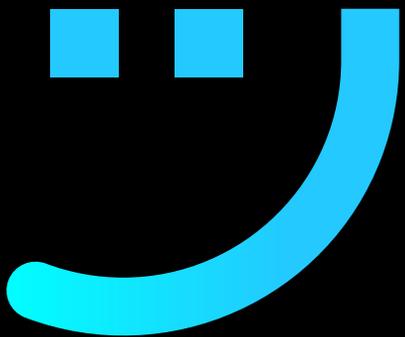
- Total revenue increased 10% in Q2 2023 driven by 23% growth in cloud revenue
- Cloud revenue in Q2 2023 of \$382M represented a record 66% of total revenue
- Recurring revenue accounted for 86% of total revenue for Q2 2023

EARNINGS PER SHARE (Non-GAAP, \$)



- Double-digit EPS growth in Q2 2023 driven primarily by strong cloud growth, expansion of operating margin and increase in financial income





Agenda

Q2 2023 Highlights

Income Statement

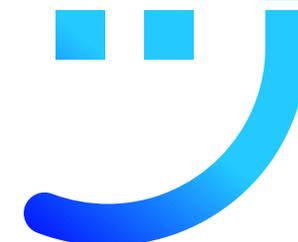
Balance Sheet and Cash Flow Analysis

Outlook

GAAP and Non-GAAP Income Statement

USD in thousands (except EPS)

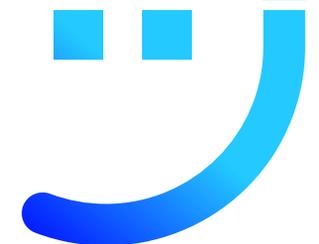
	Quarter ended June 30,		Year to date June 30,	
	2023	2022	2023	2022
GAAP revenues	\$ 581,113	\$ 530,581	\$ 1,152,972	\$ 1,058,010
Non-GAAP revenues	\$ 581,113	\$ 530,581	\$ 1,152,972	\$ 1,058,010
GAAP cost of revenue	\$ 189,713	\$ 164,924	\$ 376,309	\$ 331,926
Amortization of acquired intangible assets on cost of cloud	(19,396)	(18,623)	(38,765)	(37,287)
Amortization of acquired intangible assets on cost of services	-	-	-	(377)
Amortization of acquired intangible assets on cost of product	(257)	(258)	(506)	(534)
Valuation adjustment on acquired deferred cost of cloud	-	13	-	28
Cost of cloud revenue adjustment (1)	(2,253)	(1,741)	(4,200)	(4,070)
Cost of services revenue adjustment (1)	(2,864)	(2,519)	(5,748)	(5,486)
Cost of product revenue adjustment (1)	(140)	(134)	(278)	(266)
Non-GAAP cost of revenue	\$ 164,803	\$ 141,662	\$ 326,812	\$ 283,934
GAAP gross profit	\$ 391,400	\$ 365,657	\$ 776,663	\$ 726,084
Gross profit adjustments	24,910	23,262	49,497	47,992
Non-GAAP gross profit	\$ 416,310	\$ 388,919	\$ 826,160	\$ 774,076
GAAP operating expenses	\$ 285,971	\$ 280,967	\$ 577,727	\$ 569,030
Research and development (1)	(7,783)	(7,886)	(16,181)	(16,401)
Sales and marketing (1)	(13,055)	(13,129)	(24,157)	(29,398)
General and administrative (1)	(14,059)	(18,086)	(35,355)	(36,486)
Amortization of acquired intangible assets	(4,428)	(6,963)	(8,943)	(15,774)
Valuation adjustment on acquired deferred commission	36	52	76	105
Non-GAAP operating expenses	\$ 246,682	\$ 234,955	\$ 493,167	\$ 471,076
GAAP financial and other income, net	\$ (9,350)	\$ 50	\$ (18,071)	\$ (436)
Amortization of discount and loss of extinguishment on debt	(1,166)	(1,264)	(2,320)	(3,493)
Change in fair value of contingent consideration	(578)	-	(578)	-
Non-GAAP financial and other income, net	(11,094)	(1,214)	(20,969)	(3,929)



GAAP and Non-GAAP Income Statement (cont.)

USD in thousands (except EPS)

	Quarter ended June 30,		Year to date June 30,	
	2023	2022	2023	2022
GAAP taxes on income	\$ 27,424	\$ 19,068	\$ 52,711	\$ 33,977
Tax adjustments re non-GAAP adjustments	11,793	12,911	24,101	29,262
Non-GAAP taxes on income	<u>\$ 39,217</u>	<u>\$ 31,979</u>	<u>\$ 76,812</u>	<u>\$ 63,239</u>
GAAP net income	\$ 87,355	\$ 65,572	\$ 164,296	\$ 123,513
Valuation adjustment on acquired deferred cost of cloud revenue	-	(13)	-	(28)
Amortization of acquired intangible assets	24,081	25,844	48,214	53,972
Valuation adjustment on acquired deferred commission	(36)	(52)	(76)	(105)
Share-based compensation (1)	40,154	43,495	85,919	92,109
Amortization of discount and loss of extinguishment on debt	1,166	1,264	2,320	3,493
Change in fair value of contingent consideration	578	-	578	-
Tax adjustments re non-GAAP adjustments	(11,793)	(12,911)	(24,101)	(29,262)
Non-GAAP net income	<u>\$ 141,505</u>	<u>\$ 123,199</u>	<u>\$ 277,150</u>	<u>\$ 243,692</u>
GAAP diluted earnings per share	<u>\$ 1.31</u>	<u>\$ 0.99</u>	<u>\$ 2.47</u>	<u>\$ 1.86</u>
Non-GAAP diluted earnings per share	<u>\$ 2.13</u>	<u>\$ 1.86</u>	<u>\$ 4.16</u>	<u>\$ 3.66</u>
Shares used in computing GAAP diluted earnings per share	66,435	66,274	66,548	66,563
Shares used in computing non-GAAP diluted earnings per share	66,435	66,274	66,548	66,563

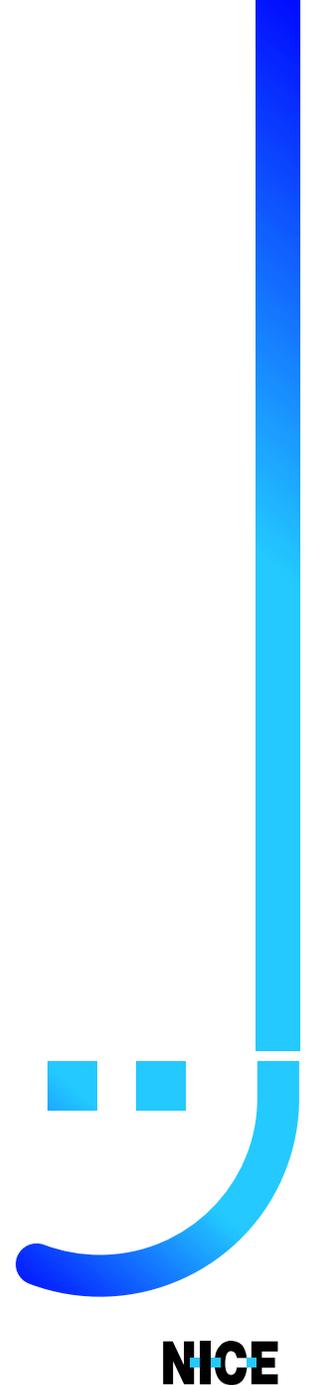


GAAP and Non-GAAP Income Statement (cont.)

USD in thousands (except EPS)

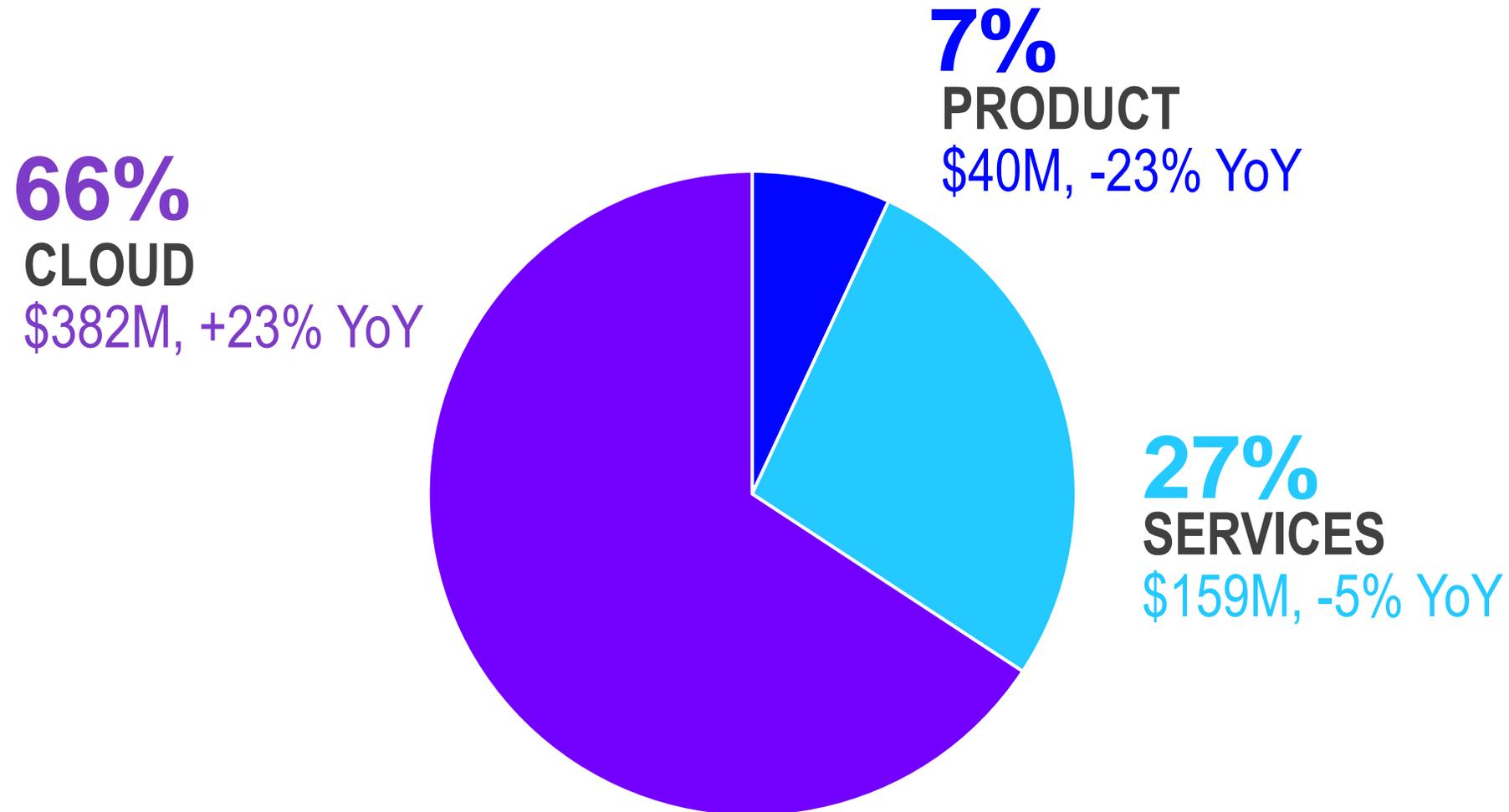
(1) Share-based Compensation

	Quarter ended June 30,		Year to date June 30,	
	2023	2022	2023	2022
Cost of cloud revenue	\$ 2,253	\$ 1,741	\$ 4,200	\$ 4,070
Cost of services revenue	2,864	2,519	5,748	5,486
Cost of product revenue	140	134	278	266
Research and development	7,783	7,886	16,181	16,401
Sales and marketing	13,055	13,129	24,157	29,398
General and administrative	14,059	18,086	35,355	36,486
	<u>\$ 40,154</u>	<u>\$ 43,495</u>	<u>\$ 85,919</u>	<u>\$ 92,107</u>



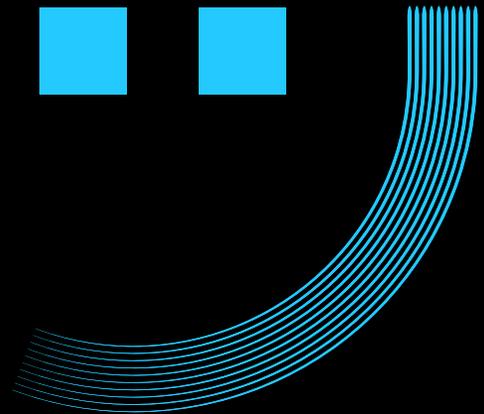
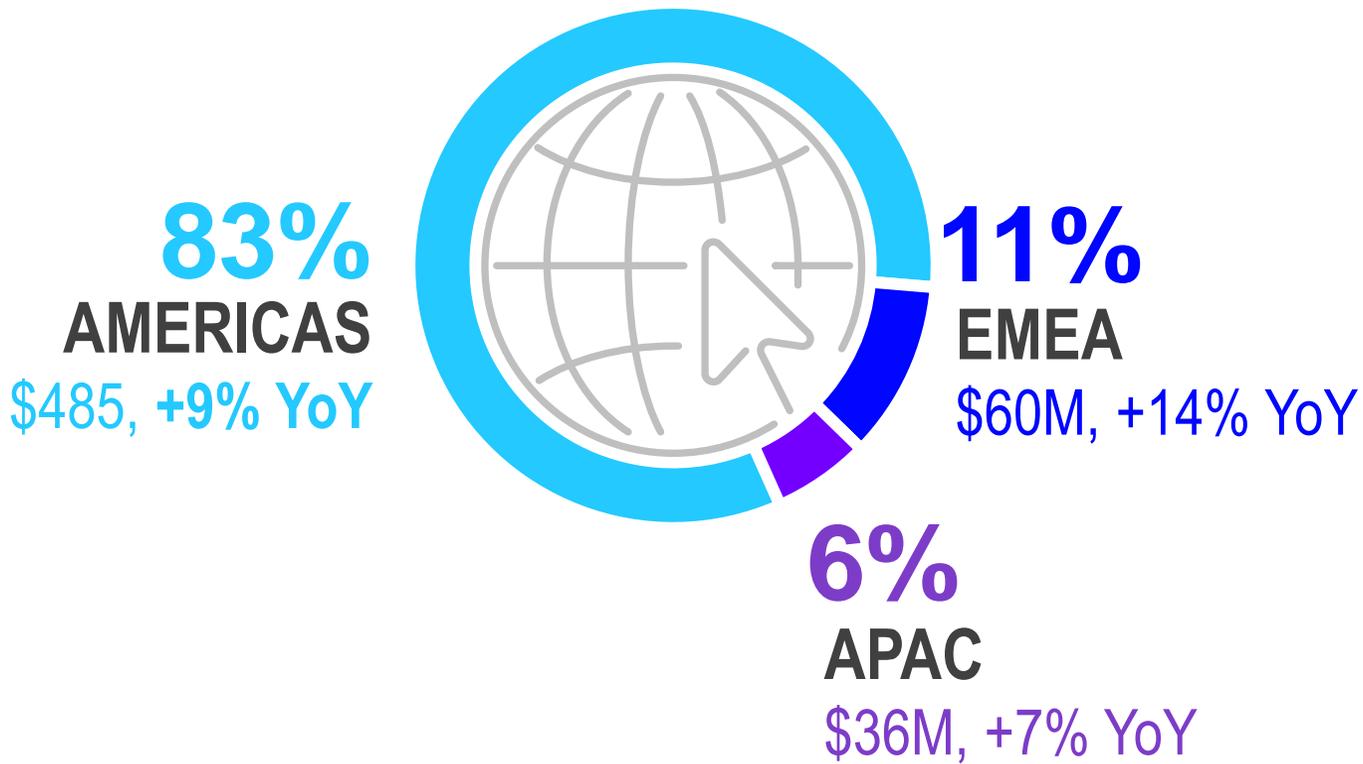
Q2 2023

Revenue Breakdown by Business Model (Non-GAAP)



Q2 2023

Revenue Breakdown by Region (Non-GAAP)



Q2 2023

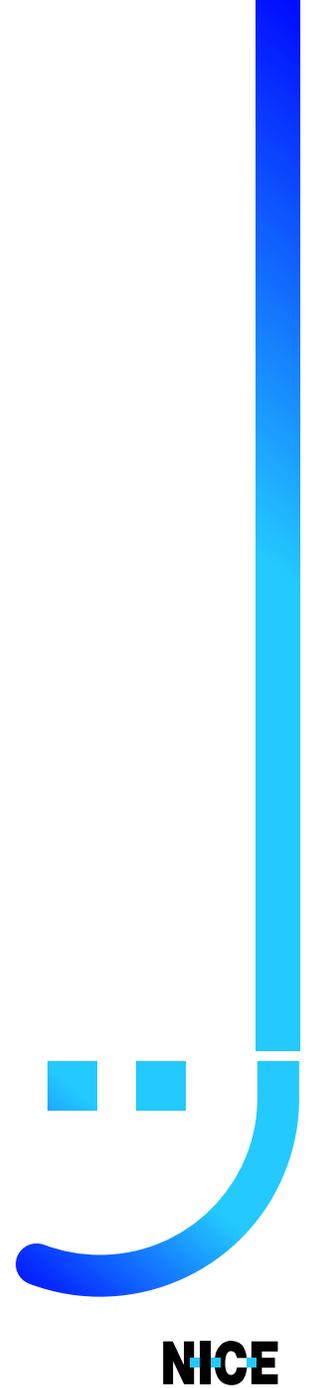
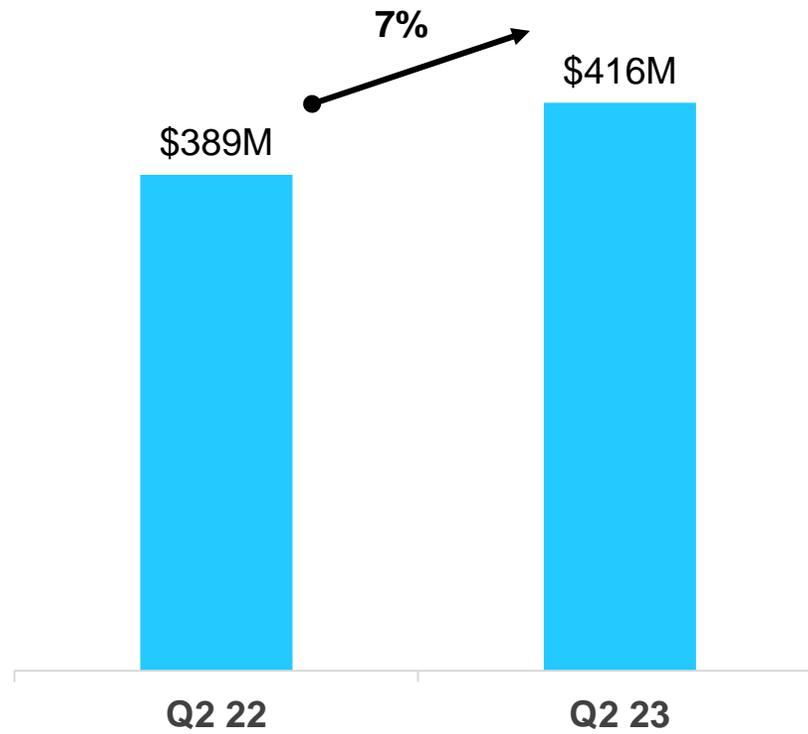
Revenue Breakdown by Business Unit (Non-GAAP)

83%
CUSTOMER
ENGAGEMENT
\$481M, +12% YoY



17%
FINANCIAL
CRIME &
COMPLIANCE
\$100M, -2% YoY

Gross Profit Q2 2023 (Non-GAAP)



NICE

Gross Margin Q2 2023 (Non-GAAP)

PRODUCT MARGIN -660bp

Product GM
88.4%



Q2 22

Product GM
81.8%



Q2 23

SERVICES MARGIN -230bp

Services GM
74.5%



Q2 22

Services GM
72.2%



Q2 23

CLOUD MARGIN +20bp

Cloud GM
70.1%



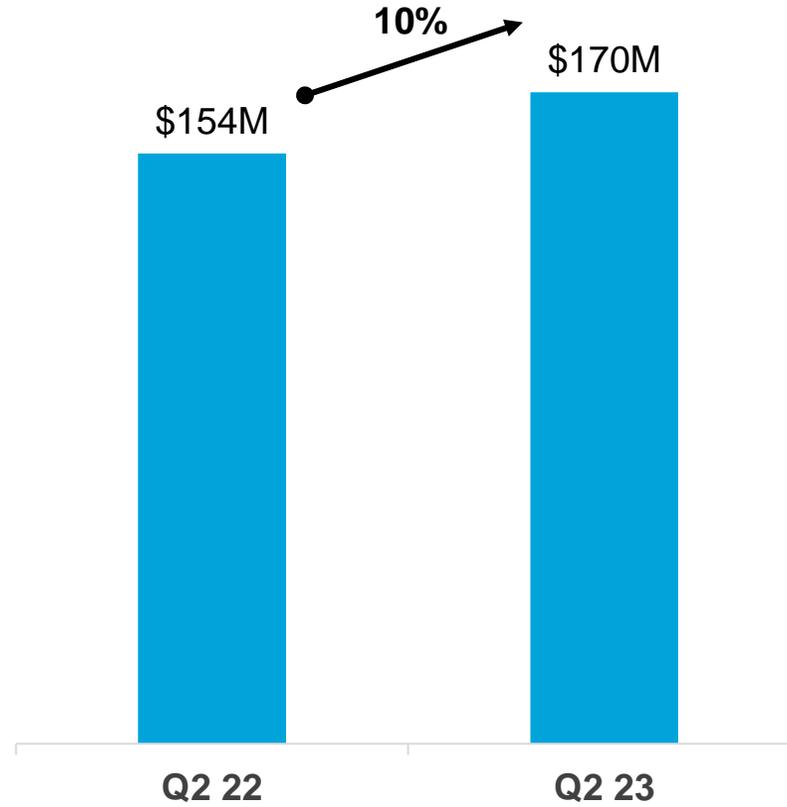
Q2 22

Cloud GM
70.3%



Q2 23

Operating Income Q2 2023 (Non-GAAP)

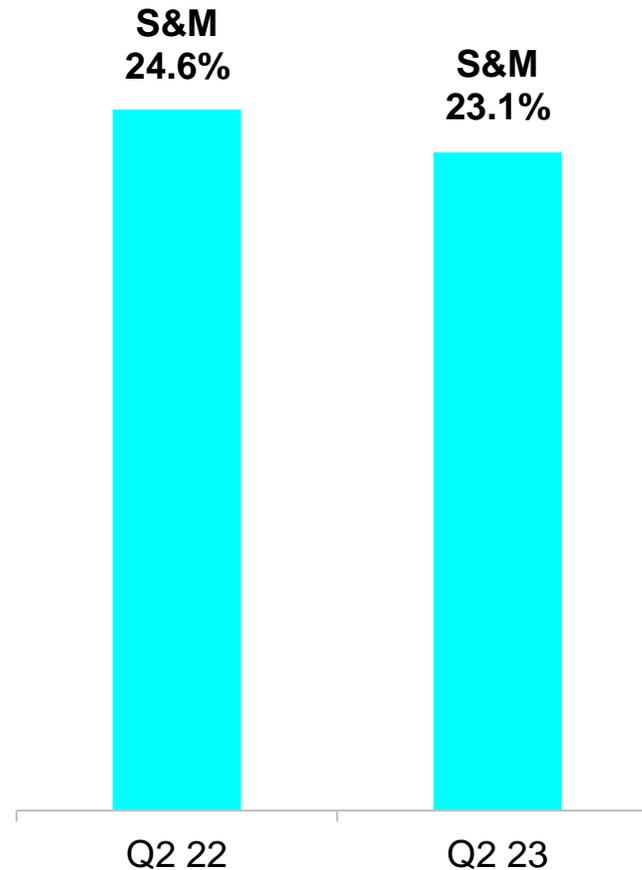


Cost Ratios Q2 2023 (Non-GAAP)

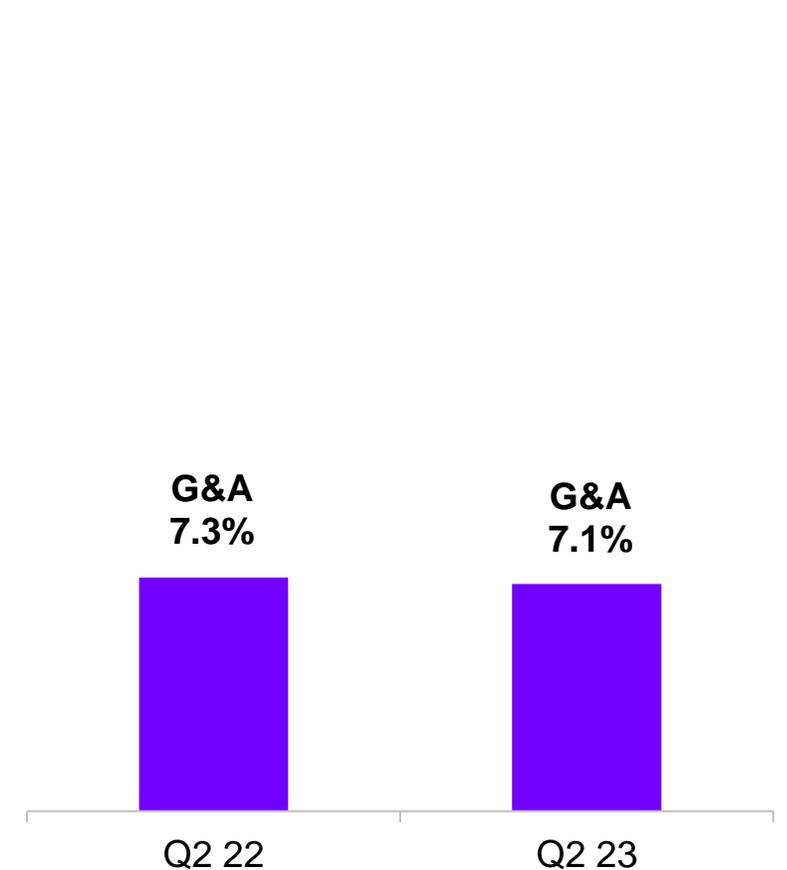
R&D as % of revenue



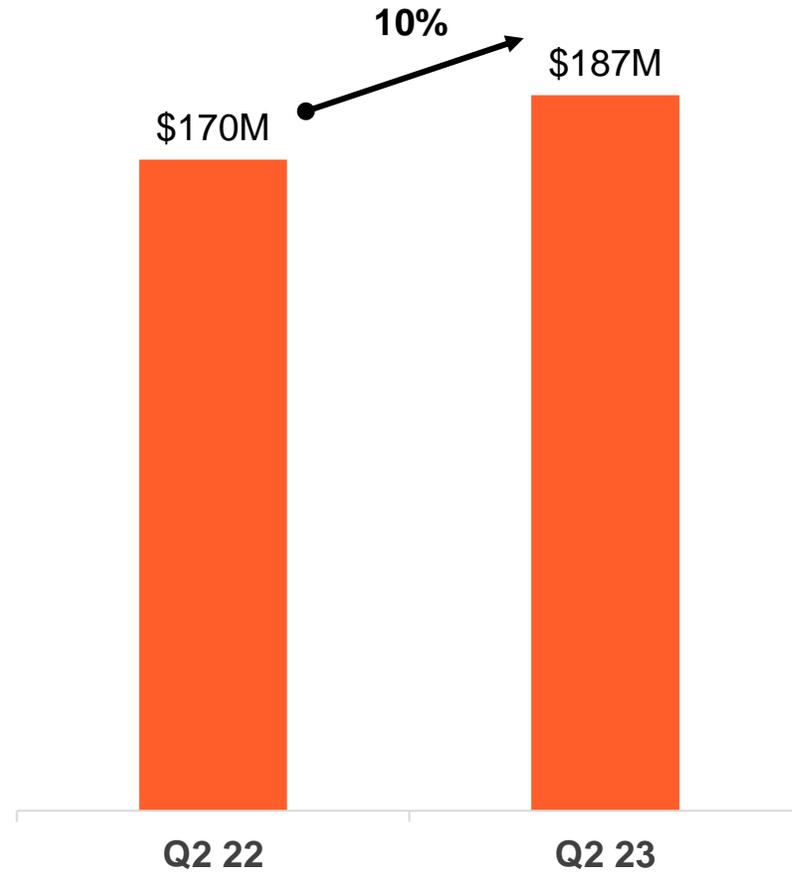
S&M as % of revenue

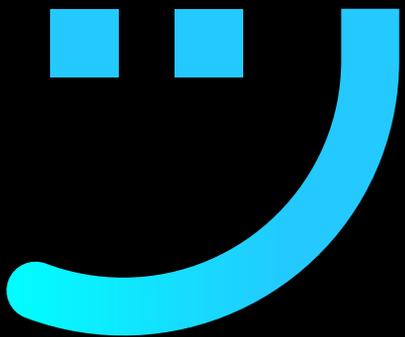


G&A as % of revenue



EBITDA Q2 2023 (Non-GAAP)





Agenda

Q2 2023 Highlights

Income Statement

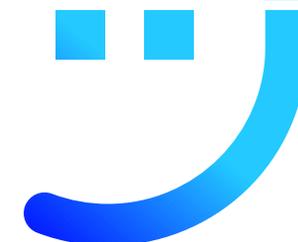
Balance Sheet and Cash Flow Analysis

Outlook

Condensed Consolidated Balance Sheet

USD in thousands

	June 30, 2023	December 31, 2022		June 30, 2023	December 31, 2022
	Unaudited	Audited		Unaudited	Audited
ASSETS			LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 598,079	\$ 529,596	Trade payables	\$ 45,269	\$ 56,019
Short-term investments	1,064,304	1,041,943	Deferred revenues and advances from customers	361,764	338,930
Trade receivables	513,881	518,517	Current maturities of operating leases	12,911	13,525
Debt hedge option	133,517	122,323	Debt	220,427	209,292
Prepaid expenses and other current assets	<u>204,080</u>	<u>204,754</u>	Accrued expenses and other liabilities	<u>446,299</u>	<u>523,451</u>
Total current assets	<u>2,513,861</u>	<u>2,417,133</u>	Total current liabilities	<u>1,086,670</u>	<u>1,141,217</u>
LONG-TERM ASSETS:			LONG-TERM LIABILITIES:		
Property and equipment, net	171,203	159,285	Deferred revenues and advances from customers	50,946	57,211
Deferred tax assets	132,264	116,889	Operating leases	95,100	99,262
Other intangible assets, net	162,044	209,605	Deferred tax liabilities	6,709	7,336
Operating lease right-of-use assets	100,022	102,893	Debt	456,223	455,382
Goodwill	1,623,549	1,617,118	Other long-term liabilities	<u>38,888</u>	<u>38,588</u>
Prepaid expenses and other long-term assets	<u>226,395</u>	<u>231,496</u>	Total long-term liabilities	<u>647,866</u>	<u>657,779</u>
Total long-term assets	<u>2,415,477</u>	<u>2,437,286</u>	SHAREHOLDERS' EQUITY		
TOTAL ASSETS	<u>\$ 4,929,338</u>	<u>\$ 4,854,419</u>	Nice Ltd's equity	3,182,461	3,042,085
			Non-controlling interests	<u>12,341</u>	<u>13,338</u>
			Total shareholders' equity	<u>3,194,802</u>	<u>3,055,423</u>
			TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 4,929,338</u>	<u>\$ 4,854,419</u>



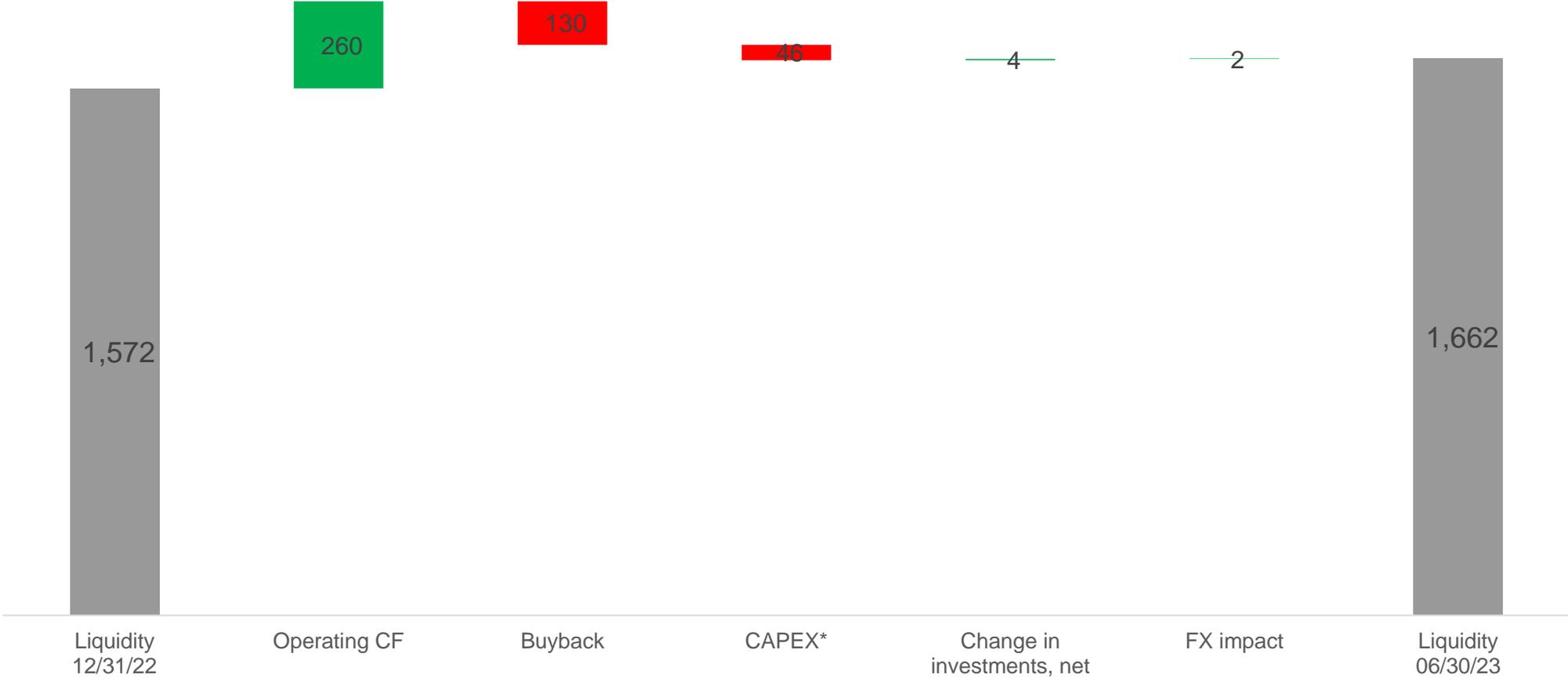
Cash Flow From Operations

\$M	Q2 23	Q2 22	%Δ
Cash flow from operations	65.3	16.0	307%
- Capital expenditure	4.5	5.3	(15%)
- Capitalization of software development	14.5	13.1	11%
Cash flow from operations after capex & software capitalization	46.3	(2.4)	
Cash flow from operations after capex and software capitalization as % of non-GAAP revenue	8%	0%	+8pp
Cash conversion rate *	0.3	(0.0)	

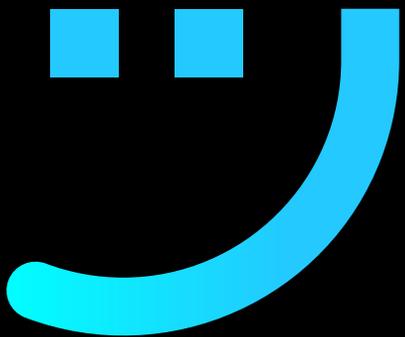
* Cash Conversion Rate = (Cash Flow from Operations after CAPEX and software capitalization / Non-GAAP Net Income)

Cash and Investments (USD in Millions)

June 30, 2023



*CAPEX movement includes R&D capitalization



Agenda

Q2 2023 Highlights

Income Statement

Balance Sheet and Cash Flow Analysis

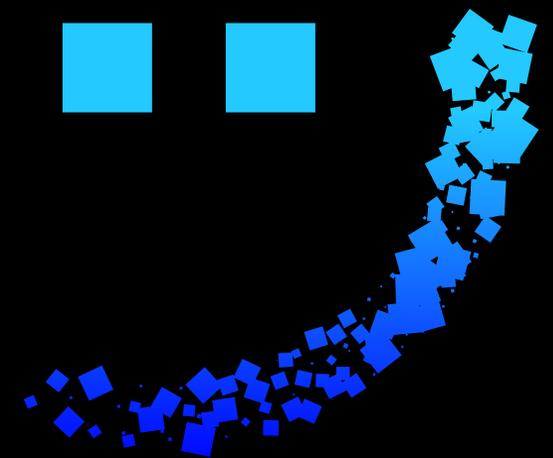
Outlook

Outlook* (Non-GAAP)

	Q3 2023	FY 2023
Revenue (\$M)	590 – 600	2,353 – 2,373
EPS (\$)	2.10 – 2.20	8.40 – 8.60

*The outlook is provided as of August 17, 2023. There is no guarantee that the Company will change or update these figures in this presentation should a need arise in the future to update the outlook. This is in addition to the forward-looking statements disclaimer at the beginning of the presentation.

Make experiences *flow*



Thank You

NICE 

Make
experiences

flow