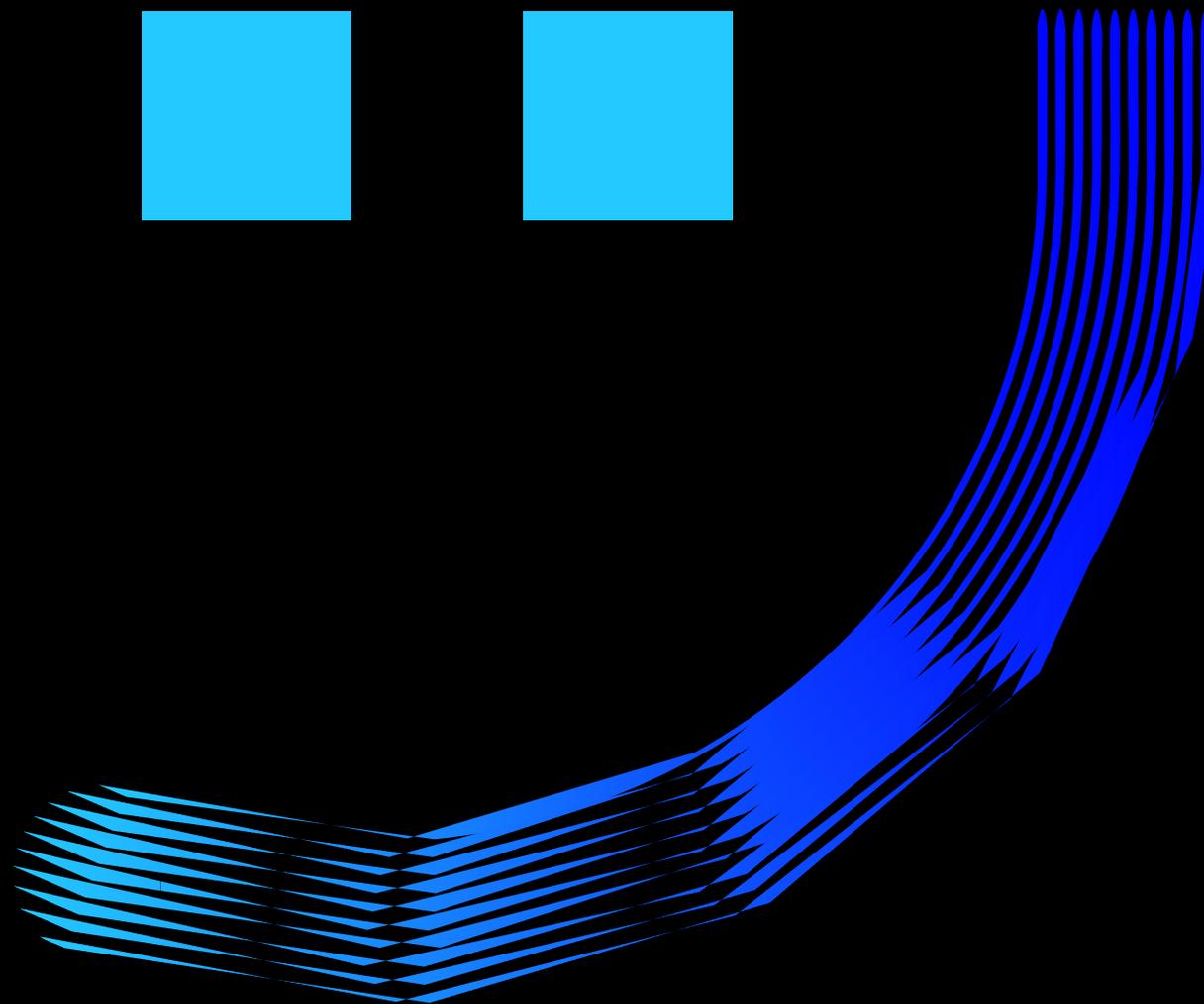




# Q4 2023 Earnings Presentation

(NASDAQ: NICE)



# 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 impact of conflicts in the Middle East, 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.



**>3,000**  
R&D  
Professionals

**\$2.4B**  
Revenue\*

**\$1.6B**  
Cloud ARR\*

**\$2.1B**  
Recurring  
Revenue\*

**\$561M**  
Cash from  
Operations\*

**25K**  
Customers

**>85%**  
Fortune  
100 Customers

**>150**  
Countries

**>8,400**  
Employees

**NICE**

**THE Cloud Leader Powering AI in  
Three Large Specialized Markets**

*\*Financial figures for last 12 months ended December 31, 2023.*

This is  
**NICE**

**CUSTOMER  
EXPERIENCE**



**CREATING**  
Extraordinary  
Customer  
Experiences

**FINANCIAL CRIME  
& COMPLIANCE**



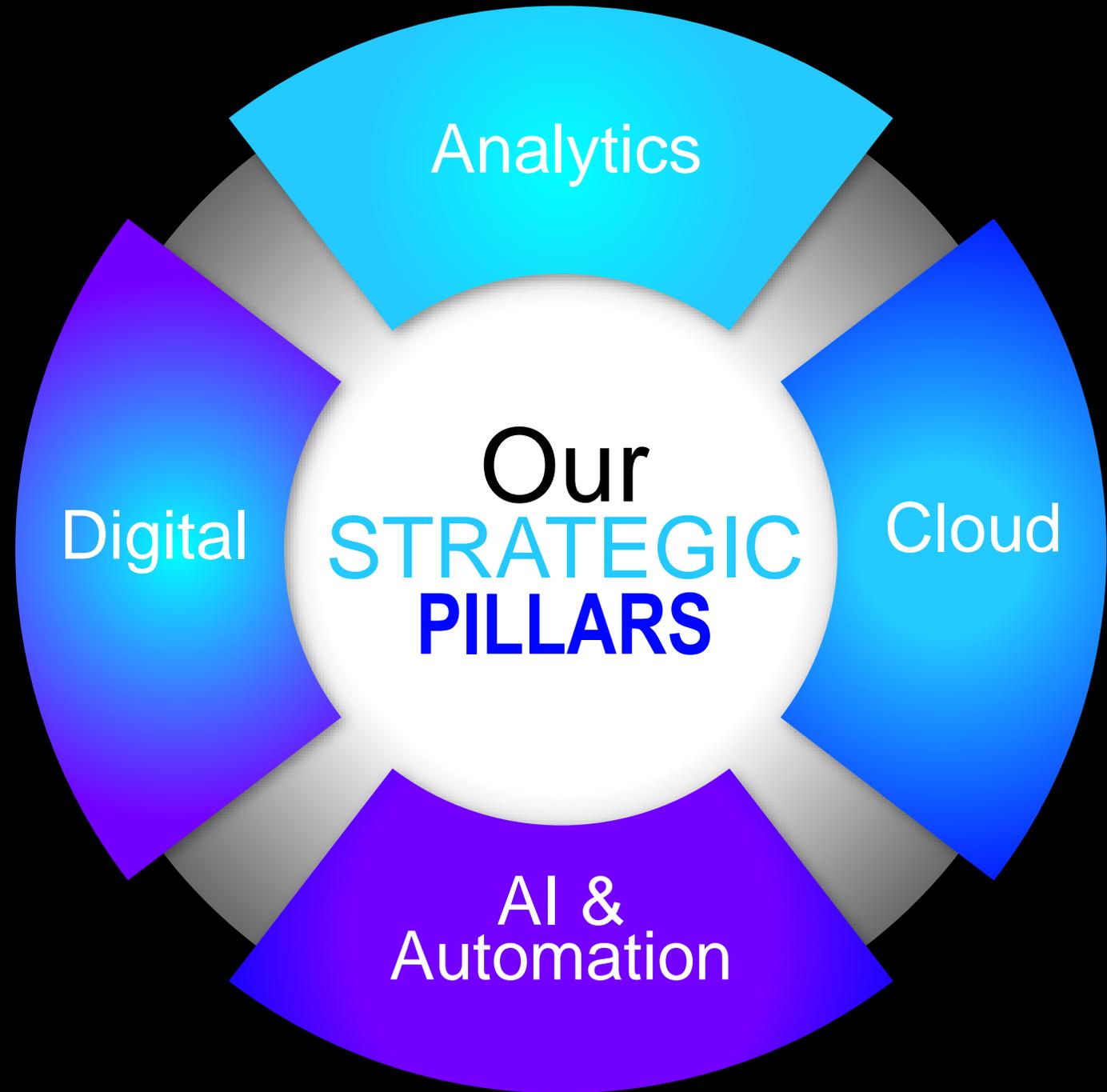
**OUTSMARTING**  
Financial Crime  
with Intelligent  
Solutions

**PUBLIC SAFETY  
& JUSTICE**



**DRIVING**  
Digital Policing  
Transformation

Transforming  
EXPERIENCES to be  
EXTRAORDINARY  
and TRUSTED



# FINANCIAL OVERVIEW

Quarterly Results



# Q4-23 Financial Highlights

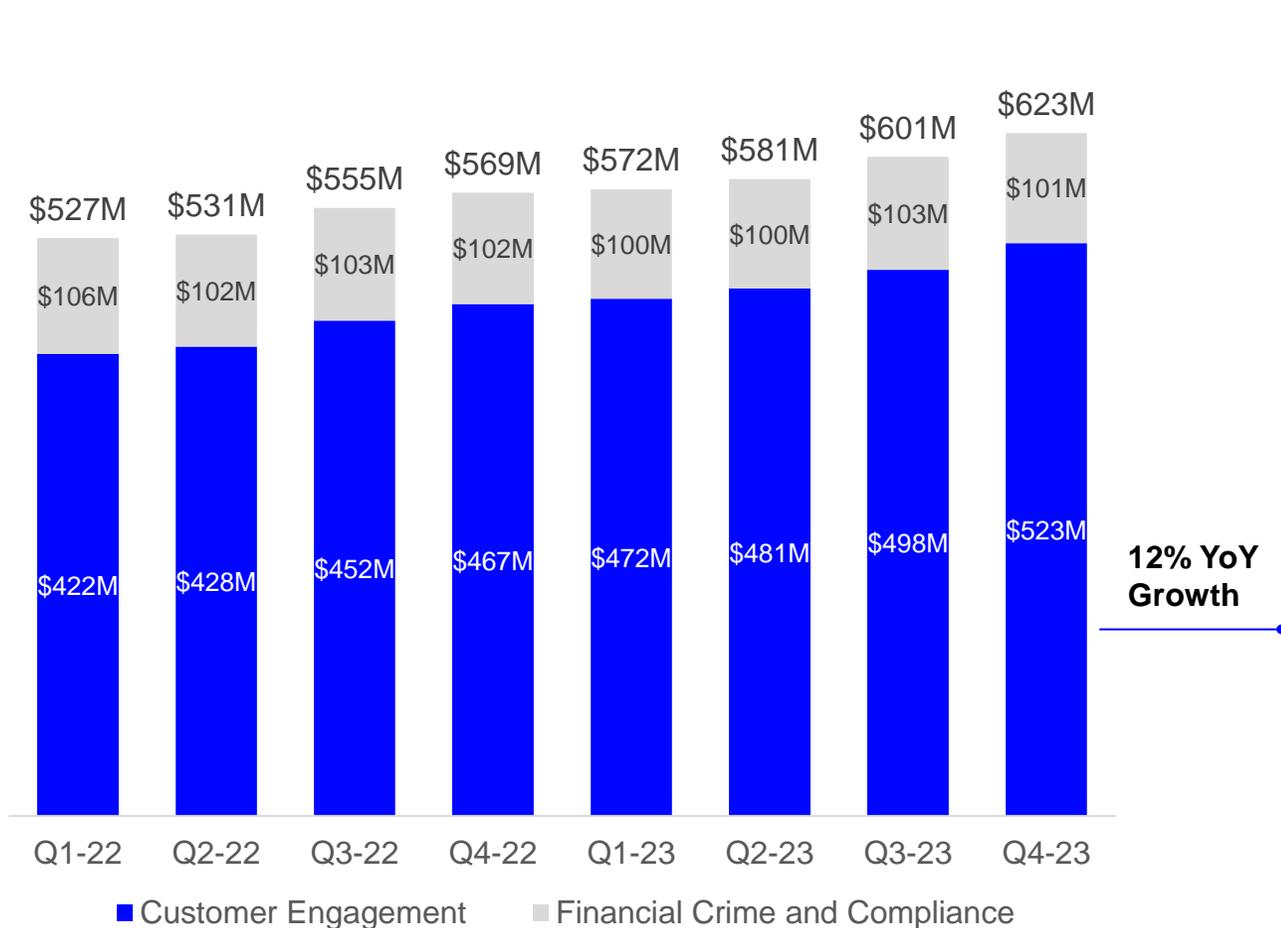
Q4 2023 Results	Quarterly Results	Increase (Decrease) Y/Y
Total Revenue	\$623M	10%
Cloud Revenue	\$429M	20%
Non-GAAP Gross Profit	\$448M	9%
Non-GAAP Gross Margin	71.9%	(60bps)
Non-GAAP Operating Income	\$187M	15%
Non-GAAP Operating Margin	30.0%	140bps
Non-GAAP EPS	\$2.36	16%

# FY-23 Financial Highlights

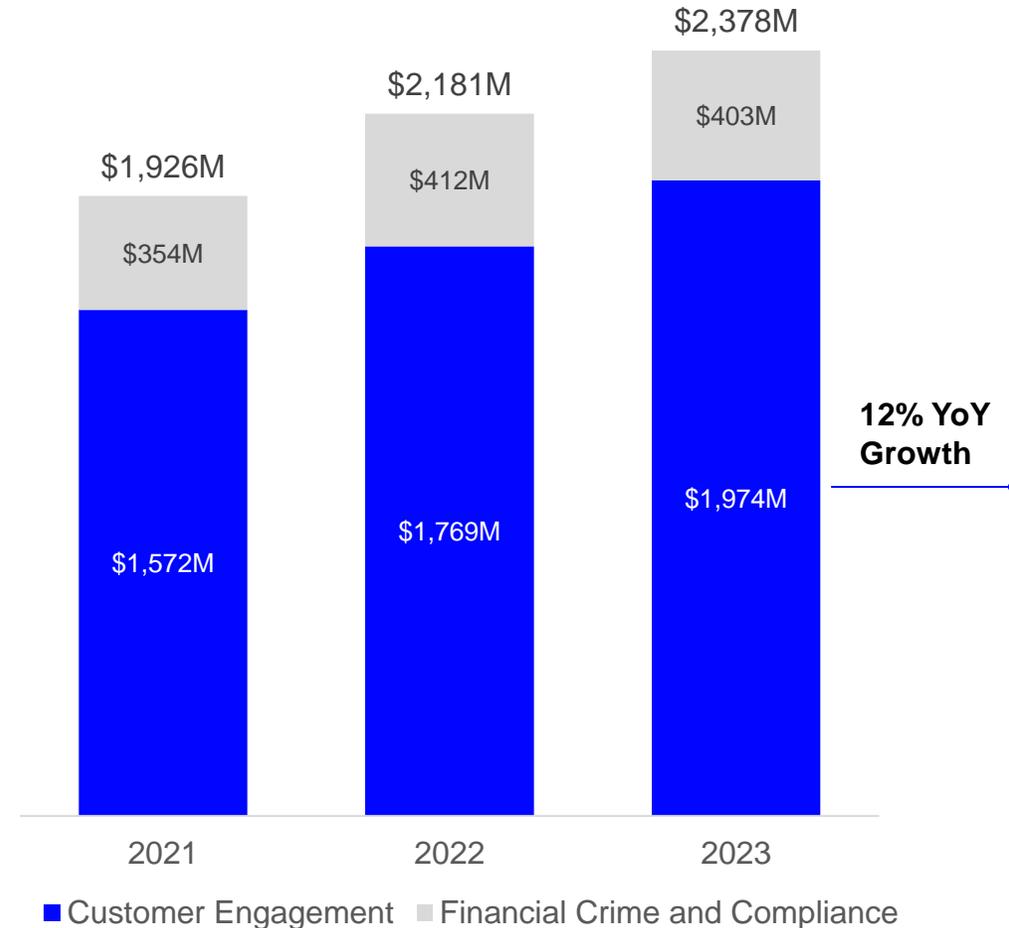
FY 2023 Results	Quarterly Results	Increase (Decrease) Y/Y
Total Revenue	\$2,378M	9%
Cloud Revenue	\$1,582M	22%
Non-GAAP Gross Profit	\$1,709M	7%
Non-GAAP Gross Margin	71.9%	(120bps)
Non-GAAP Operating Income	\$704M	13%
Non-GAAP Operating Margin	29.6%	90bps
Non-GAAP EPS	\$8.79	15%

# Revenue Breakdown by Business Segment

## Quarterly Revenue

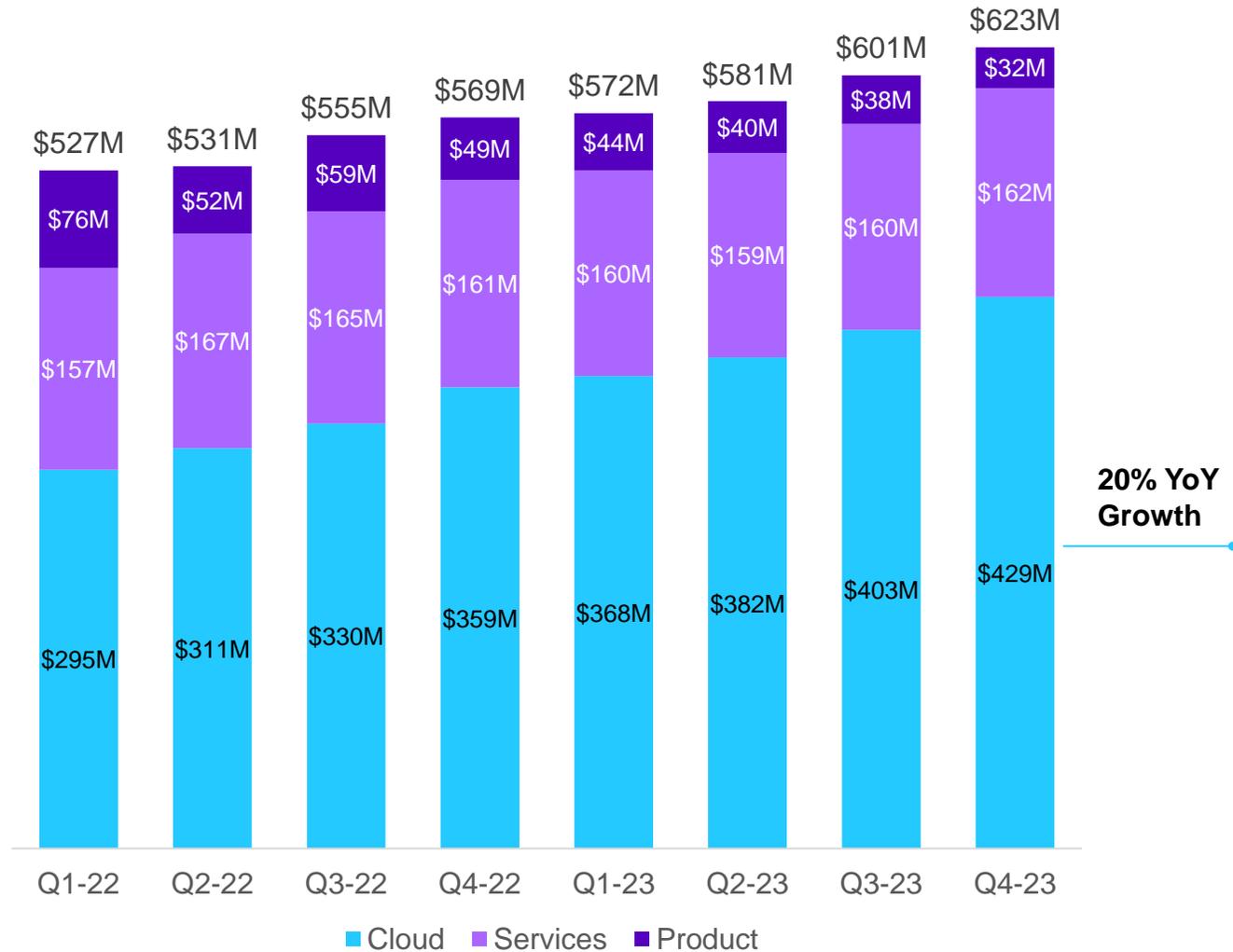


## Annual Revenue

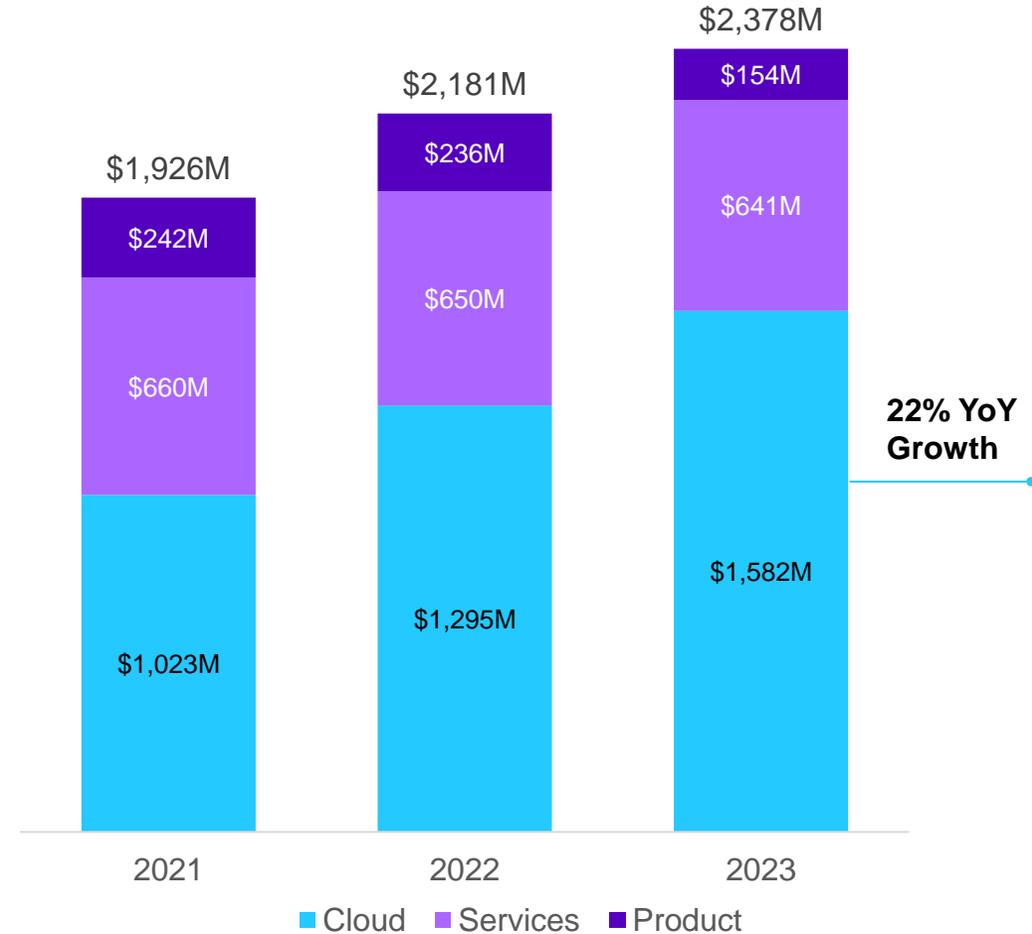


# Revenue Breakdown by Business Model

## Quarterly Revenue

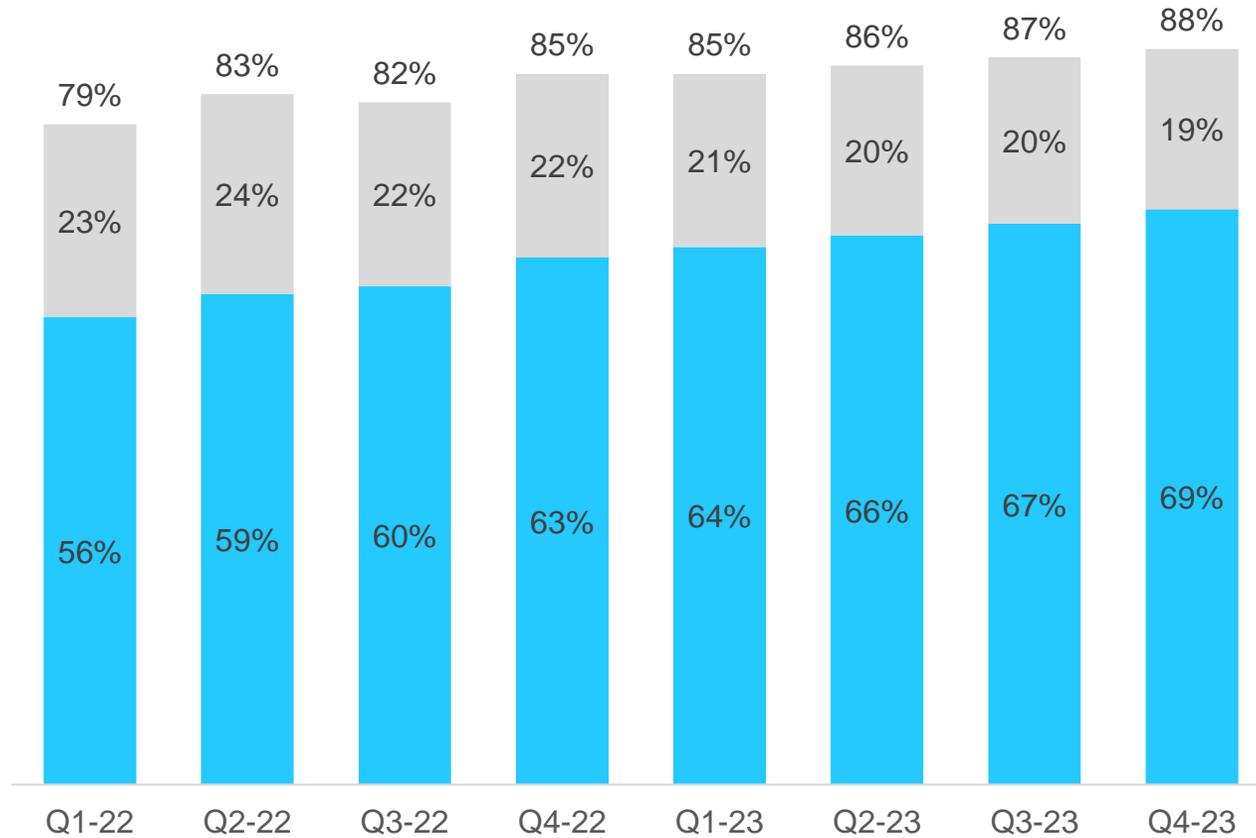


## Annual Revenue



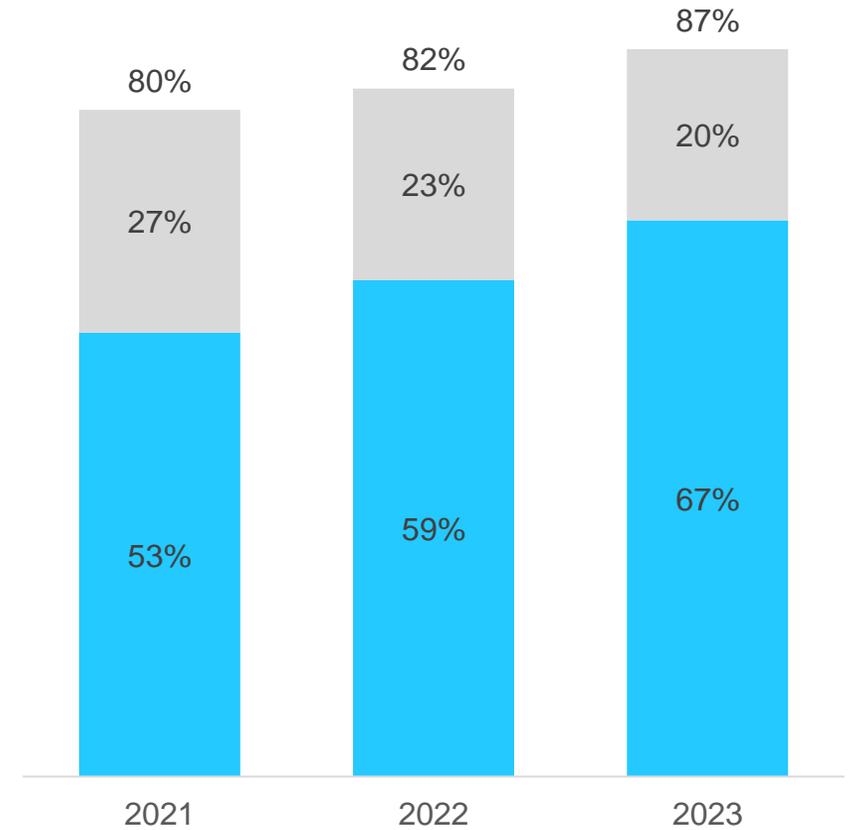
# Recurring Revenue as a Percent of Total Revenue

## Quarterly



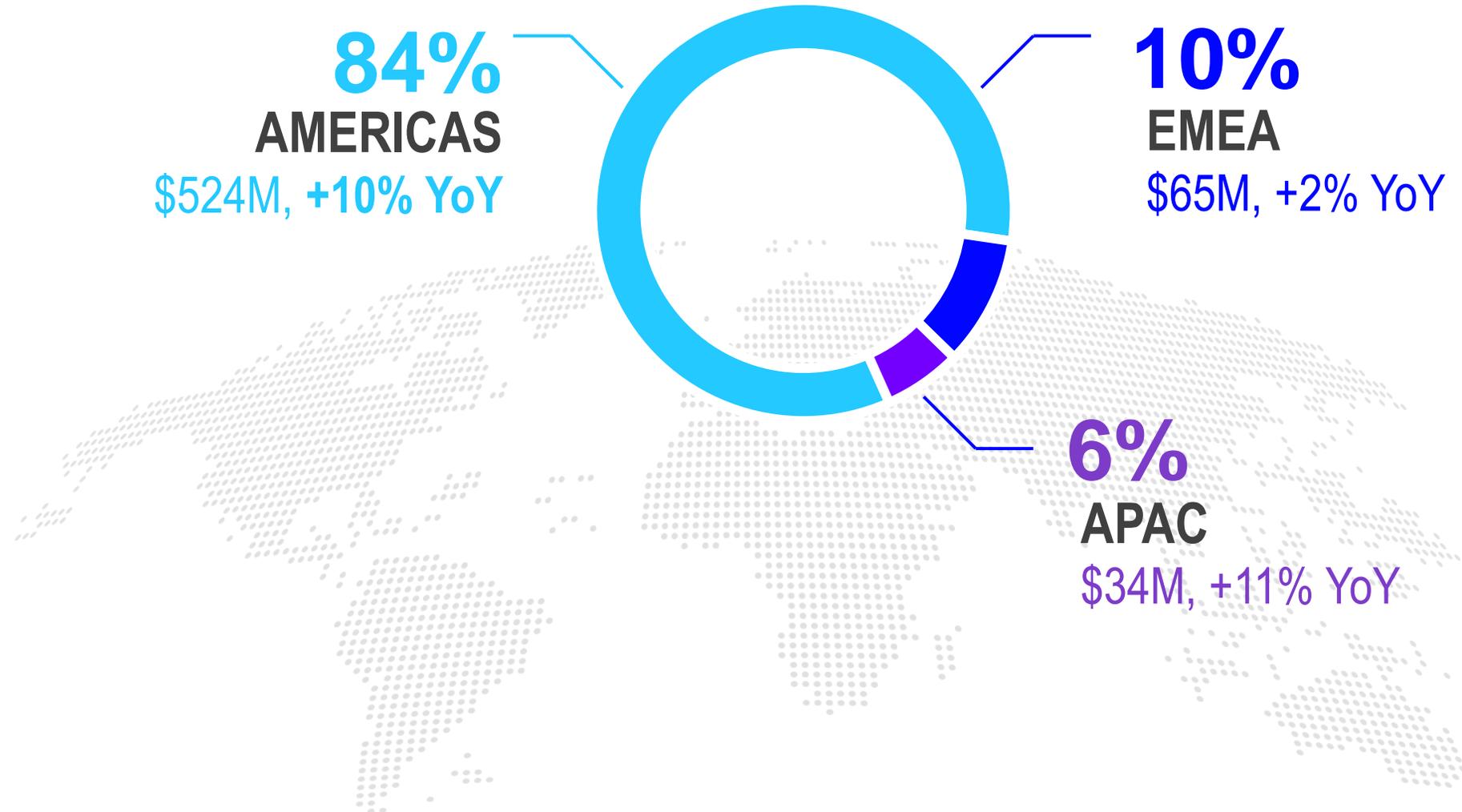
■ Cloud Revenue ■ Non-Cloud Recurring Revenue

## Annual

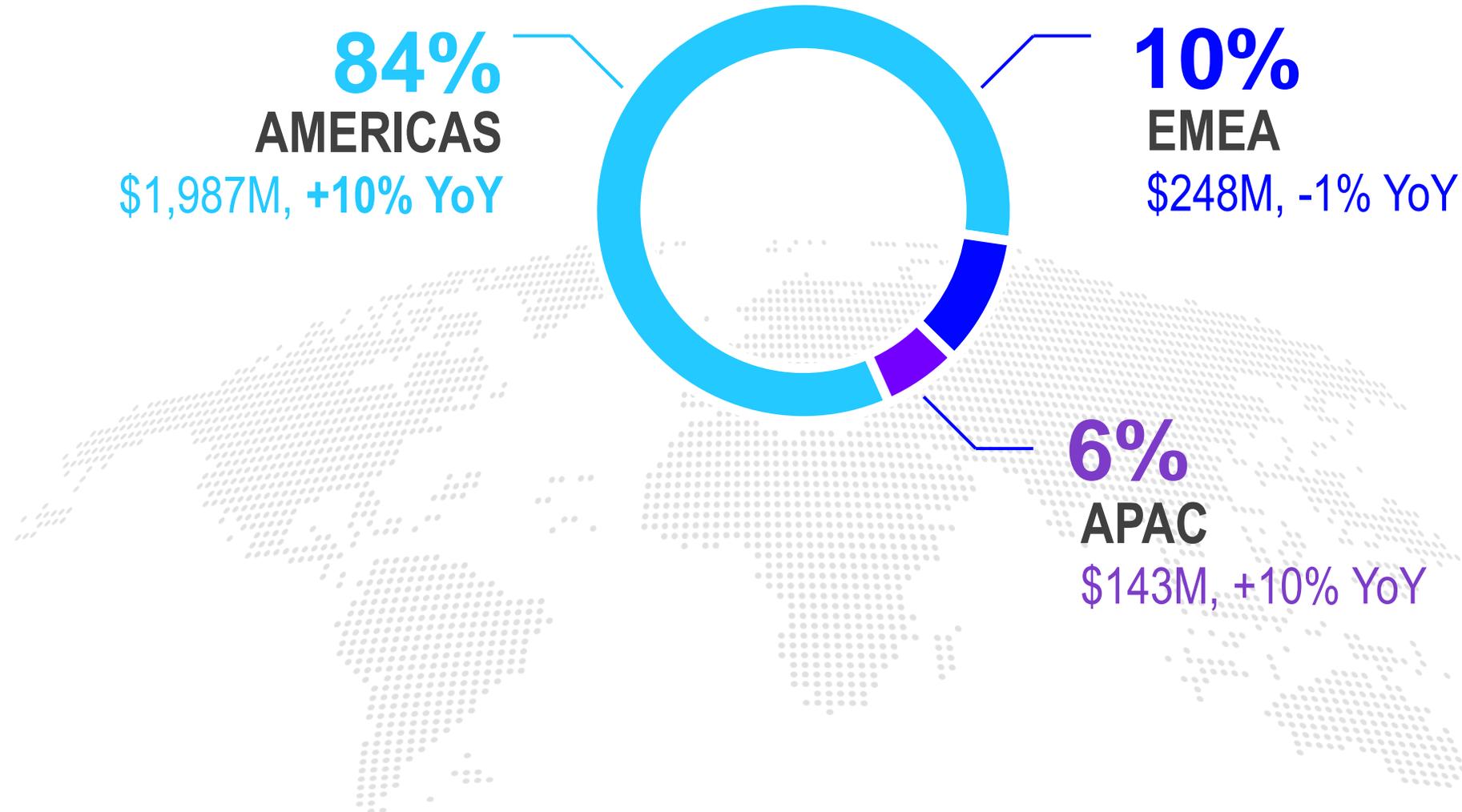


■ Cloud Revenue ■ Non-Cloud Recurring Revenue

# Revenue Breakdown by Geographic Region, Q4 2023

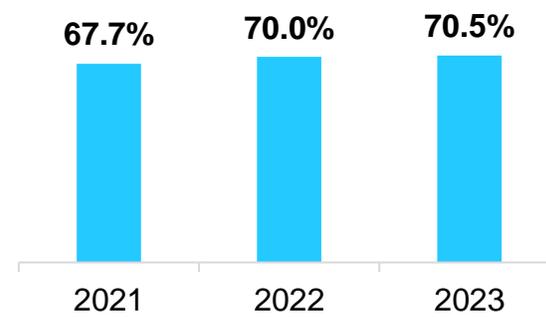
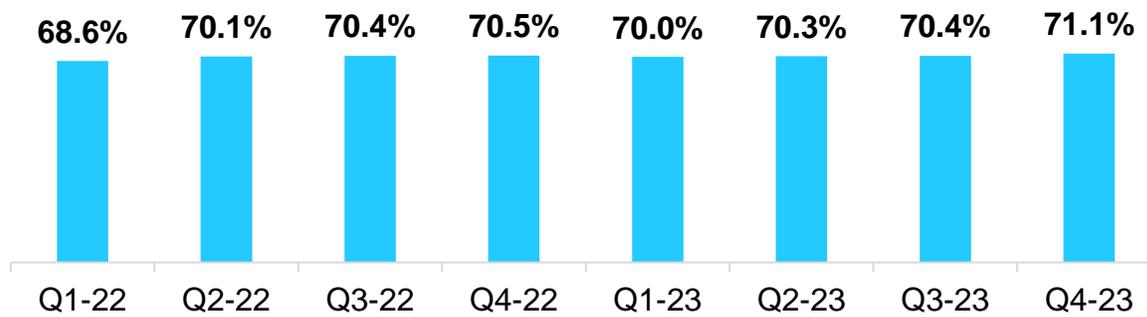


# Revenue Breakdown by Geographic Region, FY 2023

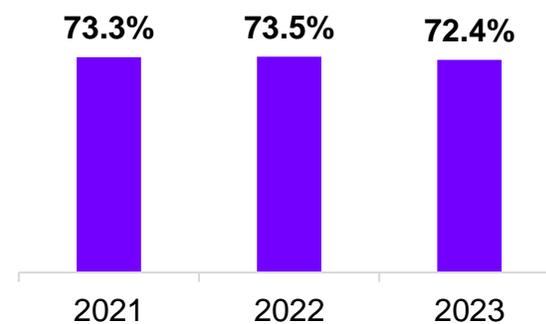
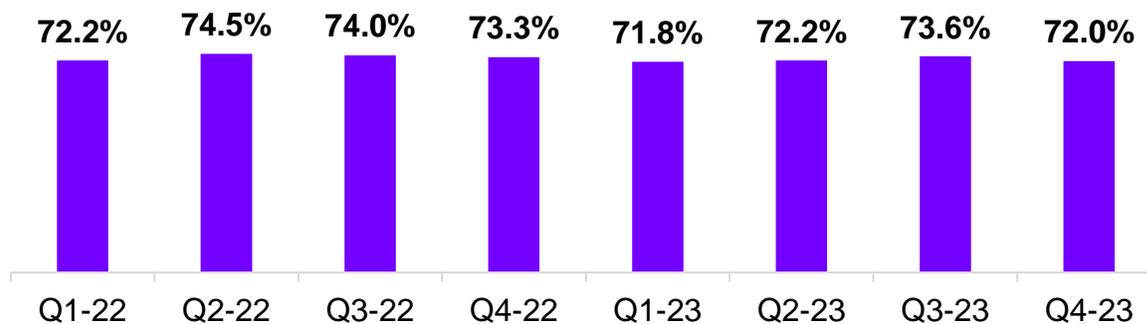


# Consistent Healthy Gross Margins (Non-GAAP)

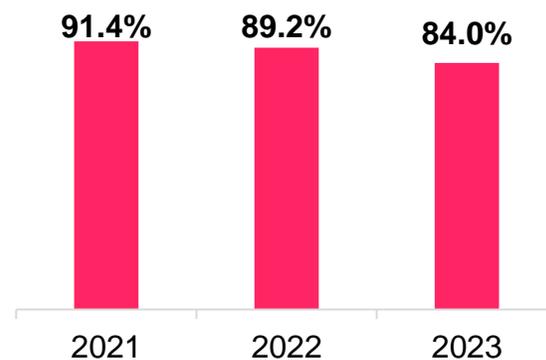
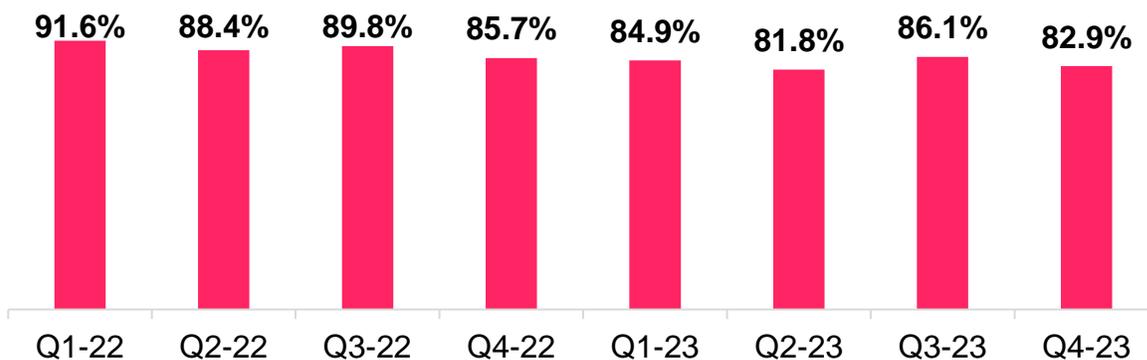
## Cloud GM



## Services GM

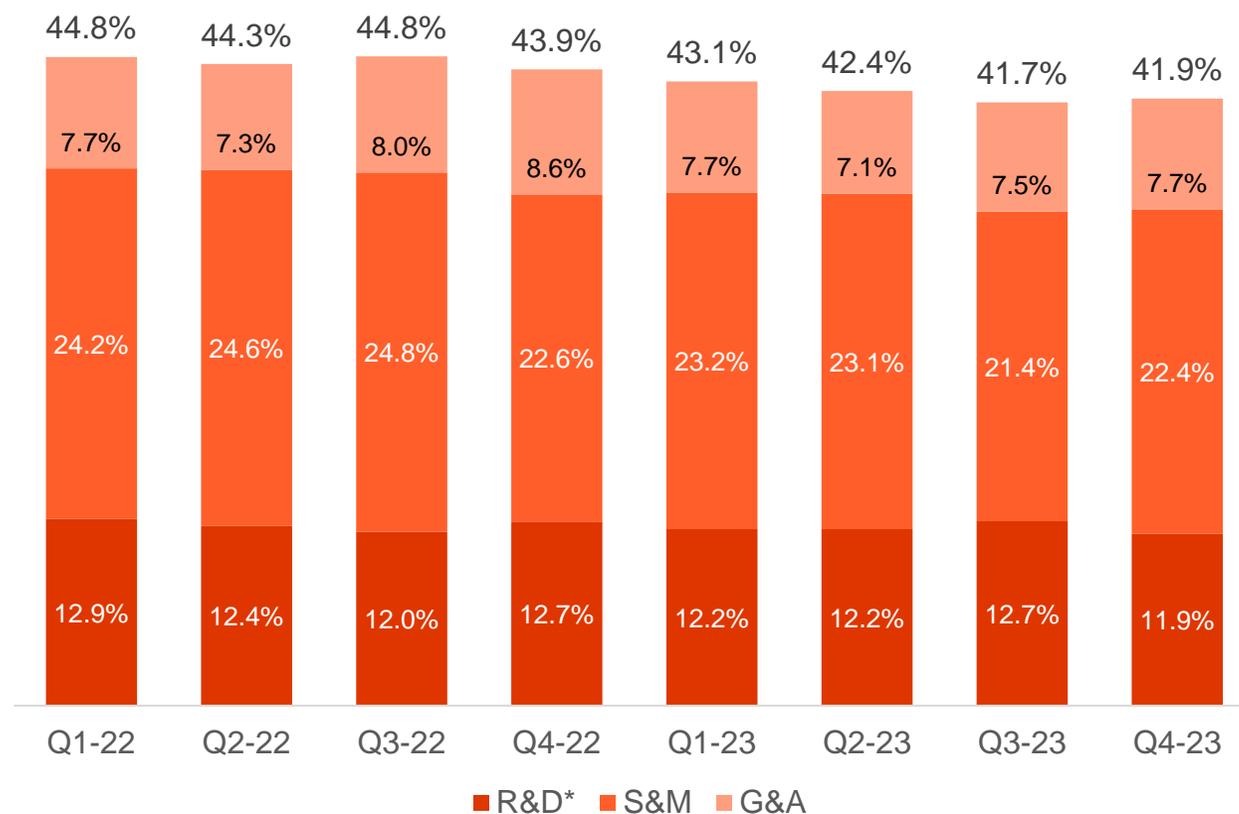


## Product GM

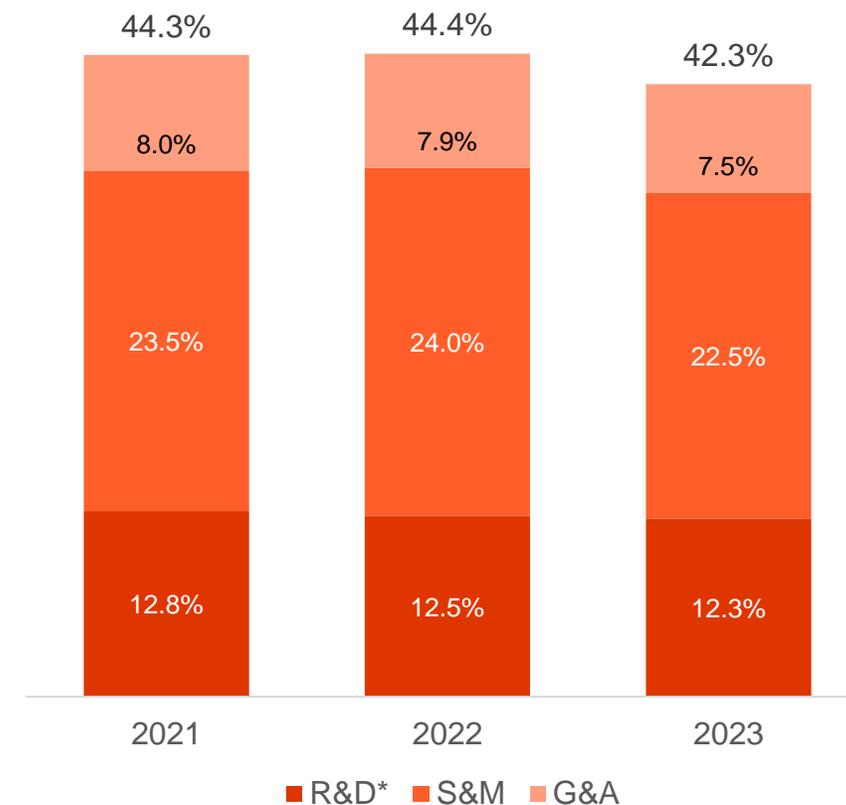


# Non-GAAP Operating Expenses as a Percent of Total Revenue

## Quarterly



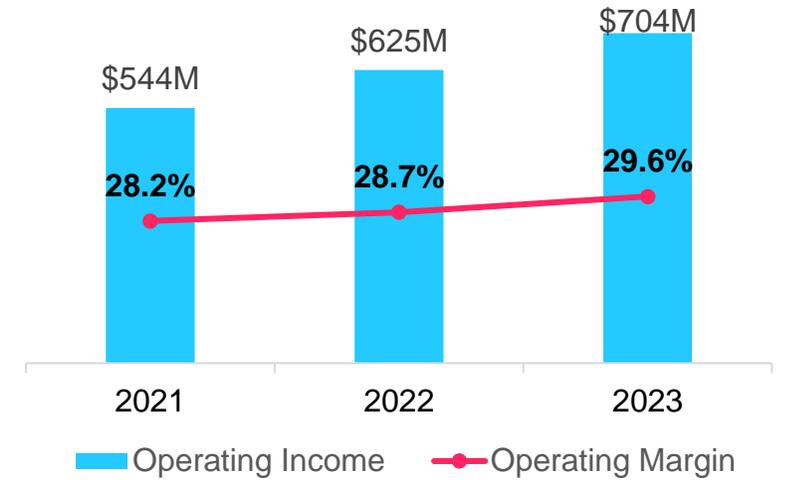
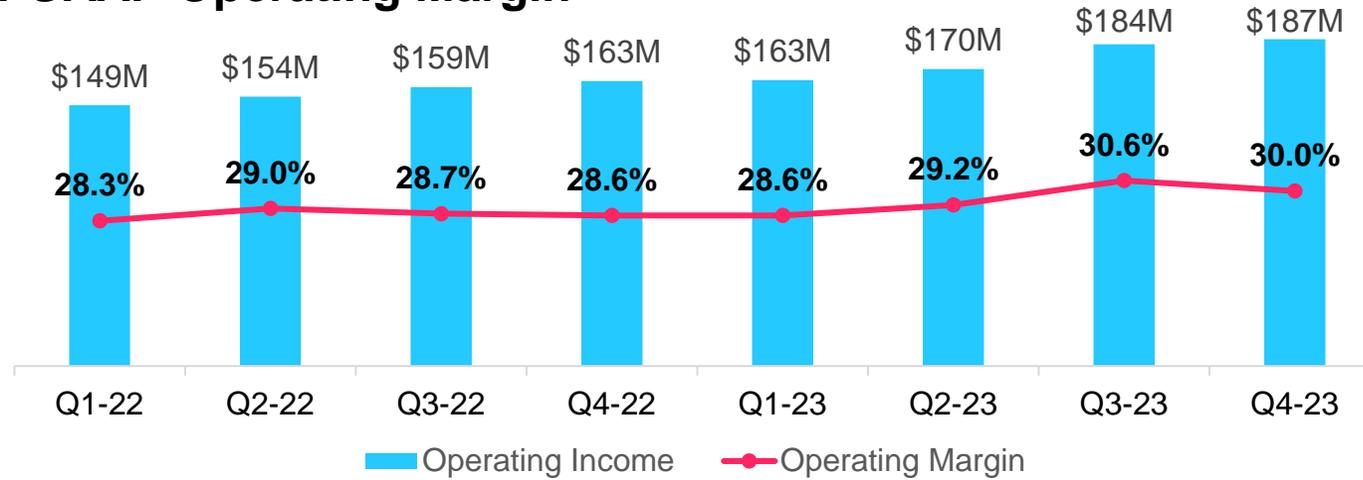
## Annual



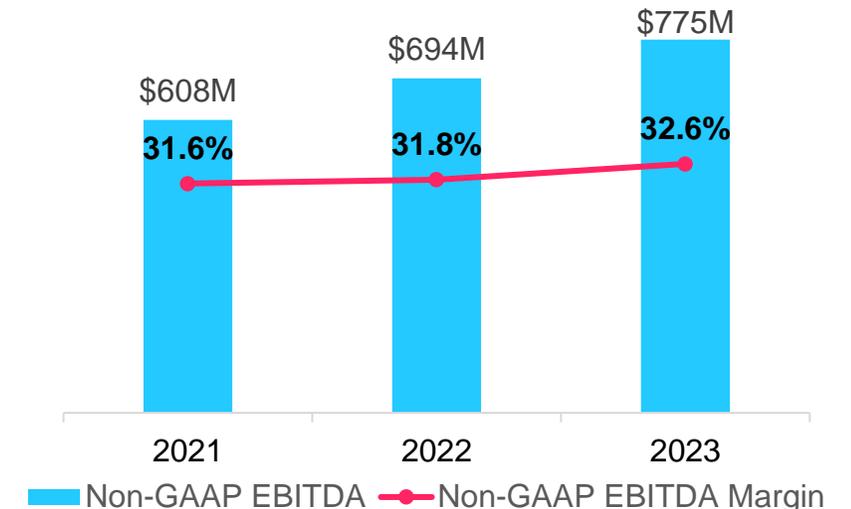
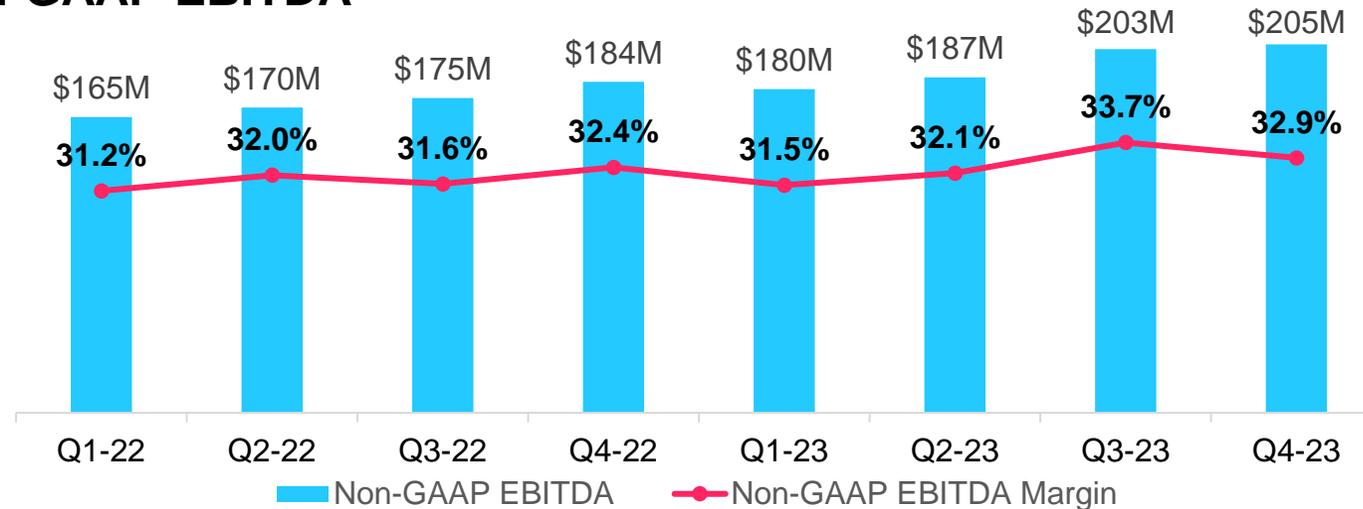
\* R&D net of capitalization

# Strong Operating Leverage Evident in Growing Profitability

## Non-GAAP Operating Margin

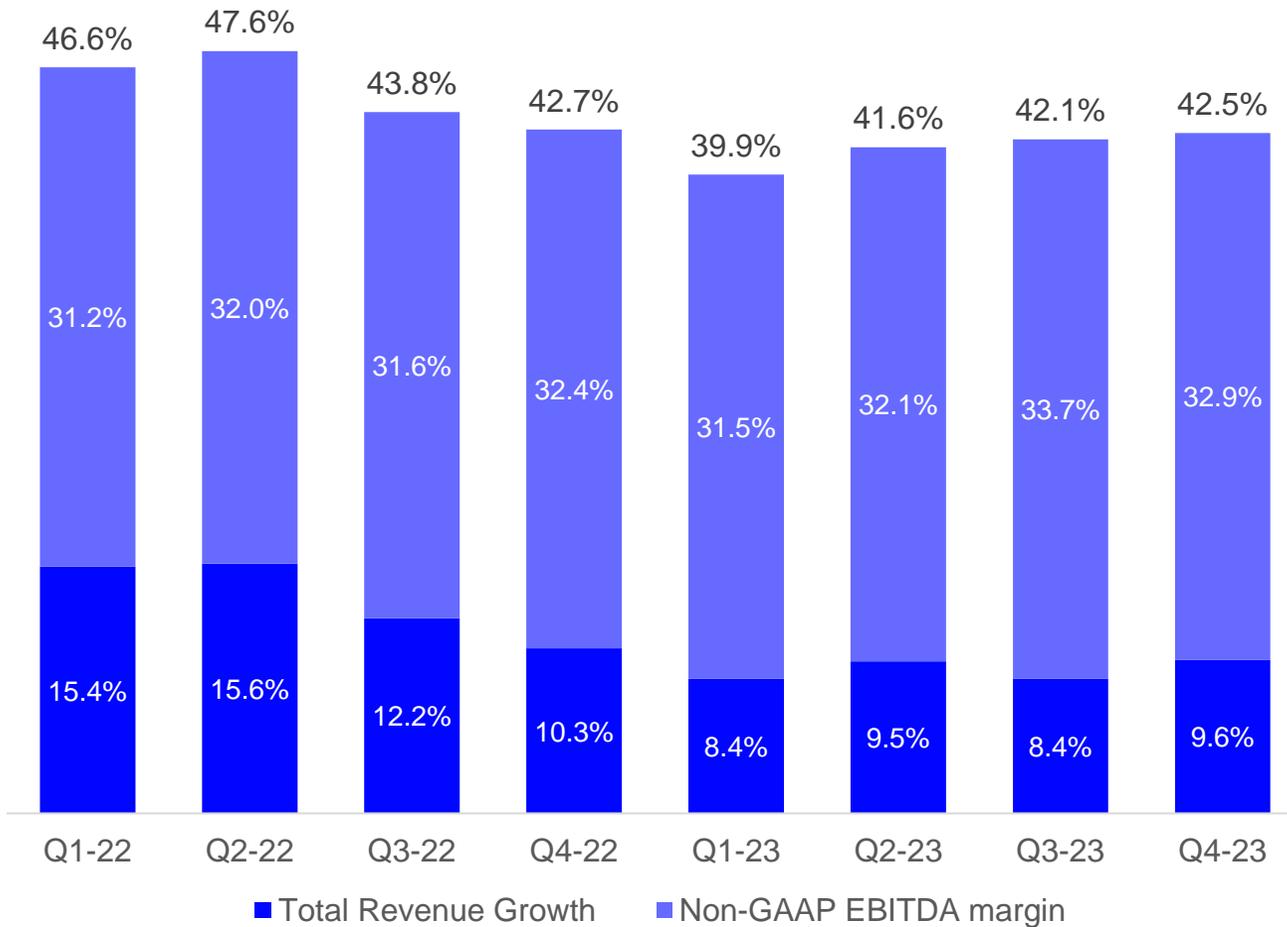


## Non-GAAP EBITDA

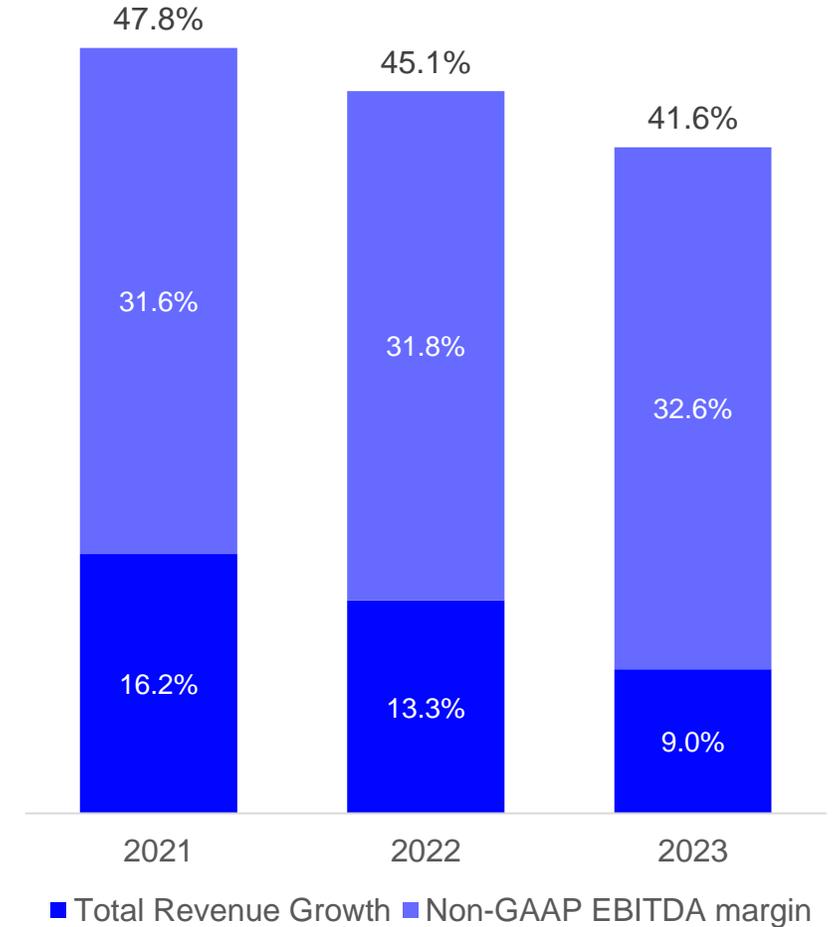


# Delivering Sustained Profitable Growth – Rule of 40

Quarterly

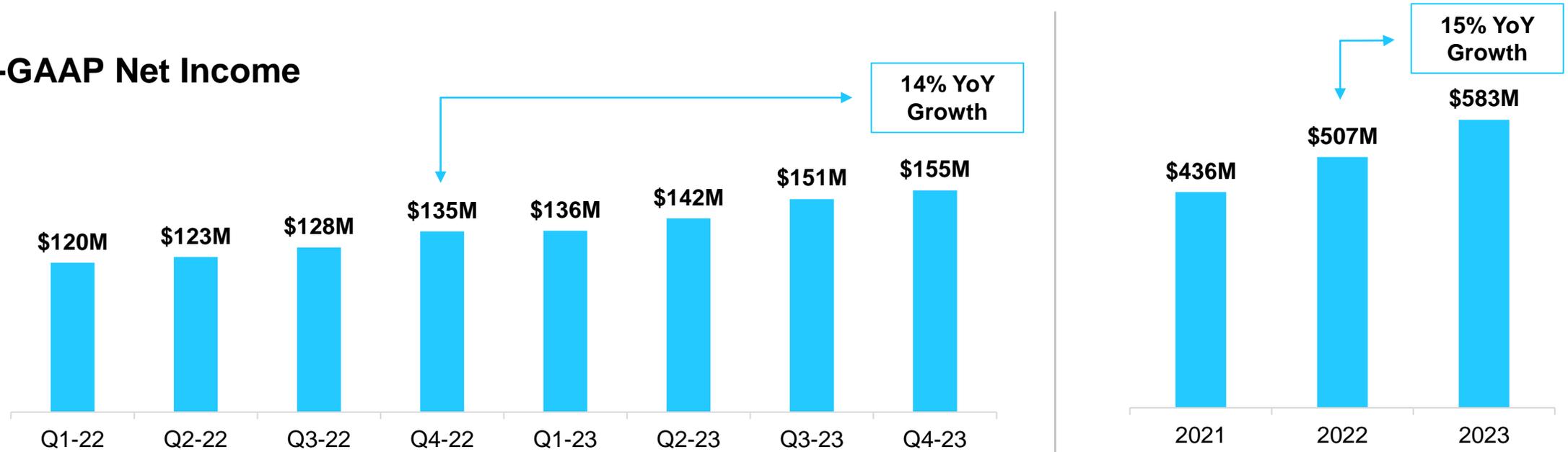


Annual

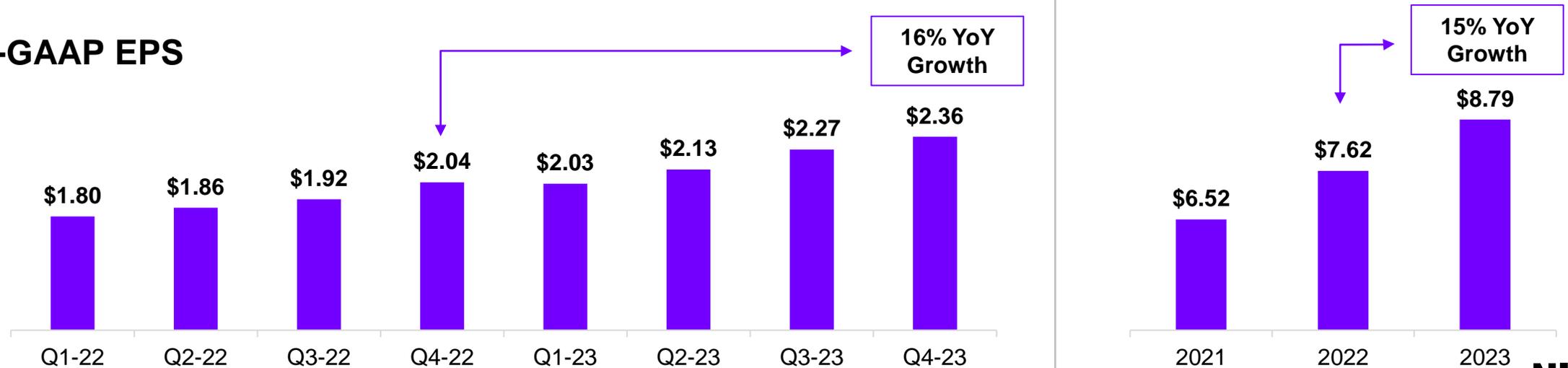


# Non-GAAP Net Income and EPS Reflect NICE's Financial Strength

## Non-GAAP Net Income

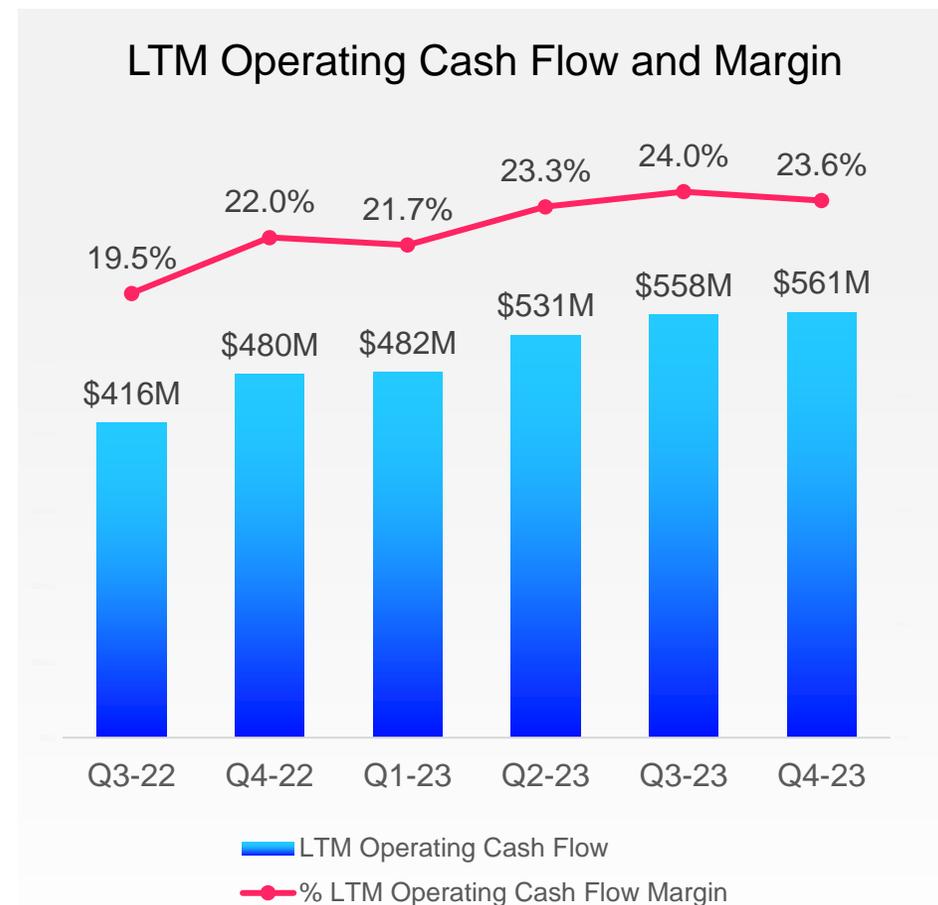


## Non-GAAP EPS



# Growing Cash From Operations and Free Cash Flow

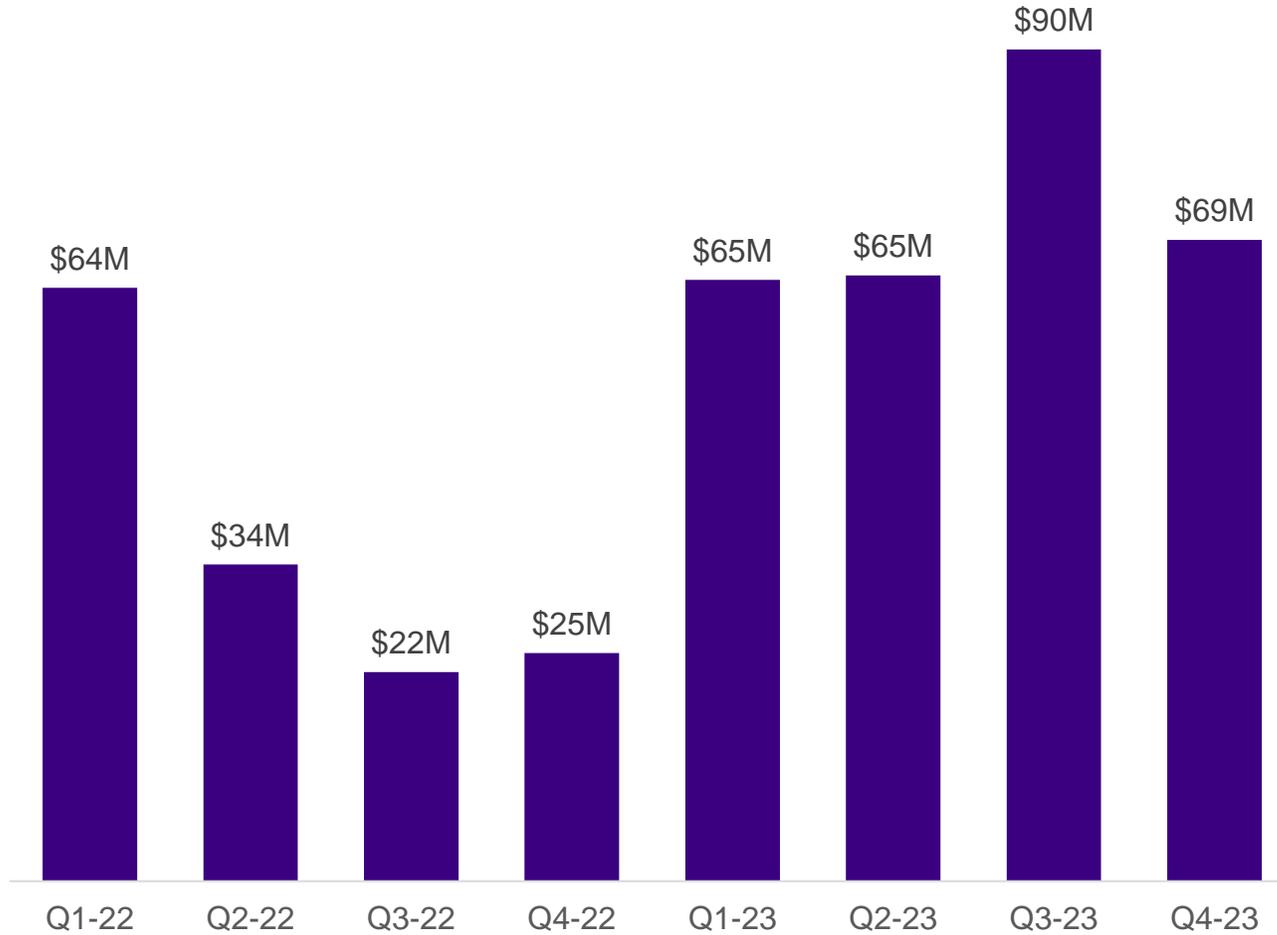
\$M	LTM Q4-23	LTM Q4-22
Operating Cash Flow	561.4	479.7
Capital expenditure of property and equipment	(29.2)	(31.9)
Capitalization of software development	(55.0)	(50.0)
<b>Free cash flow</b>	<b>477.2</b>	<b>397.8</b>
Free cash flow margin	20%	18%
Cash conversion rate *	0.8	0.8



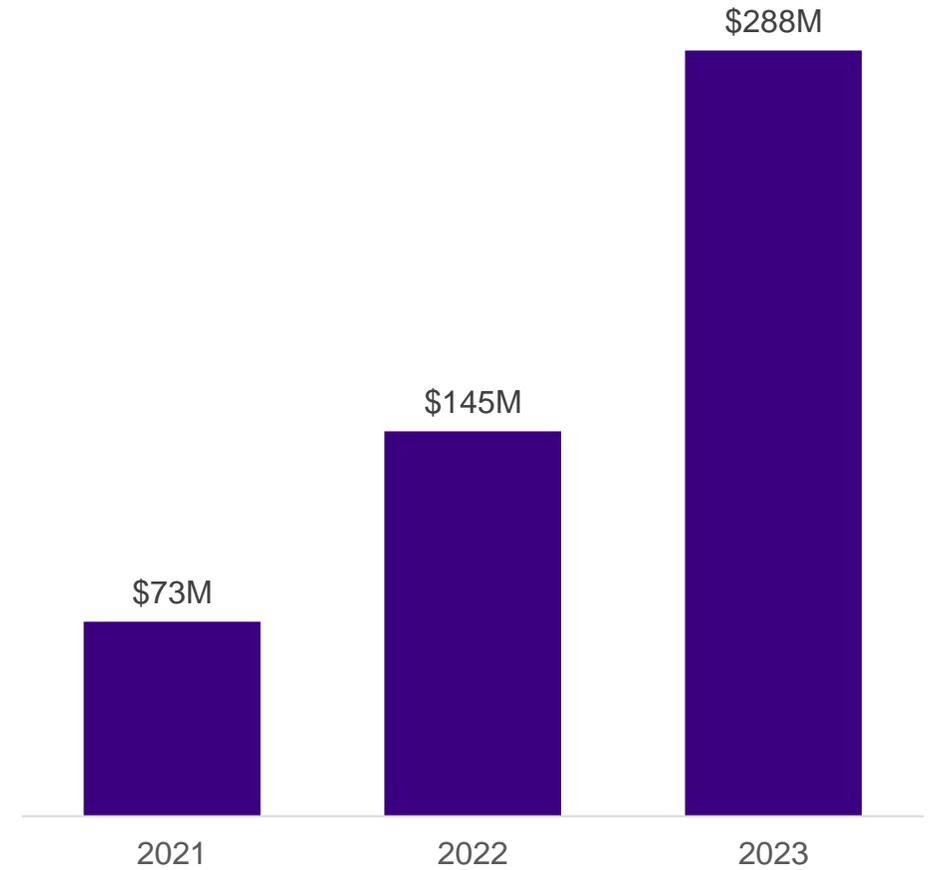
\* Cash Conversion Rate = (Free Cash Flow/ Non-GAAP Net Income)

# Increasing Share Repurchases

## Quarterly



## Annual



# Industry Leading Strong Net Cash Position\*



\* Net cash and investments = cash, cash equivalents and short-term investments less total debt net of debt hedge option asset  
Decline in Net Cash position on 12/31/2023 due to financing of LiveVox acquisition which closed on December 26, 2023.

# Outlook\* (Non-GAAP)

	Q1 2024	FY 2024
Revenue (\$M)	650 – 660	2,715 – 2,735
Revenue Growth YoY at Midpoint	15%	15%
EPS (\$)	2.40 – 2.50	10.40 – 10.60
EPS Growth YoY at Midpoint	21%	19%

\*The outlook is provided as of February 22, 2024. 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.

The above guidance includes the following expectations:

- Full year 2024 cloud revenue growth of at least 18% year over year, exclusive of any contribution from the LiveVox acquisition.
- LiveVox is expected to contribute incrementally an approximate \$142 million to cloud revenue for full-year 2024.

Thank You

NICE 😊

# Appendix



# GAAP and Non-GAAP Income Statement

USD in thousands (except EPS)

	Quarter ended December 31,		Year to date December 31,	
	2023	2022	2023	2022
GAAP revenues	\$ 623,192	\$ 568,560	\$ 2,377,508	\$ 2,181,294
Non-GAAP revenues	\$ 623,192	\$ 568,560	\$ 2,377,508	\$ 2,181,294
GAAP cost of revenue	\$ 200,878	\$ 180,980	\$ 768,173	\$ 683,688
Amortization of acquired intangible assets on cost of cloud	(17,935)	(18,940)	(75,667)	(74,791)
Amortization of acquired intangible assets on cost of services	-	-	-	(377)
Amortization of acquired intangible assets on cost of product	(255)	(241)	(1,021)	(1,017)
Valuation adjustment on acquired deferred cost of cloud	-	13	-	54
Cost of cloud revenue adjustment (1)	(4,605)	(2,451)	(10,965)	(8,840)
Cost of services revenue adjustment (1)	(3,142)	(3,233)	(11,906)	(11,497)
Cost of product revenue adjustment (1)	15	(147)	121	(548)
Non-GAAP cost of revenue	\$ 174,956	\$ 155,981	\$ 668,735	\$ 586,672
GAAP gross profit	\$ 422,314	\$ 387,580	\$ 1,609,335	\$ 1,497,606
Gross profit adjustments	25,922	24,999	99,438	97,016
Non-GAAP gross profit	\$ 448,236	\$ 412,579	\$ 1,708,773	\$ 1,594,622
GAAP operating expenses	\$ 299,649	\$ 299,756	\$ 1,174,108	\$ 1,162,433
Research and development (1)	(6,997)	(9,736)	(31,402)	(33,561)
Sales and marketing (1,2)	(11,515)	(13,993)	(48,048)	(57,114)
General and administrative (1,2)	(34,588)	(20,549)	(92,291)	(73,540)
Amortization of acquired intangible assets	(3,506)	(5,748)	(15,757)	(28,901)
Valuation adjustment on acquired deferred commission	22	43	128	196
Change in fair value of contingent consideration	18,258	-	18,258	-
Non-GAAP operating expenses	\$ 261,323	\$ 249,773	\$ 1,004,996	\$ 969,513
GAAP financial and other income, net	\$ 2,635	\$ (9,127)	\$ (22,473)	\$ (10,159)
Amortization of discount and loss of extinguishment on debt	(1,182)	(1,151)	(4,668)	(5,788)
Realized loss on marketable securities, net	(12,271)	-	(12,271)	-
Change in fair value of contingent consideration	-	-	(817)	-
Non-GAAP financial and other income, net	(10,818)	(10,278)	(40,229)	(15,947)

# GAAP and Non-GAAP Income Statement (cont.)

USD in thousands (except EPS)

	Quarter ended December 31,		Year to date December 31,	
	2023	2022	2023	2022
GAAP taxes on income	\$ 38,378	\$ 25,765	\$ 119,399	\$ 79,387
Tax adjustments re non-GAAP adjustments	4,464	12,037	41,937	54,897
Non-GAAP taxes on income	<u>\$ 42,842</u>	<u>\$ 37,802</u>	<u>\$ 161,336</u>	<u>\$ 134,284</u>
GAAP net income	\$ 81,652	\$ 71,186	\$ 338,301	\$ 265,945
Valuation adjustment on acquired deferred cost of cloud revenue	-	(13)	-	(54)
Amortization of acquired intangible assets	21,696	24,929	92,445	105,086
Valuation adjustment on acquired deferred commission	(22)	(43)	(128)	(196)
Share-based compensation (1)	47,298	50,061	180,504	185,052
Acquisition related expenses (2)	13,534	48	13,987	48
Amortization of discount and loss of extinguishment on debt	1,182	1,151	4,668	5,788
Realized loss on marketable securities, net	12,271	-	12,271	-
Change in fair value of contingent consideration	(18,258)	-	(17,441)	-
Tax adjustments re non-GAAP adjustments	(4,464)	(12,037)	(41,937)	(54,897)
Non-GAAP net income	<u>\$ 154,889</u>	<u>\$ 135,282</u>	<u>\$ 582,670</u>	<u>\$ 506,772</u>
GAAP diluted earnings per share	<u>\$ 1.24</u>	<u>\$ 1.07</u>	<u>\$ 5.11</u>	<u>\$ 4.00</u>
Non-GAAP diluted earnings per share	<u>\$ 2.36</u>	<u>\$ 2.04</u>	<u>\$ 8.79</u>	<u>\$ 7.62</u>
Shares used in computing GAAP diluted earnings per share	65,749	66,285	66,265	66,465
Shares used in computing non-GAAP diluted earnings per share	65,749	66,285	66,265	66,465

# GAAP and Non-GAAP Income Statement (cont.)

USD in thousands

## (1) Share-based Compensation

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

## (2) Acquisition related expenses

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

# Non-GAAP EBITDA Reconciliation

USD in thousands

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

# Free Cash Flow Reconciliation

USD in thousands

## NICE LTD. AND SUBSIDIARIES

### NON-GAAP RECONCILIATION - FREE CASH FLOW FROM CONTINUING OPERATIONS

U.S. dollars in thousands

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

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

# Condensed Consolidated Balance Sheet

USD in thousands

	December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022
	Unaudited	Audited		Unaudited	Audited
<b>ASSETS</b>			<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
Cash and cash equivalents	\$ 511,795	\$ 529,596	Trade payables	\$ 66,036	\$ 56,019
Short-term investments	896,044	1,041,943	Deferred revenues and advances from customers	302,649	338,930
Trade receivables	585,154	518,517	Current maturities of operating leases	13,747	13,525
Debt hedge option	121,922	122,323	Debt	209,229	209,292
Prepaid expenses and other current assets	197,967	204,754	Accrued expenses and other liabilities	528,660	523,451
Total current assets	2,312,882	2,417,133	Total current liabilities	1,120,321	1,141,217
<b>LONG-TERM ASSETS:</b>			<b>LONG-TERM LIABILITIES:</b>		
Property and equipment, net	174,414	159,285	Deferred revenues and advances from customers	52,458	57,211
Deferred tax assets	178,971	116,889	Operating leases	102,909	99,262
Other intangible assets, net	305,501	209,605	Deferred tax liabilities	8,596	7,336
Operating lease right-of-use assets	104,565	102,893	Debt	457,081	455,382
Goodwill	1,821,969	1,617,118	Other long-term liabilities	21,769	38,588
Prepaid expenses and other long-term assets	219,332	231,496	Total long-term liabilities	642,813	657,779
Total long-term assets	2,804,752	2,437,286	<b>SHAREHOLDERS' EQUITY</b>		
<b>TOTAL ASSETS</b>	<b>\$ 5,117,634</b>	<b>\$ 4,854,419</b>	Nice Ltd's equity	3,341,132	3,042,085
			Non-controlling interests	13,368	13,338
			Total shareholders' equity	3,354,500	3,055,423
			<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 5,117,634</b>	<b>\$ 4,854,419</b>