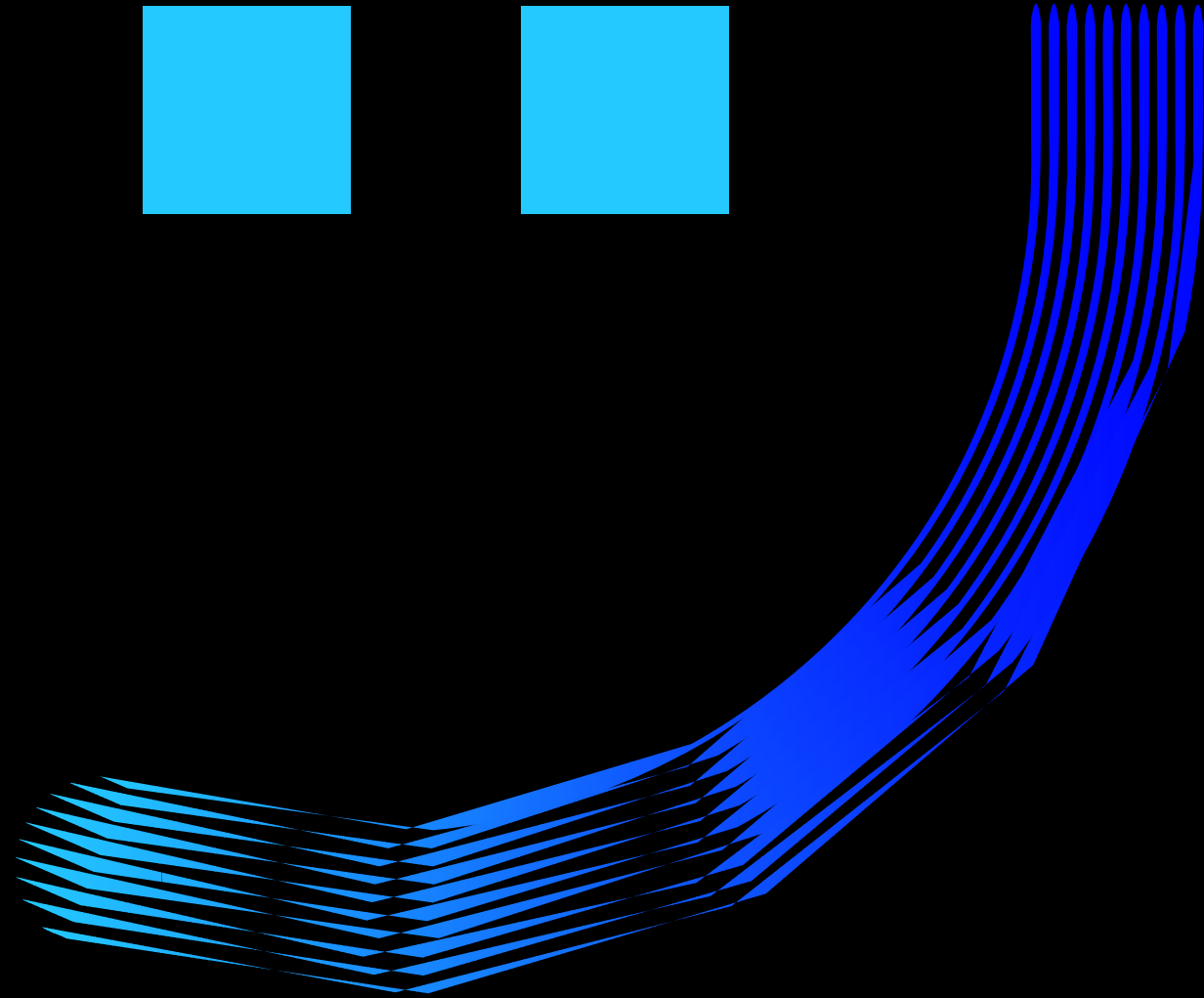




# Q1 2024 Earnings Presentation

(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 presentation. Non-GAAP financial measures consist of GAAP financial measures adjusted to exclude share-based compensation, amortization of acquired intangible assets, acquisition related and other 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 in the earnings press release and in the appendix in this presentation. 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.



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Three Large Specialized Markets**

\*Financial figures for last 12 months ended March 31, 2024.

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**CREATING**  
Extraordinary  
Customer  
Experiences

**FINANCIAL CRIME  
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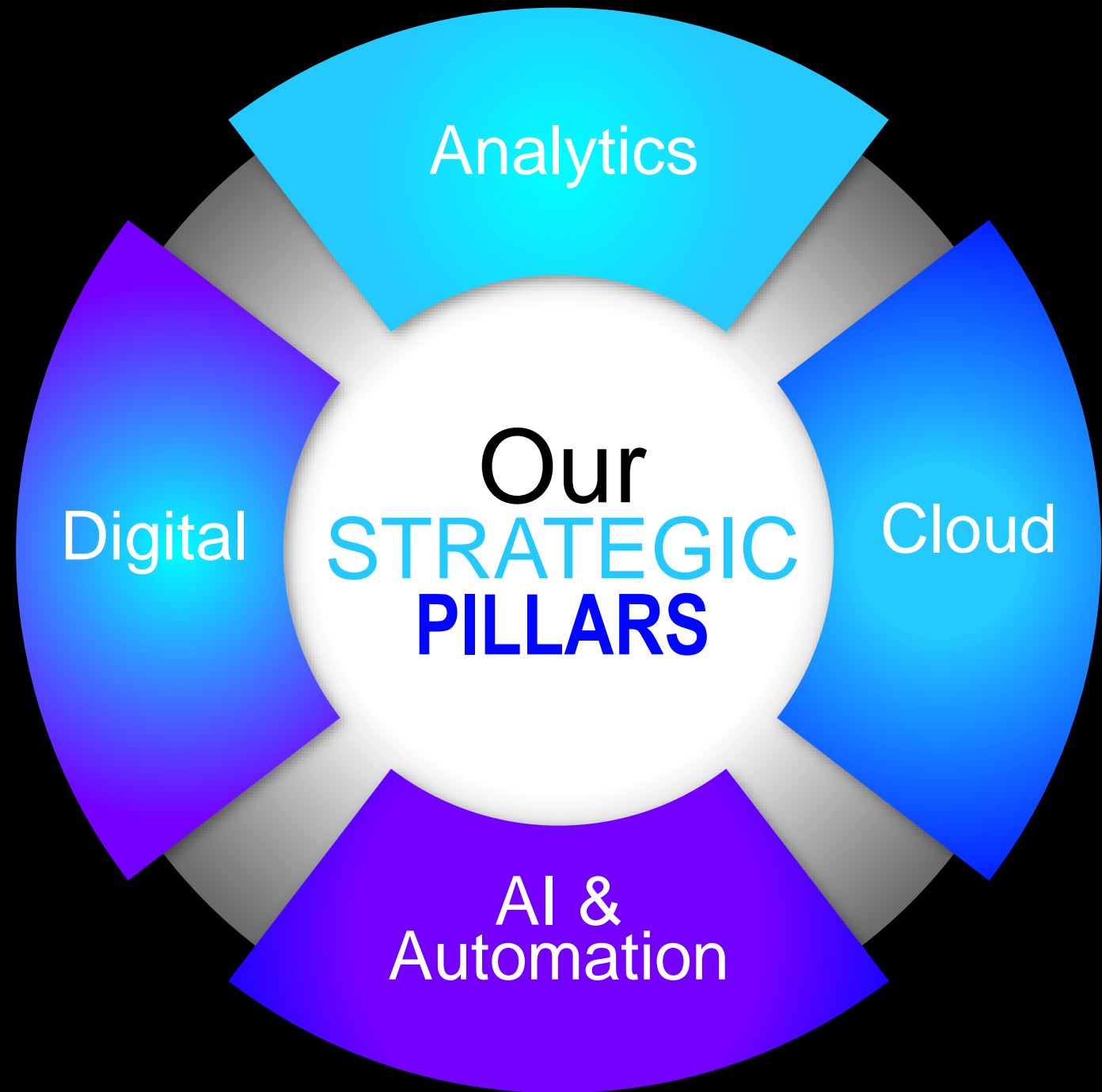
**OUTSMARTING**  
Financial Crime  
with Intelligent  
Solutions

**PUBLIC SAFETY  
& JUSTICE**



**DRIVING**  
Digital Policing  
Transformation

Transforming  
EXPERIENCES to be  
EXTRAORDINARY  
and TRUSTED



# FINANCIAL OVERVIEW

Quarterly Results

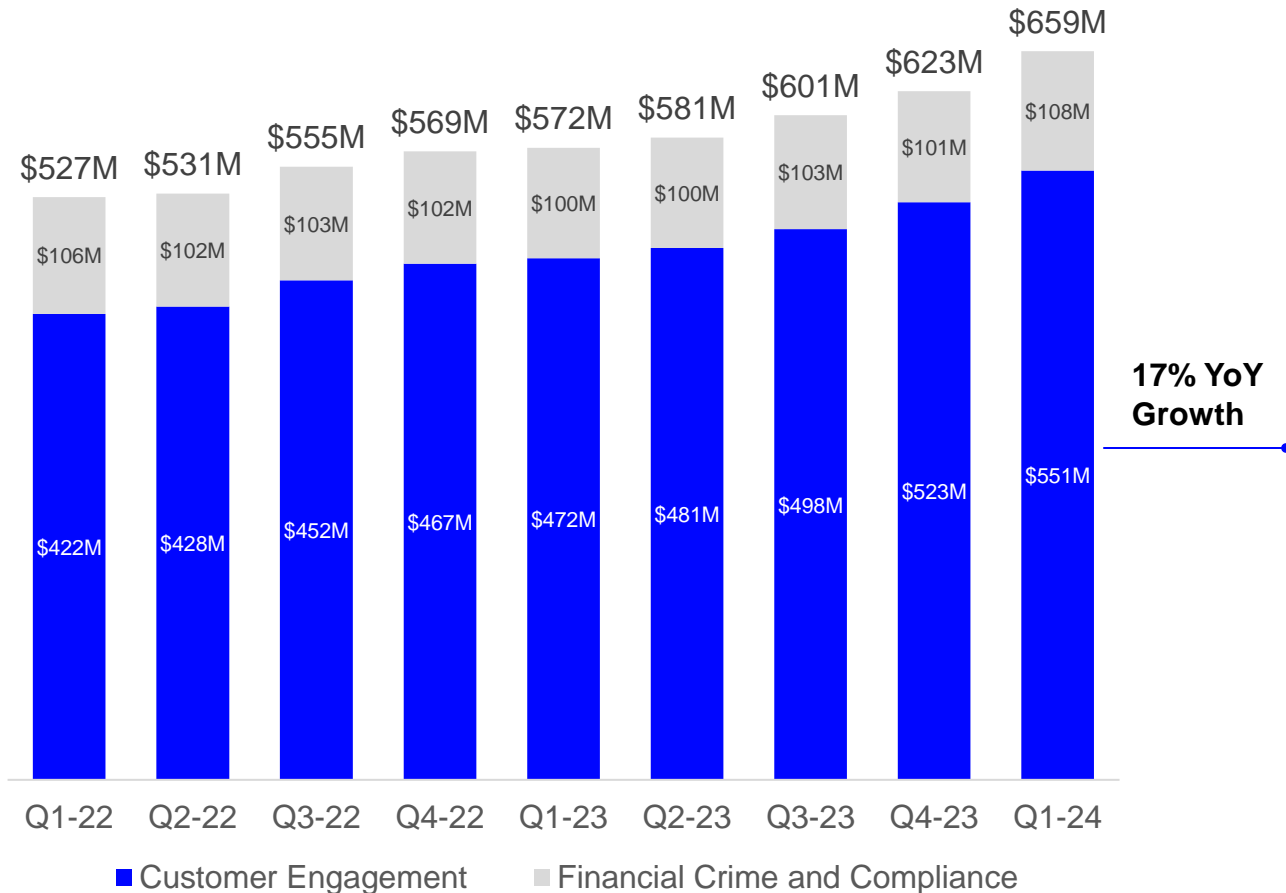


# Q1-24 Financial Highlights

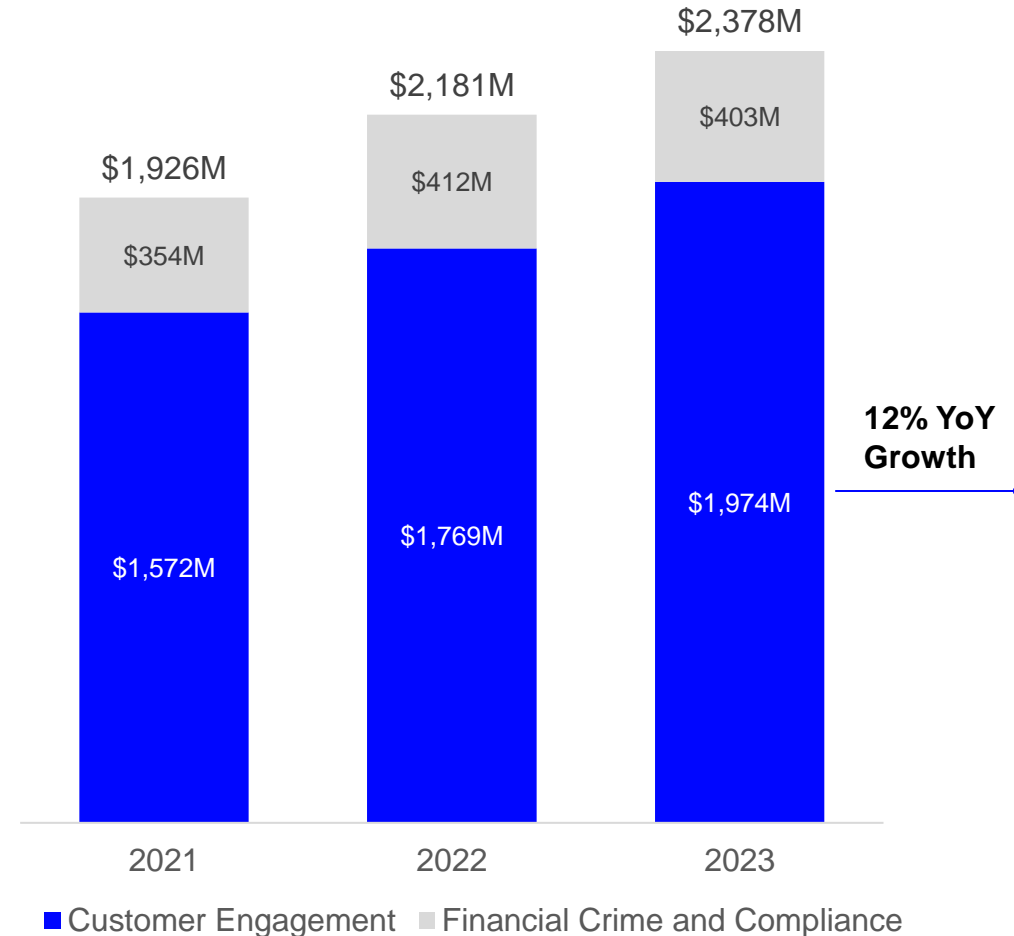
Q1 2024 Results	Quarterly Results	Increase (Decrease) Y/Y
Total Revenue	\$659M	15%
Cloud Revenue	\$468M	27%
Non-GAAP Gross Profit	\$468M	14%
Non-GAAP Gross Margin	70.9%	(70bps)
Non-GAAP Operating Income	\$200M	22%
Non-GAAP Operating Margin	30.3%	170bps
Non-GAAP EPS	\$2.58	27%

# Revenue Breakdown by Business Segment

## Quarterly Revenue



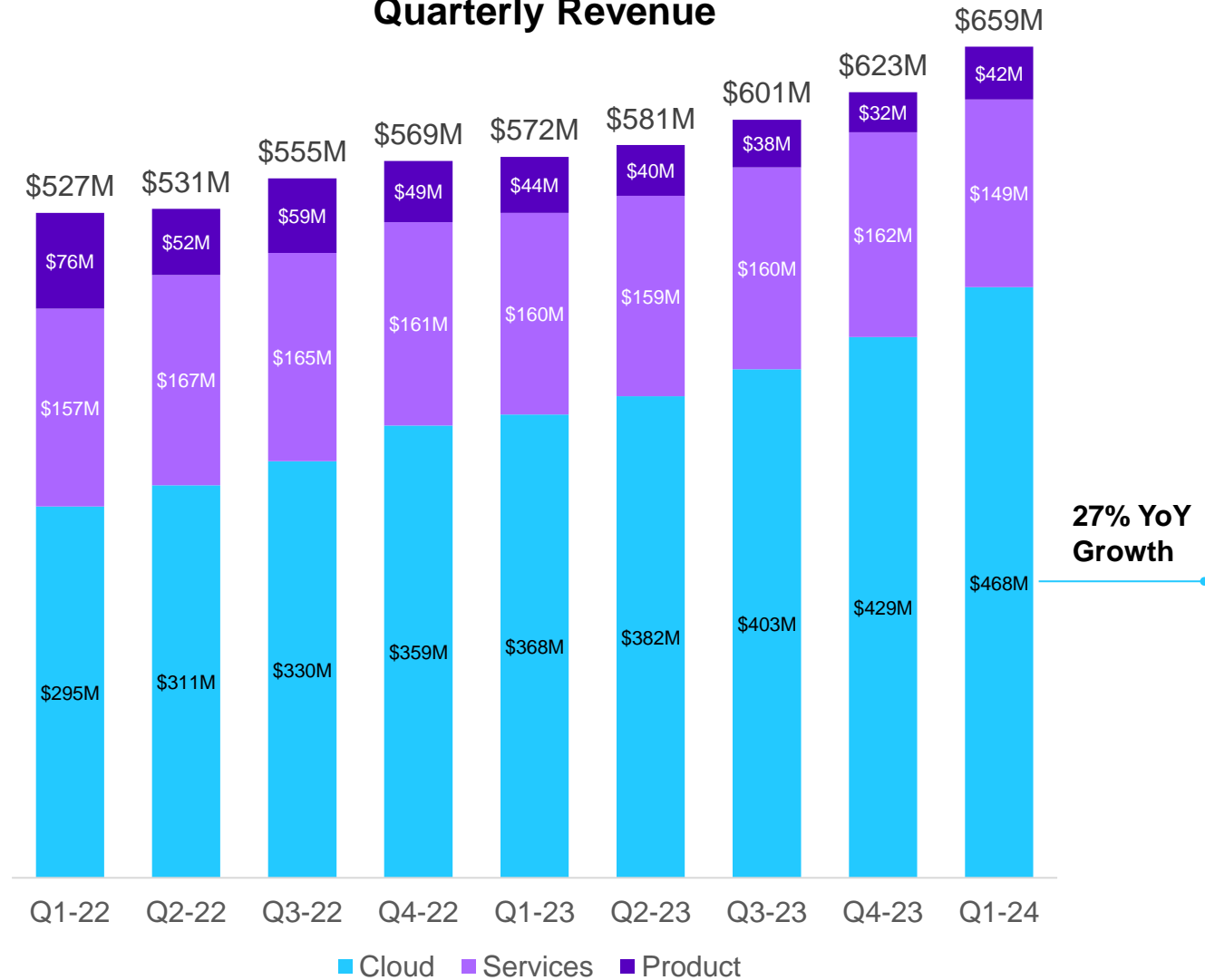
## Annual Revenue



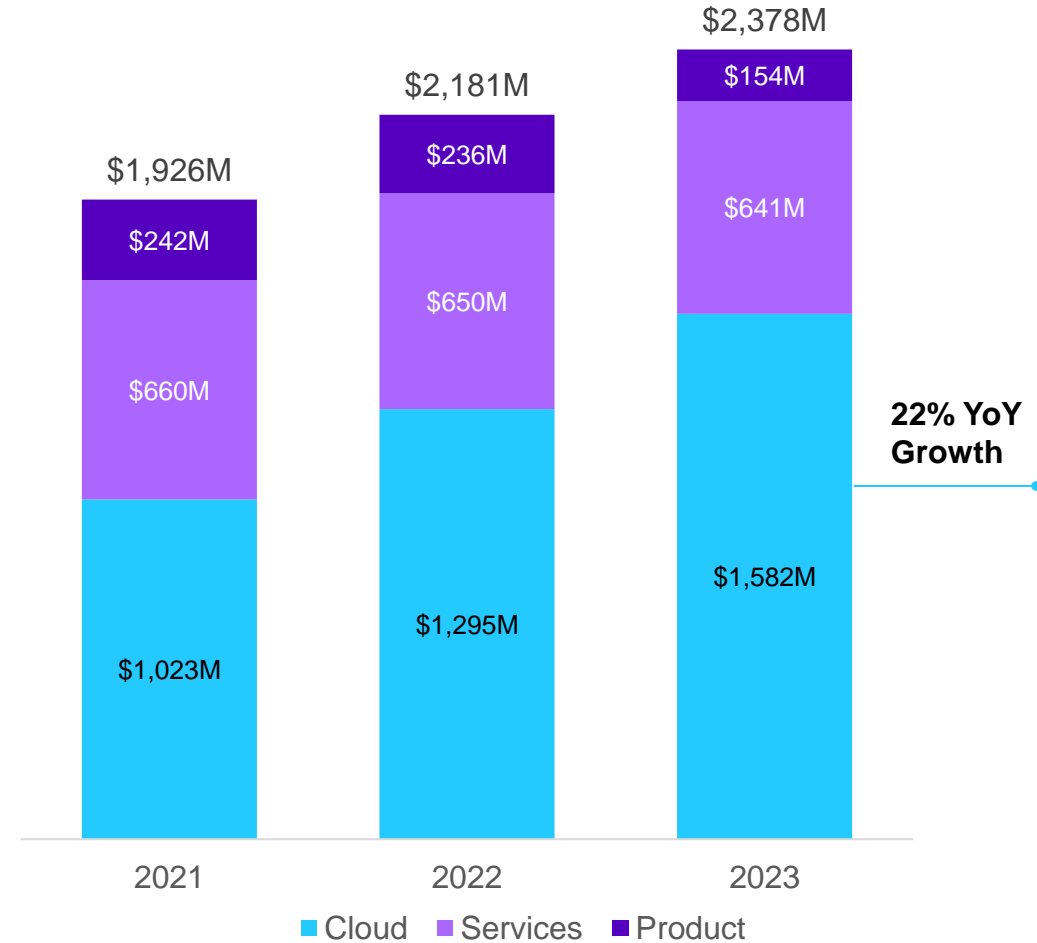


# Revenue Breakdown by Business Model

## Quarterly Revenue

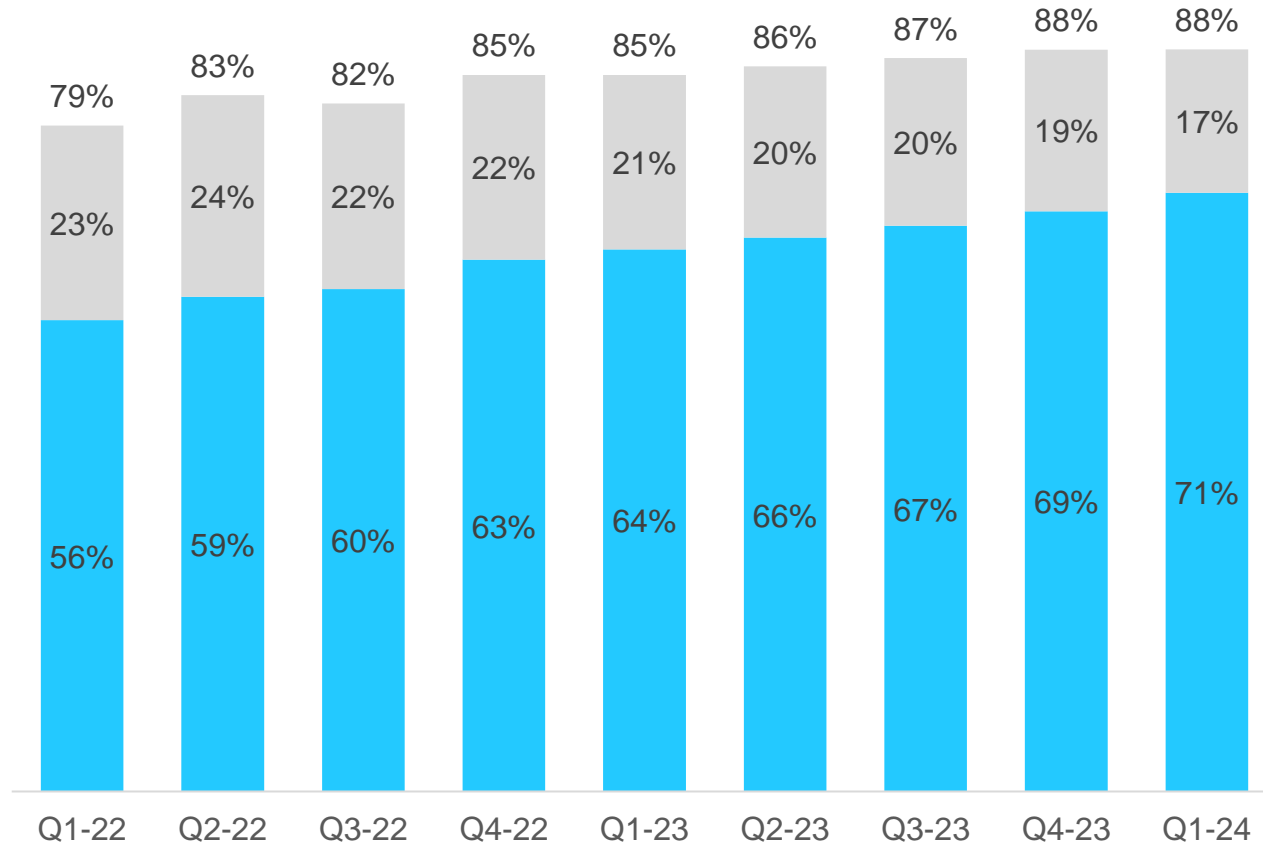


## Annual Revenue



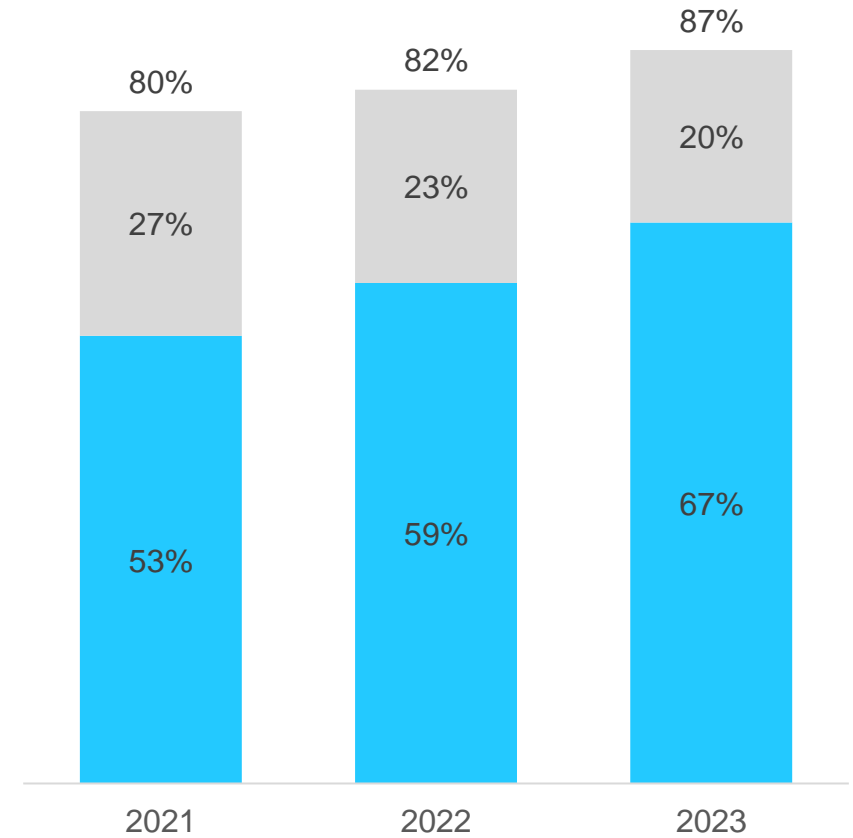
# Recurring Revenue as a Percent of Total Revenue

## Quarterly



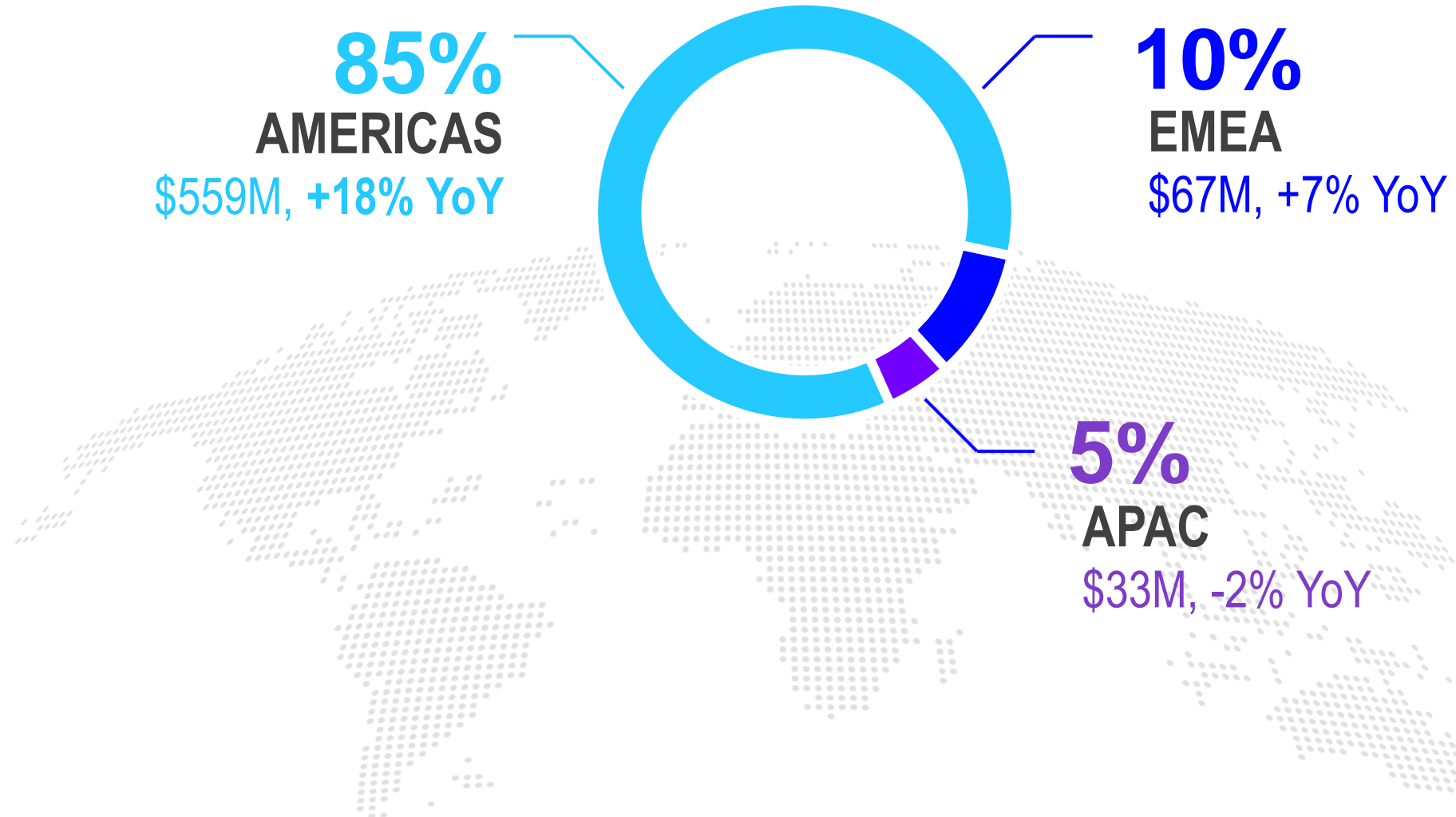
■ Cloud Revenue ■ Non-Cloud Recurring Revenue

## Annual



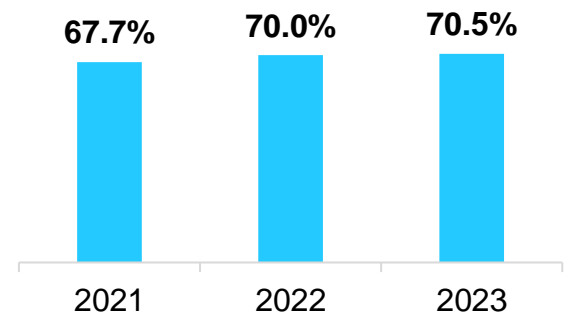
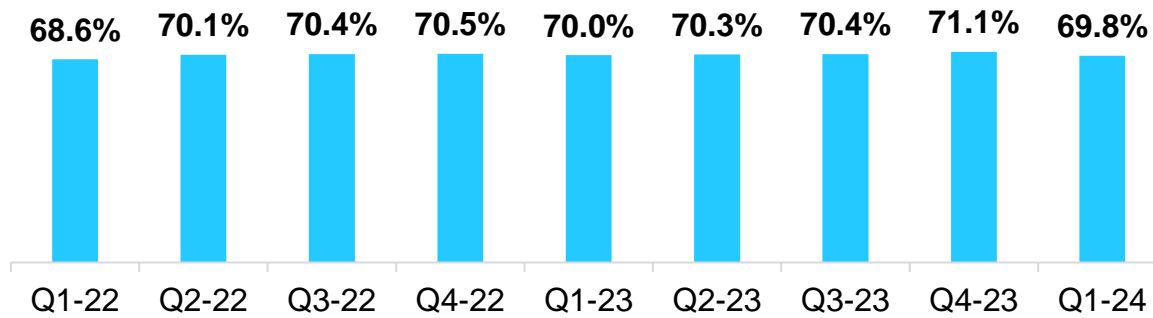
■ Cloud Revenue ■ Non-Cloud Recurring Revenue

# Revenue Breakdown by Geographic Region, Q1 2024

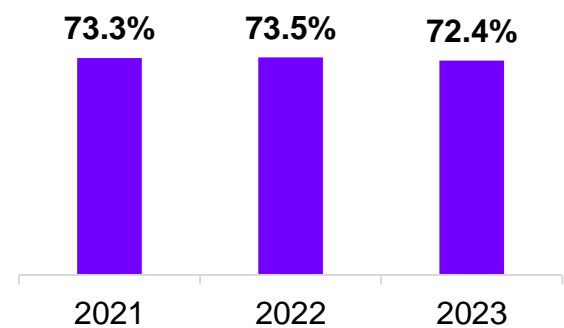
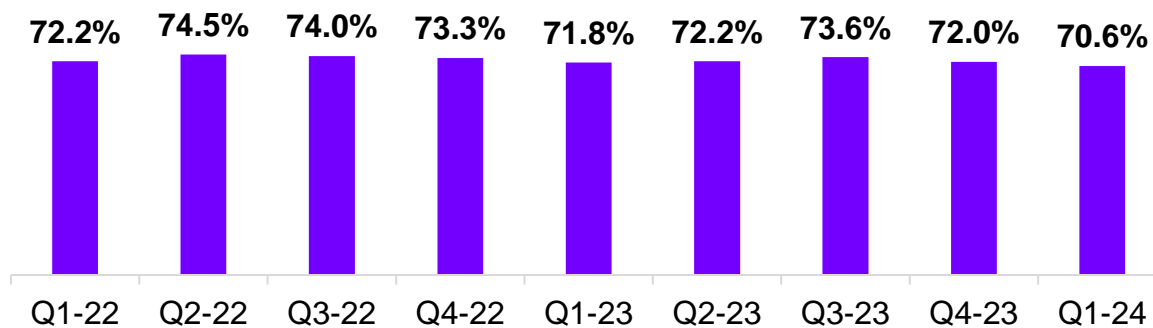


# Consistent Healthy Gross Margins (Non-GAAP)

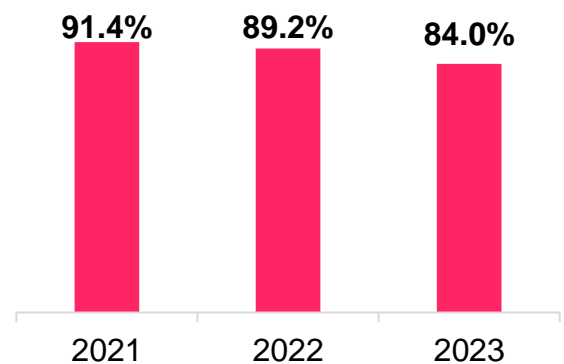
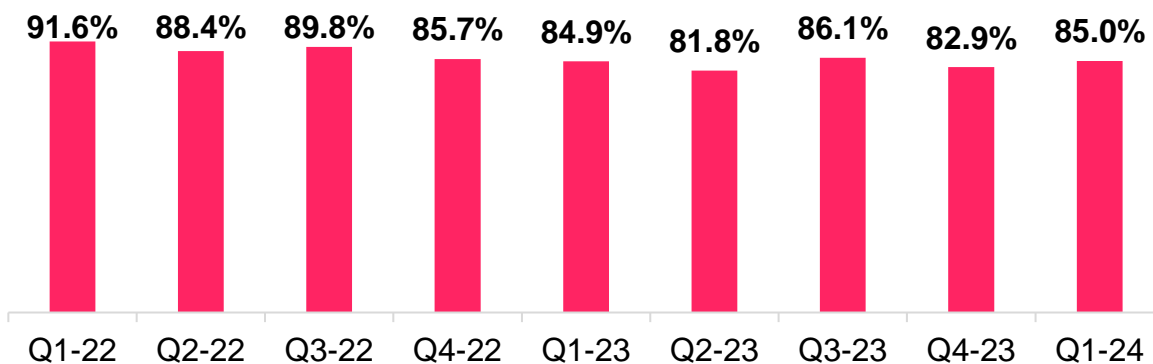
## Cloud GM



## Services GM

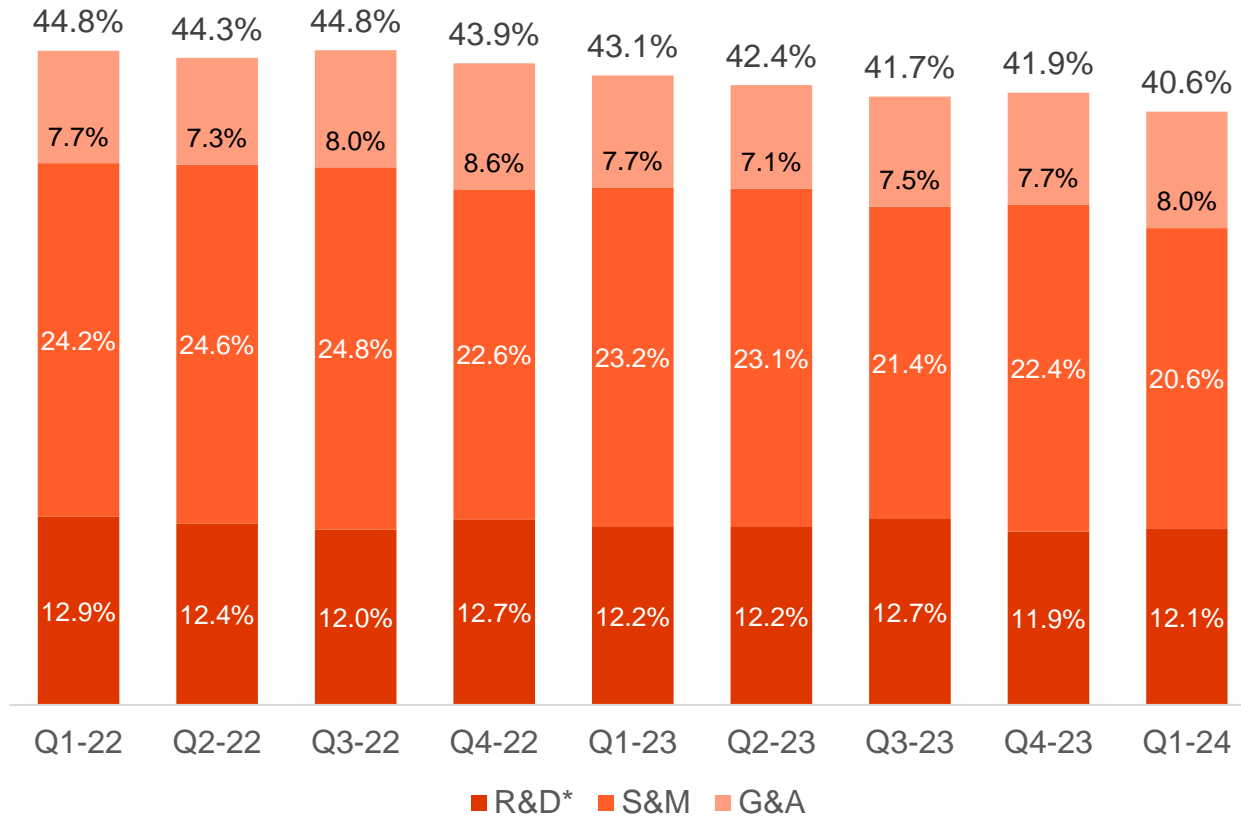


## Product GM

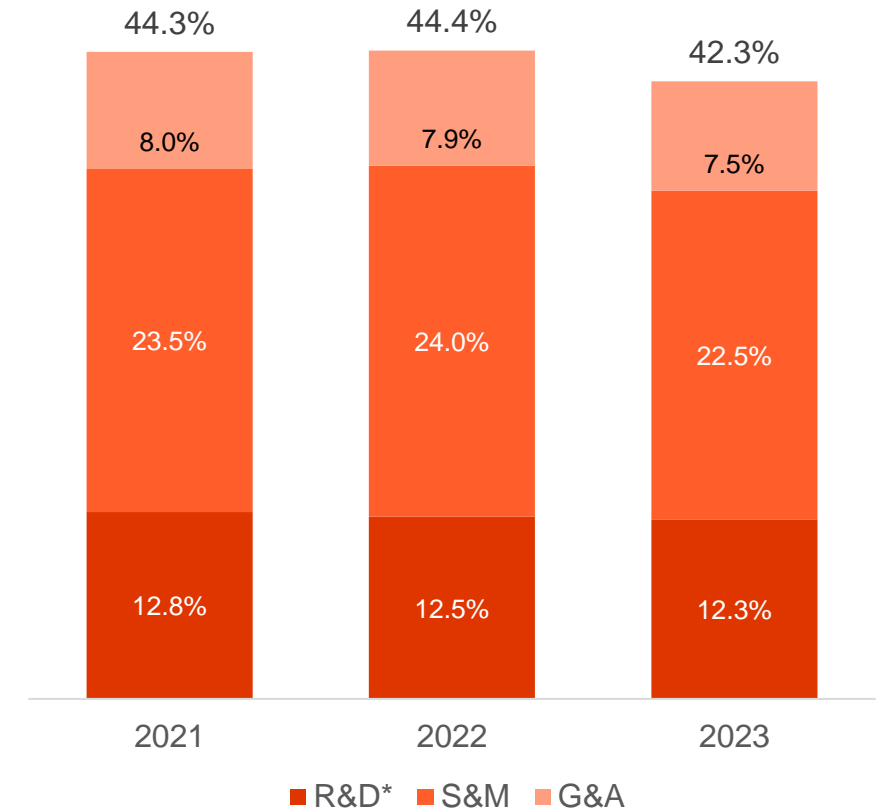


# Non-GAAP Operating Expenses as a Percent of Total Revenue

## Quarterly



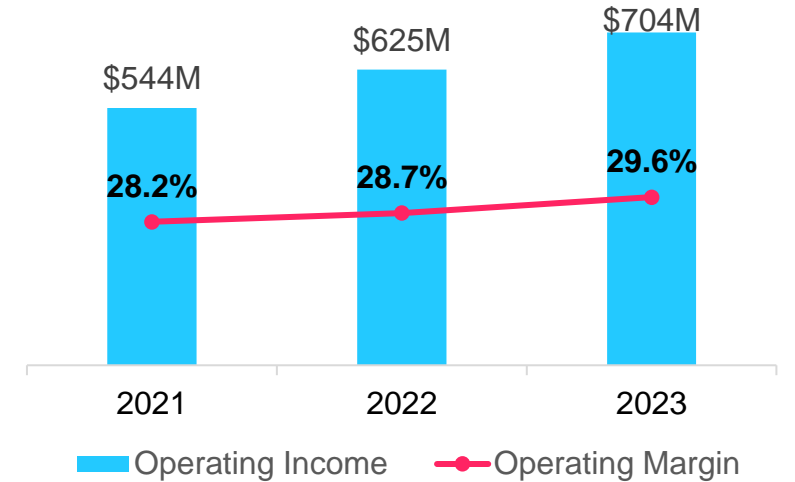
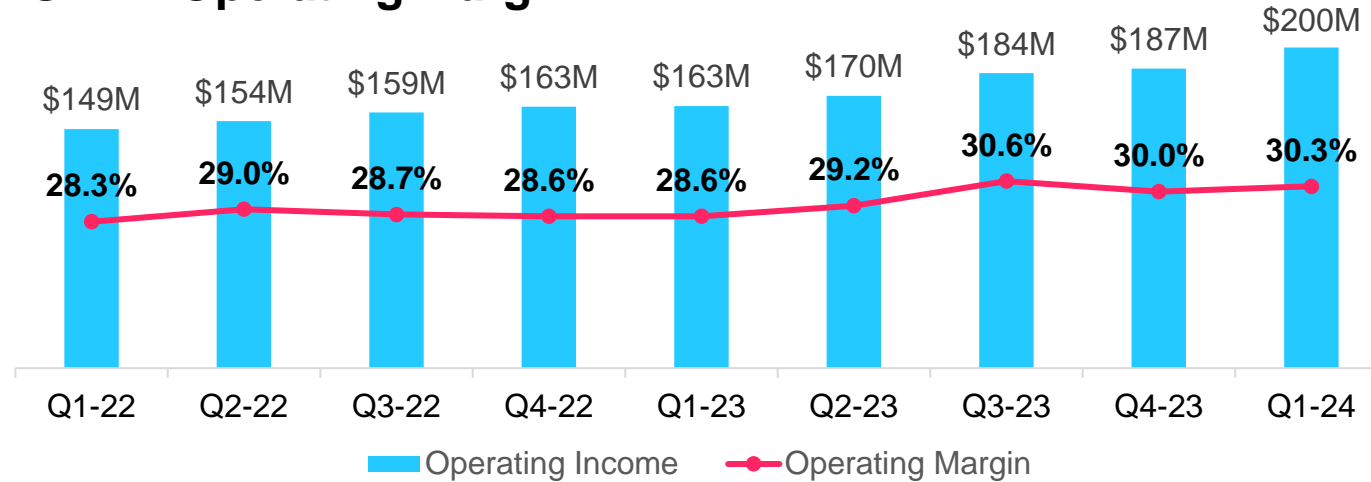
## Annual



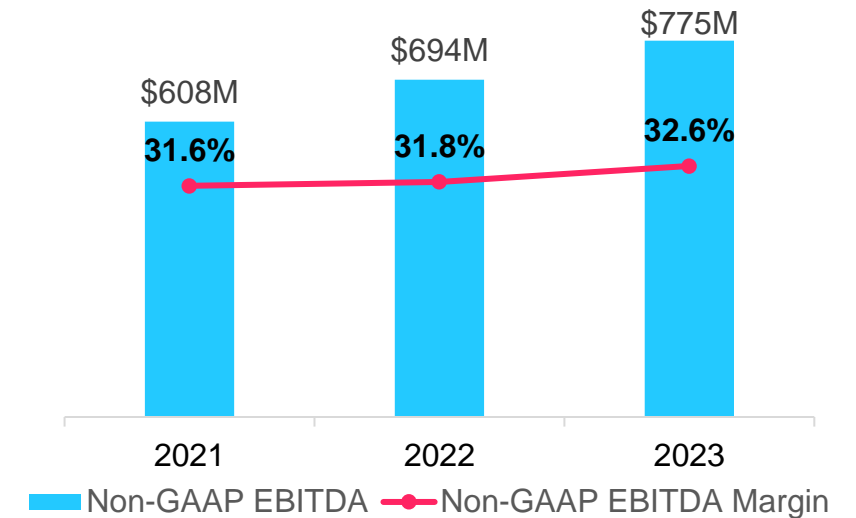
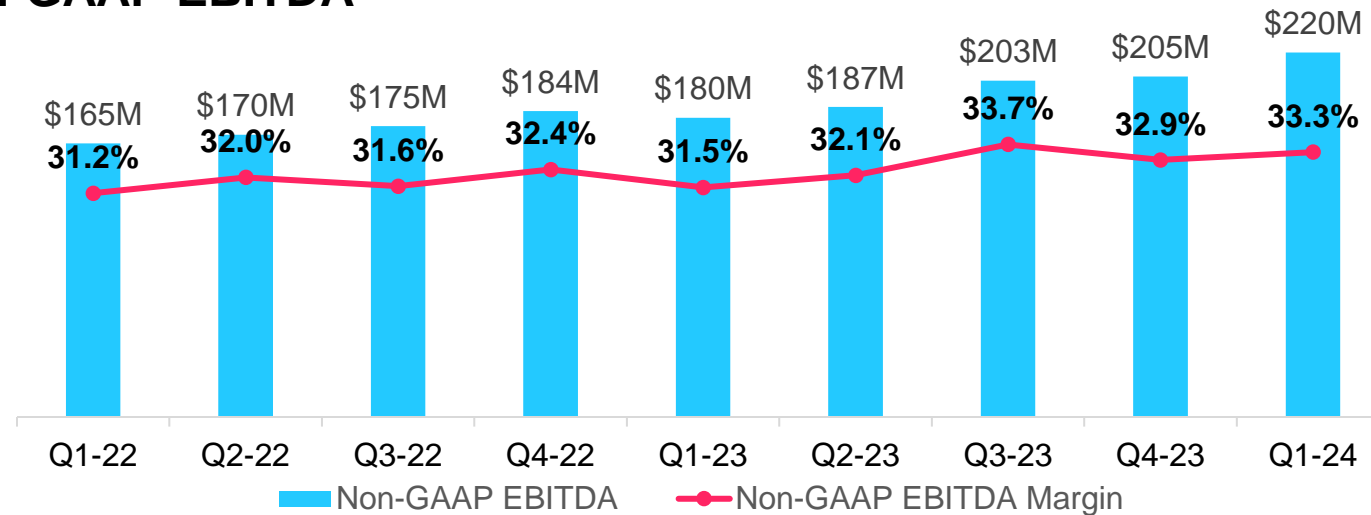
\* R&D net of capitalization

# Strong Operating Leverage Evident in Growing Profitability

## Non-GAAP Operating Margin

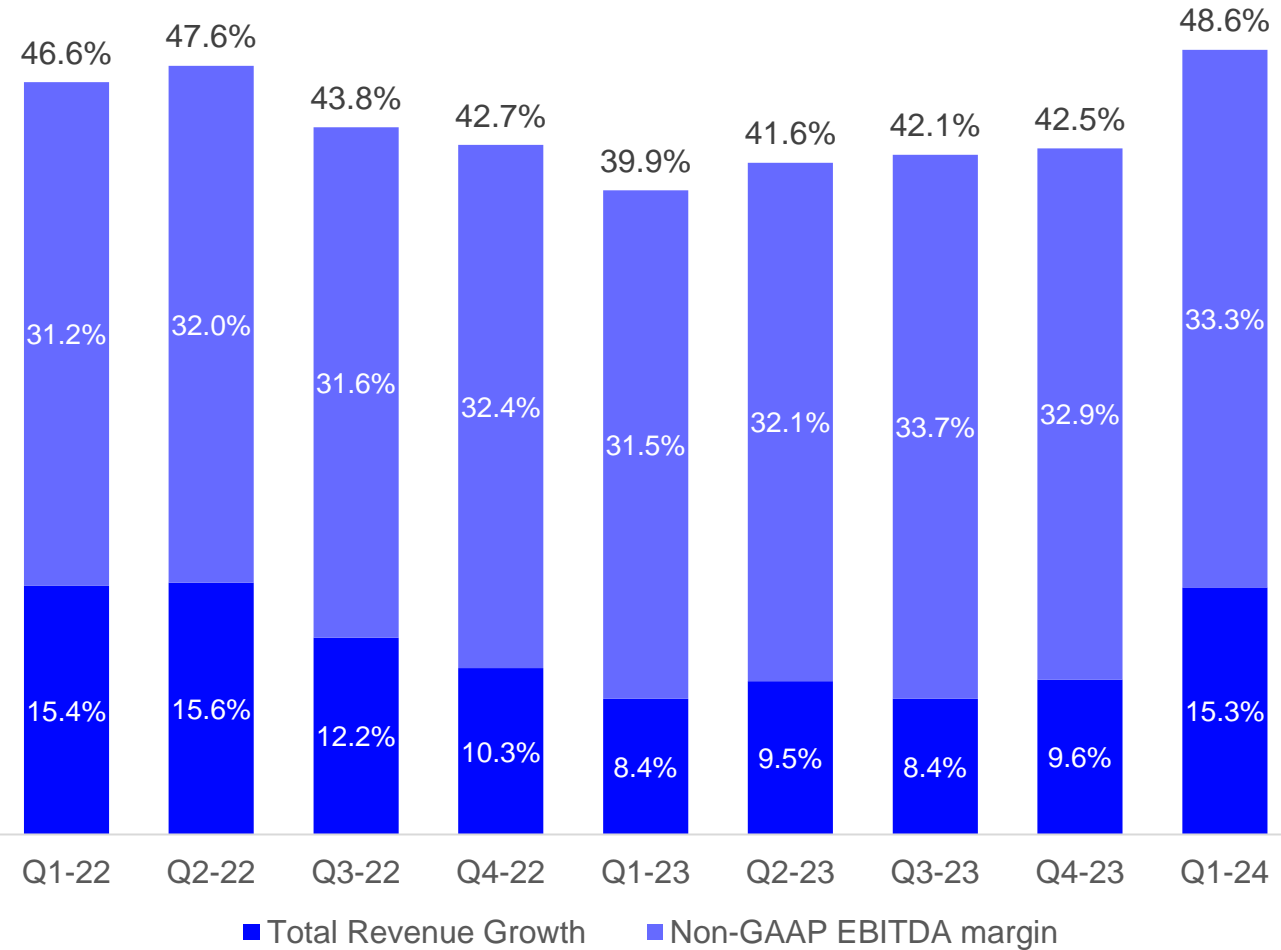


## Non-GAAP EBITDA

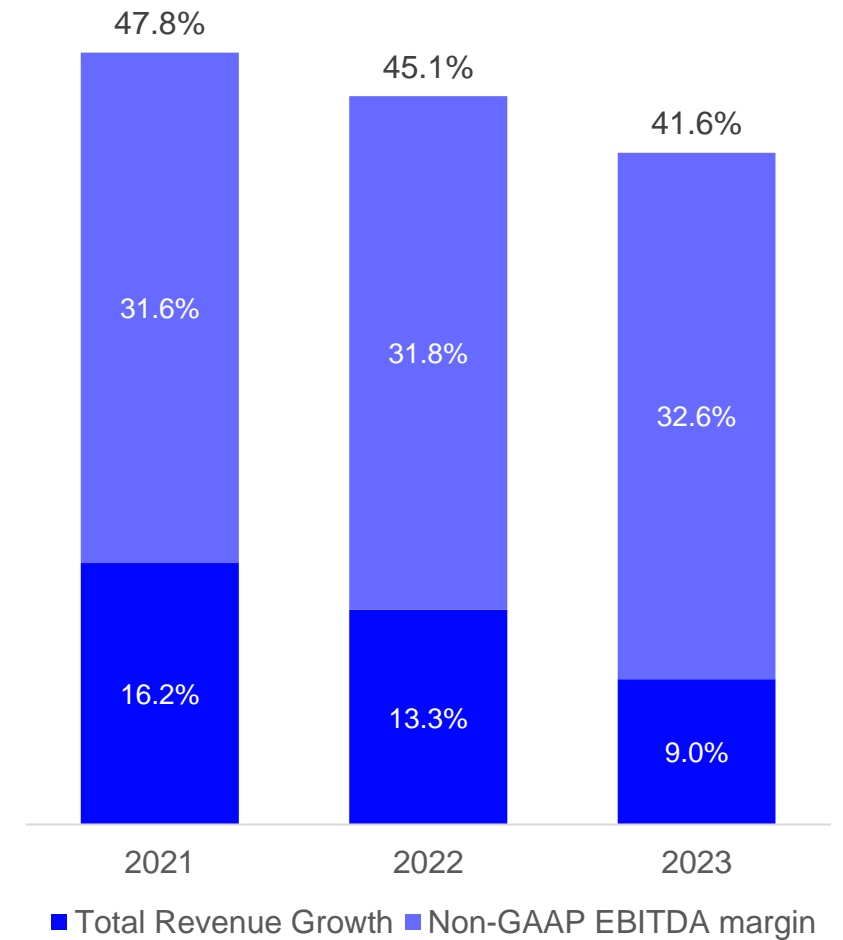


# Delivering Sustained Profitable Growth – Rule of 40

Quarterly

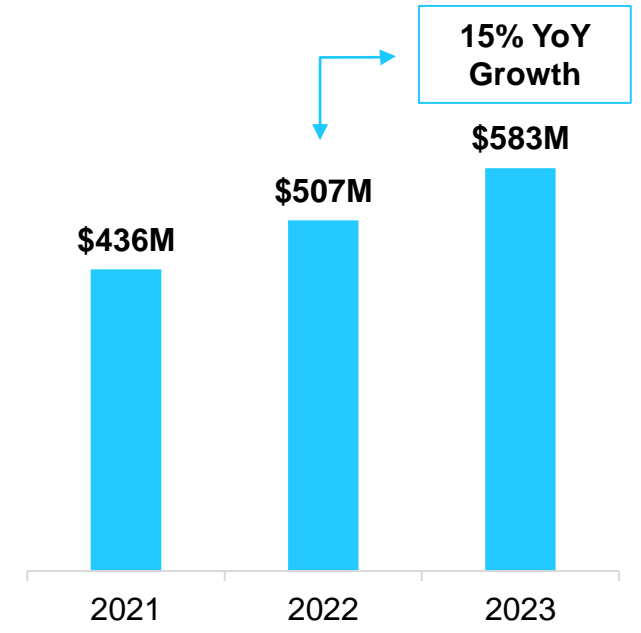
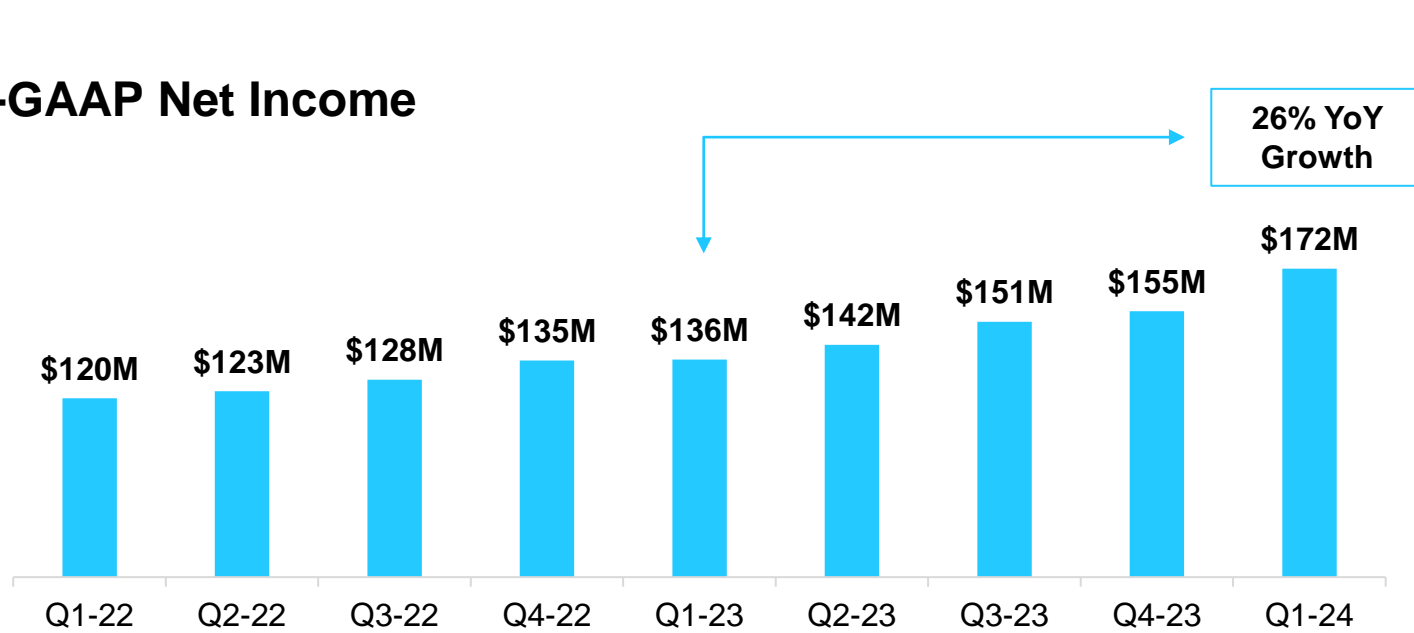


Annual

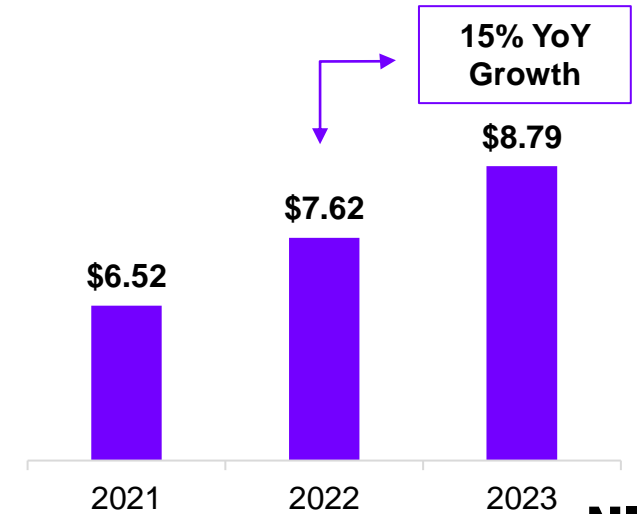
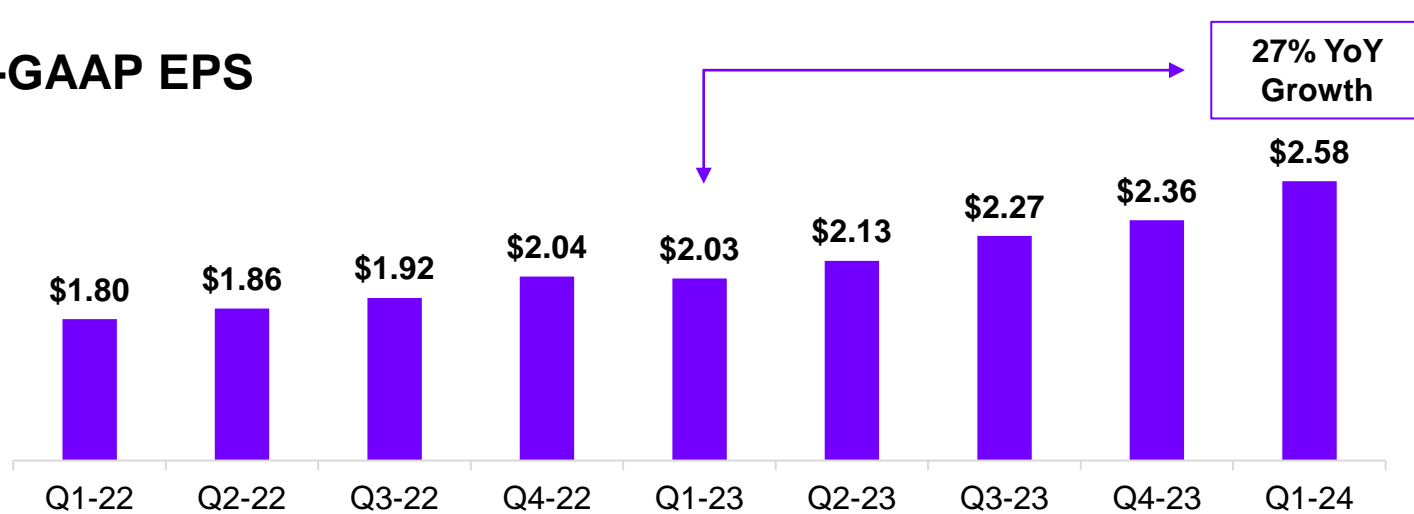


# Non-GAAP Net Income and EPS Reflect NICE's Financial Strength

## Non-GAAP Net Income



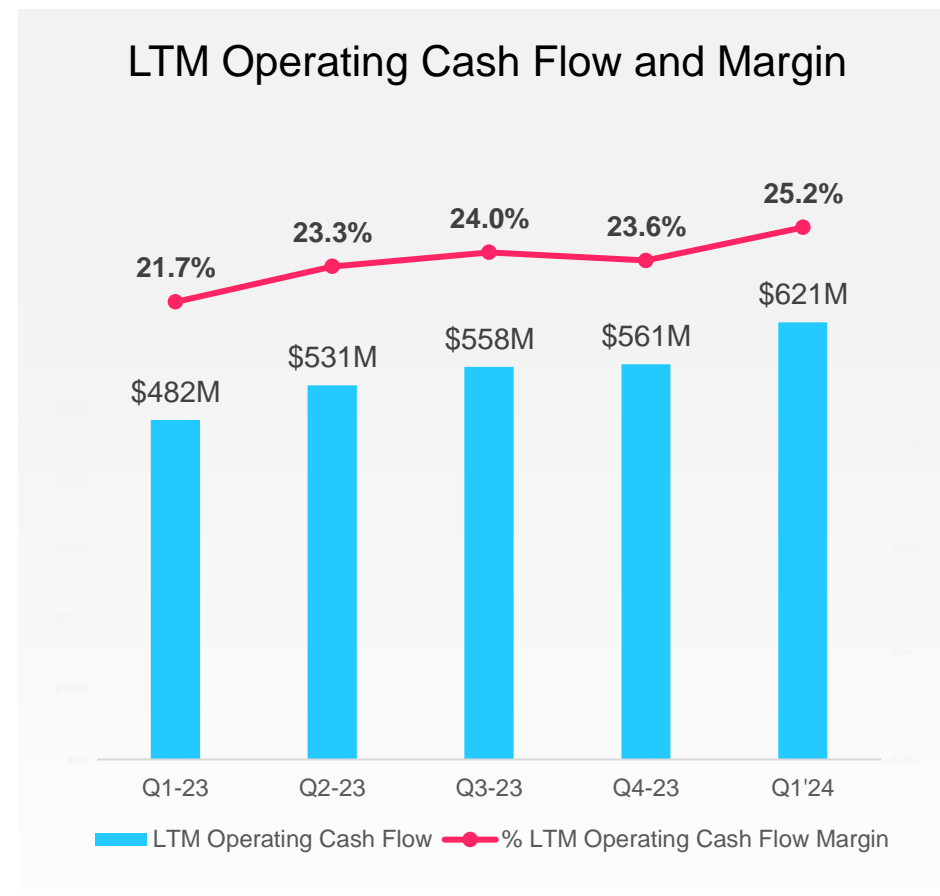
## Non-GAAP EPS





# Growing Cash From Operations and Free Cash Flow

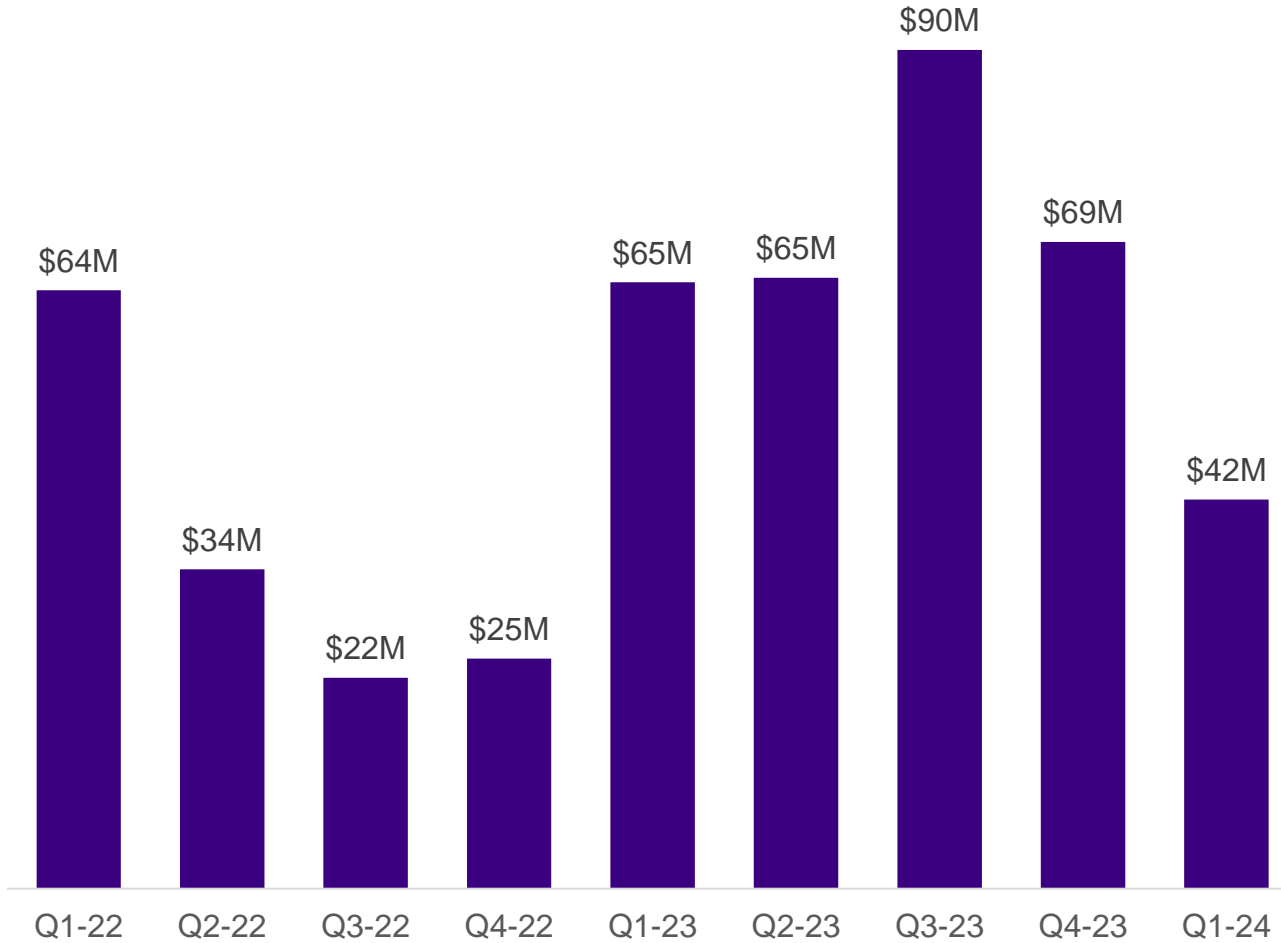
\$M	LTM Q1-24	LTM Q1-23
Operating Cash Flow	620.9	482.1
Capital expenditure of property and equipment	(26.6)	(35.4)
Capitalization of software development	(56.8)	(53.5)
<b>Free cash flow</b>	<b>537.5</b>	<b>393.2</b>
Free cash flow margin	22%	18%
Cash conversion rate *	0.9	0.8



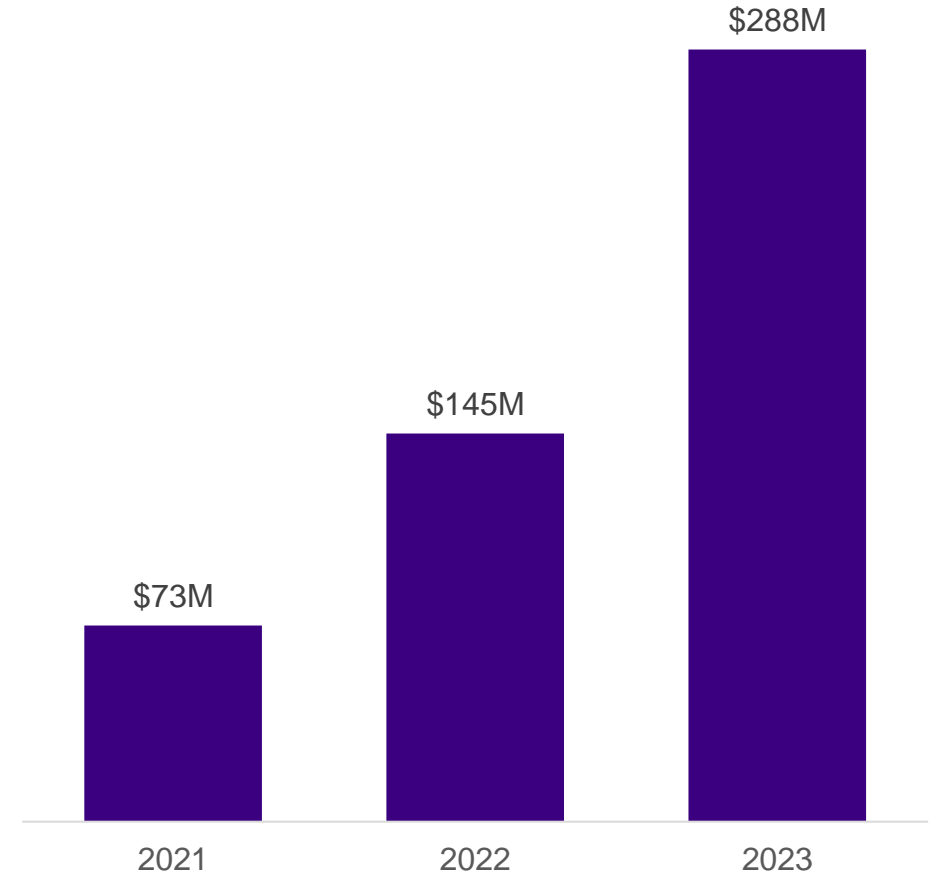
\* Cash Conversion Rate = (Free Cash Flow/ Non-GAAP Net Income)

# 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 in December 2023.

# Outlook\* (Non-GAAP)

	Q2 2024	FY 2024
Revenue (\$M)	657 – 667	2,715 – 2,735
Revenue Growth YoY at Midpoint	14%	15%
EPS (\$)	2.53 – 2.63	10.53 – 10.73
EPS Growth YoY at Midpoint	21%	21%

\*The outlook is provided as of May 16, 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.

Thank You

NICE 😊

# Appendix



# GAAP and Non-GAAP Income Statement

USD in thousands (except EPS)

	Quarter ended	
	March 31,	
	2024	2023
GAAP revenues	\$ 659,309	\$ 571,860
Non-GAAP revenues	\$ 659,309	\$ 571,860
GAAP cost of revenue	\$ 222,669	\$ 186,596
Amortization of acquired intangible assets on cost of cloud	(25,367)	(19,369)
Amortization of acquired intangible assets on cost of product	(260)	(249)
Cost of cloud revenue adjustment (1,2)	(3,002)	(1,947)
Cost of services revenue adjustment (1)	(2,378)	(2,885)
Cost of product revenue adjustment (1)	(30)	(138)
Non-GAAP cost of revenue	\$ 191,632	\$ 162,008
GAAP gross profit	\$ 436,640	\$ 385,264
Gross profit adjustments	31,037	24,588
Non-GAAP gross profit	\$ 467,677	\$ 409,852
GAAP operating expenses	\$ 315,201	\$ 291,757
Research and development (1,2)	(8,143)	(8,398)
Sales and marketing (1,2)	(14,172)	(11,102)
General and administrative (1,2)	(19,831)	(21,296)
Amortization of acquired intangible assets	(5,239)	(4,515)
Valuation adjustment on acquired deferred commission	15	40
Non-GAAP operating expenses	\$ 267,831	\$ 246,486
GAAP financial and other income, net	\$ (14,009)	\$ (8,721)
Amortization of discount and loss of extinguishment on debt	(549)	(1,154)
Change in fair value of contingent consideration	(44)	-
Non-GAAP financial and other income, net	(14,602)	(9,875)

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

USD in thousands (except EPS)

	Quarter ended	
	March 31,	
	2024	2023
GAAP taxes on income	\$ 29,075	\$ 25,286
Tax adjustments re non-GAAP adjustments	13,816	12,308
Non-GAAP taxes on income	<u>\$ 42,891</u>	<u>\$ 37,594</u>
GAAP net income	\$ 106,373	\$ 76,942
Amortization of acquired intangible assets	30,866	24,133
Valuation adjustment on acquired deferred commission	(15)	(40)
Share-based compensation (1)	45,644	45,766
Acquisition related and other expenses (2)	1,912	-
Amortization of discount and loss of extinguishment on debt	549	1,154
Change in fair value of contingent consideration	44	-
Tax adjustments re non-GAAP adjustments	(13,816)	(12,308)
Non-GAAP net income	<u>\$ 171,557</u>	<u>\$ 135,647</u>
GAAP diluted earnings per share	<u>\$ 1.60</u>	<u>\$ 1.15</u>
Non-GAAP diluted earnings per share	<u>\$ 2.58</u>	<u>\$ 2.03</u>
Shares used in computing GAAP diluted earnings per share	66,528	66,662
Shares used in computing non-GAAP diluted earnings per share	66,528	66,662



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

USD in thousands

## (1) Share-based compensation

	Quarter ended	
	March 31,	
	2024	2023
Cost of cloud revenue	\$ 2,940	\$ 1,947
Cost of services revenue	2,378	2,885
Cost of product revenue	30	138
Research and development	7,813	8,398
Sales and marketing	13,529	11,102
General and administrative	18,954	21,296
	<u>\$ 45,644</u>	<u>\$ 45,766</u>

## (2) Acquisition related and other expenses

	Quarter ended	
	March 31,	
	2024	2023
Cost of cloud revenue	\$ 62	\$ -
Research and development	330	-
Sales and marketing	643	-
General and administrative	877	-
	<u>\$ 1,912</u>	<u>\$ -</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	
	March 31,	
	2024	2023
	Unaudited	Unaudited
GAAP net income	\$ 106,373	\$ 76,942
Non-GAAP adjustments:		
Depreciation and amortization	51,760	41,846
Share-based compensation	44,404	44,961
Financial and other expense/ (income), net	(14,009)	(8,721)
Acquisition related and other expenses	1,912	-
Valuation adjustment on acquired deferred commission	(15)	(40)
Taxes on income	29,075	25,286
Non-GAAP EBITDA	<u>\$ 219,500</u>	<u>\$ 180,274</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	
	March 31,	
	2024	2023
	Unaudited	Unaudited
Free cash flow (a)		
Net cash provided by operating activities	\$ 254,490	\$ 195,071
Purchase of property and equipment	(10,521)	(13,106)
Capitalization of internal use software costs	(15,936)	(14,136)
Free Cash Flow	<u>\$ 228,033</u>	<u>\$ 167,829</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

	<u>March 31, 2024</u> Unaudited	<u>December 31, 2023</u> Audited		<u>March 31, 2024</u> Unaudited	<u>December 31, 2023</u> Audited
<b>ASSETS</b>			<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT ASSETS:</b>			<b>CURRENT LIABILITIES:</b>		
Cash and cash equivalents	\$ 793,078	\$ 511,795	Trade payables	\$ 55,238	\$ 66,036
Short-term investments	709,766	896,044	Deferred revenues and advances from customers	340,366	302,649
Trade receivables	574,987	585,154	Current maturities of operating leases	13,324	13,747
Debt hedge option	-	121,922	Debt	-	209,229
Prepaid expenses and other current assets	<u>206,238</u>	<u>197,967</u>	Accrued expenses and other liabilities	<u>532,451</u>	<u>528,660</u>
Total current assets	<u>2,284,069</u>	<u>2,312,882</u>	Total current liabilities	<u>941,379</u>	<u>1,120,321</u>
<b>LONG-TERM ASSETS:</b>			<b>LONG-TERM LIABILITIES:</b>		
Property and equipment, net	181,136	174,414	Deferred revenues and advances from customers	58,907	52,458
Deferred tax assets	174,755	178,971	Operating leases	99,818	102,909
Other intangible assets, net	274,541	305,501	Deferred tax liabilities	8,489	8,596
Operating lease right-of-use assets	101,577	104,565	Debt	457,505	457,081
Goodwill	1,820,469	1,821,969	Other long-term liabilities	<u>22,179</u>	<u>21,769</u>
Prepaid expenses and other long-term assets	<u>210,031</u>	<u>219,332</u>	Total long-term liabilities	<u>646,898</u>	<u>642,813</u>
Total long-term assets	<u>2,762,509</u>	<u>2,804,752</u>	<b>SHAREHOLDERS' EQUITY</b>		
<b>TOTAL ASSETS</b>	<u><u>\$ 5,046,578</u></u>	<u><u>\$ 5,117,634</u></u>	Nice Ltd's equity	3,447,085	3,341,132
			Non-controlling interests	<u>11,216</u>	<u>13,368</u>
			Total shareholders' equity	<u>3,458,301</u>	<u>3,354,500</u>
			<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<u><u>\$ 5,046,578</u></u>	<u><u>\$ 5,117,634</u></u>