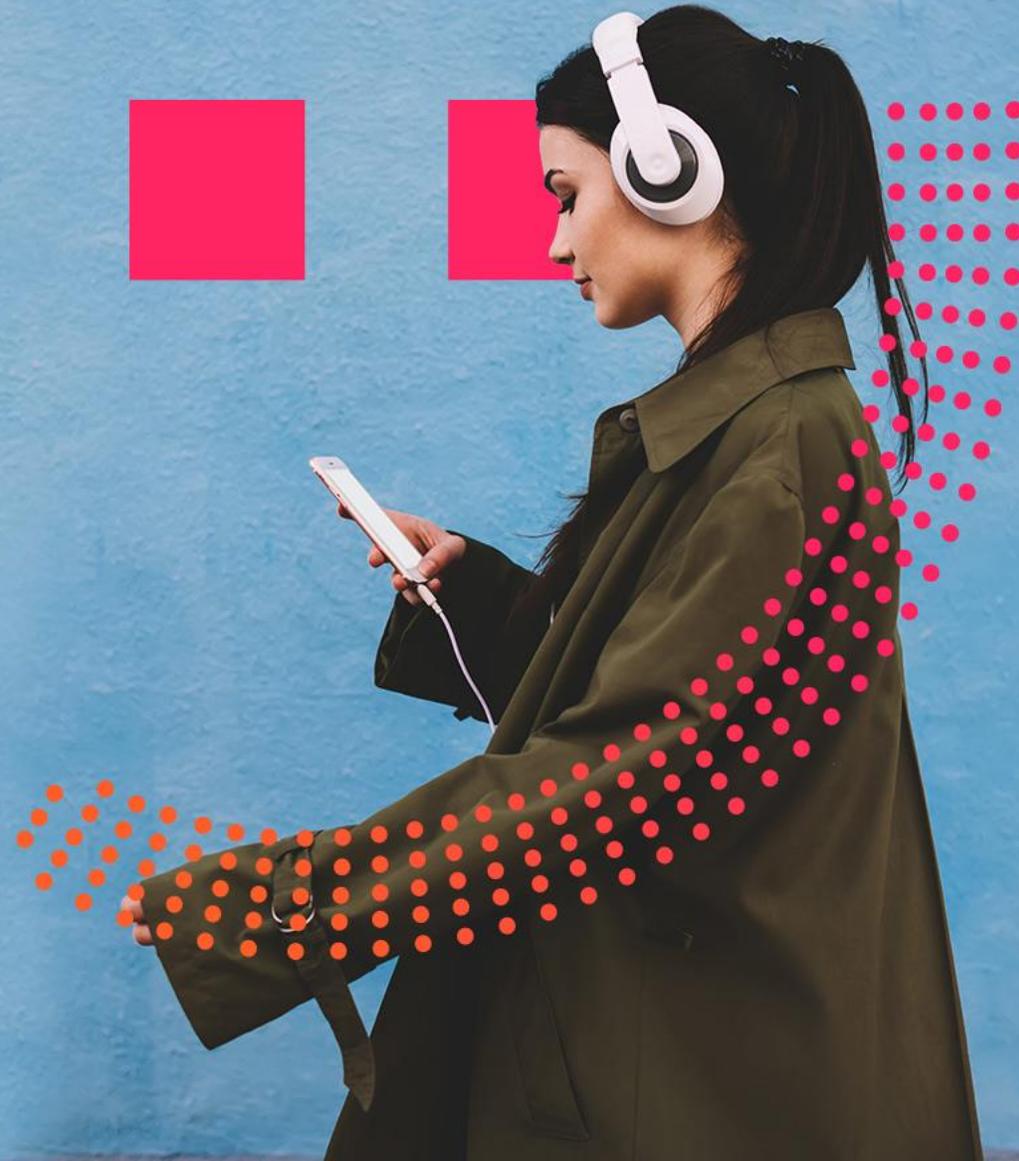


2021 Fourth Quarter and Full Year Results

Ended December 31, 2021



Forward Looking Statements Disclaimer

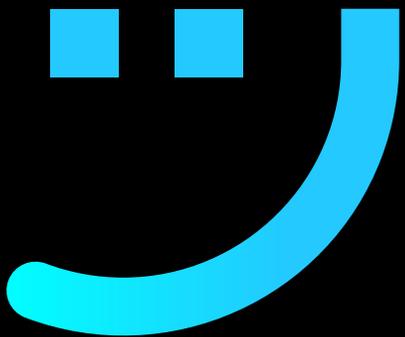
This presentation contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. In some cases, forward-looking statements may be identified by words such as “believe,” “expect,” “seek,” “may,” “will,” “intend,” “should,” “project,” “anticipate,” “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 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 fourth-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 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 early adopted ASU 2021-08, Business Combinations, effective January 1, 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. The Company applied the new guidance retrospectively to all business combinations for which the acquisition date occurred on or after January 1, 2021, therefore comparative financials were not adjusted. Through December 31, 2020 business combination accounting rules required the recognition of 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. Comparative financials Non-GAAP adjustment for a revenue arrangement is intended to reflect the full amount of such revenue. 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

Q4 and Full Year 2021 Highlights

Income Statement

Balance Sheet and Cash Flow Analysis

Outlook

FY 2021 Highlights (Non-GAAP)

Record total revenue of \$1,926M; an increase of 16% compared to FY 2020

Cloud revenue surpassed the \$1bn mark totaling a record \$1,023M; an increase of 30% compared to FY 2020

Cloud gross margin increased 206 bps to 67.7%; compared to 65.6% in FY 2020

Recurring revenue was 80% of total revenue; compared to 79% in FY 2020

Gross margin increased 127 bps to 72.6%; compared to 71.3% in FY 2020

Record operating income of \$544M; an increase of 16% compared to FY 2020

EPS increased 14% to a record \$6.52; compared to \$5.73 in FY 2020

Double-digit revenue growth in both business segments; Customer Engagement and Financial Crime & Compliance

Q4 2021 Highlights (Non-GAAP)

Total revenue increased 18% to a quarterly record of **\$515M**; compared to \$438M in Q4 2020

Cloud revenue increased 28% to a quarterly record of **\$285M**; compared to \$223M in Q4 2020

Cloud gross margin increased 57 bps to **68.2%**; compared to 67.6% in Q4 2020

Total gross profit increased 19% to **\$376M**; compared to \$317M in Q4 2020

Gross margin increased to **73.0%**; compared to 72.2% in Q4 2020, an increase of 79 bps

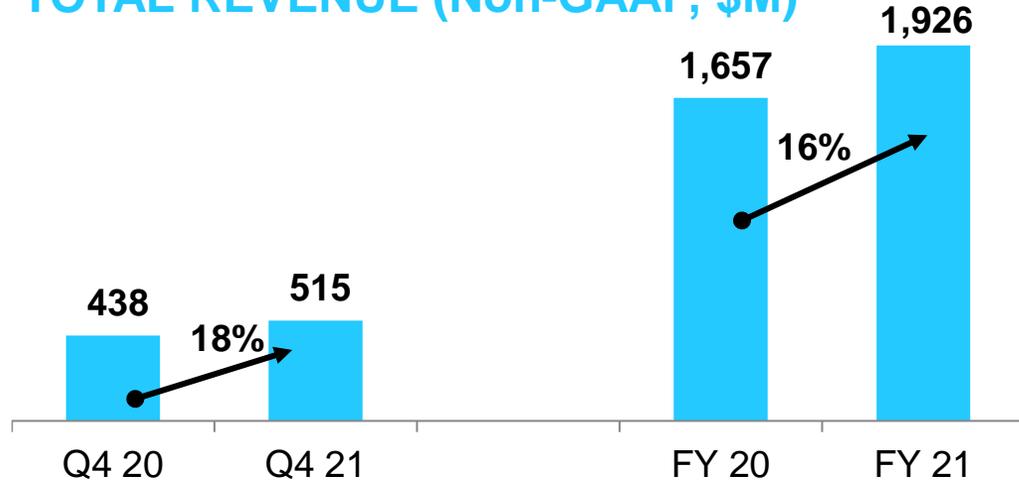
Operating income increased 11% to **\$146M**; compared to \$132M in FY 2020

Net income increased to a record **\$117M**; compared to \$107M in Q4 2020

Double-digit revenue growth across all regions; Americas, EMEA, APAC

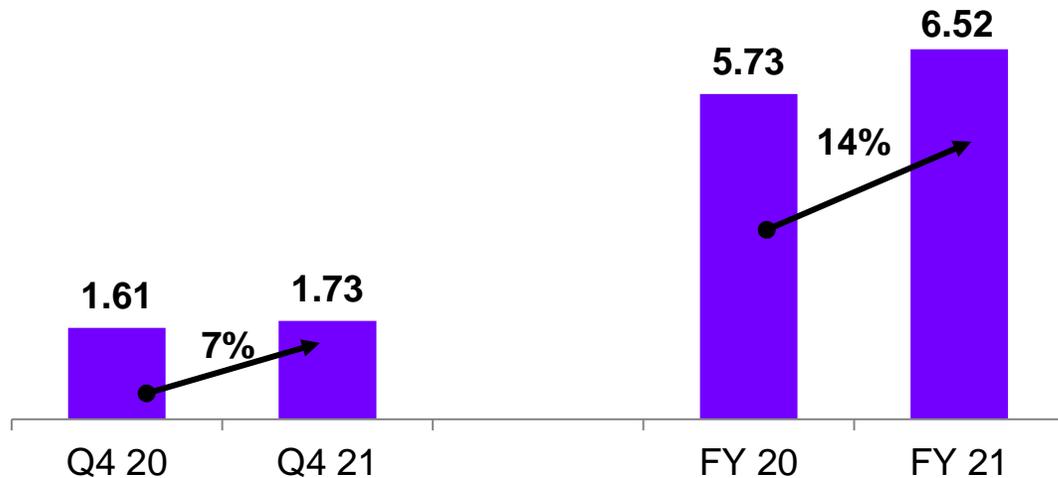
Solid Growth and Execution

TOTAL REVENUE (Non-GAAP, \$M)

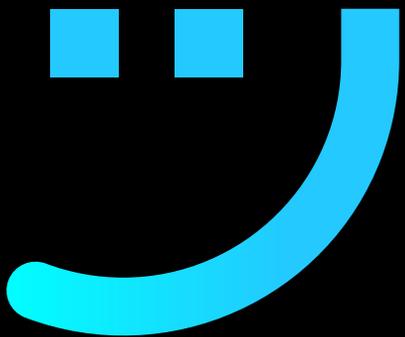


- Significant growth in total revenue driven by growth in cloud and product revenue
- Double-digit year-over-year total revenue growth in every quarter of FY 2021
- Cloud revenue of \$1,023 million in FY 2021 represented 53% of total revenue; cloud revenue of \$285 million represented 55% of total revenue in Q4
- Recurring revenue accounted for 80% of total revenue for Q4 2021 and FY 2021

EARNINGS PER SHARE (Non-GAAP, \$)



- Record EPS in Q4 and FY 2021
- Double digit growth in FY 2021 due to strong total revenue growth and expanded gross margin



Agenda

Q4 and Full Year 2021 Highlights

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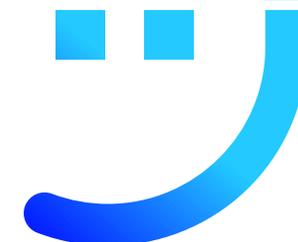
GAAP and Non-GAAP Income Statement (USD in thousands except EPS)

NICE LTD. AND SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

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

	Quarter ended		Year to date	
	December 31,		December 31,	
	2021	2020	2021	2020
GAAP revenues	\$ 515,473	\$ 434,581	\$ 1,921,150	\$ 1,648,016
Valuation adjustment on acquired deferred cloud revenue	-	3,679	4,372	8,866
Valuation adjustment on acquired deferred services revenue	-	149	175	230
Non-GAAP revenues	<u>\$ 515,473</u>	<u>\$ 438,409</u>	<u>\$ 1,925,697</u>	<u>\$ 1,657,112</u>
GAAP cost of revenue	\$ 165,245	\$ 146,055	\$ 624,456	\$ 561,952
Amortization of acquired intangible assets on cost of cloud	(18,796)	(18,012)	(72,015)	(66,434)
Amortization of acquired intangible assets on cost of services	(669)	(1,225)	(4,228)	(4,566)
Amortization of acquired intangible assets on cost of product	(277)	(1,073)	(1,130)	(4,467)
Valuation adjustment on acquired deferred cost of cloud	21	194	97	931
Cost of cloud revenue adjustment (1)	(2,661)	(1,457)	(7,949)	(4,058)
Cost of services revenue adjustment (1)	(3,597)	(2,593)	(10,513)	(7,550)
Cost of product revenue adjustment (1)	(185)	(131)	(595)	(336)
Non-GAAP cost of revenue	<u>\$ 139,081</u>	<u>\$ 121,758</u>	<u>\$ 528,123</u>	<u>\$ 475,472</u>
GAAP gross profit	\$ 350,228	\$ 288,526	\$ 1,296,694	\$ 1,086,064
Gross profit adjustments	26,164	28,125	100,880	95,576
Non-GAAP gross profit	<u>\$ 376,392</u>	<u>\$ 316,651</u>	<u>\$ 1,397,574</u>	<u>\$ 1,181,640</u>
GAAP operating expenses	\$ 285,161	\$ 223,403	\$ 1,032,785	\$ 844,017
Research and development (1)	(9,980)	(4,324)	(25,221)	(11,877)
Sales and marketing (1,2)	(14,495)	(10,769)	(42,021)	(30,392)
General and administrative (1,2)	(19,403)	(13,775)	(70,776)	(52,014)
Amortization of acquired intangible assets	(10,538)	(9,719)	(41,308)	(38,670)
Valuation adjustment on acquired deferred commission	54	89	215	195
Non-GAAP operating expenses	<u>\$ 230,799</u>	<u>\$ 184,905</u>	<u>\$ 853,674</u>	<u>\$ 711,259</u>



GAAP and Non-GAAP Income Statement (cont.)

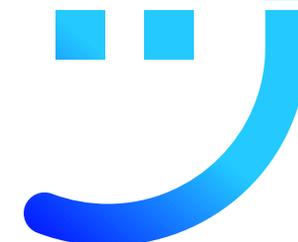
NICE LTD. AND SUBSIDIARIES

RECONCILIATION OF GAAP TO NON-GAAP RESULTS

(continued)

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

	Quarter ended December 31,		Year to date December 31,	
	2021	2020	2021	2020
GAAP financial and other expense, net	\$ (7,696)	\$ (2,600)	\$ (23,290)	\$ (4,859)
Amortization of discount and loss of extinguishment on debt	8,874	5,353	28,279	13,297
Non-GAAP financial and other income, net	<u>\$ 1,178</u>	<u>\$ 2,753</u>	<u>\$ 4,989</u>	<u>\$ 8,438</u>
GAAP taxes on income	\$ 6,210	\$ 7,549	\$ 41,396	\$ 40,842
Tax adjustments re non-GAAP adjustments	23,898	20,056	71,157	59,757
Non-GAAP taxes on income	<u>\$ 30,108</u>	<u>\$ 27,605</u>	<u>\$ 112,553</u>	<u>\$ 100,599</u>
GAAP net income	\$ 51,161	\$ 54,974	\$ 199,223	\$ 196,346
Valuation adjustment on acquired deferred revenue	-	3,828	4,547	9,096
Valuation adjustment on acquired deferred cost of cloud revenue	(21)	(194)	(97)	(931)
Amortization of acquired intangible assets	30,280	30,029	118,681	114,137
Valuation adjustment on acquired deferred commission	(54)	(89)	(215)	(195)
Share-based compensation (1)	50,321	33,049	154,213	102,304
Acquisition related expenses (2)	-	-	2,862	3,923
Amortization of discount and loss of extinguishment on debt	8,874	5,353	28,279	13,297
Tax adjustments re non-GAAP adjustments	(23,898)	(20,056)	(71,157)	(59,757)
Non-GAAP net income	<u>\$ 116,663</u>	<u>\$ 106,894</u>	<u>\$ 436,336</u>	<u>\$ 378,220</u>
GAAP diluted earnings per share	<u>\$ 0.76</u>	<u>\$ 0.83</u>	<u>\$ 2.98</u>	<u>\$ 2.98</u>
Non-GAAP diluted earnings per share	<u>\$ 1.73</u>	<u>\$ 1.61</u>	<u>\$ 6.52</u>	<u>\$ 5.73</u>
Shares used in computing GAAP diluted earnings per share	67,245	66,600	66,895	65,956
Shares used in computing non-GAAP diluted earnings per share	67,245	66,600	66,895	65,956



GAAP and Non-GAAP Income Statement (cont.)

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

U.S. dollars in thousands

(1) Share-based Compensation

	Quarter ended December 31,		Year to date December 31,	
	2021	2020	2021	2020
Cost of cloud revenue	2,661	1,457	7,949	4,058
Cost of services revenue	3,597	2,593	10,513	7,550
Cost of product revenue	185	131	595	336
Research and development	9,980	4,324	25,221	11,877
Sales and marketing	14,495	10,769	42,021	30,262
General and administrative	19,403	13,775	67,914	48,221
	<u>\$ 50,321</u>	<u>\$ 33,049</u>	<u>\$ 154,213</u>	<u>\$ 102,304</u>

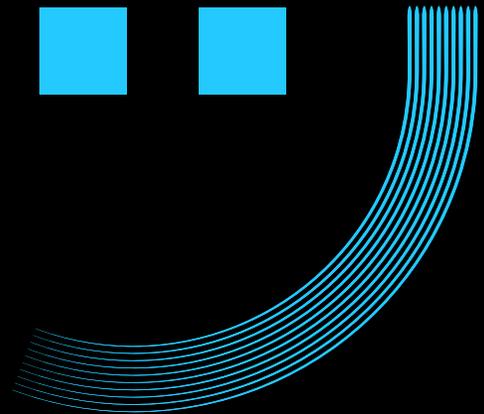
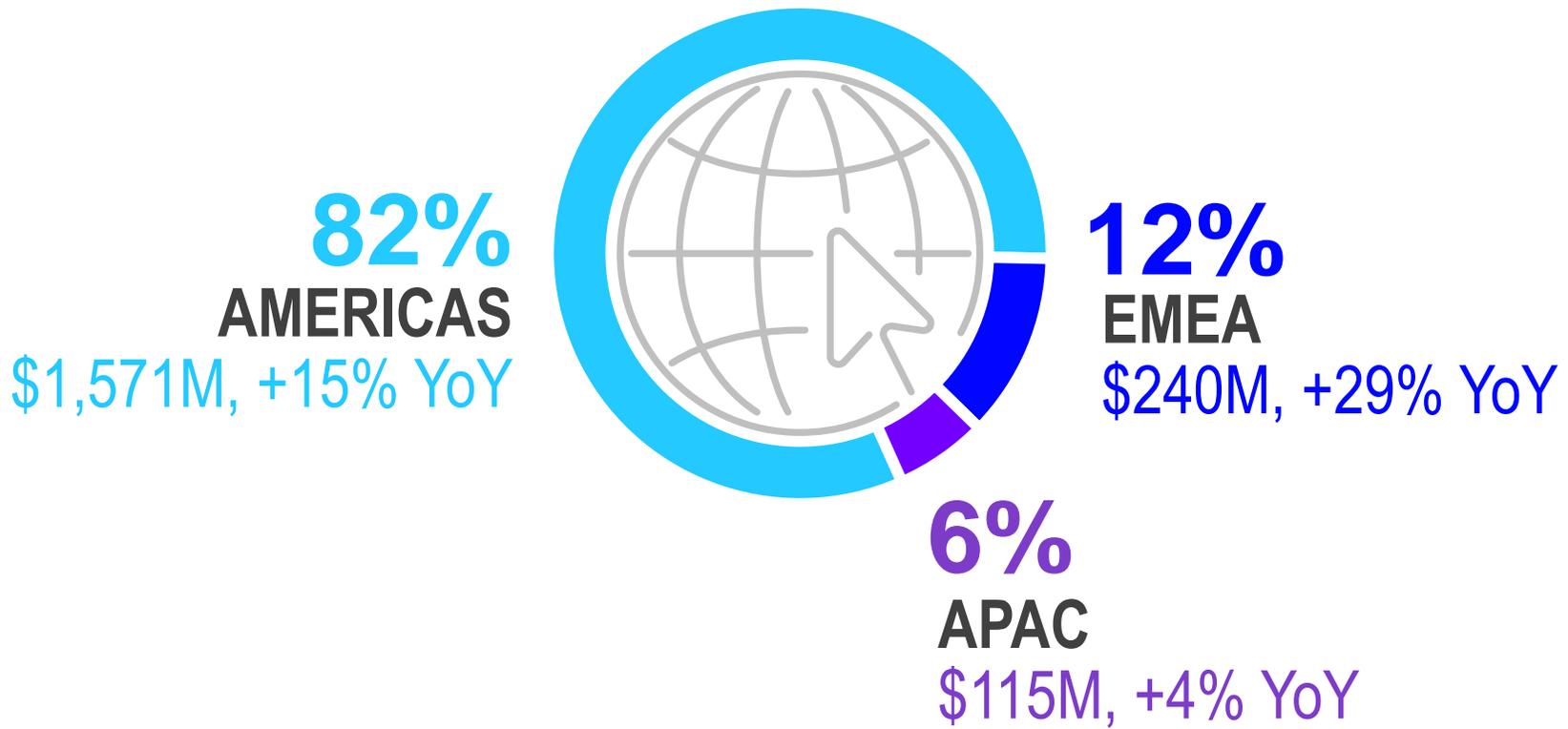
(2) Acquisition related expenses

	Quarter ended December 31,		Year to date December 31,	
	2021	2020	2021	2020
Sales and marketing	\$ -	\$ -	\$ -	\$ 130
General and administrative	-	-	2,862	3,793
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,862</u>	<u>\$ 3,923</u>



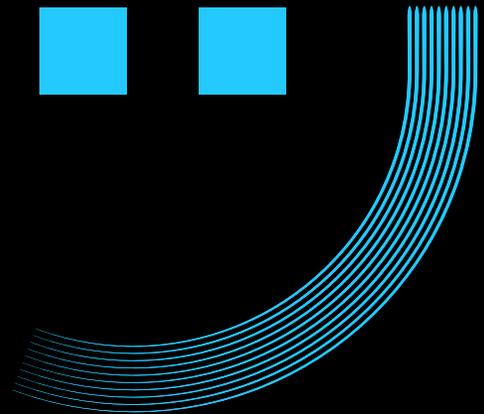
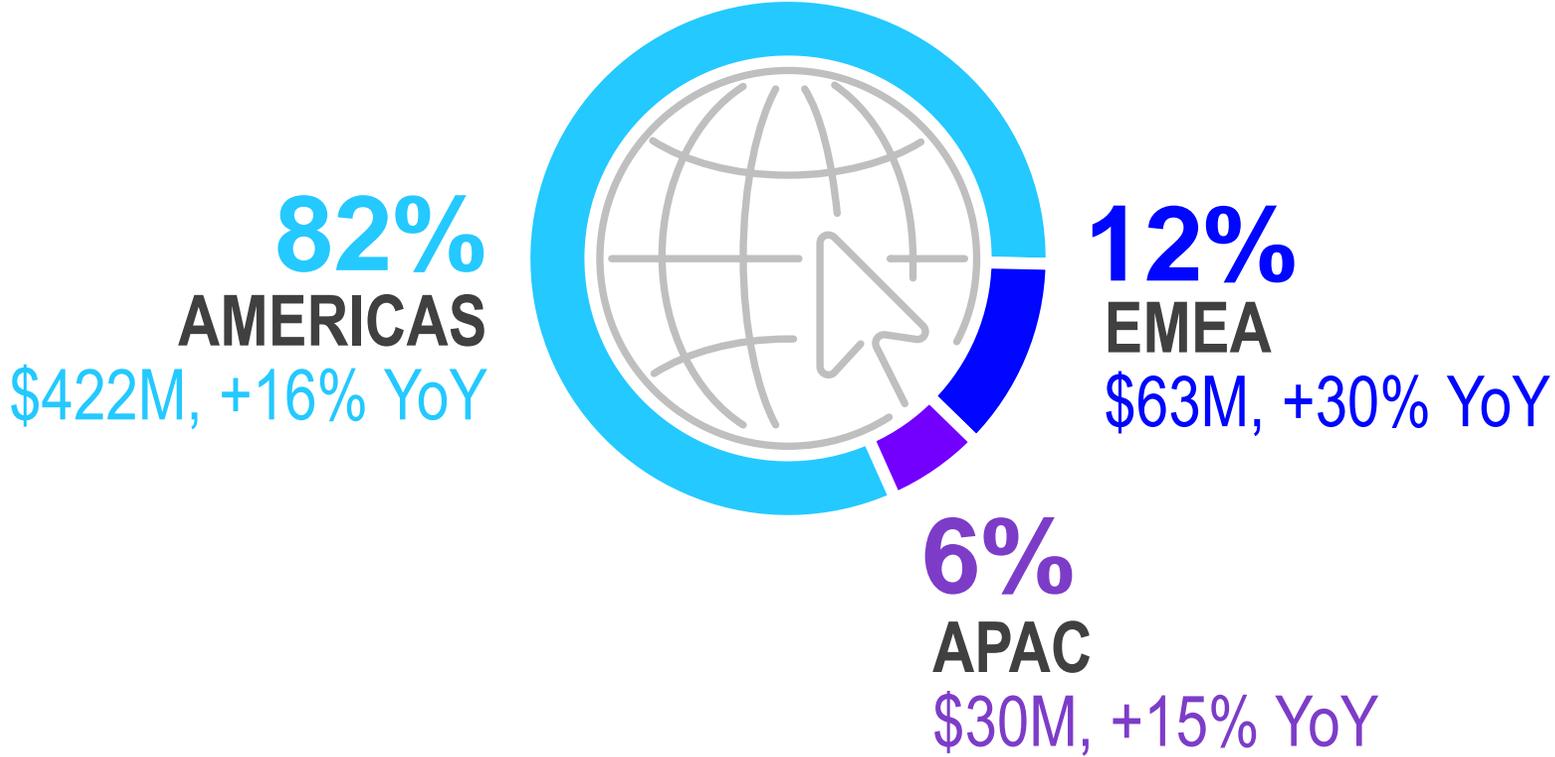
FY 2021

Revenue Breakdown by Region (Non-GAAP)



Q4 2021

Revenue Breakdown by Region (Non-GAAP)



FY 2021

Revenue Breakdown by Business Unit (Non-GAAP)

82%
CUSTOMER
ENGAGEMENT
\$1,572M, +17% YoY



18%
FINANCIAL
CRIME &
COMPLIANCE
\$354M, +15% YoY

Q4 2021

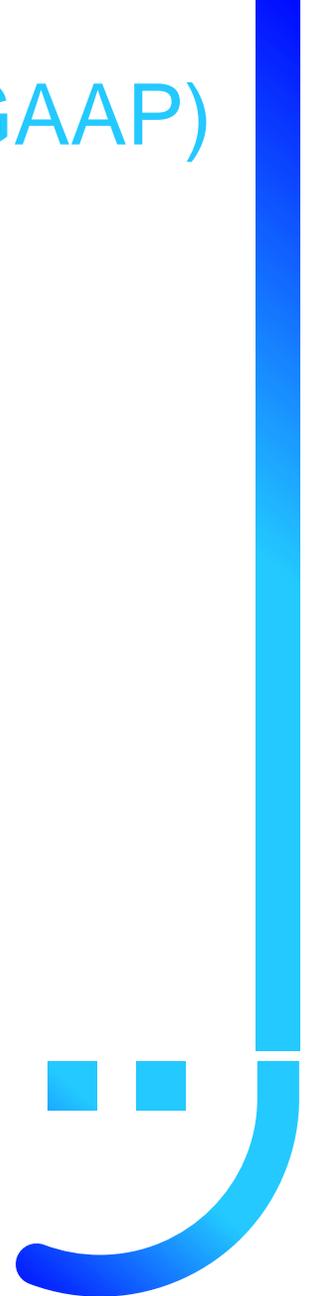
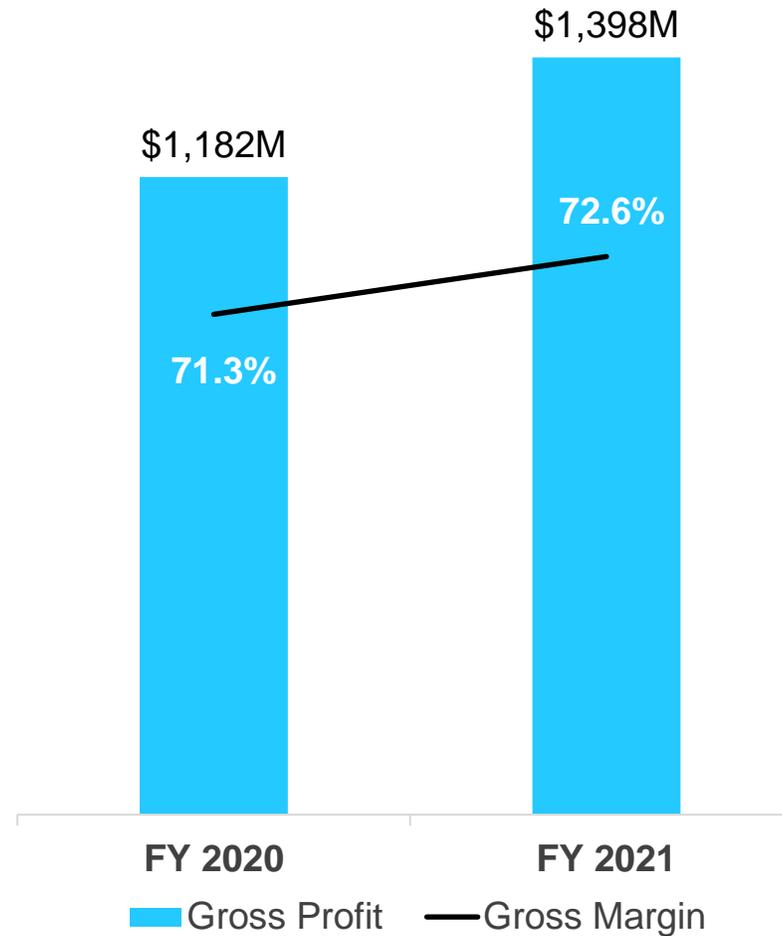
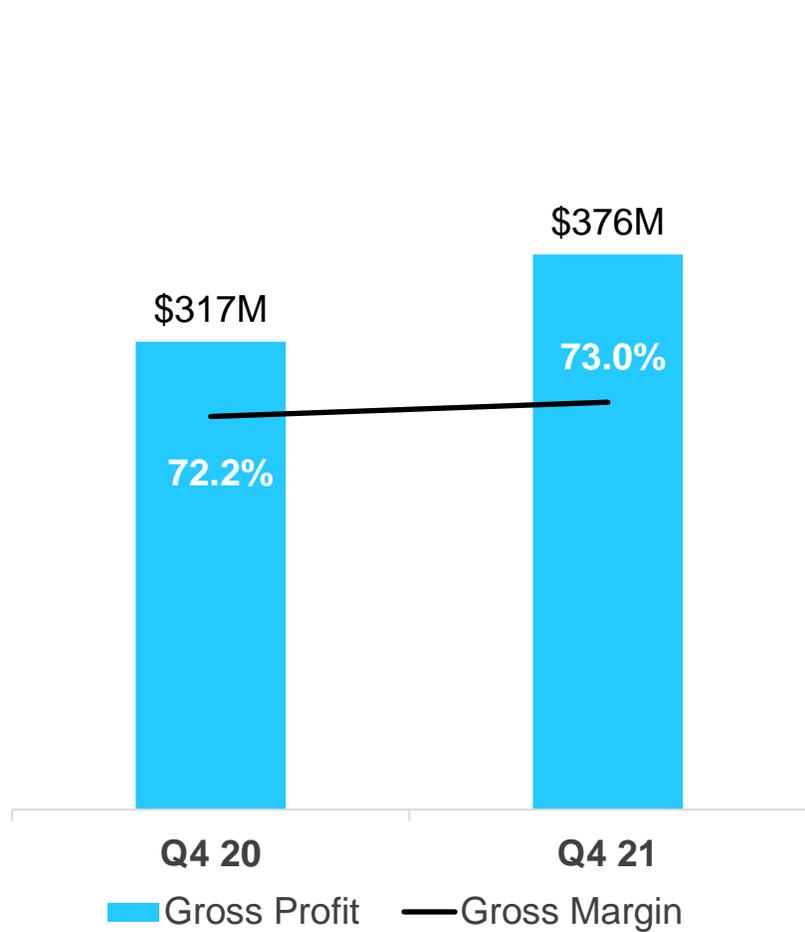
Revenue Breakdown by Business Unit (Non-GAAP)

81%
CUSTOMER
ENGAGEMENT
\$420M, +16% YoY



19%
FINANCIAL
CRIME &
COMPLIANCE
\$95M, +24% YoY

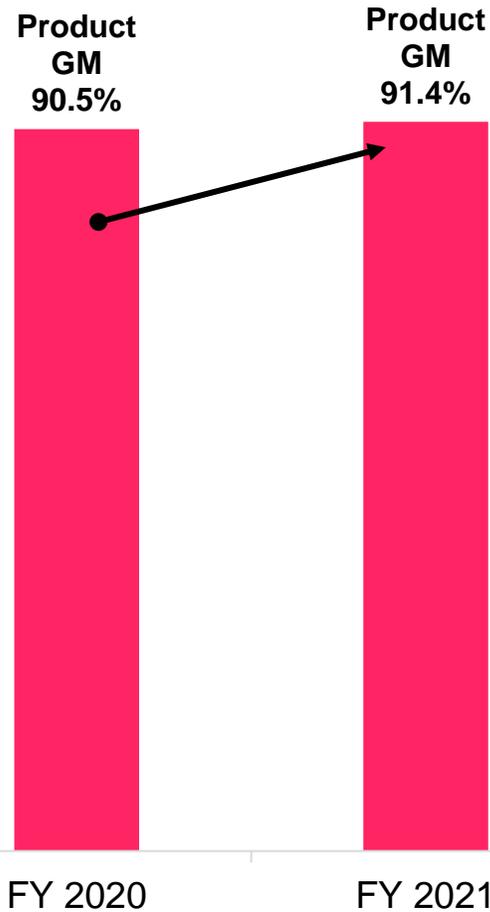
Gross Profit and Gross Margin Q4 and FY 2021 (Non-GAAP)



Gross Margin FY 2021 (Non-GAAP)

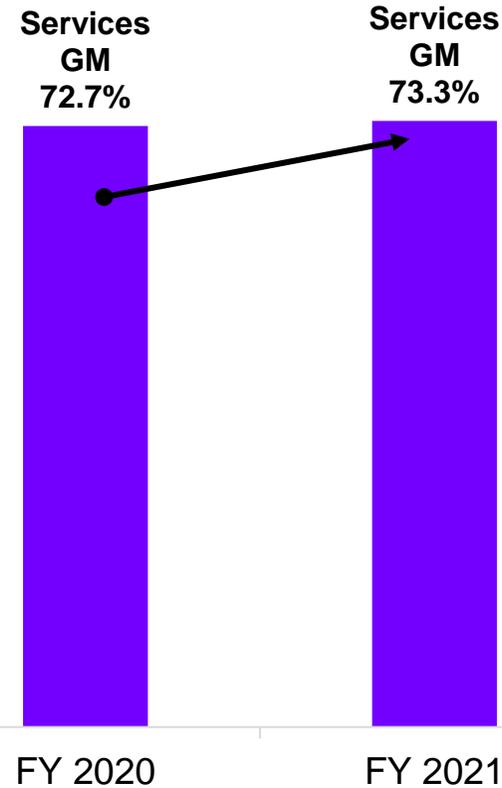
PRODUCT MARGIN

91.4% | +85bp



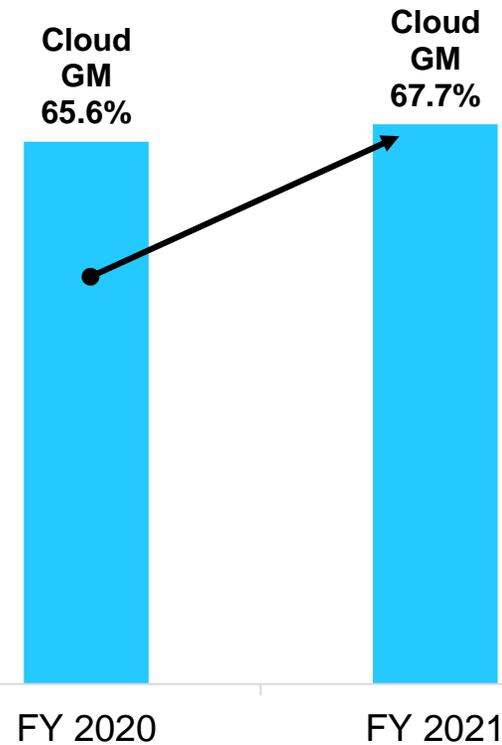
SERVICES MARGIN

73.3% | +57bp



CLOUD MARGIN

67.7% | +206bp

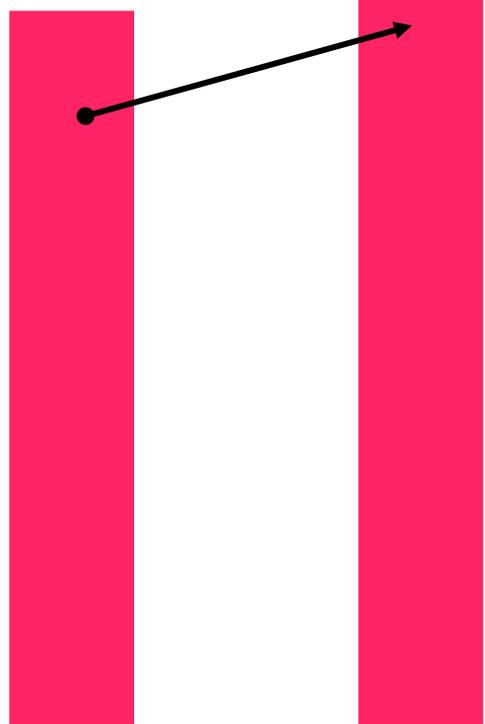


Gross Margin Q4 2021 (Non-GAAP)

PRODUCT MARGIN

91.7% | +191bp

Product GM 89.8%
Product GM 91.7%



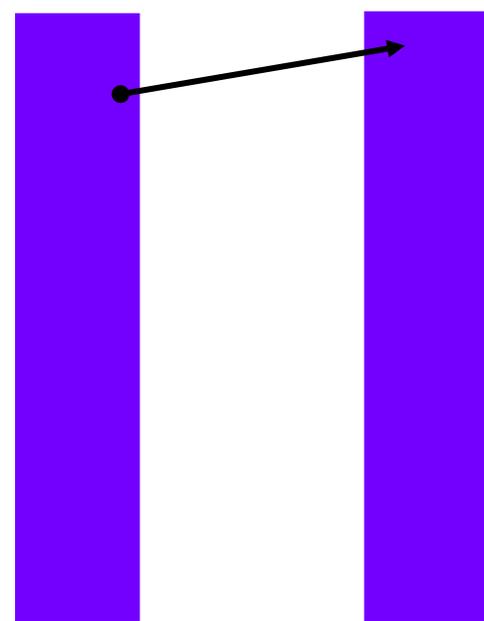
Q4 20

Q4 21

SERVICES MARGIN

74.1% | +19bp

Services GM 73.9%
Services GM 74.1%



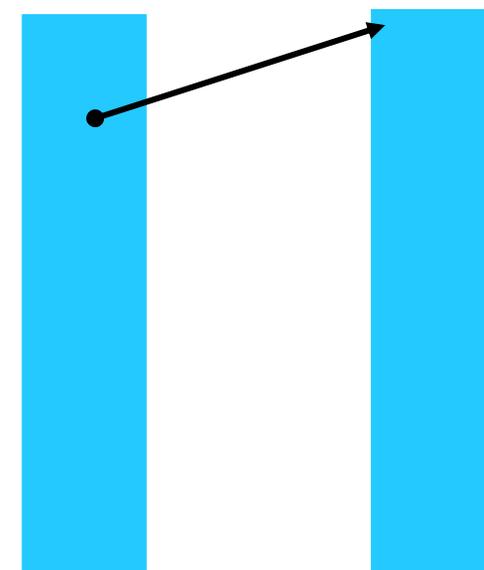
Q4 20

Q4 21

CLOUD MARGIN

68.2% | +57bp

Cloud GM 67.6%
Cloud GM 68.2%

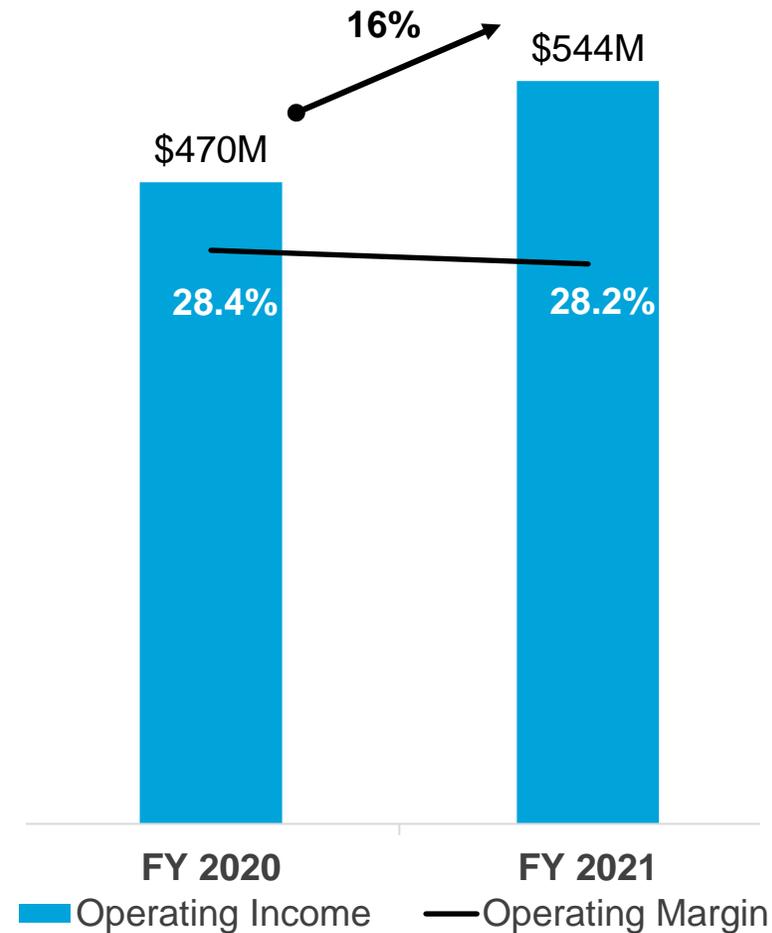
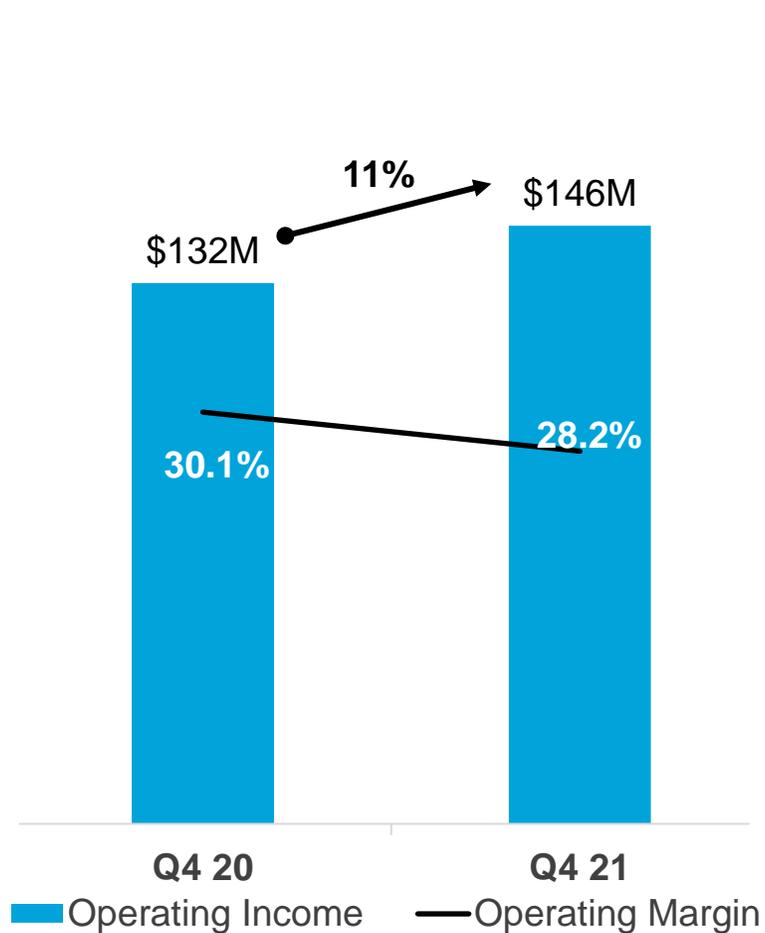


Q4 20

Q4 21

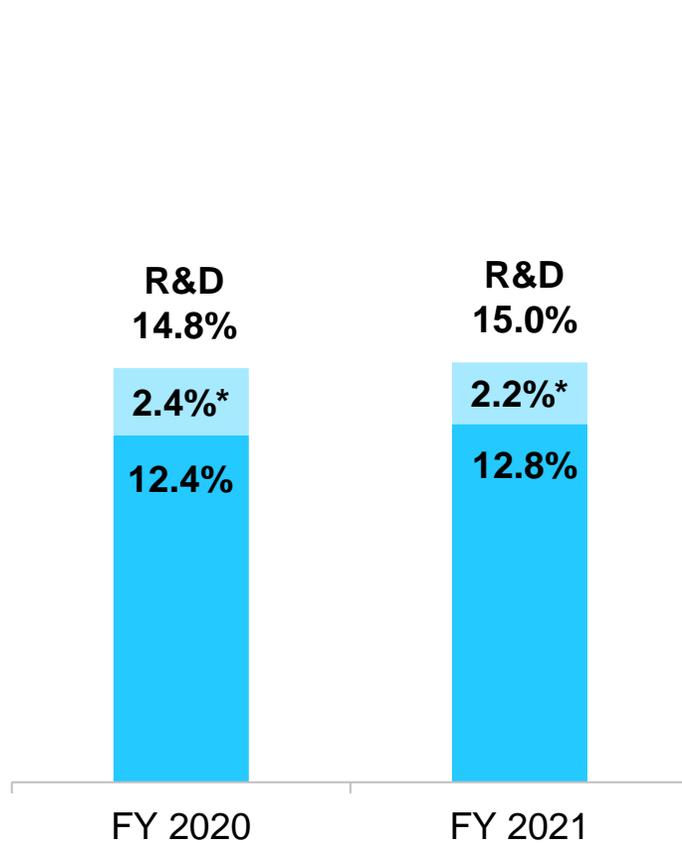
Operating Income and Operating Margin

Q4 and FY 2021 (Non-GAAP)

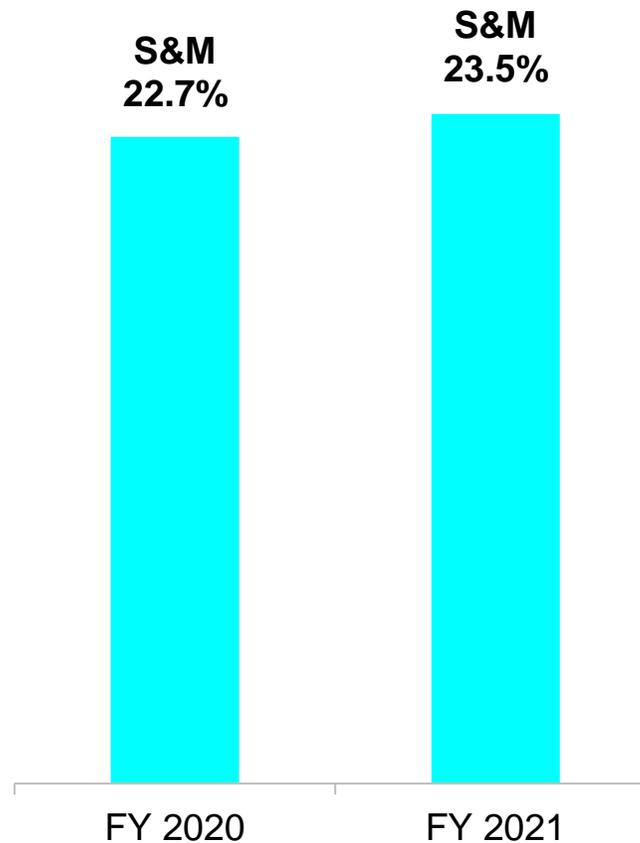


Cost Ratios FY 2021 (Non-GAAP)

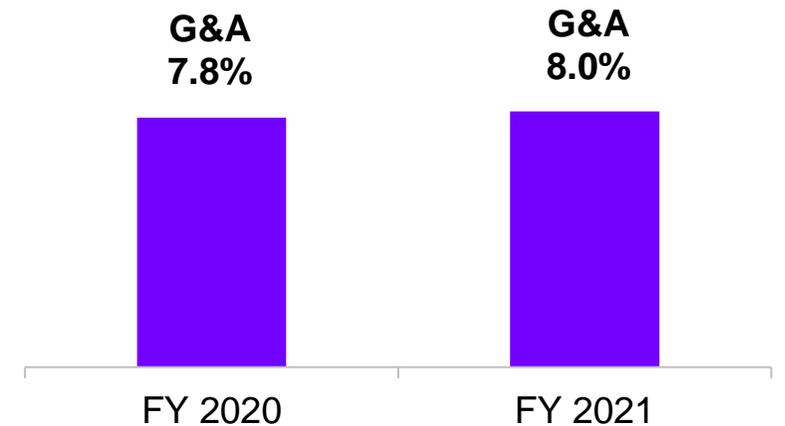
R&D as % of revenue



S&M as % of revenue

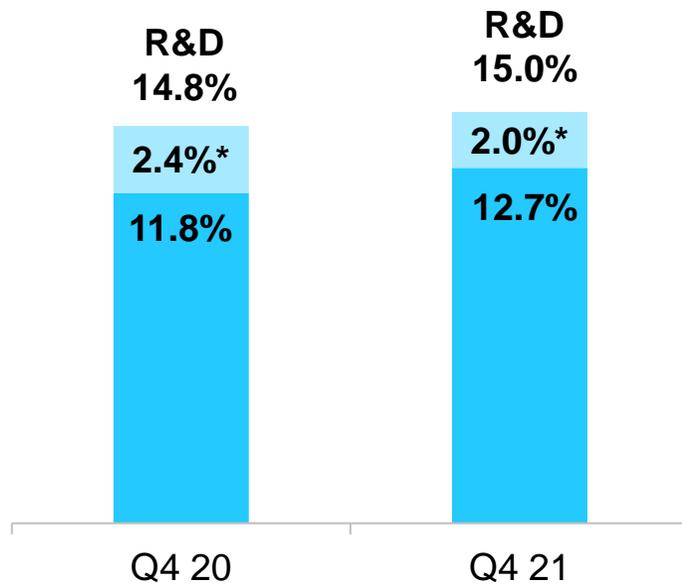


G&A as % of revenue

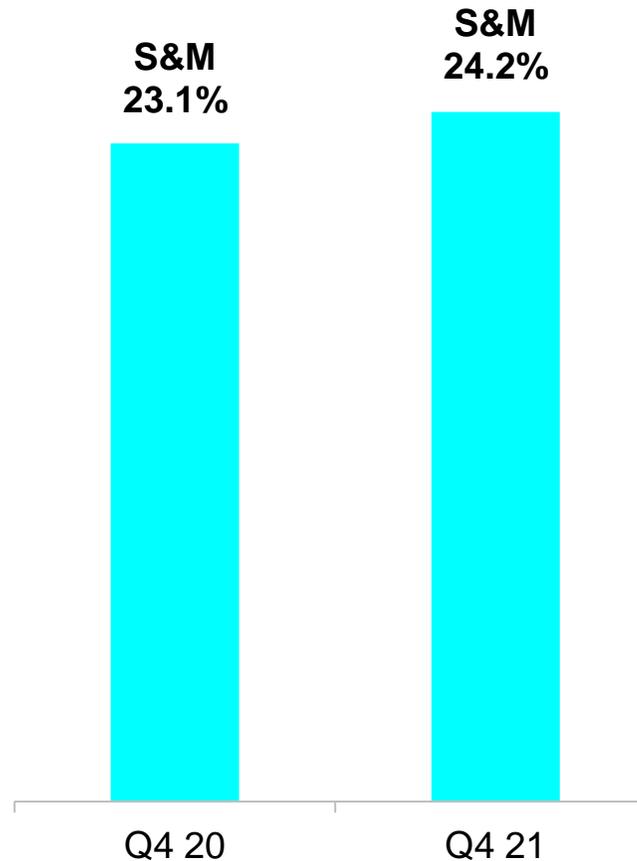


Cost Ratios Q4 2021 (Non-GAAP)

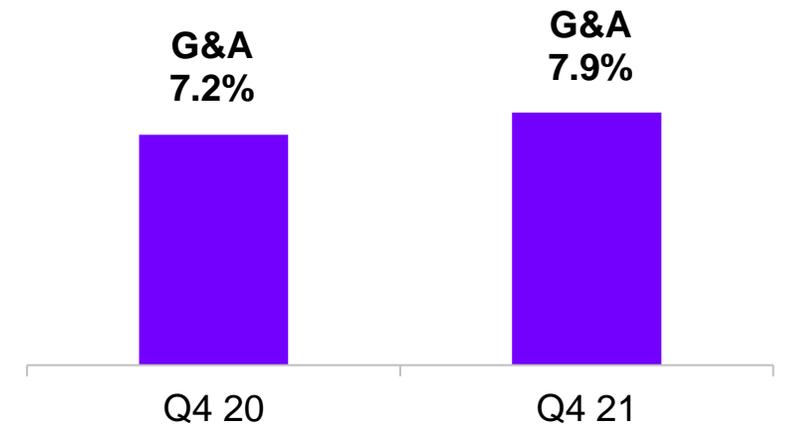
R&D as % of revenue

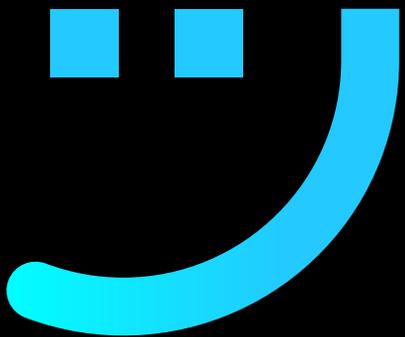


S&M as % of revenue



G&A as % of revenue





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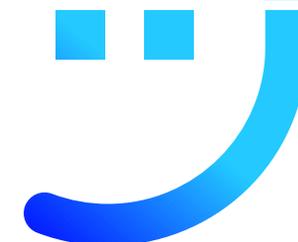
Condensed Consolidated Balance Sheet (USD in thousands except EPS)

NICE LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

NICE LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
U.S. dollars in thousands

	December 31, 2021 <u>Unaudited</u>	December 31, 2020 <u>Audited</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 378,656	\$ 442,267
Short-term investments	1,046,095	1,021,613
Trade receivables	395,583	303,100
Prepaid expenses and other current assets	<u>436,495</u>	<u>175,340</u>
Total current assets	<u>2,256,829</u>	<u>1,942,320</u>
LONG-TERM ASSETS:		
Property and equipment, net	145,654	137,785
Deferred tax assets	48,900	32,735
Other intangible assets, net	295,378	366,003
Operating lease right-of-use assets	85,055	97,162
Goodwill	1,606,756	1,503,252
Other long-term assets	<u>224,445</u>	<u>153,660</u>
Total long-term assets	<u>2,406,188</u>	<u>2,290,597</u>
TOTAL ASSETS	<u>\$ 4,663,017</u>	<u>\$ 4,232,917</u>

	December 31, 2021 <u>Unaudited</u>	December 31, 2020 <u>Audited</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 36,121	\$ 33,132
Deferred revenues and advances from customers	330,459	311,851
Current maturities of operating leases	19,514	22,412
Debt	348,551	259,881
Accrued expenses and other liabilities	<u>487,547</u>	<u>417,174</u>
Total current liabilities	<u>1,222,192</u>	<u>1,044,450</u>
LONG-TERM LIABILITIES:		
Deferred revenues and advances from customers	66,606	36,295
Operating leases	81,185	92,262
Deferred tax liabilities	7,429	32,109
Debt	429,267	421,337
Other long-term liabilities	<u>18,379</u>	<u>17,980</u>
Total long-term liabilities	<u>602,866</u>	<u>599,983</u>
SHAREHOLDERS' EQUITY		
Nice Ltd's equity	2,825,085	2,563,910
Non-controlling interests	<u>12,874</u>	<u>24,574</u>
Total shareholders' equity	<u>2,837,959</u>	<u>2,588,484</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 4,663,017</u>	<u>\$ 4,232,917</u>



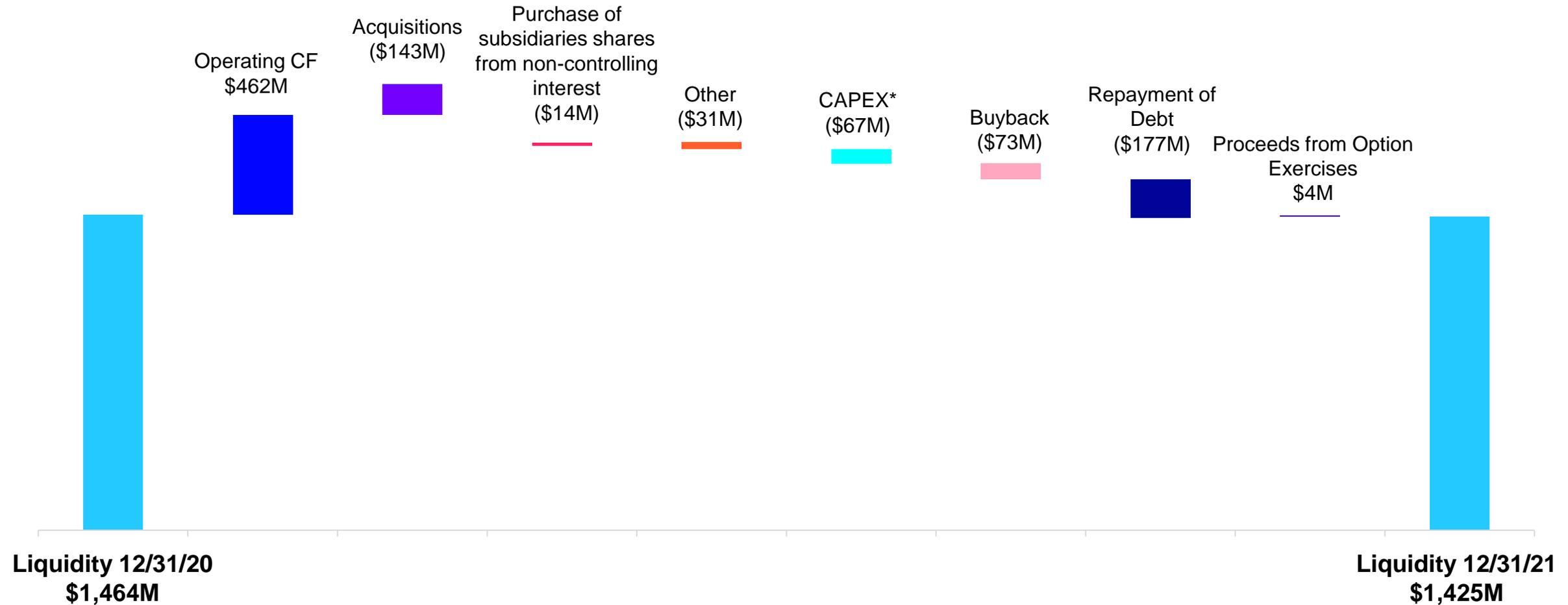
Cash Flow From Operations

\$M	Q4 21	Q4 20	%Δ	FY 21	FY 20	%Δ
Cash flow from operations	112.7	166.9	(32%)	461.8	480.3	(4%)
- Capital expenditure	3.7	2.5	45%	24.8	24.2	2%
- Capitalization of software development	10.5	10.3	1%	42.4	39.1	9%
Cash flow from operations after capex & software capitalization	98.5	154.1	(36%)	394.6	417.0	(5%)
Cash flow from operation after capex and software capitalization as % of non-GAAP revenue	19%	35%	(16pp)	20%	25%	(5pp)
Cash conversion rate *	0.84	1.4	(41%)	0.9	1.1	(18%)
Days sales outstanding (DSO)	74	66	12%	74	66	12%

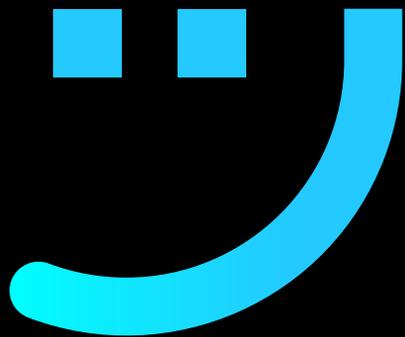
* Cash Conversion Rate = (Cash Flow from Operations after CAPEX and software capitalization / Non-GAAP Net Income)

Cash Movement and Liquidity (USD in Millions)

December 31, 2021



* CAPEX movement includes R&D capitalization



Agenda

Q4 and Full Year 2021 Highlights

Income Statement

Balance Sheet and Cash Flow Analysis

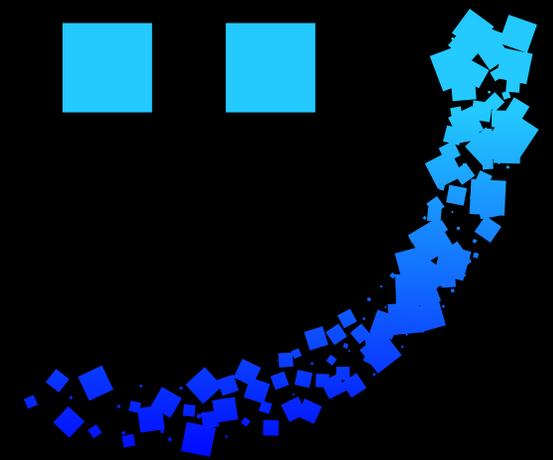
Outlook

Outlook* (Non-GAAP)

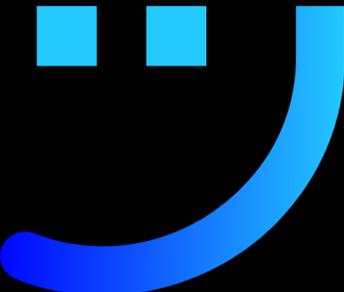
	Q1 2022	FY 2022
Revenue (\$M)	505 – 515	2,140 – 2,160
EPS (\$)	1.65 – 1.75	7.07 – 7.27

*The outlook is provided as of February 17, 2022. 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