



SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2020 (Report No. 2)

Commission File Number: 0-27466

NICE LTD.

(Translation of Registrant's Name into English)

13 Zarchin Street, P.O. Box 690, Ra'anana 4310602, Israel

(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ____

THE GAAP FINANCIAL STATEMENTS ATTACHED TO THE PRESS RELEASE ATTACHED HERETO AS EXHIBIT 99.1 OF THIS REPORT ON FORM 6-K ARE HEREBY INCORPORATED BY REFERENCE INTO NICE LTD.'S ("NICE") REGISTRATION STATEMENTS ON FORM S-8 (REGISTRATION STATEMENT NOS. 333-166364, 333-168100, 333-171165, 333-162795, 333-162110, 333-06784, 333-08146, 333-11842, 333-09350, 333-11154, 333-111112, 333-111113, 333-134355, 333-144589, 333-145981, 333-153230, 333-177510, 333-179408, 333-181375, 333-191176, 333-199904, 333-210341, 333-210343, 333-210344, 333-214584, 333-226930, 333-228911 and 333-249186), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

CONTENTS

This Report on Form 6-K of NICE consists of the following documents, which are attached hereto and incorporated by reference herein:

99.1 Press Release: NICE Reports 35% Record Cloud Growth for Third Quarter 2020, Dated November 12, 2020.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

NICE LTD.

By: /s/ Tali Mirsky

Name: Tali Mirsky

Title: Corporate VP, General Counsel and Corporate Secretary

Dated: November 12, 2020

EXHIBIT INDEX

[99.1](#) [Press Release: NICE Reports 35% Record Cloud Growth for Third Quarter 2020, Dated November 12, 2020.](#)

NICE Reports 35% Record Cloud Growth for Third Quarter 2020
Annualized Cloud Revenue Run Rate Surpasses \$800 Million
Q3 Cash Flow From Operations Increased 20% to \$99 Million

Hoboken, New Jersey, November 12, 2020 - NICE (NASDAQ: NICE) today announced results for the third quarter ended September 30, 2020.

Third Quarter 2020 Financial Highlights

| GAAP | Non-GAAP |
|--|--|
| <i>Cloud revenue of \$202 million, growth of 34% year-over-year</i> | <i>Cloud revenue of \$204 million, growth of 35% year-over-year</i> |
| <i>Total revenue of \$410 million, growth of 6% year-over-year</i> | <i>Total revenue of \$412 million, growth of 7% year-over-year</i> |
| <i>Gross margin of 65.8% compared to 65.7% last year</i> | <i>Gross margin of 71.0% compared to 70.9% last year</i> |
| <i>Cloud gross margin of 56.6% compared to 51.6% last year</i> | <i>Cloud gross margin of 65.6% compared to 61.9% last year</i> |
| <i>Operating income of \$62 million compared to \$56 million last year, an increase of 11%</i> | <i>Operating income of \$117 million compared to \$106 million last year, an increase of 10%</i> |
| <i>Operating margin of 15.1% compared to 14.4% last year</i> | <i>Operating margin of 28.3% compared to 27.4% last year</i> |
| <i>Diluted EPS of \$0.76 versus \$0.69 last year, 10% growth year-over-year</i> | <i>Diluted EPS of \$1.41 versus \$1.30 last year, 8% growth year-over-year</i> |
| <i>Operating cash flow of \$99 million compared to \$82 million last year</i> | |

“We are pleased to report a very strong third quarter driven by continued rapid acceleration in our cloud business,” said Barak Eilam, CEO, NICE. “Cloud grew a record 35 percent and now represents 50 percent of our total revenue, which is a major milestone for NICE. We achieved 10 percent sequential growth in the cloud compared to the second quarter of this year, and we already surpassed the more than 800 million dollar cloud revenue run rate that we had originally expected by the end of the year.”

Mr. Eilam continued, “The acceleration in our cloud growth is being driven by several factors, including substantial growth in new customers, rapid adoption by large enterprises, new verticals that are embracing remote service and digital transformation that has become front and center for organizations of all sizes. We witnessed an increase of over 50 percent in new customers compared to the same quarter last year. Additionally, we saw a 91 percent sequential increase in digital volumes for CXone, and a 154 percent increase year-over-year, confirming the strength of our leadership in digital.”

GAAP Financial Highlights for the Third Quarter Ended September 30:

Revenues: Third quarter 2020 total revenues increased 6.1% to \$409.8 million compared to \$386.3 million for the third quarter of 2019.

Gross Profit: Third quarter 2020 gross profit and gross margin increased to \$269.7 million and 65.8%, respectively, compared to \$253.6 million and 65.7%, respectively, for the third quarter of 2019.

Operating Income: Third quarter 2020 operating income and operating margin increased to \$62.0 million and 15.1%, respectively, compared to \$55.7 million and 14.4%, respectively, for the third quarter of 2019.

Net Income: Third quarter 2020 net income and net income margin increased to \$50.7 million and 12.4%, respectively, compared to \$45.0 million and 11.7%, respectively, for the third quarter of 2019.

Fully Diluted Earnings Per Share: Fully diluted earnings per share for the third quarter of 2020 increased 10.1% to \$0.76, compared to \$0.69 in the third quarter of 2019.

Operating Cash Flow and Cash Balance: Third quarter 2020 operating cash flow was \$99.0 million. As of September 30, 2020, total cash and cash equivalents, short term investments were \$1,542.5 million, and total debt was \$891.3 million.

Non-GAAP Financial Highlights for the Third Quarter Ended September 30:

Revenues: Third quarter 2020 non-GAAP total revenues increased to \$412.4 million, up 6.5% from \$387.1 million for the third quarter of 2019.

Gross Profit: Third quarter 2020 non-GAAP gross profit and gross margin increased to \$292.9 million and 71.0%, respectively, from \$274.4 million and 70.9%, respectively for the third quarter of 2019.

Operating Income: Third quarter 2020 non-GAAP operating income and non-GAAP operating margin increased to \$116.8 million and 28.3%, respectively, from \$105.9 million and 27.4%, respectively, for the third quarter of 2019.

Net Income: Third quarter 2020 non-GAAP net income and non-GAAP net income margin increased to \$93.6 million and 22.7%, respectively, from \$84.3 million and 21.8%, respectively, for the third quarter of 2019.

Fully Diluted Earnings Per Share: Third quarter 2020 non-GAAP fully diluted earnings per share increased 8.5% to \$1.41, compared to \$1.30 for the third quarter of 2019.

Full-Year 2020 Guidance:

Full-year 2020 Non-GAAP total revenues are expected to be in a range of \$1,645 million to \$1,655 million.

Full-year 2020 Non-GAAP fully diluted earnings per share are expected to be in a range of \$5.63 to \$5.73.

Quarterly Results Conference Call

NICE management will host its earnings conference call today November 12th, 2020 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 1-866-804-8688 or +1-718-354-1175, International +44(0)1296-480-100, United Kingdom 0-800-783-0906, Israel 1-809-344-364. The Passcode is 308 565 57. Additional access numbers can be found at <http://www.btconferencing.com/globalaccess/?bid=54> attended. The call will be webcast live on the Company's website at <https://www.nice.com/investor-relations/upcoming-event>. An online replay will also be available approximately two hours following the call. A telephone replay of the call will be available for 7 days after the live broadcast and may be accessed by dialing: United States 1-877-482-6144, International +44(0)20-7136-9233, United Kingdom 0-800-032-9687. The Passcode for the replay is 783 390 51.

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 long term debt and the tax effect of the Non-GAAP adjustments. Business combination accounting rules require 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 should be based on its fair value at the date of acquisition. The 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.

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.

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Trademark Note: NICE and the NICE logo are trademarks or registered trademarks of NICE. All other marks are trademarks of their respective owners. For a full list of NICE' marks, please see: <http://www.nice.com/nice-trademarks>.

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 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 and various other factors and uncertainties discussed in our filings with the U.S. Securities and Exchange Commission (the “SEC”). In addition, COVID-19 is contributing to a general slowdown in the global economy and may affect the Company’s business, results of operations, financial condition and our future strategic plans. At this time, the extent to which the COVID-19 may impact the Company’s financial condition or results of operations is uncertain. Furthermore, due to our subscription based business model, the effect of the COVID-19 may not be fully reflected in our results of operations until future periods, if at all. 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.

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

| | September 30, 2020 | December 31, 2019 |
|---|-----------------------|----------------------|
| | Unaudited | Audited |
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 753,116 | \$ 228,323 |
| Short-term investments | 789,415 | 210,772 |
| Trade receivables | 294,176 | 319,622 |
| Prepaid expenses and other current assets | 128,926 | 116,972 |
| Total current assets | 1,965,633 | 875,689 |
| LONG-TERM ASSETS: | | |
| Long-term investments | - | 542,389 |
| Property and equipment, net | 140,262 | 141,647 |
| Deferred tax assets | 25,808 | 30,513 |
| Other intangible assets, net | 395,809 | 411,019 |
| Operating lease right-of-use assets | 102,132 | 106,196 |
| Goodwill | 1,496,429 | 1,378,418 |
| Other long-term assets | 145,343 | 124,034 |
| Total long-term assets | 2,305,783 | 2,734,216 |
| TOTAL ASSETS | \$ 4,271,416 | \$ 3,609,905 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Trade payables | \$ 33,685 | \$ 30,376 |
| Deferred revenues and advances from customers | 260,059 | 245,792 |
| Current maturities of operating leases | 21,846 | 21,519 |
| Exchangeable senior notes | 257,732 | 251,583 |
| Accrued expenses and other liabilities | 366,658 | 391,685 |
| Total current liabilities | 939,980 | 940,955 |
| LONG-TERM LIABILITIES: | | |
| Deferred revenues and advances from customers | 35,871 | 26,045 |
| Operating leases | 97,764 | 103,490 |
| Deferred tax liabilities | 44,088 | 52,509 |
| Long-term debt | 633,584 | 213,313 |
| Other long-term liabilities | 17,052 | 16,327 |
| Total long-term liabilities | 828,359 | 411,684 |
| SHAREHOLDERS' EQUITY | | |
| Nice Ltd's equity | 2,478,555 | 2,257,266 |
| Non-controlling interests | 24,522 | - |
| Total shareholders' equity | 2,503,077 | 2,257,266 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 4,271,416 | \$ 3,609,905 |

NICE LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
U.S. dollars in thousands (except per share amounts)

| | Quarter ended September 30, | | Year to date September 30, | |
|---|--------------------------------|-------------------|-------------------------------|-------------------|
| | 2020 Unaudited | 2019 Unaudited | 2020 Unaudited | 2019 Unaudited |
| Revenue: | | | | |
| Product | \$ 38,746 | \$ 56,950 | \$ 141,611 | \$ 188,999 |
| Services | 169,358 | 178,609 | 513,529 | 525,947 |
| Cloud | 201,723 | 150,704 | 558,295 | 428,758 |
| Total revenue | 409,827 | 386,263 | 1,213,435 | 1,143,704 |
| Cost of revenue: | | | | |
| Product | 5,434 | 5,318 | 16,711 | 16,850 |
| Services | 47,008 | 54,476 | 150,558 | 164,218 |
| Cloud | 87,637 | 72,877 | 248,628 | 213,418 |
| Total cost of revenue | 140,079 | 132,671 | 415,897 | 394,486 |
| Gross profit | 269,748 | 253,592 | 797,538 | 749,218 |
| Operating expenses: | | | | |
| Research and development, net | 55,482 | 48,531 | 162,019 | 141,553 |
| Selling and marketing | 97,011 | 96,138 | 294,332 | 293,083 |
| General and administrative | 45,801 | 42,438 | 135,312 | 121,181 |
| Amortization of acquired intangible assets | 9,496 | 10,780 | 28,951 | 32,276 |
| Total operating expenses | 207,790 | 197,887 | 620,614 | 588,093 |
| Operating income | 61,958 | 55,705 | 176,924 | 161,125 |
| Financial and other expense/(income), net | 1,032 | (252) | 2,259 | 3,890 |
| Income before tax | 60,926 | 55,957 | 174,665 | 157,235 |
| Taxes on income | 10,273 | 10,918 | 33,293 | 33,074 |
| Net income | \$ 50,653 | \$ 45,039 | \$ 141,372 | \$ 124,161 |
| Less: net loss attributable to non-controlling interests | 112 | - | 378 | - |
| Net income attributable to Nice Ltd.'s shareholders | \$ 50,765 | \$ 45,039 | \$ 141,750 | \$ 124,161 |
| Earnings per share: | | | | |
| Basic | \$ 0.81 | \$ 0.72 | \$ 2.26 | \$ 2.00 |
| Diluted | \$ 0.76 | \$ 0.69 | \$ 2.15 | \$ 1.93 |
| Weighted average shares outstanding: | | | | |
| Basic | 62,756 | 62,160 | 62,624 | 62,041 |
| Diluted | 66,253 | 65,066 | 65,741 | 64,493 |

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 | |
|---|---------------|------------|---------------|--------------|
| | September 30, | | September 30, | |
| | 2020 | 2019 | 2020 | 2019 |
| GAAP revenues | \$ 409,827 | \$ 386,263 | \$ 1,213,435 | \$ 1,143,704 |
| Valuation adjustment on acquired deferred product revenue | - | - | - | 15 |
| Valuation adjustment on acquired deferred services revenue | 81 | 3 | 81 | 5 |
| Valuation adjustment on acquired deferred cloud revenue | 2,458 | 867 | 5,187 | 2,692 |
| Non-GAAP revenues | \$ 412,366 | \$ 387,133 | \$ 1,218,703 | \$ 1,146,416 |
| GAAP cost of revenue | \$ 140,079 | \$ 132,671 | \$ 415,897 | \$ 394,486 |
| Amortization of acquired intangible assets on cost of product | (1,135) | (1,123) | (3,394) | (2,972) |
| Amortization of acquired intangible assets on cost of services | (322) | (1,535) | (3,341) | (4,604) |
| Amortization of acquired intangible assets on cost of cloud | (16,800) | (15,270) | (48,422) | (45,118) |
| Valuation adjustment on acquired deferred cost of cloud | 200 | 575 | 737 | 1,893 |
| Cost of product revenue adjustment (1) | (69) | (97) | (205) | (304) |
| Cost of services revenue adjustment (1) | (1,677) | (2,106) | (4,957) | (6,251) |
| Cost of cloud revenue adjustment (1) | (809) | (358) | (2,601) | (2,142) |
| Non-GAAP cost of revenue | \$ 119,467 | \$ 112,757 | \$ 353,714 | \$ 334,988 |
| GAAP gross profit | \$ 269,748 | \$ 253,592 | \$ 797,538 | \$ 749,218 |
| Gross profit adjustments | 23,151 | 20,784 | 67,451 | 62,210 |
| Non-GAAP gross profit | \$ 292,899 | \$ 274,376 | \$ 864,989 | \$ 811,428 |
| GAAP operating expenses | \$ 207,790 | \$ 197,887 | \$ 620,614 | \$ 588,093 |
| Research and development (1,2) | (2,565) | (2,033) | (7,553) | (5,182) |
| Sales and marketing (1,2) | (5,561) | (7,737) | (19,623) | (19,211) |
| General and administrative (1,2) | (14,065) | (8,962) | (38,239) | (24,378) |
| Amortization of acquired intangible assets | (9,496) | (10,780) | (28,951) | (32,276) |
| Valuation adjustment on acquired deferred commission | 35 | 76 | 106 | 245 |
| Non-GAAP operating expenses | \$ 176,138 | \$ 168,451 | \$ 526,354 | \$ 507,291 |
| GAAP financial and other expense/(income), net | \$ 1,032 | \$ (252) | \$ 2,259 | \$ 3,890 |
| Amortization of discount on debt | (3,070) | (2,377) | (7,944) | (6,847) |
| Non-GAAP financial and other income, net | \$ (2,038) | \$ (2,629) | \$ (5,685) | \$ (2,957) |
| GAAP taxes on income | \$ 10,273 | \$ 10,918 | \$ 33,293 | \$ 33,074 |
| Tax adjustments re non-GAAP adjustments | 14,911 | 13,324 | 39,701 | 33,258 |
| Non-GAAP taxes on income | \$ 25,184 | \$ 24,242 | \$ 72,994 | \$ 66,332 |
| GAAP net income | \$ 50,653 | \$ 45,039 | \$ 141,372 | \$ 124,161 |
| Valuation adjustment on acquired deferred revenue | 2,539 | 870 | 5,268 | 2,712 |
| Valuation adjustment on acquired deferred cost of cloud revenue | (200) | (575) | (737) | (1,893) |
| Amortization of acquired intangible assets | 27,753 | 28,708 | 84,108 | 84,970 |
| Valuation adjustment on acquired deferred commission | (35) | (76) | (106) | (245) |
| Share-based compensation (1) | 22,404 | 21,293 | 69,255 | 56,625 |
| Acquisition related expenses (2) | 2,342 | - | 3,923 | 843 |
| Amortization of discount on long term debt | 3,070 | 2,377 | 7,944 | 6,847 |
| Tax adjustments re non-GAAP adjustments | (14,911) | (13,324) | (39,701) | (33,258) |
| Non-GAAP net income | \$ 93,615 | \$ 84,312 | \$ 271,326 | \$ 240,762 |
| GAAP diluted earnings per share | \$ 0.76 | \$ 0.69 | \$ 2.15 | \$ 1.93 |
| Non-GAAP diluted earnings per share | \$ 1.41 | \$ 1.30 | \$ 4.13 | \$ 3.73 |
| Shares used in computing GAAP diluted earnings per share | 66,253 | 65,066 | 65,741 | 64,493 |
| Shares used in computing non-GAAP diluted earnings per share | 66,253 | 65,066 | 65,741 | 64,493 |

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

U.S. dollars in thousands

(1) Share-based Compensation

| | Quarter ended September 30, | | Year to date September 30, | |
|----------------------------|--------------------------------|------------------|-------------------------------|------------------|
| | 2020 | 2019 | 2020 | 2019 |
| Cost of product revenue | \$ 69 | \$ 97 | \$ 205 | \$ 304 |
| Cost of services revenue | 1,677 | 2,106 | 4,957 | 6,251 |
| Cost of cloud revenue | 809 | 358 | 2,601 | 2,142 |
| Research and development | 2,565 | 2,033 | 7,553 | 5,177 |
| Sales and marketing | 5,519 | 7,737 | 19,493 | 19,181 |
| General and administrative | 11,765 | 8,962 | 34,446 | 23,570 |
| | <u>\$ 22,404</u> | <u>\$ 21,293</u> | <u>\$ 69,255</u> | <u>\$ 56,625</u> |

(2) Acquisition related expenses

| | Quarter ended September 30, | | Year to date September 30, | |
|----------------------------|--------------------------------|-------------|-------------------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Research and development | \$ - | \$ - | \$ - | \$ 5 |
| Sales and marketing | 42 | - | 130 | 30 |
| General and administrative | 2,300 | - | 3,793 | 808 |
| | <u>\$ 2,342</u> | <u>\$ -</u> | <u>\$ 3,923</u> | <u>\$ 843</u> |

NICE LTD. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENTS
U.S. dollars in thousands

| | Quarter ended September 30, | | Year to date September 30, | |
|--|--------------------------------|-------------------|-------------------------------|-------------------|
| | 2020 Unaudited | 2019 Unaudited | 2020 Unaudited | 2019 Unaudited |
| Operating Activities | | | | |
| Net income | \$ 50,653 | \$ 45,039 | \$ 141,372 | \$ 124,161 |
| Depreciation and amortization | 45,482 | 43,924 | 135,133 | 128,744 |
| Stock based compensation | 22,207 | 21,273 | 68,839 | 56,589 |
| Amortization of premium and discount and accrued interest on marketable securities | 2,080 | 387 | (790) | (187) |
| Deferred taxes, net | (6,783) | (12,485) | (16,653) | (31,107) |
| Changes in operating assets and liabilities: | | | | |
| Trade Receivables | 12,795 | 6,788 | 27,588 | 26,900 |
| Prepaid expenses and other assets | 3,131 | (15,626) | (31,637) | (88,157) |
| Trade payables | 6,036 | (8,791) | 5,231 | (5,073) |
| Accrued expenses and other current liabilities | (15,124) | 44,173 | (36,584) | 53,789 |
| Operating lease right-of-use assets, net | 4,414 | 4,346 | 12,926 | 11,842 |
| Deferred revenue | (23,481) | (45,558) | 14,617 | 13,311 |
| Long term liabilities | - | (20) | - | (300) |
| Operating lease liabilities | (4,608) | (2,836) | (14,297) | (11,995) |
| Amortization of discount on long term debt | 3,070 | 2,379 | 7,945 | 6,848 |
| Other | (839) | (672) | (254) | (2,656) |
| Net cash provided by operating activities | 99,033 | 82,321 | 313,436 | 282,709 |
| Investing Activities | | | | |
| Purchase of property and equipment | (4,211) | (6,545) | (21,667) | (21,527) |
| Purchase of Investments | (151,589) | (187,752) | (306,077) | (493,894) |
| Proceeds from Investments | 118,284 | 113,121 | 283,149 | 283,629 |
| Capitalization of software development costs | (9,577) | (8,549) | (28,776) | (25,940) |
| Payments for business and asset acquisitions, net of cash acquired | (96,425) | (184) | (147,261) | (25,972) |
| Net cash used in investing activities | (143,518) | (89,909) | (220,632) | (283,704) |
| Financing Activities | | | | |
| Proceeds from issuance of shares upon exercise of share options | 828 | 1,693 | 8,177 | 4,711 |
| Purchase of treasury shares | - | (7,897) | (27,601) | (22,612) |
| Capital Lease payments | - | (191) | (177) | (631) |
| Proceeds from issuance of exchangeable notes | 451,469 | - | 451,469 | - |
| Net cash provided by/(used in) financing activities | 452,297 | (6,395) | 431,868 | (18,532) |
| Effect of exchange rates on cash and cash equivalents | 1,206 | (1,489) | 121 | (1,733) |
| Net change in cash and cash equivalents | 409,018 | (15,472) | 524,793 | (21,260) |
| Cash and cash equivalents, beginning of period | \$ 344,098 | \$ 236,311 | \$ 228,323 | \$ 242,099 |
| Cash and cash equivalents, end of period | \$ 753,116 | \$ 220,839 | \$ 753,116 | \$ 220,839 |