



NICE LTD	Donnelley Financial	FWPAXD-PFRS50 14.3.14.0	ADG pf_end	23-Aug-2020 12:56 EST	943310 TX 1	3*
FORM 6-K	None		NYM		HTM ESS	0C
						Page 1 of 1

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 August 2020 (Report No. 5)

Commission File Number: 0-27466

NICE LTD.

(Translation of Registrant's Name into English)

13 Zarchin Street, P.O. Box 690, Ra'anana, 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): ☐



NICE LTD	Donnelley Financial	VDI-W7-PFD-0146 14.3.14.0	ADG mannhoan	23-Aug-2020 18:26 EST	943310 TX 2	4*
FORM 6-K	None		NYM		HTM ESS	OC
						Page 1 of 1

EXHIBIT 99.2 IS 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333-226930 and 333-228911), AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS SUBMITTED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.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

On August 24, 2020, NICE Ltd. issued a press release announcing its offering of \$400,000,000 aggregate principal amount of Convertible Senior Notes due 2025. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

In connection with the offering, NICE intends to provide investors with its interim condensed consolidated financial statements as of June 30, 2020, including notes thereto. These financial statements are the same as those included in the unaudited condensed consolidated financial statements included in NICE's second quarter earnings announcement, although those did not have notes thereto. Such financial statements are attached hereto as Exhibit 99.2 and are incorporated herein by reference.



EXHIBIT INDEX

- 99.1 [Press release dated August 24, 2020 announcing the offering of \\$400,000,000 aggregate principal amount of Convertible Senior Notes due 2025.](#)
- 99.2 [Interim financial statements as of June 30, 2020, including notes therein.](#)



NICE LTD	Donnelley Financial	VDI-W7-PFD-0146 14.3.14.0	ADG mann0an	23-Aug-2020 18:26 EST	943310 TX 4	6*
FORM 6-K	None		NYM		HTM ESS	0C
Page 1 of 1						

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: August 24, 2020



NICE Announces Proposed Offering of \$400,000,000 of Convertible Senior Notes Due 2025

Hoboken, New Jersey, August 24, 2020— **NICE Ltd. (NASDAQ: NICE)** (the “Company”) announced today that it intends to offer, subject to market and other considerations, \$400,000,000 aggregate principal amount of Convertible Senior Notes due 2025 (the “Convertible Notes”) in a private placement under the Securities Act of 1933, as amended (the “Securities Act”). The Company also intends to grant to the initial purchasers of the Convertible Notes an option to purchase up to an additional \$60,000,000 aggregate principal amount of the Convertible Notes within a 13-day period beginning on, and including, the initial closing date. The Convertible Notes will be general unsecured obligations of the Company. The Convertible Notes will mature on September 15, 2025, unless earlier repurchased, redeemed or converted in accordance with their terms prior to such date. Prior to June 15, 2025, the Notes will be convertible at the option of the holders only upon the satisfaction of certain conditions and during certain periods. On or after June 15, 2025, the Convertible Notes will be convertible at the option of the holders until the close of business on the second scheduled trading day prior to the maturity date. The Convertible Notes will be convertible into (i) cash, (ii) American Depositary Shares (the “ADSs”), each representing one fully paid ordinary share, par value NIS 1.00 per share of the Company or (iii) a combination thereof, at the Company’s election.

The Company may not redeem the Convertible Notes prior to September 21, 2023, except in the event of certain tax law changes. On or after September 21, 2023, the Company may redeem, for cash, all or part of the Convertible Notes if the last reported sale price of its ADSs has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period (including the last trading day of such period) ending on, and including, the trading day immediately preceding the date on which the Company provides notice of the redemption at a redemption price equal to 100% of the principal amount of the Convertible Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. Holders of the Convertible Notes will have the right to require the Company to repurchase all or a portion of their Convertible Notes upon the occurrence of a fundamental change (as defined in the indenture governing the Convertible Notes) at a cash repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus any accrued and unpaid interest to, but excluding the fundamental change repurchase date.

The Company intends to use the net proceeds of the offering for general corporate purposes, which may include repayment of our outstanding term loan under our credit agreement at or prior to maturity in December 2021.

The offering is being made to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act. The Convertible Notes, any of the ADSs issuable upon conversion of the Convertible Notes and the ordinary shares of the Company represented thereby have not been and are not expected to be registered under the Securities Act or under any state securities laws and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.



200Gm&hNGTgG3aPLe

NICE LTD	Donnelley Financial	FWPAXD-PFRS55 14.3.14.0	ADG pf_rend	23-Aug-2020 16:32 EST	943310 EX99 1 2 3*
FORM 6-K	None		NYM		HTM ESS 0C

Page 1 of 1

This press release is being issued pursuant to Rule 135(c) under the Securities Act, and it does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall it constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale is unlawful.

About NICE Ltd.

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.

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 the expected completion of the offering of the Convertible Notes and the Company’s intended use of the net proceeds of the offering.

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 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 COVID-19 may not be fully reflected in our results of operations until future periods. You are encouraged to carefully review the



NICE LTD	Donnelley Financial	FWPAXD-PFRS55 14.3.14.0	ADG pf_end	23-Aug-2020 16:32 EST	943310 EX99_1 3	3*
FORM 6-K	None		NYM		HTM ESS	0C
						Page 1 of 1

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 press release 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.

Investors

Marty Cohen, +1 551 256 5354, ir@nice.com, ET

Yisca Erez, +972 9 775-3798, ir@nice.com, CET

Media Contact

Chris Irwin-Dudek, +1 (551) 256-5140, Chris.Irwin-Dudek@nice.com



NICE LTD. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2020

IN U.S. DOLLARS

INDEX

	Page
<u>Interim Condensed Consolidated Balance Sheets</u>	F-2 - F-3
<u>Interim Condensed Consolidated Statements of Income</u>	F-4
<u>Interim Condensed Consolidated Statements of Comprehensive Income</u>	F-5
<u>Interim Condensed Statements of Changes in Shareholders' Equity</u>	F-6
<u>Interim Condensed Consolidated Statements of Cash Flows</u>	F-7 - F-8
<u>Notes to Interim Condensed Consolidated Financial Statements</u>	F-9 -F-26



NICE LTD. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	June 30, 2020	December 31, 2019
	Unaudited	Audited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 344,098	\$ 228,323
Short-term investments	758,918	210,772
Trade receivables (net of allowance for credit losses of \$10,187 and \$9,815 at June 30, 2020 and December 31, 2019, respectively)	301,951	319,622
Prepaid expenses and other current assets	132,929	116,972
Total current assets	1,537,896	875,689
LONG-TERM ASSETS:		
Long-term investments	-	542,389
Other long-term assets	142,219	124,034
Property and equipment, net	142,999	141,647
Deferred tax assets	32,451	30,513
Operating lease right-of-use assets	100,891	106,196
Other intangible assets, net	377,355	411,019
Goodwill	1,428,097	1,378,418
Total long-term assets	2,224,012	2,734,216
Total assets	\$ 3,761,908	\$ 3,609,905

The accompanying notes are an integral part of the interim condensed consolidated financial statements.



NICE LTD. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands (except share data)

	June 30, 2020	December 31, 2019
	Unaudited	Audited
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 27,731	\$ 30,376
Deferred revenues and advances from customers	276,772	245,792
Current maturities of operating leases	21,128	21,519
Exchangeable senior notes	255,610	251,583
Accrued expenses and other liabilities	372,132	391,685
Total current liabilities	953,373	940,955
LONG-TERM LIABILITIES:		
Deferred revenues and advances from customers	29,336	26,045
Accrued severance pay	14,947	14,596
Deferred tax liabilities	48,037	52,509
Loan	213,998	213,313
Operating leases	97,333	103,490
Other long-term liabilities	1,640	1,731
Total long-term liabilities	405,291	411,684
COMMITMENTS AND CONTINGENT LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital-		
Ordinary shares of NIS 1 par value:		
Authorized: 125,000,000 (unaudited) shares at June 30, 2020 and December 31, 2019; Issued:		
74,774,827 (unaudited) shares at June 30, 2020 and December 31, 2019; Outstanding:		
62,726,944 (unaudited) and 62,398,221 shares at June 30, 2020 and December 31, 2019, respectively	18,961	18,961
Additional paid-in capital	1,607,270	1,568,035
Treasury shares at cost – 12,047,883 (unaudited) and 12,376,606 Ordinary shares at June 30, 2020 and December 31, 2019, respectively	(566,092)	(554,146)
Accumulated other comprehensive loss	(30,314)	(33,299)
Retained earnings	1,348,700	1,257,715
Total attributable to Nice Ltd's shareholders	2,378,525	2,257,266
Non-controlling interests	24,719	-
Total shareholders' equity	2,403,244	2,257,266
Total liabilities and shareholders' equity	\$ 3,761,908	\$ 3,609,905

The accompanying notes are an integral part of the interim condensed consolidated financial statements.



200Gm&hNGTfsmCRs=

NICE LTD
FORM 6-KDonnelley Financial
NoneADGP64RS25
14.3.14.0ADG pf_end
NYM

23-Aug-2020 15:18 EST

943310 EX99 2 4 5*

HTM ESS 0C

Page 1 of 1

NICE LTD. AND SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME****U.S. dollars in thousands (except per share data)**

	Six months ended June 30,	
	2020	2019
	Unaudited	Unaudited
Revenues:		
Products	\$ 102,865	\$ 132,049
Services	344,171	347,338
Cloud	356,572	278,054
Total revenues	803,608	757,441
Cost of revenues:		
Products	11,277	11,532
Services	103,550	109,742
Cloud	160,991	140,541
Total cost of revenues	275,818	261,815
Gross profit	527,790	495,626
Operating expenses:		
Research and development, net	106,537	93,022
Selling and marketing	197,321	196,945
General and administrative	89,511	78,743
Amortization of acquired intangibles	19,455	21,496
Total operating expenses	412,824	390,206
Operating income	114,966	105,420
Financial expenses and other, net	1,227	4,142
Income before taxes on income	113,739	101,278
Taxes on income	23,020	22,156
Net income	\$ 90,719	\$ 79,122
Less - net loss attributable to non-controlling interests	266	-
Net income attributable to Nice Ltd's shareholders	\$ 90,985	\$ 79,122
Basic earnings per share	\$ 1.45	\$ 1.28
Diluted earnings per share	\$ 1.39	\$ 1.23
Weighted average number of shares used in computing:		
Basic earnings per share	62,557	61,980
Diluted earnings per share	65,484	64,205



200Gm&hNGTfso5XLN

NICE LTD	Donnelley Financial	ADGP64RS25 14.3.14.0	ADG pf_end	23-Aug-2020 15:18 EST	943310 EX99_2 5	5*
FORM 6-K	None		NYM		HTM ESS	0C
						Page 1 of 1

NICE LTD. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Six months ended June 30,	
	2020	2019
	Unaudited	Unaudited
Net income	\$ 90,719	\$ 79,122
Other comprehensive income, net of tax:		
Change in foreign currency translation adjustment	(7,246)	(431)
Available-for-sale investments:		
Change in net unrealized gains	13,072	5,867
Less - reclassification adjustment for gain realized and included in net income	(677)	(41)
Net change	12,395	5,826
Cash flow hedges:		
Change in unrealized gains (losses)	(2,008)	4,142
Less - reclassification adjustment for net gains (losses) realized and included in net income	(156)	337
Net change	(2,164)	4,479
Total other comprehensive income	2,985	9,874
Comprehensive income	\$ 93,704	\$ 88,996

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

U.S. dollars in thousands

	Share capital	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Non-controlling Interest	Total equity
Balance as of January 1, 2020	\$ 18,961	\$ 1,568,035	\$ (554,146)	\$ (33,299)	\$ 1,257,715	\$ —	\$ 2,257,266
Stock-based compensation	—	47,506	—	—	—	—	47,506
Issuance of treasury shares under share-based compensation plan (499,235 ordinary shares)	—	(8,271)	15,620	—	—	—	7,349
Treasury shares purchased	—	—	(27,566)	—	—	—	(27,566)
Other comprehensive income	—	—	—	2,985	—	—	2,985
Minority interest related to acquisition	—	—	—	—	—	—	24,985
Net income attributable to Nice Shareholders	—	—	—	—	90,985	—	90,985
Net loss attributable to non-controlling interests	—	—	—	—	—	(266)	(266)
Balance as of June 30, 2020 (unaudited)	\$ 18,961	\$ 1,607,270	\$ (566,092)	\$ (30,314)	\$ 1,348,700	\$ 24,719	\$ 2,403,244
	Share capital	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Retained earnings	Total equity	
Balance as of January 1, 2019	\$ 18,849	\$ 1,499,986	\$ (527,417)	\$ (46,616)	\$ 1,071,811	\$ 2,016,613	
Exercise of share options	112	1,910	—	—	—	2,022	
Stock-based compensation	—	35,933	—	—	—	35,933	
Issuance of treasury shares under share-based compensation plan (72,706 ordinary shares)	—	(1,402)	2,597	—	—	1,195	
Treasury shares purchased	—	—	(14,250)	—	—	(14,250)	
Other comprehensive income	—	—	—	9,874	—	9,874	
Net income	—	—	—	—	79,122	79,122	
Balance as of June 30, 2019 (unaudited)	\$ 18,961	\$ 1,536,427	\$ (539,070)	\$ (36,742)	\$ 1,150,933	\$ 2,130,509	

-F-6-



200Gm&hNGTgtWNaLD



NICE LTD. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,	
	2020	2019
	Unaudited	Unaudited
<u>Cash flows from operating activities:</u>		
Net income	\$ 90,719	\$ 79,122
Adjustments required to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	89,651	84,820
Stock-based compensation	46,632	35,316
Accrued severance pay, net	1,112	(1,937)
Amortization of premium and discount and accrued interest on marketable securities	(2,870)	(574)
Deferred taxes, net	(9,870)	(18,622)
Changes in operating assets and liabilities:		
Trade receivables, net	14,793	20,112
Prepaid expenses and other current assets	(34,768)	(72,531)
Trade payables	(805)	3,718
Accrued expenses and other liabilities	(21,460)	9,616
Operating lease right-of-use assets	8,512	7,496
Deferred revenues	38,098	58,869
Long term liabilities	-	(280)
Operating lease liabilities	(9,689)	(9,159)
Amortization of discount on debt	4,875	4,469
Other	(527)	(47)
Net cash provided by operating activities	214,403	200,388
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(17,456)	(14,982)
Purchase of investments	(154,488)	(306,142)
Proceeds from investments	164,865	170,508
Payments for business and asset acquisitions, net of cash acquired	(50,836)	(25,788)
Capitalization of internal use software costs	(19,199)	(17,391)
Net cash used in investing activities	(77,114)	(193,795)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.



200Gm&hNGTfssK&sj

NICE LTD	Donnelley Financial	ADGP64RS25 14.3.14.0	ADG pf_end	23-Aug-2020 15:18 EST	943310 EX99 2 8	5*
FORM 6-K	None		NYM		HTM ESS	OC

Page 1 of 1

NICE LTD. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Six months ended June 30,	
	2020	2019
	Unaudited	Unaudited
Cash flows from financing activities:		
Proceeds from issuance of shares upon exercise of options	7,349	3,018
Purchase of treasury shares	(27,601)	(14,715)
Capital lease payments	(177)	(440)
Net cash used in financing activities	(20,429)	(12,137)
Effect of exchange rate changes on cash	(1,085)	(244)
Net change in cash and cash equivalents	115,775	(5,788)
Cash and cash equivalents at the beginning of the year	228,323	242,099
Cash and cash equivalents at the end of the period	\$ 344,098	\$ 236,311

The accompanying notes are an integral part of the interim condensed consolidated financial statements.



200Gm&hNGTfsu04L

NICE LTD	Donnelley Financial	ADGP64RS25 14.3.14.0	ADG pf_rend	23-Aug-2020 15:18 EST	943310 EX99_2 9	4*
FORM 6-K	None		NYM		HTM ESS	OC
						Page 1 of 1

NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 1:- GENERAL

a. General:

NICE Ltd. and its subsidiaries (the “Company”) is a global enterprise cloud software leader, serving two main markets, Customer Engagement and Financial Crime and Compliance. The Company’s core mission is to transform experiences to be extraordinary and trusted. The Company’s software is used by customer service organizations of enterprises of all sizes and verticals, and by compliance and fraud-prevention groups in leading financial institutions.

The Company helps organizations transform customer experiences with solutions aimed at understanding consumer journeys, creating smarter hyper-personalized connections, managing omnichannel interactions and providing digital-centric self-service capabilities. The Company also helps organizations transform their workforce experience with solutions aimed at engaging employees, optimizing operations and automating processes. Additionally, The Company helps financial services organizations make experiences safer with solutions aimed at predicting needs and identifying risks to prevent money laundering and fraud, as well as ensuring compliance in real-time.

NICE Ltd. is at the forefront of several industry technological disruptions: the growing maturity of analytics and AI, the adoption of cloud platforms by enterprises, the expansion of use of digital channels to communicate with customers, and the shift by financial institutions to integrated risk management solutions for end-to-end financial crime prevention. The Company’s solutions form a comprehensive and unified portfolio based on its unique domain expertise for driving customer experience transformation and preventing financial crime as well as enhancing public safety. These solutions are built on innovative cloud platforms that are digital-first, integrating advanced analytics, AI and automation in a wide range of business applications.

b. Acquisitions:

1. Acquisitions in 2020:

During the six months ended June 30, 2020, the Company acquired certain companies, accounted for as business combination. The financial results of the acquired companies are included in the Company’s interim condensed consolidated financial statements, from their respective acquisition dates, and the results from these acquisitions individually and in aggregate, were not material to the Company’s interim condensed consolidated financial statements. In the aggregate, the total preliminary purchase price for these acquisitions was approximately \$50,771. The Company preliminary recorded \$22,968 of identifiable intangible assets, based on their estimated fair values, and \$55,510 of residual goodwill. The preliminary fair value estimates for the assets acquired assumed for these acquisitions completed during the six months ended June 30, 2020 were based upon preliminary calculations and valuations, and the estimates and assumptions for these acquisitions are subject to change as the Company obtains additional information during the respective measurement periods (up to one year from the respective acquisition dates). The preliminary fair value of on non-controlling interest on acquisition date was approximately \$24,985.



200Gm&hNGTfsvPMs0

NICE LTD	Donnelley Financial	ADGP64RS25 14.3.14.0	ADG pf_rend	23-Aug-2020 15:18 EST	943310 EX99 2 10 3*
FORM 6-K	None		NYM		HTM ESS 0C
					Page 1 of 1

NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 1:- GENERAL (Cont.)

2. Acquisitions in 2019:

During 2019, the Company acquired certain companies, accounted for as a business combination and an asset acquisition. The financial results of the acquired companies are included in the Company's consolidated financial statements, from their respective acquisition dates, and the results from these acquisitions individually and in aggregate, were not material to the Company's interim condensed consolidated financial statements. In the aggregate, the total preliminary purchase price for these acquisitions was approximately \$26,671. The Company recorded \$15,683 of identifiable intangible assets, based on their estimated fair values, and \$14,480 of residual goodwill.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

a. Unaudited interim condensed consolidated financial statements:

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim condensed financial information. In the opinion of management, the unaudited interim condensed consolidated financial statements include all adjustments of a normal recurring nature necessary for a fair presentation of the Company's consolidated financial statements.

The balance sheet at December 31, 2019 has been derived from the audited consolidated financial statements of the Company at that date but does not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements.

The accompanying unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes for the year ended December 31, 2019, included in the Annual Report on Form 20-F filed with the U.S. Securities and Exchange Commission ("SEC") on April 6, 2020. Results for the six months ended June 30, 2020 are not necessarily indicative of results that may be expected for the year ending December 31, 2020.

b. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

c. Revenue recognition

The Company generates revenues from sales of software products, services and cloud, which include software license, software-as-a-service, network connectivity, hosting, support and maintenance, implementation, configuration, project management, consulting and training. The Company sells its products directly through its sales force and indirectly through a global network of distributors, system integrators and strategic partners, all of whom are considered end-users.

The Company recognizes revenues in accordance with ASC No. 606, "Revenue from Contracts with Customers" ("ASC 606"). Under the standard, the Company recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. To determine revenue recognition for contracts that are within the scope of the standard, the Company performs the following five steps:



200Gm&hNGTfswZdL8

NICE LTD	Donnelley Financial	ADGP64RS25 14.3.14.0	ADG pf_rend	23-Aug-2020 15:19 EST	943310 EX99 2 11	3*
FORM 6-K	None		NYM		HTM ESS	OC
						Page 1 of 1

NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1) Identify the contract(s) with a customer

A contract with a customer exists when (i) there is an enforceable contract with the customer that defines each party's rights regarding the goods or services to be transferred and identifies the payment terms related to these goods or services; (ii) the contract has commercial substance; and (iii) the Company determines that collection of substantially all consideration for goods or services that are transferred is probable based on the customer's intent and ability to pay the promised consideration. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience.

2) Identify the performance obligations in the contract

The Company enters into contracts that can include multiple performance obligations. The Company accounts for individual products and services separately if they are distinct – i.e., if a product or service is separately identifiable from other items in the contract and if a customer can benefit from it on its own or with other resources that are readily available to the customer.

3) Determine the transaction price

The transaction price is determined based on the consideration to which the Company will be entitled in exchange for transferring goods or services to the customer.

Payment terms and conditions vary by contract type. In instances where the timing of revenue recognition differs from the timing of invoicing, the Company determines its contracts generally to not include a significant financing component since the Company's selling prices are not subjected to billing terms nor is its purpose to receive financing from its customers or to provide customers with financing. In addition, the Company uses the practical expedient and does not assess the existence of a significant financing component when the difference between payment and revenue recognition is a year or less.

Revenue is measured based on the consideration specified in a contract with a customer, excluding taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer. The Company enters into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations.

4) Allocate the transaction price to the performance obligations in the contract

The Company allocates the transaction price to each performance obligation identified based on its relative standalone selling price ("SSP") out of the total consideration of the contract.

The Company uses judgment in determining the SSP. If the SSP is not observable through standalone transactions, the Company estimates the SSP taking into account available information such as geographic or regional specific factors, internal costs, profit objectives, and internally approved pricing guidelines related to the performance obligation.

The Company typically establish SSP range for its products and services, which is reassessed on a periodic basis or when facts and circumstances change. SSP for products and services can evolve over time due to changes in Nice Ltd. pricing practices that are influenced by intense competition, changes in demand for products and services, and economic factors, among others.

For product where the SSP cannot be determined based on observable prices, given the same products are sold for a broad range of amounts (that is, the selling price is highly variable), the SSP included in a contract with multiple performance obligations is determined by applying a residual approach whereby all other performance obligations within a contract are first allocated a portion of the transaction price based upon their respective SSPs, with any residual amount of transaction price allocated to these product revenues.



200Gm&hNGTfsxhssT

NICE LTD	Donnelley Financial	ADGP64RS25 14.3.14.0	ADG pf_rend	23-Aug-2020 15:19 EST	943310 EX99 2 12 3*
FORM 6-K	None		NYM		HTM ESS 0C

Page 1 of 1

NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

5) Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at the time the related performance obligation is satisfied by transferring the promised product or service to the customer. Software license revenues are recognized at the point in time when the software license is delivered and the customer obtains control of the asset. Support and maintenance service revenues are recognized ratably over the term of the underlying maintenance contract term. Renewals of maintenance contracts create new performance obligations that are satisfied over the term with the revenues recognized ratably over the period of the renewal.

Professional services revenues are recognized as services are performed.

The Company derives its cloud revenues from subscription services, which are comprised of subscription fees from granting customers access to the Company's cloud computing services and from network connectivity.

Revenue from subscription services is recognized either ratably over the contract period or based on usage, and revenue from network connectivity is based on customer call usage and is recognized in the period the call is initiated.

As of June 30, 2020, the aggregate amount of the total transaction price allocated in contracts with original duration greater than one year of the remaining performance obligations was approximately \$1,050,394. As of June 30, 2020, the Company expects to recognize the majority of the revenue of remaining performance obligation over the next 24 months. Such remaining performance obligations represent unsatisfied or partially unsatisfied performance obligations pursuant to ASC 606. The Company has elected the optional exemption, which allows for the exclusion of the amounts for remaining performance obligations that are part of contracts with an original expected duration of one year or less.

d. Non-controlling interests

The interim condensed consolidated financial statements included Nice's accounts and the accounts of our wholly- and majority-owned subsidiaries. Noncontrolling interest positions of our consolidated entity are reported as a separate component of consolidated equity from the equity attributable to Nice's shareholders for the six months period ended June 30, 2020.

e. Recently adopted accounting standards

On January 1, 2020, we adopted Accounting Standards Update No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, using the modified retrospective transition method. Upon adoption, we changed our impairment model to utilize a forward-looking current expected credit losses (CECL) model in place of the incurred loss methodology for financial instruments measured at amortized cost, including our accounts receivable. In addition, we modified our impairment model to the CECL model for available for sale ("AFS") debt securities and discontinued using the concept of "other than temporary" impairment on AFS debt securities. CECL estimates on accounts receivable are recorded as general and administrative expenses on our condensed consolidated statements of income. CECL estimates on AFS debt securities are recognized in interest and other income (expense), net on our condensed consolidated statements of income. The cumulative effect adjustment from adoption was immaterial to our condensed consolidated financial statements. We continue to monitor the financial implications of the COVID-19 pandemic on expected credit losses.



200Gm&hNGTfsyrZLP

NICE LTD	Donnelley Financial	ADGP64RS25 14.3.14.0	ADG pf_rend	23-Aug-2020 15:19 EST	943310 EX99 2 13	3*
FORM 6-K	None		NYM		HTM ESS	0C
						Page 1 of 1

NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

There have been no material changes to our significant accounting policies from our Annual Report on Form 20-F for the fiscal year ended December 31, 2019, except for the policies noted below which changed as a result of the adoption of Topic 326.

- Marketable Securities:

We hold investments in marketable securities, consisting of U.S. government securities, U.S. government agency securities, and investment grade corporate debt securities. As of June 30, 2020, the Company classifies its marketable securities as AFS investments in current assets because they represent investments of cash available for current operations.

The AFS investments are carried at estimated fair value with any unrealized gains and losses, net of taxes, included in accumulated other comprehensive income (loss) in shareholders' equity. AFS debt securities with an amortized cost basis in excess of estimated fair value are assessed to determine what amount of that difference, if any, is caused by expected credit losses. Expected credit losses on AFS debt securities are recognized in financial expenses and other, net on the condensed consolidated statements of income, and any remaining unrealized losses, net of taxes, are included in accumulated other comprehensive income (loss) in shareholders' equity.

There were no any impairment charge for unrealized losses in the periods presented. Realized gains or losses on sale of marketable securities are determined based on a specific identification method, and such gains or losses are recorded as financial expenses and other, net.

- Accounts Receivable and Allowances:

Accounts receivable are recorded and carried at the original invoiced amount less an allowance for any potential uncollectible amounts. The Company makes estimates of expected credit losses for the allowance for doubtful accounts and allowance for unbilled receivables based upon its assessment of various factors, including historical experience, the age of the accounts receivable balances, credit quality of its customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect its ability to collect from customers. Estimated credit loss allowance is recorded as general and administrative expenses on the condensed consolidated statements of income.

f. Recently issued accounting standards, not yet adopted:

In August 2020, the FASB issued ASU 2020-06, which simplifies the guidance on the issuer's accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. The elimination of these models will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that was within the scope of those models before the adoption of ASU 2020-06. ASU 2020-06 also requires that the effect of potential share settlement be included in the diluted EPS calculation when an instrument may be settled in cash or share. This amendment removes current guidance that allows an entity to rebut this presumption if it has a history or policy of cash settlement. Furthermore, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share, the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 3:- FAIR VALUE MEASUREMENTS

The Company applies ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"). Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The Company measures its investments in money market funds classified as cash equivalents, marketable securities and its foreign currency derivative contracts at fair value.

In determining fair value, the Company uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets that the Company has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors, including, for example, the type of investment, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment and the investments are categorized as Level 3.

The Company's marketable securities, exchangeable senior notes and foreign currency derivative contracts are classified within Level 2 (see Note 4, 5 and 6).

The carrying amounts of cash and cash equivalents, short-term bank deposits, trade receivables and trade payables approximate their fair value due to the immediate or short-term maturities of these financial instruments. The carrying amount of the loan approximates its fair value due to the fact that the loan bears a variable interest rate.



200Gm&hNGTfs@3bLh

NICE LTD
FORM 6-KDonnelley Financial
NoneADGP64RS25
14.3.14.0ADG pf_rend
NYM

23-Aug-2020 15:19 EST

943310 EX99 2 15 4*
HTM ESS OC

Page 1 of 1

NICE LTD. AND SUBSIDIARIES**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share data)****NOTE 4:- SHORT-TERM AND LONG-TERM INVESTMENTS**

Short-term and long-term investments include marketable securities in the amount of \$747,371 and \$735,717 as of June 30, 2020 and December 31, 2019, respectively and short-term bank deposits in the amounts of \$11,547 and \$17,444 as of June 30, 2020 and December 31, 2019, respectively.

The following table summarizes amortized costs, gross unrealized gains and losses and estimated fair values of available-for-sale marketable securities as of June 30, 2020 and December 31, 2019:

	June 30, 2020 (Unaudited)				December 31, 2019			
	Amortized Cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Corporate debentures	\$ 695,068	\$ 17,171	\$ (335)	\$ 711,904	\$ 687,886	\$ 4,865	\$ (271)	\$ 692,480
U.S. Treasuries	20,821	533	-	21,354	23,182	82	(2)	23,262
U.S. Government Agencies	14,022	91	-	14,113	19,957	38	(20)	19,975
	<u>\$ 729,911</u>	<u>\$ 17,795</u>	<u>\$ (335)</u>	<u>\$ 747,371</u>	<u>\$ 731,025</u>	<u>\$ 4,985</u>	<u>\$ (293)</u>	<u>\$ 735,717</u>

The scheduled maturities of available-for-sale marketable securities as of June 30, 2020 are as follows:

	Amortized cost	Estimated fair value
Due within one year	\$ 171,457	\$ 173,033
Due after one year through five years	558,454	574,338
	<u>\$ 729,911</u>	<u>\$ 747,371</u>

As of June 30, 2020, the Company classified all of its available for sale marketable securities portfolio to short term presentation on the balance sheet since management view has changed such that it views the portfolio as available for use in current operation.



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 4:- SHORT-TERM AND LONG-TERM INVESTMENTS (Cont.)

Investments with continuous unrealized losses for less than 12 months and 12 months or greater and their related fair values as of June 30, 2020 and December 31, 2019 are as indicated in the following tables:

June 30, 2020 (Unaudited)						
	Investments with continuous unrealized losses for less than 12 months		Investments with continuous unrealized losses for 12 months or greater		Total Investments with continuous unrealized losses	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate debentures	\$ 17,941	\$ (311)	\$ 16,185	\$ (24)	\$ 34,126	\$ (335)

December 31, 2019						
	Investments with continuous unrealized losses for less than 12 months		Investments with continuous unrealized losses for 12 months or greater		Total Investments with continuous unrealized losses	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses
Corporate debentures	\$ 70,733	\$ (117)	\$ 48,658	\$ (154)	\$ 119,391	\$ (271)
U.S. Treasuries	—	—	5,005	(2)	5,005	(2)
U.S. Government Agencies	10,974	(20)	—	—	10,974	(20)
	<u>\$ 81,707</u>	<u>\$ (137)</u>	<u>\$ 53,663</u>	<u>\$ (156)</u>	<u>\$ 135,370</u>	<u>\$ (293)</u>

NOTE 5:- DERIVATIVE INSTRUMENTS

The Company's risk management strategy includes the use of derivative financial instruments to reduce the volatility of earnings and cash flows associated with changes in foreign currency exchange rates.

ASC 815, "Derivatives and Hedging" ("ASC 815"), requires the Company to recognize all of its derivative instruments as either assets or liabilities on the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, an entity must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation.

Gains and losses on derivatives instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that are attributable to a particular risk), are recorded in accumulated other comprehensive income (loss) and reclassified into in the same accounting period in which the designated forecasted transaction or hedged item affects earnings.



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 5:- DERIVATIVE INSTRUMENTS (Cont.)

The Company entered into option and forward contracts to hedge a portion of anticipated New Israeli Shekel ("NIS"), Indian Rupee ("INR") and Philippine peso ("PHP") payroll and benefit payments as well as facilities related payments. These derivative instruments are designated as cash flow hedges, as defined by ASC 815 and accordingly are measured in fair value. These transactions are effective and, as a result, gain or loss on the derivative instruments are reported as a component of accumulated other comprehensive income (loss) and reclassified as payroll expenses, facility expenses or finance expenses, respectively, at the time that the hedged income/expense is recorded.

	Notional amount		Fair value (Level 2 within the fair value hierarchy)	
	June 30,	December 31,	June 30,	December 31,
	2020 (Unaudited)	2019	2020 (Unaudited)	2019
Option contracts to hedge payroll				
expenses ILS	\$ -	\$ 16,204	\$ -	\$ 294
expenses INR	21,081	21,904	324	800
Option contracts to hedge facility				
expenses ILS	-	1,273	-	19
expenses INR	950	2,006	9	80
Forward contracts to hedge payroll				
expenses ILS	58,702	67,139	293	1,333
expenses INR	4,749	10,032	(142)	50
expenses PHP	1,198	2,362	31	64
Forward contracts to hedge facility expenses ILS	1,272	433	11	12
Forward contracts to hedge facility expenses PHP	-	2,546	-	67
Forward contracts to hedge lease obligations PHP	-	4,921	-	-
	<u>\$ 87,952</u>	<u>\$ 128,820</u>	<u>\$ 526</u>	<u>\$ 2,719</u>

The Company currently hedges its exposure to the variability in future cash flows for a maximum period of one year. As of June 30, 2020, the Company expects to reclassify all of its unrealized gains and losses from accumulated other comprehensive income to earnings during the next twelve months.

The fair value of the Company's outstanding derivative instruments at June 30, 2020 and December 31, 2019 is summarized below:

		Fair value of derivative instruments	
		June 30,	December 31,
		2020 (Unaudited)	2019
Balance sheet line item			
Derivative assets:			
Foreign exchange option contracts	Prepaid expenses and other current assets	\$ 334	\$ 1,194
Foreign exchange forward contracts	Prepaid expenses and other current assets	334	1,525
Derivative liabilities:			
Foreign exchange forward contracts	Accrued expenses and other liabilities	\$ (142)	\$ —



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 5:- DERIVATIVE INSTRUMENTS (Cont.)

The effect of derivative instruments in cash flow hedging relationship on income and other comprehensive income for the six months ended June 30, 2020 and 2019 is summarized below:

		Amount of gain (loss) recognized in other comprehensive income on derivative, net of tax	
		Six months ended June 30,	
		2020 (Unaudited)	2019 (Unaudited)
Derivatives in foreign exchange cash flow hedging relationships:			
Forward contracts		\$ (68)	\$ 1,530
Option contracts		(1,940)	2,612
		<u>\$ (2,008)</u>	<u>\$ 4,142</u>

Derivatives in foreign exchange cash flow hedging relationships:

		Amount of gain (loss) reclassified from other comprehensive income into income (expenses), net of tax	
		Six months ended June 30,	
		2020 (Unaudited)	2019 (Unaudited)
	Statements of income line item		
Option contracts to hedge payroll and facility expenses	Cost of revenues and operating expenses	\$ (200)	\$ 480
Forward contracts to hedge payroll and facility expenses	Cost of revenues, operating expenses and financial expenses	44	(143)
		<u>\$ (156)</u>	<u>\$ 337</u>

NOTE 6:- EXCHANGEABLE SENIOR NOTES

In January 2017, the Company issued \$287,500 aggregate principal amount of Exchangeable Senior Notes (the "Notes") due 2024. The following table summarizes some key facts and terms regarding the outstanding Notes:

	Due 2024
Issuance date	January 18, 2017
Maturity date	January 15, 2024
Principal amount	\$ 287,500
Cash coupon rate (per annum)	1.25%
Conversion rate effective September 15, 2023 (per \$1000 principal amount)	12.026
Effective conversion price effective September 15, 2023 (per ADS)	\$ 83.15



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 6:- EXCHANGEABLE SENIOR NOTES (Cont.)

In the event that the last reported sale price of the company's ADS for at least 20 Trading Days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the Exchange Price ("Share Price Condition") or in the event of the satisfaction of certain other conditions, during set periods, as defined

in the indenture governing the Notes, the holders of the exchangeable Senior Notes will have the option to exchange the Notes for (i) cash, (ii) ADSs or (iii) a combination thereof, at the Company's election.

As of June 30, 2020, and December 31, 2019, the Share Price Condition was triggered and accordingly, the net carrying amount of the Notes is presented in current liabilities.

The Company may provide additional ADSs upon conversion if there is a "Make-Whole Fundamental Change" in the business as defined in the indenture governing the Notes. The Notes are not redeemable by the Company prior to the maturity date apart from certain cases as defined in the indenture governing the Notes.

Debt issuance costs of \$5,791 attributable to the Notes are amortized as interest expense over the contractual term of the loan using the effective interest rate.

The carrying values of the liability and equity components of the Notes are reflected in the Company's accompanying consolidated balance sheets as follows:

	<u>June 30,</u> <u>2020</u> <u>(Unaudited)</u>	<u>December 31,</u> <u>2019</u>
Principal	\$ 287,500	\$ 287,500
Less:		
Debt issuance costs, net of amortization	(3,339)	(3,735)
Unamortized discount	(28,551)	(32,182)
Net liability carrying amount	<u>\$ 255,610</u>	<u>\$ 251,583</u>
Equity component - net carrying value	<u>\$ 51,176</u>	<u>\$ 51,176</u>

As of June 30, 2020, the estimated fair value of the Exchangeable Senior Notes, which the Company has classified as Level 2 financial instruments are \$657,837. The estimated fair value was determined based on the quoted bid price of the Exchangeable Senior Notes in an over-the-counter market on the last trading day of the reporting period. As of June 30, 2020, the difference between the net carrying amount of the Exchangeable Senior Notes and estimated fair value represents the equity conversion value premium the market assigned to these Notes. Based on the closing price of the Company's Ordinary Share on June 30, 2020, the if-converted value of the Exchangeable Senior Notes exceeded the principal amount.

Interest is payable on the debentures semi-annually at the cash coupon rate; however, the remaining debt discount is being amortized as additional non-cash interest expense using an effective annual interest rate equal to the Company's estimated nonconvertible debt borrowing rate at the time of issuance.



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 6:- EXCHANGEABLE SENIOR NOTES (Cont.)

Interest expense related to the Notes is reflected on the accompanying consolidated statements of income as follows:

	Six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
Amortization of debt issuance costs	\$ 396	\$ 365
Non-cash amortization of debt discount	3,631	3,479
Interest expense	1,797	1,797
Net liability carrying amount	\$ 5,824	\$ 5,641
Effective interest rate	4.68%	4.68%

Exchangeable notes hedge transactions

In connection with the pricing of the Notes, the Company has entered into privately negotiated exchangeable note hedge transactions with some of the initial purchasers and/or their respective affiliates (the "Option Counterparties").

Subject to customary anti-dilution adjustments substantially similar to those applicable to the Notes, the exchangeable note hedge transactions cover partial number of ADSs that will initially underlie the Notes.

The note hedge transactions are expected generally to reduce potential dilution to the ADSs and/or cash payments the Company is required to make in excess of the principal amount, in each case, upon any exchange of the Notes.

A portion of the call-options can be settled upon a surrender of the same amounts of Notes by a holder. Settlement can be done in cash, ADSs or a combination of both, at the Company's election.

Concurrently with the Company's entry into the exchangeable note hedge transactions, the Company has entered into warrant transactions with the Option Counterparties relating to the same number of ADSs (3,457,475), with a strike price of \$101.82 per ADS, subject to customary anti-dilution adjustments.

The warrants are exercisable for a period of three months as of the notes maturity date.

NOTE 7:- LEGAL PROCEEDINGS

From time to time the Company or its subsidiaries may be involved in legal proceedings and/or litigation arising in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, the Company does not believe it will have a material effect on its consolidated financial position, results of operations, or cash flows.



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 8:- SHAREHOLDERS' EQUITY

- a. The Ordinary shares of the Company are traded on the Tel-Aviv Stock Exchange and its American Depositary Shares ("ADSs"), each representing one fully paid ordinary share, par value NIS 1.00 per share of the Company, are traded on NASDAQ.
- b. Share option plans:

The fair value of the Company's stock options granted to employees and directors for the six months ended June 30, 2020 and 2019 was estimated using the following assumptions:

	Six months ended June 30,	
	2020	2019
Expected volatility	19.54%-23.29%	20.40%-21.54%
Risk free interest rate	0.27%-0.29%	2.13%-2.55%
Expected dividend	—	—
Expected term (in years)	3.5	3.5

A summary of the Company's stock options activity and related information for six months ended June 30, 2020, is as follows:

	Number of options	Weighted- average exercise price	Weighted- average remaining contractual term (in years)	Aggregate intrinsic value
Outstanding at January 1, 2020	1,109,436	22.16	4.35	147,545
Granted	76,772	0.29		
Exercised	243,088	29.95		
Cancelled	22,054	0.30		
Forfeited	8,442	68.07		
Outstanding at June 30, 2020	912,624	18.35	4.24	155,961
Exercisable at June 30, 2020	306,751	47.05	3.19	43,618

The weighted-average grant-date fair value of options granted during the six months ended June 30, 2020 and 2019 was \$174.46 and \$123.55, respectively.

The total intrinsic value of options exercised during the six months ended June 30, 2020 and 2019 was \$34,689 and \$17,983, respectively.



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 8:- SHAREHOLDERS' EQUITY (Cont.)

The options outstanding under the Company's stock option plans as of June 30, 2020 have been separated into ranges of exercise price as follows:

<u>Ranges of exercise price</u>	<u>Options outstanding as of June 30, 2020</u>	<u>Weighted average remaining contractual term (Years)</u>	<u>Weighted average exercise price \$</u>	<u>Options exercisable as of June 30, 2020</u>	<u>Weighted average exercise price of options exercisable \$</u>
\$ 0.0-0.29	733,032	4.45	0.28	144,333	0.28
\$ 6.72-8.57	2,562	3.95	6.96	2,562	6.96
\$ 15.16	12	0.56	15.16	12	15.16
\$ 37.21-54.95	9,357	4.84	41.16	9,357	41.16
\$ 57.10-85.14	95,831	2.30	71.37	89,352	70.65
\$ 96.74-151.83	71,830	4.67	129.43	61,135	125.55
	<u>912,624</u>	<u>4.24</u>	<u>18.35</u>	<u>306,751</u>	<u>47.05</u>

A summary of the Company's RSU and the Company's RSA activities and related information for the six months ended June 30, 2020, is as follows:

	<u>Number of RSU and RSA (*)</u>
Outstanding at January 1, 2020	<u>1,537,049</u>
Granted	266,655
Vested	257,955
Cancelled	38,381
Forfeited	<u>5,320</u>
Outstanding at June 30, 2020	<u>1,502,048</u>

(*) NIS 1 par value which represents approximately \$0.29

As of June 30, 2020, the total compensation cost related to nonvested awards not yet recognized was approximately \$136,199, which is expected to be recognized over a period of up to four years.



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 8:- SHAREHOLDERS' EQUITY (Cont.)

The total equity-based compensation expense related to all of the Company's equity-based awards, recognized for the six months ended June 30, 2020 and 2019, was comprised as follows:

	Six months ended June 30,	
	2020	2019
Cost of revenues	\$ 4,988	\$ 6,120
Research and development, net	5,864	3,761
Selling and marketing	13,973	11,444
General and administrative	22,681	14,608
Total stock-based compensation expenses	<u>\$ 47,506</u>	<u>\$ 35,933</u>

c. Treasury shares:

On January 10, 2017, the Company's Board of Directors authorized a program to repurchase up to \$150,000 of Company's issued and outstanding ordinary shares and ADRs. This share repurchase program commenced on April 7, 2017. On February 12, 2020, the Company's Board of Directors authorized an additional program to repurchase up to \$200,000 of the Company's issued and outstanding ordinary shares and ADRs, following completion of the program approved in 2017. Repurchases may be made from time to time in the open market or in privately negotiated transactions in accordance with applicable securities laws and regulations. The timing and amount of the repurchase transactions will be determined by the Company's management and may depend on a variety of factors including market conditions, alternative investment opportunities and other considerations.

These programs do not obligate the Company to acquire any particular amount of ordinary shares and ADRs and each program may be modified or discontinued at any time without prior notice.

d. Dividends:

On February 13, 2013, the Company announced that the Board of Directors had approved a dividend plan under which the Company paid quarterly cash dividends to holders of the Company's ordinary shares and ADRs subject to declaration by its Board of Directors. Under Israeli law, dividends may be paid only out of profits and other surplus (as defined in the law) as of the Company's most recent financial statements or as accrued over a period of two years, whichever is higher, provided that there is no reasonable concern that the dividend distribution will prevent the Company from meeting its existing and foreseeable obligations as they come due.

In 2019 and in the six month ended June 30, 2020 no dividend was declared.



NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 9:- REPORTABLE SEGMENTS

a. Reportable segments:

ASC 280, "Segment Reporting", establishes standards for reporting information about operating segments. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is its Chief Executive Officer.

Six months ended June 30, 2020				
(Unaudited)				
	Customer Engagement (1)	Financial Crime and Compliance (1)	Not allocated	Total
Revenues	\$ 650,025	153,583	-	803,608
Operating income	\$ 119,390	54,539	(58,963)	114,966

Six months ended June 30, 2019				
(Unaudited)				
	Customer Engagement (1)	Financial Crime and Compliance	Not allocated	Total
Revenues	\$ 616,237	141,204	-	757,441
Operating income	\$ 117,225	53,798	(65,603)	105,420

(1) Includes the results of companies which were acquired in 2020 and 2019 and are being integrated within the Customer Engagement segment and Financial Crime and Compliance segment.

The following table presents property and equipment as of June 30, 2020 and December 31, 2019 based on operational segments:

	June 30, 2020	December 31, 2019
Customer Engagement	\$ 127,302	126,538
Financial Crime and Compliance	13,610	12,437
Non-allocated	2,087	2,672
	\$ 142,999	141,647



200Gm&hNGTfsg4psx

NICE LTD	Donnelley Financial	ADGP64RS14 14.3.14.0	ADG pf_end	23-Aug-2020 15:18 EST	943310 EX99 2 25	5*
FORM 6-K	None		NYM		HTM ESS	0C
						Page 1 of 1

NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 9:- REPORTABLE SEGMENTS (Cont.)

b. Geographical information:

Total revenues from external customers on the basis of the Company's geographical areas are as follows:

	Six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
Americas, principally the US	\$ 651,889	\$ 594,682
EMEA (*)	90,212	110,005
Israel	2,556	2,555
Asia Pacific	58,951	50,199
	<u>\$ 803,608</u>	<u>\$ 757,441</u>

The following presents property and equipment as of June 30, 2020 and December 31, 2019 based on geographical areas:

	June 30, 2020	December 31, 2019
Americas, principally the US	\$ 77,288	\$ 78,911
EMEA (*)	4,569	3,886
Israel	52,419	51,011
Asia Pacific	8,723	7,839
	<u>\$ 142,999</u>	<u>\$ 141,647</u>

(*) Includes Europe, the Middle East (excluding Israel) and Africa.

NOTE 10:- NET EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted net earnings per share:

1. Numerator:

	Six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited)
Net income attributable to Nice Ltd's shareholders	<u>\$ 90,985</u>	<u>\$ 79,122</u>



200Gm&hNGTfsiRGs6

NICE LTD	Donnelley Financial	ADGP64RS14 14.3.14.0	ADG pf_end	23-Aug-2020 15:18 EST	943310 EX99 2 26	6*
FORM 6-K	None		NYM		HTM ESS	0C

Page 1 of 1

NICE LTD. AND SUBSIDIARIES

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars in thousands (except share data)

NOTE 10:- NET EARNINGS PER SHARE (Cont.)

2. Denominator (in thousands):

	Six months ended June 30,	
	2020	2019
Denominator for basic net earnings per share:		
Weighted average number of shares	62,557	61,980
Effect of dilutive securities:		
Add - employee stock options and RSU	1,563	1,634
Warrants issued in the exchangeable notes transaction	1,364	591
Denominator for diluted net earnings per share - adjusted weighted average shares	65,484	64,205

The weighted average number of shares related to outstanding anti-dilutive options excluded from the calculations of diluted net earnings per share was 3,720 thousand and 6,889 thousand for six months ended June 30, 2020 and 2019, respectively.

NOTE 11:- SUBSEQUENT EVENTS

On August 18, 2020, the Company completed the acquisition of Guardian Analytics Inc ("Guardian") a leading AI cloud-based financial crime risk management solution provider. Upon acquisition, Guardian became a wholly-owned subsidiary of the Company. Powered by the cloud, Guardian simplifies deployments and ongoing operations, optimizing operational resource efficiency. The Company acquired Guardian for consideration of approximately \$105,000. The Total consideration is subject to adjustments as stipulated in the share purchase agreement.



ניס מודיעה על הצעה של אגרות חוב להמרה בסך של כ-400 מיליון דולר לפרעון בשנת 2025

הבוקר, ניו ג'רזי, 24 באוגוסט, 2020 – ניס (נאסד"ק: NICE) הודיעה היום על כוונתה להנפיק, בכפוף לתנאי שוק ושיקולים אחרים, אגרות חוב להמרה בסך של כ-400 מיליון דולר.

מועד הפירעון של האג"ח להמרה הוא ה- 15 בספטמבר 2025, אלא אם כן התבצע פירעון מוקדם או החלפה.

ניס תעניק לרוכשים הראשונים של האג"ח להמרה, אופציה לרכוש עד 60 מיליון דולר נוספים של האג"ח להמרה תוך 13 ימים המתחילים ביום השלמת ההנפקה.

ניס מתכוונת להשתמש בתמורת ההנפקה לתשלום ההלוואה הקיימת במועד הפרעון, דצמבר 2021, או לפניו ועבור מטרות אחרות של החברה.

פירוט נוסף של תנאי ההצעה ופרטים אחרים ניתן למצוא בהודעה באנגלית המצורפת.

אודות ניס

ניס (NASDAQ: NICE, ת"א: ניס) הינה המובילה העולמית במתן פתרונות תוכנה, הן ברישיונות תוכנה והן בענן, המאפשרים לארגונים לנקוט בפעולה הבאה הטובה ביותר באמצעות כלים אנליטיים המנתחים מידע מובנה ושאינו מובנה. הפתרונות של ניס מסייעים לארגונים לשפר את חוויית הלקוח, להבטיח ציות לרגולציה, להיאבק בפשיעה פיננסית ולשמור על נכסים. הפתרונות של ניס נמצאים בשימוש של יותר מ-25,000 ארגונים ביותר מ-150 מדינות, כולל מעל 85 מהחברות המדורגות ב-Fortune 100.

www.nice.com

מסמך זה מהווה תרגום נוחות בלבד לעיקרי הדוחות ולהודעה לעיתונות באנגלית שפורסמה בארה"ב, המחייבת מבחינת החברה.

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.

לפרטים נוספים ניתן ליצור קשר עם: יעל ארנון, שרף תקשורת 052-720-2703, yaela@scherfcom.com