

NICE Systems Technologies UK Limited

Registered number: 02795958

Annual Report

For the year ended 31 December 2022

FRIDAY



ACD2V3ER

A64

29/09/2023

#193

COMPANIES HOUSE

NICE SYSTEMS TECHNOLOGIES UK LIMITED

COMPANY INFORMATION

Directors	D J Rushworth S Duliman
Company secretary	S Duliman
Registered number	02795958
Registered office	Tollbar House Tollbar Way Hedge End Southampton Hampshire SO30 2ZP
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor 5th Floor, Merck House Seldown Lane Poole Dorset BH15 1TW
Bankers	Citibank N A Canada Square Canary Wharf London E14 5LB

NICE SYSTEMS TECHNOLOGIES UK LIMITED

CONTENTS

	Page
Strategic Report	1 - 8
Directors' Report	9 - 10
Independent Auditor's Report	11 - 14
Profit and Loss Account	15
Balance Sheet	16
Statement of Changes in Equity	17
Notes to the Financial Statements	18 - 35

NICE SYSTEMS TECHNOLOGIES UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Introduction

The directors present their Strategic Report with the audited financial statements of NICE Systems Technologies UK Limited (the 'Company') for the year ended 31 December 2022.

About NICE

NICE Systems Technologies UK Limited is a limited company registered in Southampton, UK. The ultimate parent company is Nice Ltd ("NICE"), a company registered in Israel.

NICE is a global enterprise software leader, providing cloud platforms for AI-driven business solutions that serve two main markets: Customer Engagement and Financial Crime and Compliance. Our core mission is to transform experiences to be extraordinary and trusted and create frictionless and safe digital-first consumer reality, where every interaction is intelligent, meaningful and effortless. Our solutions are used by organisations of all sizes and are offered in multiple delivery models, including cloud and on-premises.

We enable organisations to transform experiences with solutions aimed at meeting consumers wherever they choose to begin their journey, providing digital-centric AI enabled self-service capabilities, understanding consumers' journeys, creating smarter hyper-personalized connections, and guiding continuous omnichannel interactions. We help organizations transform their workforce experience with solutions aimed at engaging employees, optimizing operations, and automating processes to create a better agent-assisted customer service. For Public Safety and Criminal Justice agencies, we are digitally transforming the way they manage and share evidence and cases, providing them with single, streamlined view of the truth from incident to court. In the Financial Crime and Compliance market, we protect digital banks, financial services organizations and their customers' accounts and transactions, with solutions that identify risks and help prevent money laundering and fraud, as well as help lead to compliance in real-time. With our holistic, data-centric approach to Customer Lifecycle Risk Management (CLRM), we help them conquer the dynamic new financial crime threats.

NICE is at the forefront of several industry technological disruptions that have greatly accelerated in the last several years: the adoption of cloud platforms by organizations of all sizes and verticals, the shift of consumer and organizational preferences towards digital-centric services and experiences, the growing acceptance and adoption of AI, an increase in consumer self-service usage and the need to manage, optimize and engage a diverse workforce while retaining and attracting top talents. Our suite of integrated solutions, based on our unique domain expertise, enables customer service, financial crime prevention and public safety organizations to innovate and thrive with industry-leading cloud platforms that use domain-specific data and AI infused workflows.

Financial key performance indicators

The Company's key financial indicators during the year were as follows:

Turnover: £18,632k in 2022 (2021: £12,290k).

Shareholder deficit: £21,919k in 2022 (2021: £15,950k).

Employee numbers: 108 in 2022 (2021: 81).

The Company generates revenue from recharges to group companies for the use of software products owned by this entity.

Shareholders' deficit increased in 2022 reflecting the loss incurred during the year as a result of an increase in R&D expenditure to develop new products and solutions as well as enhance existing products and solutions in order to maintain our competitive position.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Strategy and future developments

Our long-term strategy is to further broaden our industry leadership in both the Customer Engagement and Financial Crime and Compliance market segments. In Customer Engagement, we intend to continue to leverage CXone, as well as our large customer base, to continue our leadership in the CX market. We intend to continue to expand our digital reach and self-service innovation to go beyond the contact centre, expanding our solutions to address consumer needs across every touch point they choose to start their journey. We do that through strategic product-launches, fuelled by organic developments and acquisitions, with our Customer eXperience Interactions (CXi) offering, aimed at intelligently meeting consumers on their digital channel of choice, enabling resolution through data-driven self-service and preparing agents to successfully resolve any needs event.

We intend to continue to expand our AI capabilities, across all our markets, to provide smarter business solutions that are based on our deep domain expertise and our access to unique industry-specific historical and real-time data assets. We also intend to continue to evolve as one of the leading custom-built AI players in the CX market, and become the standard for any self-service deployment, with both our own end-to-end self-service offering, as well as full integration with any third party solutions.

In our Financial Crime and Compliance business, we intend to continue to build our leadership with X-Sight and take our cloud enterprise offering to the high end of the market, and we aim to further enhance Xceed to be positioned as the premier cloud platform of choice through our suite of solutions for the mid-market. We intend to leverage the massive digital banking transformation to enlarge our addressable market by launching new solutions and asserting our position as a leader for managing risk in the digital banking era.

Empowering organisations to lead by adapting to change

We intend to continue leading the market by leveraging several major industry trends and evolving our offering to meet our customers' current and future needs while focusing on key strategic pillars:

- **Cloud Foundation** – we provide cloud-native open platforms for our Customer Engagement and Financial Crime and Compliance offerings. This allows our customers to facilitate adoption of cloud infrastructure as a means to accelerate innovation and reduce integration, implementation and operational efforts.
- **Complete Suite** – we provide one of the industry's most comprehensive set of integrated, scalable, world class applications, across all our markets. Our ability to provide our customers with a full range of capabilities, for organizations of various sizes that can answer their various needs using a single vendor unified suite, gives us a strong market differentiation in today's drive for simplicity, cost savings and elimination of legacy silos.
- **Digital** - we enable businesses to deliver digital-first omnichannel experiences, responding to consumer needs on their preferred channel of choice wherever their experience journey begins, including the ability to service customers across multiple digital channels, provide secure digital banking and help public safety organizations shift to digital interaction and digital evidence environments.
- **AI** – we accelerate business transformation with AI-embedded natively across our platforms, making our applications and business processes smarter. Our domain expertise, advanced technology, and pre-built AI models create industry-leading solutions for all our market segments.
- **Data** – recognising the power of data, we consider data as a key component and a strategic asset across our portfolio and leverage it for creating frictionless experiences for consumers. We manage our customer data with security and compliance measures while leveraging it to equip our customers with a data-driven approach to manage their business, improve performance and identify customer insights.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Strategy and future developments (continued)

Strengthening our market leadership

Our brand, global reach, financial resources, extensive domain expertise and ability to deliver a wide array of solutions for large, as well as small and mid-sized organizations, will further anchor our market-leading position.

We plan to continue to develop our open cloud platforms for the Customer Engagement and Financial Crime and Compliance markets to enable unified integrated solutions that offer fast innovation and quick time to value. These platforms allow us to deepen our direct relationships with our customers, nurture our partner ecosystem and create new growth opportunities.

Help our on premises customers and new customers transform to the cloud

Our leading cloud platforms and domain expertise, along with our flexible maturity models, enable our customers to adopt cloud solutions and migrate to the cloud at the pace that matches their needs and preferences.

To support all of our customers and the different pace of their cloudification migration, we intend to continue offering our solutions in a variety of delivery models, which enable us to be flexible in effectively addressing our customers' needs.

Continuing to upsell our full solutions portfolio to our existing customer base

One of our main assets is our growing customer base. We believe there are many opportunities to expand, up-sell and cross-sell within our existing cloud customer base. This includes increasing our customers' exposure to the full breadth of our portfolio. We continue to provide our customers with new benefits by expanding the offering they already use and adding new products and solutions.

Continuing organic innovation and development, while also pursuing acquisitions

We intend to continue investing in innovation across our portfolio and platforms and augment our organic growth with additional acquisitions that will broaden our product and technology portfolio, expand our presence in selected verticals, adjacent markets and geographic areas, broaden our customer base, and increase our distribution channels.

Maximising the synergies across our businesses

At NICE, we value and promote a synergetic approach to our platforms and solutions. We will continue leveraging our solutions' common cloud architectures as well as on methodologies of capturing and analysing massive amounts of structured and unstructured data, providing real-time insight and driving process automation. Maximizing these synergies and cooperation between our business areas is a key pillar of our corporate strategy.

We have several joint offerings across our business segments and combined go-to-market efforts. We will continue leveraging our extensive complementary domain expertise, technological know-how, capabilities and development, in order to grow our business through additional cross-sell and up-sell opportunities.

Increasing our footprint in select geographical regions

As part of our growth strategy, we are expanding our business in select regions globally, where we can further grow and establish our presence in less penetrated, growing markets. We are doing this by leveraging our existing offering and growing partner ecosystem, in both the Customer Engagement business as well as the Financial Crime and Compliance business. We continue to expand our international partner network.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Strategy and future developments (continued)

Expanding our global partnerships

As part of our growth strategy, we are investing in expanding relationships with global go to market partners that we believe can accelerate our growth while ensuring the success of our customers. In addition, as part of our open platforms, we are enabling the success of our technology partners while providing a wider coverage and complementing our product offerings to bring unique value to our customers.

Research and Development

We believe that the development of new products and solutions and the enhancement of existing products and solutions are essential to our future success. Therefore, we intend to continue to devote substantial resources to research and new product and service development, and to continuously improve our systems and design processes in order to reduce the cost of our products and services.

Intellectual Property

We currently rely on a combination of trade secret, patent, copyright and trademark law, together with nondisclosure and non-compete agreements, to establish and/or protect the technology used in our systems.

Industry and technology trends

Following are the key cross-industry trends that we have identified as driving demand for our solutions:

- Organisations of all sizes are transitioning to open cloud platforms as the foundation for their applications to allow quick innovation cycles and business agility.
- Organizations are replacing complex, siloed legacy point solutions with cloud platforms that offer a complete suite of applications.
- Consumers and organizations are embracing digital transformation at an accelerated pace.
- Artificial Intelligence and Automation are disrupting businesses across all industries.

Customer engagement trends that are driving demand for our solutions:

- Increased use of advanced digital channels as first choice by consumers for interaction with organisations.
- Consumer expectation for a holistic experience that is effortless, contextual and consistent across all touchpoints has become a standard requirement.
- Organisations rely more on predictive analytics and AI to further improve customer experience as well as the general performance of the contact centre.
- Conversational intelligent virtual agents (IVAs) are being deployed to contain and deflect interactions into self-service.
- Adoption of Robotic Process Automation (RPA) solutions keep growing in the contact centre in order to increase agent efficiency and productivity while reducing costs.
- Organizations need to enable their employees the flexibility to work from anywhere, keep them highly engaged and offer a better work-life-balance.
- Organizations need to enable their supervisors to monitor the performance and needs of their remote workforce.
- Growing digital evidence, disconnected systems, manual work processes and staffing challenges are all impacting the ability of government agencies to deliver on the promise of timely justice.
- With Emergency Communications becoming more complex, and staff turnover at an all-time high, digital transformation is becoming critical.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties

The markets in which we operate are highly competitive and we may be unable to compete successfully.

The markets for our products, solutions and related services are, in general, highly competitive. Our competitors include a number of large, established software development vendors. Some of our principal competitors or potential competitors may have advantages over us, including greater resources, a broader portfolio of products, applications and services, greater brand recognition, larger patent and intellectual property portfolios and access to a larger customer base. These potential advantages would enable our competitors to better adapt to new market trends, emerging technologies or customer requirements or devote more resources to the marketing and sale of their products and services.

Additional competition from new potential entrants to our markets, including new technology vendors competing in specific areas of our business, may lead to the widespread availability and standardization of some of the products and services we provide, which could result in the commoditization of our products and services, reduce the demand for our products and services and drive us to lower our prices.

In light of the intense competition in our markets, successful development, positioning and sales execution of our offerings is a critical factor in our ability to successfully compete and maintain growth. Therefore, we must continue making significant expenditures on research and development and marketing and sales activities to compete effectively. In addition, our software solutions may compete with software developed internally by potential customers, as well as software and other solutions offered by competitors. We cannot ensure that the market awareness or demand for our new products, applications or services will grow as rapidly as we expect, or that the introduction of new products or technological developments or services by others will not adversely impact the demand for our offerings.

We may not be able to maintain and further expand the success in our cloud business.

Our cloud-based business has grown significantly, and therefore we are more dependent now on the success of this area of our business. If we are not able to compete effectively, generate significant revenues or maintain the profitability of our cloud business, or if we do not successfully execute our cloud strategy or anticipate the needs of our customers, including in relation to the pace of adoption of cloud-based solutions by large enterprises, our revenues could decline and our reputation may be adversely affected.

We rely on cloud computing platforms provided by third parties, including PaaS provided by strategic partners, such as Amazon and Microsoft. These cloud computing platforms may not continue to provide competitive features and functionality, or may not be available on commercially reasonable terms. We may be affected by the pricing of certain infrastructure services, such as in the area of PaaS and network connectivity, which could in turn affect the rates we offer to our customers.

In addition, some of our customers may not accept the use of such services or particular platform. The inability to use any of these hardware, software or cloud computing platforms could have a material adverse impact on our business, increase our expenses and otherwise result in delays in providing our services until equivalent technology is either developed by us, or obtained through purchase or license and integrated into our services. In addition, to the extent that we suffer periods of unavailability of our service for reasons related to PaaS providers, we may be contractually obligated to provide our customers with credits for future services, and in some cases refunds, or be liable for penalties. Any such extended service outages could harm our reputation, revenue and operating results.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal risks and uncertainties (continued)

Our inability to respond to the rapid technological changes and frequent new products and service introductions in the markets in which we operate.

We operate in several markets, each characterized by rapidly changing technology, new product introductions and evolving industry standards. The introduction of products and services embodying new technology and the emergence of new industry standards might exert price pressures on our offerings or render them obsolete. Our markets are also characterized by consistent demand for state-of-the-art technology and products. Existing and potential competitors might introduce new and enhanced products and services that could adversely affect the competitive position of our offerings.

We believe that our ability to anticipate changes in technology and industry standards and to successfully develop and introduce new, enhanced and differentiated products and services, on a timely basis, in each of the markets in which we operate, is a critical factor in our ability to grow our business. As a result, we expect to continue to make significant expenditures on research and development, particularly with respect to new software applications, which are continuously required in all our business areas. In the event that we do not anticipate changes in technology or industry practices or fail to timely address market needs or not be able to provide the products and services that are in demand, or should customer adoption of new technologies be slower than we anticipate, we may lose market share and our results of operations may be materially adversely affected.

In addition, some of our offerings must readily integrate with customers' systems of record and data sources, consumer facing front-office applications and back-office business operations systems. Any changes to these third-party systems could require us to redesign our products, and any such redesign might not be possible on a timely basis or achieve market acceptance.

We cannot assure that the market or demand for our offerings will be sustained or grow as rapidly as we expect, that we will successfully develop new products and applications, that such new products and applications will achieve market acceptance, or that the introduction of new products, services or technological developments by others, including artificial intelligence technologies, will not render our products and services obsolete. Our inability to develop products and services that are competitive in technology and price and responsive to customer needs could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to successfully execute our growth strategy.

Our strategy is to continue investing in, enhancing and securing our business and operations and growing our business, both organically and through acquisitions. Investments in, among other things, new markets, products, solutions, and technologies, research and development, infrastructure and systems, geographic expansion, and additional qualified and experienced personnel, are critical to achieving our growth strategy. Growth of our revenue depends on the success of all these factors, including our ability to capture market share, attract new customers, develop our strategic partnerships, introduce our offerings to new global markets, strengthen and improve our offerings through significant investments in research and developments and successfully consummate and integrate acquisitions.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Principal risks and uncertainties (continued)

Our business could be materially adversely affected as a result of the risks associated with acquisitions and investments. In particular, we may not succeed in making additional acquisitions or be effective in integrating such acquisitions.

As part of our growth strategy, we made a number of acquisitions over the last several years and expect to continue to complete acquisitions and investments in the future. As we continue to evaluate strategic opportunities, there can be no assurance that we will be successful in closing additional acquisitions. Even if we are successful in making additional acquisitions, integrating an acquired business into our operations or investing in new technologies may: (1) result in unforeseen operating difficulties and large expenditures; and (2) absorb significant management attention that would otherwise be available for the ongoing development of our business, both of which may result in the loss of key customers or personnel and expose us to unanticipated liabilities.

In recent years, several of our competitors have also completed acquisitions of companies in our markets or in complementary markets. As a result, it may be more difficult for us to identify suitable acquisitions or investment targets or to consummate acquisitions or investments once identified on acceptable terms or at all. If we are not able to execute on our acquisition strategy, we may not be able to achieve our growth strategy, may lose market share, or may lose our leadership position in one or more of our markets.

Future acquisitions or investments may also require us to incur contingent liabilities, amortization expenses related to intangible assets and impairment of goodwill, any of which could have a material adverse effect on our operating results and financial condition.

Changes in the legal and regulatory environment could materially and adversely affect our business, results of operations and financial condition.

Our business, results of operations and financial condition could be materially and adversely affected if laws, regulations or standards relating to our business and products, us or our employees (including labour laws and regulations) are changed or new ones are implemented.

While we attempt to prepare in advance for such new or changed requirements and standards, we cannot assure that we will be successful in our efforts, that such changes will not negatively affect the demand for our products and services, or that our competitors will not be more successful or prepared than us.

Alternatively, any substantial changes resulting in a reduction in the implementation or elimination of rules and regulations that apply to a certain sector of our business, such as deregulation in the area of compliance, could result in a decrease in demand by customers, which could materially and adversely affect our business and results of operations.

Conditions and changes in the local and global economic environments may adversely affect our business and financial results.

Adverse economic conditions in markets or regions in which we operate can harm our business. Our results of operations can be affected by adverse changes in local and global economic conditions, slowdowns, recessions and economic instability. To the extent that our business suffers as a result of such unfavourable economic and market conditions our operating results may be materially adversely affected.

In particular, enterprises may reduce spending in connection with their contact centres, financial institutions may reduce spending in relation to trading floors and operational risk management (as IT-related capital expenditures are typically lower priority in times of economic slowdowns), and our customers may prioritize other expenditures over our solutions. In addition, enterprises' ordering and payment patterns are influenced by market conditions and could cause fluctuations in our quarterly results. If any of the above occurs, and our customers or partners significantly reduce their spending or significantly delay or fail to make payments to us, our business, results of operations, and financial condition would be materially adversely affected.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal risks and uncertainties (continued)

In addition, our operations may be subject to the effects of the rising rate of inflation. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.


Disruption to the global economy could also result in a number of follow-on effects in addition to a slow-down in our business and increased costs, including a possible (i) negative impact on our liquidity, financial condition and share price, which may impact our ability to raise capital in the market, obtain financing and secure other sources of funding in the future on terms favourable to us, and (ii) decrease in the value of our assets that are deemed to be other than temporary, which may result in impairment losses.

Our business, facilities or operations could be adversely affected by events outside of our control, such as natural disasters or health epidemics.

Natural disasters or other unexpected events that adversely affect the business climate in any of our markets could have a material adverse effect on our business, financial condition and results of operations. Our business operations may be subject to interruption by natural disasters, fire, power shortages, telecommunications failures, pandemics and epidemics, cyberattack, terrorist attack and other events beyond our control which could cause delays in completing sales, providing services, or performing other critical functions. Although we maintain disaster recovery and business continuity plans, such events could make it difficult or impossible for us to deliver our products and services to our customers, and could decrease the demand for our offerings.

The occurrence of regional epidemics or a global pandemic, such as COVID-19, may adversely affect our operations, financial condition, and results of operations. The COVID-19 pandemic has had widespread, evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. The extent to which global pandemics impact our business going forward will depend on factors such as the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity, including the possibility of recession or financial market instability.

This report was approved by the board and signed on its behalf by:

DocuSigned by:

83AAC36AE7B64D6...

S Duliman
Director

Date: September 29, 2023

NICE SYSTEMS TECHNOLOGIES UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present their report and the audited financial statements for NICE Systems Technologies UK Limited ('the Company') for the year ended 31 December 2022.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £7,920,889 (2021: loss of £2,829,310).

The Directors do not recommend the payment of a dividend for the year (2021: £nil).

Directors

The Directors who served during the year and to the date of this report were:

D Rhodes (resigned 14 February 2022)
S L Joyce-Phillips (appointed 14 February 2022, resigned 11 October 2022)
D J Rushworth (appointed 21 April 2022)
S Duliman (appointed 27 October 2022)

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report. No claim or notice of claim in respect of these indemnities has been received in the year.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2022

Matters covered in the Strategic Report

As permitted by Paragraph 1A of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 certain matters which are required to be disclosed in the Directors' Report have been omitted as they are included in the Strategic Report. These matters relate to future developments, and research and development activities.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there are no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Going concern


The Directors, at the time of approving the financial statements, have considered the operating budget and forecast for a period of twelve months and have determined there is a reasonable expectation that the group has adequate resources to continue to support the Company for at least twelve months from the date of signing these financial statements. The Company is dependent on its ultimate parent company, NICE Limited, and the Directors of that company have expressed a willingness to support the Company for a period of at least twelve months following the signing of these financial statements.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf by:

DocuSigned by:

83AAC36AE7B64D6...

S Duliman
Director

Date: September 29, 2023

NICE SYSTEMS TECHNOLOGIES UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NICE SYSTEMS TECHNOLOGIES UK LIMITED

Opinion

We have audited the financial statements of NICE Systems Technologies UK Limited (the 'Company') for the year ended 31 December 2022 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NICE SYSTEMS TECHNOLOGIES UK LIMITED

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NICE SYSTEMS TECHNOLOGIES UK LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, WEEE regulations and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation and the Companies Act 2006.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NICE SYSTEMS TECHNOLOGIES UK LIMITED

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to shared-based payment expenses and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:


- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.


Lesley Fox (Sep 29, 2023 10:33 GMT+1)

Lesley Fox (Senior statutory auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

5th Floor, Merck House
Seldown Lane
Poole
Dorset
BH15 1TW

Date: Sep 29, 2023

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 £	2021 £
Turnover	4	18,632,192	12,290,313
Cost of sales		(23,744,873)	(13,916,738)
Gross loss		<u>(5,112,681)</u>	<u>(1,626,425)</u>
Administrative expenses		(3,962,040)	(1,239,599)
Operating loss	5	<u>(9,074,721)</u>	<u>(2,866,024)</u>
Interest payable and similar expenses	9	(492,337)	(248,452)
Loss before tax		<u>(9,567,058)</u>	<u>(3,114,476)</u>
Tax credit on loss	10	1,646,169	285,166
Loss for the financial year		<u><u>(7,920,889)</u></u>	<u><u>(2,829,310)</u></u>

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations.

There was no other comprehensive income for 2022 (2021:£nil).

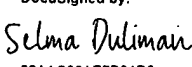
The notes on pages 18 to 35 form part of these financial statements.

NICE SYSTEMS TECHNOLOGIES UK LIMITED
REGISTERED NUMBER: 02795958

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	11	10,091,632	949
Tangible assets	12	67,948	67,783
		<u>10,159,580</u>	<u>68,732</u>
Current assets			
Debtors: amounts falling due within one year	13	18,099,481	11,654,215
Cash at bank	14	2,847,610	6,285,431
		<u>20,947,091</u>	<u>17,939,646</u>
Creditors: amounts falling due within one year	15	(50,425,427)	(33,797,083)
Net current liabilities		<u>(29,478,336)</u>	<u>(15,857,437)</u>
Total assets less current liabilities		<u>(19,318,756)</u>	<u>(15,788,705)</u>
Provisions for liabilities			
Deferred tax	16	(2,479,222)	-
Provisions	17	(121,429)	(160,858)
		<u>(2,600,651)</u>	<u>(160,858)</u>
Net liabilities		<u>(21,919,407)</u>	<u>(15,949,563)</u>
Capital and reserves			
Called up share capital	18	62,640	62,640
Share premium account	19	26,745,449	26,745,449
Profit and loss account	19	(48,727,496)	(42,757,652)
Total equity		<u>(21,919,407)</u>	<u>(15,949,563)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by by:

DocuSigned by:

83AAC36AE7B64D6...
S Duliman
Director

Date: September 29, 2023

The notes on pages 18 to 35 form part of these financial statements.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2021	62,640	26,745,449	(40,377,632)	(13,569,543)
Comprehensive loss for the year				
Loss for the year	-	-	(2,829,310)	(2,829,310)
Total comprehensive loss for the year	-	-	(2,829,310)	(2,829,310)
Share-based payments	-	-	449,290	449,290
At 1 January 2022	62,640	26,745,449	(42,757,652)	(15,949,563)
Comprehensive loss for the year				
Loss for the year	-	-	(7,920,889)	(7,920,889)
Total comprehensive loss for the year	-	-	(7,920,889)	(7,920,889)
Share-based payments	-	-	1,951,045	1,951,045
At 31 December 2022	62,640	26,745,449	(48,727,496)	(21,919,407)

The notes on pages 18 to 35 form part of these financial statements.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

NICE Systems Technologies UK Limited is a private company limited by shares and incorporated in England and Wales, registration number 02795958. The address of its registered office is Tollbar House, Tollbar Way, Hedge End, Southampton, Hampshire, SO30 2ZP.

The Company is a software enterprise engaged in the development of intelligent systems for enterprise automation in the Customer Engagement market, supporting end of life software solutions for market surveillance to financial institutions for the Financial Crime & Compliance markets and providing software research and development services, in the public safety domain.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements are presented in GBP which is the currency of the primary economic environment in which the Company operates and are rounded to the nearest Pound.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of NICE Limited as at 31 December 2022 and these financial statements may be obtained from 22 Zarchin Street, Ra'anana, Israel 43101.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.3 Going concern

The Directors, at the time of approving the financial statements, have considered the operating budget and forecast for a period of twelve months and have determined there is a reasonable expectation that the group has adequate resources to continue to support the Company for at least twelve months from the date of signing these financial statements. The Company is dependent on its ultimate parent company, NICE Limited, and the Directors of that company have expressed a willingness to support the Company for a period of at least twelve months following the signing of these financial statements.

Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

2.4 Turnover

Turnover comprises recharges to group companies for the use of software products owned by this entity.

2.5 Intangible assets

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. The Company has elected to apply the accounting policy choice under section 18.8 of FRS 102 to recognise intangible assets which are either separable or contractual. This choice has been made to align with the accounting principles of the ultimate parent company and will be applied to all future business combinations.

Intangible assets are amortised on a straight line basis over their useful lives, which are as follows:

Core Technologies	-	5 years
Software	-	4 years

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.5 Intangible assets (continued)

Goodwill

Goodwill arising on acquisitions is capitalised, classified as an asset on the Balance Sheet and amortised on a straight-line basis over its economic useful life up to a maximum of ten years.

Goodwill is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply. Impairment losses are reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.6 Tangible fixed assets**

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the Company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful life.

Depreciation is provided on the following basis:

Fixtures & fittings	-	12% straight line
Computer equipment	-	33% straight line

Depreciation is charged to administrative expenses in the Profit and Loss Account.

2.7 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.9 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.10 Foreign currency translation

Functional and presentation currency

The Company's functional and presentation currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.11 Interest payable and similar expenses

Interest payable and similar expenses are recognised in the Profit and Loss Account in the year in which they are incurred.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)**2.12 Share based payments - Equity settled transactions**

The cost of equity settled transactions with employees is measured by reference to fair value at the date at which they are granted and is recognised as an expense over the vesting periods, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expenses since the previous balance sheet date is recognised in the Profit and Loss Account, with the corresponding entry in equity.

Where the terms of the equity-settled transaction are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the Profit and Loss Account for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the Profit and Loss Account.

2.13 Pensions**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in Profit and Loss account except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.16 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company's significant accounting policies are stated in note 2. Not all of these significant policies require the management to make difficult, subjective or complex judgements or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgement and estimation involved in their application and their impact on these financial statements.

Judgements and estimates are reviewed on an ongoing basis and actual results may differ from these estimates. The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.1 Critical judgements in applying the Company's accounting policies

The Directors do not consider there to be any critical judgements made in the process of applying the Company's accounting policies.

3.2 Key sources of estimation uncertainty*i) Share-based payments*

Share-based compensation cost is estimated at the grant date based on the fair value of the award and is recognised as expense ratably over the requisite service period of the award. We estimate the fair value of stock options granted using the Black-Scholes-Merton option-pricing model and value restricted stock based on the market value of the underlying shares at the date of grant. We recognise compensation cost using the graded vesting attribution method that results in an accelerated recognition of compensation costs.

The fair value of an award is affected by our stock price on the date of grant and other assumptions, including the estimated volatility of our stock price over the term of the awards and the estimated period of time that we expect employees to hold their stock options. Share-based compensation expense recognised in the financial statements is reduced for estimated forfeitures.

ii) Fair value of Tangible and Intangible assets

The Company allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, management makes significant estimates and assumptions, especially with respect to intangible assets.

Significant estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows from customer relationships, acquired technology and acquired trademarks from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

4. Turnover

Turnover comprises recharges to group companies for the use of software products owned by this entity. Due to the absence of transactions with third parties an analysis by geographical location has not been included.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

5. Operating loss

The operating loss is stated after charging/(crediting):

	2022	2021
	£	£
Amortisation of intangible assets	2,912,502	592
Depreciation of tangible assets	63,438	54,798
Research & development charged as an expense	14,236,544	11,823,888
Exchange differences	19,545	(40,629)
	<u> </u>	<u> </u>

6. Auditor's remuneration

	2022	2021
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	24,000	22,500
	<u> </u>	<u> </u>

7. Employees

Staff costs were as follows:

	2022	2021
	£	£
Wages and salaries	9,389,683	5,994,747
Social security costs	1,011,157	718,510
Cost of defined contribution scheme	425,959	287,034
	<u> </u>	<u> </u>
	<u>10,826,799</u>	<u>7,000,291</u>

The average monthly number of employees, including the Directors, during the year was as follows:

	2022	2021
	No.	No.
Administration	1	1
Research and development	105	77
Sales and marketing	2	3
	<u> </u>	<u> </u>
	<u>108</u>	<u>81</u>

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

8. Directors' remuneration

The Directors' remuneration is all borne by another company within the Group.

The Directors do not consider there to be any other key management personnel.

9. Interest payable and similar expenses

	2022	2021
	£	£
Interest on loans from group undertakings	492,337	248,452
	<u>492,337</u>	<u>248,452</u>

10. Taxation

	2022	2021
	£	£
Corporation tax		
Current tax on profits for the year	-	27,991
Adjustments in respect of previous periods	(614,176)	-
Other	(478,636)	(313,157)
Total current tax	<u>(1,092,812)</u>	<u>(285,166)</u>
Deferred tax		
Origination and reversal of timing differences	(553,357)	-
Total deferred tax	<u>(553,357)</u>	<u>-</u>
Total tax credit on loss	<u>(1,646,169)</u>	<u>(285,166)</u>

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

10. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2021: higher than) the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are explained below:

	2022 £	2021 £
Loss before tax	(9,567,058)	(3,114,476)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	(1,817,741)	(591,750)
Effects of:		
Group relief surrendered	-	699,313
Capital allowances for year in excess of depreciation	(5,414)	(4,081)
R&D expenditure credit	(366,363)	(239,700)
Movement in deferred tax not recognised	2,372,466	(283,082)
Share based payment adjustment	242,743	28,180
Timing differences not recognised in the computation	(334,935)	105,954
Adjustments to tax charge in respect of previous periods	(614,176)	-
Remeasurement of deferred tax for changes in tax rates	(569,392)	-
Movement in deferred tax liability	(553,357)	-
Total tax credit for the year	(1,646,169)	(285,166)

Deferred tax

The Company has taxable losses to carry forward against future taxable profits resulting in an unrecognised deferred tax asset of £12,462,715 (2021: £9,508,003) due to the uncertain timing over the generation of future taxable profits.

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

11. Intangible assets

	Software £	Goodwill £	Core Technology £	Total £
Cost				
At 1 January 2022	2,625	18,367,484	-	18,370,109
Additions	-	-	13,003,185	13,003,185
Disposals	(1,775)	-	-	(1,775)
At 31 December 2022	850	18,367,484	13,003,185	31,371,519
Amortisation				
At 1 January 2022	1,676	18,367,484	-	18,369,160
Charge for the year	99	-	2,912,403	2,912,502
On disposals	(1,775)	-	-	(1,775)
At 31 December 2022	-	18,367,484	2,912,403	21,279,887
Net book value				
At 31 December 2022	850	-	10,090,782	10,091,632
At 31 December 2021	949	-	-	949

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

12. Tangible assets

	Fixtures & fittings £	Computer equipment £	Total £
Cost			
At 1 January 2022	4,233	198,106	202,339
Additions	-	94,891	94,891
Disposals	(4,233)	(75,408)	(79,641)
At 31 December 2022	-	217,589	217,589
Depreciation			
At 1 January 2022	4,201	130,355	134,556
Charge for the year	32	63,316	63,348
Disposals	(4,233)	(44,030)	(48,263)
At 31 December 2022	-	149,641	149,641
Net book value			
At 31 December 2022	-	67,948	67,948
At 31 December 2021	32	67,751	67,783

13. Debtors: amounts falling due within one year

	2022 £	2021 £
Amounts owed by group undertakings	16,295,769	11,154,536
Other debtors	200,906	122,458
Prepayments	224,827	92,055
Tax recoverable	1,377,979	285,166
	<u>18,099,481</u>	<u>11,654,215</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	2,847,610	6,285,431
	<u>2,847,610</u>	<u>6,285,431</u>

15. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	574,874	455,142
Amounts owed to group undertakings	48,681,546	29,650,572
Other taxation and social security	13,643	10,410
Other creditors	39,612	1,823
Accruals and deferred income	1,115,752	3,679,136
	<u>50,425,427</u>	<u>33,797,083</u>

Included within amounts owed to group undertakings is a balance of £7,429,741 (2021: £7,429,741) which is unsecured, attracts interest at a rate of 2.5% + SONIA, and is repayable on demand. Also included within amounts owed to group undertakings is a balance of £6,908,680 (2021: £6,908,680) which is unsecured, attracts interest at a rate 0.75% above the Bank of England base rate, and is repayable on demand. The remaining balance is unsecured, interest free, and repayable on demand.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

16. Deferred taxation

	2022 £
At beginning of year	-
Arising on acquisition of intangible assets	(3,032,579)
Credit to profit and loss	553,357
At end of year	(2,479,222)

The deferred taxation balance is made up as follows:

	2022 £
Fair value of intangible assets	(2,479,222)
	(2,479,222)

17. Provisions

	National Insurance on Share Options £
At 1 January 2022	160,858
Utilised in year	(39,429)
At 31 December 2022	121,429

National Insurance on share options

The provision relates to the National Insurance on the share options issued in the Parent Company and controlling party, NICE Limited. The amount of National Insurance payable depends upon the number of employees who remain with the Company and exercise their options, the market price of the parent undertaking's ordinary shares at the time of exercise and the prevailing National Insurance rates at the time. A provision has been made taking into account the above factors and movements in the market value of the parent undertaking's shares up to 31 December 2022.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

18. Called up share capital

	2022	2021
	£	£
Allotted, called up and fully paid		
122,080,000 (2021: 122,080,000) Ordinary shares of £0.0005 each	61,040	61,040
3,200,000 (2021: 3,200,000) Ordinary Class B shares of £0.0005 each	1,600	1,600
	<u>62,640</u>	<u>62,640</u>

The Company has two classes of ordinary shares. Ordinary shares have the right to one vote per share but no right to fixed income. Ordinary Class B shares shall not carry the right to attend or vote at general meetings and no right to fixed income.

19. Reserves**Share premium account**

This account represents the consideration received by the Company in exchange for newly issued shares, which is in excess of the nominal value of those shares issued.

Profit and loss account

This account represents the cumulative profits and losses of the Company.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

20. Business combinations

On 1 January 2022, the Company completed the acquisition of the development business of ContactEngine Limited, a leading AI automation provider for customer self-service. The Company acquired the business for total consideration of £13,134,912 settled through intercompany.

As at the acquisition date the Company recorded core technology assets of £13,004,035. The estimated useful life of the core technology is five years.

An analysis of all of the net identifiable assets has been conducted below:

	Book value £	Fair value adjustments £	Fair value £
Core Technology	-	13,004,035	13,004,035
Debtors	206,438	-	206,438
Creditors	2,957,017	-	2,957,017
Deferred Tax Liability	-	(3,032,579)	(3,032,579)
Total Identifiable net assets	3,163,455	9,971,456	13,134,911
Goodwill			-
Total purchase consideration			13,134,911
Consideration			
			£
Intercompany			13,134,911

21. Pension commitments

During the year the Company operated a funded defined contribution Group Personal Pension Plan for eligible employees. The assets of the plan are held separately from those of the Company. The total contributions to the scheme for the period were £425,959 (2021: £287,034). At the year end contributions of £nil (2021: £nil) were outstanding.

22. Related party transactions

The Company has taken advantage of the exemption in Financial Reporting Standard 102, Section 33, from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

NICE SYSTEMS TECHNOLOGIES UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Post balance sheet events

There have been no significant events affecting the Company since the year end.

24. Ultimate parent undertaking and controlling party

The immediate parent company of NICE Systems Technologies UK Limited is NICE Systems UK Limited, a company incorporated in the UK and registered in England & Wales. The ultimate parent company and controlling party is NICE Limited, a company incorporated in Israel. NICE Limited is the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements of NICE Limited can be obtained from 22 Zarchin Street, Ra'anana, Israel 43101.