Investor Day 2019
Executing on a new era of growth

December 10, 2019
Nasdaq MarketSite, NYC
Forward Looking Statements & Non-GAAP Financial Measures

Statements in this presentation regarding future performance and our future expectations, beliefs, goals, plans or prospects constitute forward-looking statements for purposes of federal and state securities laws. Any statements that are not statements of historical fact (including statements containing the words “believes,” “plans,” “anticipates,” “expects,” “intends” or “estimates” or similar expressions) should also be considered to be forward-looking statements. There are a number of important factors that could cause our actual results, performance and achievements, or industry results, to differ materially from those indicated by such forward-looking statements, including but not limited to: the effects of competition, including pricing pressure, and changing business models in the markets and industries in which we operate; fluctuations in demand for our existing and future products; changes to economic, political, and regulatory conditions in the United States and internationally; our ability to attract and retain key personnel; further unanticipated costs resulting from our FY17 malware incident; our ability to control and successfully manage our expenses and cash position; potential future cybersecurity and data privacy incidents or breaches; our ability to comply with applicable domestic and international laws and policies; fluctuating currency rates; possible quality issues in our products and technologies; our ability to realize anticipated synergies from acquired businesses, to cut stranded costs related to divested businesses, and to capture the expected value from strategic transactions including the spin-off of our Automotive business; and the other factors described in our most recent Form 10-K, Form 10-Q and other filings with the Securities and Exchange Commission. We do not intend, and undertake no obligation, to update any forward-looking statements.

This presentation also includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles, or GAAP. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. Reconciliations of the non-GAAP measures used in this presentation to the most directly comparable GAAP measures are included in the appendix hereto.
<table>
<thead>
<tr>
<th>Time</th>
<th>Presenter</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>08:00 - 08:05</td>
<td>Tracy Krumme, SVP, IR</td>
<td>Welcome</td>
</tr>
<tr>
<td>08:05 - 08:30</td>
<td>Mark Benjamin, CEO</td>
<td>The New Nuance: Unlocking our Full Growth Potential</td>
</tr>
<tr>
<td>08:30 - 08:45</td>
<td>Robert Dahdah, CRO</td>
<td>Maximizing Sales Structure to Pivot to the Cloud</td>
</tr>
<tr>
<td>08:45 - 09:00</td>
<td>Joe Petro, CTO</td>
<td>Innovating to Drive Growth</td>
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<tr>
<td>09:00 - 09:20</td>
<td>Q&amp;A with Mark, Rob &amp; Joe</td>
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<tr>
<td>09:20 - 09:35</td>
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<td>Break &amp; demos</td>
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<tr>
<td>09:35 - 10:05</td>
<td>Peter Durlach, SVP, Healthcare</td>
<td>Healthcare: AI Innovation, Strong Differentiation and Growing SaaS</td>
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<td></td>
<td></td>
<td>Revenue Driving Accelerated Growth</td>
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<tr>
<td>10:05 - 10:25</td>
<td>Brenda Hodge, CMO (moderator)</td>
<td>Healthcare Customer Spotlight</td>
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<tr>
<td>10:25 - 10:35</td>
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<td>Transition to ACI demo</td>
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<td>10:35 - 10:55</td>
<td>Kenn Harper, VP, Healthcare</td>
<td>ACI Demonstration</td>
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<td>10:55 - 11:10</td>
<td>Q&amp;A with Mark, Pete &amp; Kenn</td>
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<tr>
<td>11:10 - 11:20</td>
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<td>Transition from ACI demo</td>
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<tr>
<td>11:55 - 12:10</td>
<td>Dan Tempesta, CFO</td>
<td>The New Nuance: Scaling Growth; Driving Value</td>
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<tr>
<td>12:10 - 12:30</td>
<td>Q&amp;A with Mark, Dan, Robert &amp; Rob</td>
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<td>12:30 - 01:00</td>
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<td>Lunch / meet &amp; greet management / demos</td>
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</table>
The New Nuance: Unlocking our Full Growth Potential

Mark Benjamin / CEO
The New Nuance

1. We successfully executed on our transformation

2. Strong market position in fast growing verticals

3. Our three pillar strategy is unlocking our full growth potential
Agenda

Executing on our transformation

Strong market position in fast growing verticals

Three pillar strategy to maximize our potential
Nuance is Entering a New Era of Growth

Pre-2018

- Built Foundation
  - Built leading AI solutions to improve interactions and workflows

2018 - 2019

- Transformation
  - Simplified portfolio, governance to strategy to refocus on growth

2019+

- Executing on Growth
  - Disciplined execution of growth plays
Strong Foundation: Nuance is a Global Leader in the AI Market

- 85% of Fortune 100 partner with Nuance
- 90% of US hospitals use Nuance
- ~3,000 issued patents
- 80+ Languages available in speech engines
- 1,450 research & development employees
- 45+ countries where Nuance products are sold
The Transformation: Significant Progress Executing Our Strategic Plan

<table>
<thead>
<tr>
<th>1</th>
<th>Focused and Simplified Portfolio</th>
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<tbody>
<tr>
<td>✓</td>
<td>Spun-off Cerence, our automotive AI business, with ~$150M dividend paid</td>
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<tr>
<td>✓</td>
<td>Sold document imaging business for $400M</td>
</tr>
<tr>
<td>✓</td>
<td>Successful wind down of non-core segments, including SRS business</td>
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<tr>
<td>✓</td>
<td>Simplified organization and re-allocated resources to growth plays</td>
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<thead>
<tr>
<th>2</th>
<th>Stronger Leadership and Partnership</th>
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<tbody>
<tr>
<td>✓</td>
<td>Refreshed Board of Directors with 4 new members</td>
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<tr>
<td>✓</td>
<td>Appointed new Chief Revenue Officer, Rob Dahdah</td>
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<tr>
<td>✓</td>
<td>Partnered with Microsoft for ambient clinical intelligence (ACI) initiative</td>
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<th>3</th>
<th>Exceeded Performance Expectations</th>
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<tbody>
<tr>
<td>✓</td>
<td>Overdelivered on $50M in cost savings</td>
</tr>
<tr>
<td>✓</td>
<td>Exceeded margin and EPS expectations, delivering revenue near high end of range</td>
</tr>
<tr>
<td>✓</td>
<td>De-levered the business by ~$750M</td>
</tr>
<tr>
<td>✓</td>
<td>Redefined our purpose, principles and values</td>
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</table>
Our Growth is Fueled by SaaS Businesses and Constant Innovation in the Cloud

**2016 Healthcare Revenue**
- ARR (Cloud Subscription)
- 4% Non-recurring revenue
- 24% Other recurring revenue
- 28% HIM

**2019 Healthcare Revenue**
- ARR (Cloud Subscription)
- 21% Non-recurring revenue
- 30% Other recurring revenue
- 23% HIM

Nuance continuously grows its secure cloud based offerings
Our Growth is Fueled by New Partnerships
Building a Strong People-Centric Culture

INTELLIGENCE MAKES US MORE
## Our Leadership Team – Focused on Execution

### Administration

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<thead>
<tr>
<th>Name</th>
<th>Title and Role</th>
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<tbody>
<tr>
<td>Mark Benjamin</td>
<td>CEO</td>
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<td>Dan Tempesta</td>
<td>EVP and CFO</td>
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<td>Tom Beaudoin</td>
<td>EVP, Corporate Transformation</td>
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<td>Beth Conway</td>
<td>EVP, Chief People Officer</td>
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<td>Mark Sherwood</td>
<td>SVP and CIO</td>
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<td>Wendy Cassity</td>
<td>EVP and Chief Legal Officer</td>
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### Commercial

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<thead>
<tr>
<th>Name</th>
<th>Title and Role</th>
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<tbody>
<tr>
<td>Robert Dahdah</td>
<td>EVP and Chief Revenue Officer</td>
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<tr>
<td>David Garfinkel</td>
<td>SVP, Corporate Development</td>
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<td>Joe Petro</td>
<td>EVP and CTO</td>
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### Business and Technology

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<thead>
<tr>
<th>Name</th>
<th>Title and Role</th>
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<tbody>
<tr>
<td>Robert Weideman</td>
<td>EVP and GM, Enterprise</td>
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<tr>
<td>Peter Durlach</td>
<td>SVP, Healthcare Strategy</td>
</tr>
<tr>
<td>Michael Clark</td>
<td>SVP and GM, Healthcare</td>
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</table>

New to Nuance or newly promoted
Agenda

Executing on our transformation

Strong market position in fast growing verticals

Three pillar strategy to maximize our potential
What Differentiates Nuance?

1. Trusted partner in B2B, regulated verticals

2. 20+ year history in true AI / machine learning with unmatched domain expertise

3. Deeply embedded in mission-critical workflow

Strong defensible position in core markets
**DIFFERENTIATOR #1**

**Trusted Partner in B2B, Regulated Verticals**

### Healthcare

<table>
<thead>
<tr>
<th>#1 Clinical Documentation Software</th>
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<tbody>
<tr>
<td>THE UNIVERSITY OF TEXAS MD Anderson Cancer Center</td>
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<tr>
<td>UHS</td>
</tr>
<tr>
<td>Lahey Health</td>
</tr>
<tr>
<td>Duke Health</td>
</tr>
<tr>
<td>City of Hope</td>
</tr>
<tr>
<td>RUSH UNIVERSITY MEDICAL CENTER</td>
</tr>
<tr>
<td>THE BLACK BOOK 2019 CATEGORY LEADER</td>
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<tr>
<td>KLAS CATEGORY LEADER</td>
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<tr>
<td>healthcare100 informatics</td>
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</table>

### Enterprise

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<tr>
<th>#1 Conversational AI</th>
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<tr>
<td>#1 Enterprise Virtual Assistant</td>
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<tr>
<td>#1 Voice Biometrics Provider</td>
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</table>

### Telecom/CSP

| COMCAST |
| Deutsche Telekom |
| TELSTRA |
| vodafone |
| TalkTalk Group |
| metroPCS |

### Financial Services

| esurance |
| HSBC |
| RBS |
| BARCLAYS |
| Santander |
| USAA |
| TD Bank |

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**Nuance**
DIFFERENTIATOR #3
Deeply Embedded in Mission-Critical Customer Workflows

Warren Gefter, M.D.
Professor of Radiology
Penn Medicine
Significant Addressable Market Opportunity

**Healthcare**

- **2019**: $5.4B
- **2022-25**: $10B
- Growth opportunities:
  - International expansion
  - Ambulatory expansion
  - CAPD specialties
  - ACI
  - AI marketplace

**Enterprise**

- **2019**: $4.2B
- **2022-25**: $9.2B
- Growth opportunities:
  - Intelligent engagement
  - Security & Biometrics
  - Mid-market
  - International Expansion
Agenda

Executing on our transformation

Strong market position in fast growing verticals

Three pillar strategy to maximize our potential
Three Pillar Strategy to Unlock Nuance’s Full Potential

1. Win in our Growth Markets
2. Accelerate Innovation
3. Reallocate Resources to Unlock Growth

Strong Foundation
- Trusted partner of choice
- People-centric culture
- Innovation in all that we do
## STRATEGY #1

**Focused on Winning in our Growth Markets**

<table>
<thead>
<tr>
<th>Key Area</th>
<th>Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand in key Healthcare international markets</td>
<td>5</td>
<td>Prioritized international markets</td>
</tr>
<tr>
<td>Expand in community hospitals and ambulatory settings and mid-market in Enterprise</td>
<td>300+</td>
<td>Partners that help bring our solutions to market</td>
</tr>
<tr>
<td>Cross-sell our latest technology</td>
<td>20%+</td>
<td>Increase in salesforce for growth products</td>
</tr>
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</table>
## STRATEGY #2

### Five R&D Innovation Priorities to Drive Growth

<table>
<thead>
<tr>
<th>R&amp;D Pipeline</th>
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<tbody>
<tr>
<td><strong>1</strong> ACI expansion</td>
</tr>
<tr>
<td><strong>2</strong> Cloud migration and international expansion</td>
</tr>
<tr>
<td><strong>3</strong> Personalization and fraud prevention with biometrics</td>
</tr>
<tr>
<td><strong>4</strong> Next-generation DIY tools for AI</td>
</tr>
<tr>
<td><strong>5</strong> Industry and sub-specialty expansion</td>
</tr>
</tbody>
</table>
**STRATEGY #3**

Reallocating Internal Investment Toward Higher Growth Opportunities

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**Growth Plays**
- ACI
- CAPD
- DMO Ambulatory
- DMO International
- PowerScribe
- Security & Biometrics
- Intelligent Engagement

**Maintain / Manage Margin**
- IVR Voice
- CDI Services
- HIM Services

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**R&D**

**Sales & Marketing**
Continuing our Growth Trajectory

Growing ARR
Driving revenue growth
Expanding operating margin
IN SUMMARY

We are Building the New Nuance

1. We successfully executed on our transformation

2. Strong market position in fast growing verticals

3. Our three pillar strategy is unlocking our full growth potential

The New Nuance
Simpler, Growth Focused Company
Creating a High-Performance Sales Organization to Fuel Growth

Robert Dahdah / EVP & Chief Revenue Officer
Agenda

Building on a strong foundation

A new GTM approach

Strategies to accelerate growth
Building On a Strong Position in Key Verticals

<table>
<thead>
<tr>
<th>Healthcare Solutions</th>
<th>Enterprise Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>— ACI</td>
<td>— Security and Biometrics</td>
</tr>
<tr>
<td>— Dragon Medical and HIM</td>
<td>— Voice Engagement</td>
</tr>
<tr>
<td>— Clinical Documentation Improvement and Coding</td>
<td>— Virtual and Live Engagement</td>
</tr>
<tr>
<td>— Radiology Solutions</td>
<td>— Analytics</td>
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</tbody>
</table>

**Results**

- **Used by** 85% of Fortune 100 companies
- **More than 550,000 physicians** use Nuance
- **31B** customer interactions flow through Nuance solutions each year
- **90%** of all U.S. hospitals rely on Nuance Healthcare solutions
Strong Third-Party Endorsements of our Leading Capabilities

“Leader in Conversational AI for Customer Service”
- Forrester, 2019

“Nuance outstrips its rivals with its tools for human agents”
- Forrester, 2019

Named #1 Enterprise VA against 16 providers including LivePerson and IBM Watson
- Opus Research, 2019

“Undisputed Market Leader” in Intelligent Authentication
- Opus Research, 2019

“Unisputed Market Leader” in Intelligent Authentication
- Black Book Research, 2019

#1 End-to-End Coding, CDI, Transcription & Speech Recognition Technology Solution for 7th Consecutive Year
- Black Book Research, 2019

Nuance-supported brands have won 45 Stevie Awards for customer excellence

“This is #*@%*ing amazing”
- C-suite customer reaction to ACI demo
Agenda

Building on a strong foundation

A new GTM approach

Strategies to accelerate growth
Three Guiding Principles Driving Our Success

Alignment

Expansion

Acceleration
A New GTM Approach

<table>
<thead>
<tr>
<th></th>
<th>Then</th>
<th>Now</th>
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<tbody>
<tr>
<td>Growth</td>
<td>Inorganic, M&amp;A</td>
<td>Organic, partnerships</td>
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<tr>
<td>Markets</td>
<td>Many, diverse</td>
<td>Focused</td>
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<tr>
<td>Organization</td>
<td>Decentralized</td>
<td>Centralized</td>
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<tr>
<td>Cross-selling</td>
<td>Opportunistic</td>
<td>Strategic focus area</td>
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<tr>
<td>Culture</td>
<td>Inconsistent</td>
<td>Empowered</td>
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<tr>
<td>Metrics</td>
<td>NNB, EPS, TCV</td>
<td>ARR, CLV, ASP</td>
</tr>
</tbody>
</table>

NNB = Net New Bookings  TCV = Total Contract Value  CLV = Customer Lifetime Value  ASP = Annual Sales Productivity
Accelerating Growth with a High-Performance Sales Culture

- Aligning for Scale
- Repeatable Metrics and Systems
- Compensation Plans Aligned with Cloud Model
- Commercial Effectiveness
- Improving Productivity

A new sales approach to support Nuance’s transition to the cloud
Improving Sales Productivity and Execution

- Moved up sales kick off conference
- New compensation plans and account / territories
- Launched President’s Club ‘20
- Increased sales focus on Q1 with release of FastStart\textsuperscript{20} program
- Defined performance criteria
Our Distribution Sets Us Apart

**Key Vertical Markets**
- Financial Services
- Healthcare
- Telecommunications
- Government
- Retail

**Medium Enterprise**
- Direct sales / regional channel
- Regional / vertical VARs

**SMB and Specialty**
- Distributor VAR
- Specialty VAR
- Country VAR
- Dedicated specialty
- Inside sales

**Advantages**
- Broad, deep, and global
- Incredible customer relationships – trusted advisor and partner
- Global coverage with channels, direct, self serve, etc.
- Solutions are scalable, cloud / on prem / services
Agenda

Building on a strong foundation

A new GTM approach

Strategies to accelerate growth
Strategies to Expand and Win in our Growth Markets

1. Expand in key international markets

2. Expand in community hospitals and ambulatory settings, and mid-market in Enterprise

3. Cross-sell our latest technology
Expand in Key International Markets

Healthcare
- UK, Nordics, Germany, France, Australia, and Middle East

Enterprise
- Australia, Brazil, Japan, and Mexico
ST R A T E G Y  # 2

Expand in Community Hospitals and Ambulatory Settings, and Mid-Market Enterprise Customers

Healthcare
• Created dedicated Ambulatory sales force with seasoned sales leader
• Adding sales reps to reduce account portfolios

Enterprise
• Adding sales reps to intensify focus on mid-market accounts
• Increasing resources to support Security and Biometrics
STRATEGY #2

Accelerated Growth Through Key Partnerships

[Logos of various companies]
STRATEGY #3

Cross-Sell Our Latest Technology

• Increasing sales resources aligned to greatest market opportunities
• Increase penetration through add-ons, new solutions
• Leverage core technology across all verticals
Sales Goals Next 3 Years

- **20%** Total Bookings
- **85%** ARR
IN SUMMARY

Our Right to Win

• Building on an incredibly strong foundation
• New GTM approach will accelerate growth
• Significant actions already taken
• Long runway of sales growth opportunities ahead
Innovating to Drive Growth

Joe Petro / EVP & Chief Technology Officer
Agenda

A new approach to R&D

Core technology platform differentiation

Innovation priorities to drive growth
Powerful R&D Engine

$200M+
Annual R&D investment

1,450
Researchers and developers

Pioneer in Conversational AI
20+ years

Approximately
3,000 patents
Transformed from Silo Approach to Strong Vertical Focus

**ONE YEAR AGO**

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Enterprise</th>
<th>Automotive</th>
<th>Imaging</th>
<th>Devices SRS Other</th>
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<tbody>
<tr>
<td>Engines / SDKs / Tools</td>
<td>Engines / SDKs / Tools</td>
<td>Engines / SDKs / Tools</td>
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<td>Speech Recognition</td>
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<td>Speech Recognition</td>
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<td>NLP / NLU</td>
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<td>AI</td>
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<td>Data</td>
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**TODAY**

<table>
<thead>
<tr>
<th>Healthcare</th>
<th>Enterprise</th>
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<tbody>
<tr>
<td>Tools, Engines, SDKs, APIs, Analytics, Integrations, OEM / Partners</td>
<td></td>
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<tr>
<td>AI Algorithms, Neural Networks &amp; Models</td>
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<tr>
<td>Domain-Specific Data, Content, Knowledge Base</td>
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</table>
Agenda

A new approach to R&D

Core technology platform differentiation

Innovation priorities to drive growth
Nuance Key Technology Differentiators

Outcomes = \( f(\text{Cutting edge AI}) + \text{Data@scale} + \text{Learning loop} + \text{W-Flow integration}) \)

- Finely tuned and trusted solutions
- Enterprise grade
- Experienced team
### A CLOSER LOOK

Core Technology Platform Built for Deep Vertical Application

#### Healthcare

<table>
<thead>
<tr>
<th>Vertical-Specific Solutions</th>
<th>AI Learning Loop</th>
<th>Core Technology Platform</th>
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</thead>
<tbody>
<tr>
<td>Dragon Medical &amp; HIM Solutions</td>
<td>Clinical Documentation Improvement (CDI) &amp; Coding Solutions</td>
<td>Radiology Solutions</td>
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#### Enterprise

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<tr>
<th>IVR</th>
<th>Virtual Engagement</th>
<th>Live Engagement</th>
<th>Security &amp; Biometrics</th>
<th>Analytics</th>
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<tr>
<td>Voice Engagement</td>
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#### Tools, Engines, SDKs, APIs, Analytics, Integrations, OEM / Partners

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<thead>
<tr>
<th>EMR API's &amp; Interoperability</th>
<th>Cognitive AI</th>
<th>Enterprise API's &amp; Interoperability</th>
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<tbody>
<tr>
<td>Conversational AI</td>
<td>Summarization</td>
<td>Targeting Prediction</td>
</tr>
<tr>
<td>Cognitive AI</td>
<td>ASR</td>
<td>Rapid Dev Tools</td>
</tr>
<tr>
<td>Biometrics</td>
<td>TTS</td>
<td>Analytics</td>
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<td>NLU</td>
<td>Dialog</td>
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#### AI Algorithms, Neural Networks & Models

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<tbody>
<tr>
<td>Machine Learning</td>
<td>Deep Learning</td>
<td>Supervised</td>
<td>Unsupervised</td>
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#### Domain-Specific Data – Knowledge Base

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## A Closer Look

Deep Vertical-Specific Data, with Trusted Stewardship

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<tr>
<td><strong>544 million</strong></td>
<td>minutes of speech</td>
<td><strong>31 billion</strong></td>
<td>customer</td>
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<td></td>
<td>processed annually</td>
<td></td>
<td>interactions</td>
<td>annually</td>
</tr>
<tr>
<td><strong>427 million</strong></td>
<td>medical images</td>
<td><strong>1 billion</strong></td>
<td>customer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>shared annually</td>
<td></td>
<td>identifications</td>
<td>secured by</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>biometrics</td>
</tr>
<tr>
<td><strong>360 million</strong></td>
<td>radiology reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>processed annually</td>
<td><strong>16 billion</strong></td>
<td>digital</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>interactions</td>
<td>annually</td>
</tr>
<tr>
<td><strong>3 billion</strong></td>
<td>lines of medical</td>
<td><strong>13 billion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>transcription</td>
<td></td>
<td>voice</td>
<td>transactions</td>
</tr>
<tr>
<td><strong>300 million</strong></td>
<td>patient stories</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>captured / year</td>
<td><strong>400 million</strong></td>
<td>active</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>encrypted voice</td>
<td></td>
</tr>
<tr>
<td><strong>14+ billion</strong></td>
<td>cloud transactions</td>
<td></td>
<td>voice prints</td>
<td></td>
</tr>
</tbody>
</table>
A CLOSER LOOK

Unmatched Integration into Vertical-Specific Workflows

Healthcare

- Allscripts
- athenahealth
- Cerner
- eClinicalWorks
- Fujifilm
- MEDITECH
- Nuance
- Visage Imaging

Enterprise

- Amazon Alexa
- Amazon Connect
- Cortana
- IBM Watson
- Oracle
- Salesforce

PARTNERS

200+ EHR and health IT integrations

200+ EHR and health IT integrations

80% of systems integrators worldwide

PARTNERS

Dragon Medical & HiM Solutions
Clinical Documentation Improvement (CDI) & Coding Solutions
Radiology Solutions

Voice IVR
Live Engagement
Virtual Engagement
Security and Biometrics
Analytics
Agenda

A new approach to R&D

Core technology platform differentiation

Innovation priorities to drive growth
Reallocating Internal Investment Toward Higher Growth Opportunities

Expanding R&D as % of Sales

10% 2017
13% 2020

Focusing 80% of R&D on Innovation

Innovation ~80%
Maintenance ~20%
5 R&D Innovation Priorities to Drive Growth

R&D PIPELINE

1. ACI expansion
2. Cloud migration and international expansion
3. Personalization and fraud prevention with biometrics
4. Next-generation DIY tools for AI
5. Industry and sub-specialty expansion
IN SUMMARY

Leveraging Innovation Expertise to Accelerate Growth

• Leading the AI industry in innovation for 20+ years
• New R&D structure focused on maximizing returns and growth
• Clearly defined technology platform with vertical-specific content and differentiation
• Deep partnerships and integrations are key differentiators and will continue to serve us well
• Maximum leverage on every dollar
Healthcare: AI Innovation, Strong Differentiation and Growing SaaS Revenue Driving Accelerated Growth

Peter Durlach / Senior Vice President
Healthcare – market leadership and accelerating SaaS revenue

Leader in growing, attractive markets

Clear strategies for accelerating growth
Creating a World where Clinicians Take Care of Patients without Technology Getting in the Way

Our solutions help:

✓ Unburden clinicians, radiologists and care teams with efficient new ways to capture clinical information

✓ Bring real-time intelligence for better decision-making across the continuum of care
Leveraging Strong Market Leadership

90% of hospitals
Use Nuance solutions

300 million
Patient stories captured in a year

80%
Of U.S. radiologists use Nuance every day

6,500+
Connected Healthcare facilities for data and image exchange

10,000+
organizations
Use Nuance everyday

544 million
Minutes of real-time speech processed annually in the cloud

550,000+
Physicians using Dragon Medical every day in the U.S.

427 million
Medical images shared every year
With Diverse Revenue Streams and Growing Recurring Revenue

Revenue Breakdown (2019)

- Professional Services: 9%
- Clinical Documentation Capture: 57%
- Radiology and other: 26%
- Other M&S: 9%

Key Metrics (2019)

- Revenue: $984M
- Total serviceable market: ~$5.5B
- Recurring revenue: 79%
- Customers: >10,000
Delivering Strong Growth of ARR: Dragon Medical Cloud + Emerging Cloud Solutions

$ in millions

*ARR represents annual recurring revenue related to cloud subscriptions under contract
**Emerging ARR includes cloud subscriptions from Radiology and CDI product lines

---

<table>
<thead>
<tr>
<th>Year</th>
<th>Dragon Medical ARR</th>
<th>Emerging ARR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$63</td>
<td>$19</td>
</tr>
<tr>
<td>2017</td>
<td>$131</td>
<td>$22</td>
</tr>
<tr>
<td>2018</td>
<td>$213</td>
<td>$186</td>
</tr>
<tr>
<td>2019</td>
<td>$298</td>
<td>$257</td>
</tr>
<tr>
<td>2020 Guidance</td>
<td>$375-$400</td>
<td>$60-$70</td>
</tr>
</tbody>
</table>

Dragon Medical ARR
Emerging ARR

~+30%
Based on Unmatched Healthcare Solutions Powered by a Common and Highly Optimized AI Technology Platform

**Healthcare**

Ambient Clinical Intelligence and Virtual Assistants

<table>
<thead>
<tr>
<th>Dragon Medical and HIM solutions</th>
<th>Clinical Documentation Improvement (CDI) and Coding solutions</th>
<th>Radiology solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allscripts®</td>
<td>athenahealth</td>
<td>Epic</td>
</tr>
<tr>
<td>FUJIFILM</td>
<td>MEDITECH</td>
<td>NVIDIA</td>
</tr>
</tbody>
</table>

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### Driving Meaningful and Differentiated Outcomes from Bedside to Boardroom

<table>
<thead>
<tr>
<th>Improved Physician &amp; Care Team Experience</th>
<th>Financial Integrity</th>
<th>Improved Quality and Compliance</th>
<th>Improved Patient Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2 hours</strong> Freed per clinicians per shift, administrative tasks automated</td>
<td><strong>$1 billion</strong> Of appropriate reimbursement captured</td>
<td><strong>36%</strong> Increased capture of extreme severity of illness</td>
<td><strong>Up to 40%</strong> Reduction in duplicate imaging and unnecessary repeat scans</td>
</tr>
<tr>
<td><strong>87%</strong> Fewer radiology phone call interruptions</td>
<td><strong>Up to 100%</strong> Transcription costs reduced</td>
<td><strong>24%</strong> Increased capture of Risk of mortality</td>
<td><strong>Up to 3 days</strong> Reduced length of stay due to early radiology interventions</td>
</tr>
<tr>
<td><strong>98%</strong> Of Physicians recommend Dragon Medical One</td>
<td><strong>75%</strong> Reduction in unbilled surgical cases</td>
<td><strong>82%</strong> Increase in follow-up tracking</td>
<td></td>
</tr>
</tbody>
</table>

Improved Financial Integrity

- **$1 billion** Of appropriate reimbursement captured
- **Up to 100%** Transcription costs reduced
- **36%** Increased capture of extreme severity of illness
- **24%** Increased capture of Risk of mortality
- **82%** Increase in follow-up tracking

Improved Quality and Compliance

- **98%** Of Physicians recommend Dragon Medical One
- **87%** Fewer radiology phone call interruptions
- **98%** Of Physicians recommend Dragon Medical One
- **75%** Reduction in unbilled surgical cases
- **82%** Increase in follow-up tracking
- **Up to 3 days** Reduced length of stay due to early radiology interventions
Agenda

Healthcare – market leadership and accelerating SaaS revenue

Leader in growing, attractive markets

Clear strategies for accelerating growth
Strong Secular Market Trends Driving Demand for Our Solutions

**Clinician Burnout**

- **40-60%**
  - Physicians are burned out

**Financial Pressure**

- **-15.8%**
  - Margins by 2021 for hospitals operating business as usual

**Hospital Consolidation**

- **53%**
  - Rise in hospital consolidation in Q319

**Patients Want Better Experience**

- **92%**
  - Hospitals struggle to meet patient expectations

**Compliance Risks**

- **90%**
  - of Medicare payments tied to quality or value

---

**AI Proliferation**
Complete and Accurate Clinical Documentation: Key to Payment, Quality Scores and Compliance

Appropriate Reimbursement & Quality Score

$34,716

$16,962

$10,824

Major small and large Bowel procedure; secondary DX CHF

Expected Mortality 0.13%

Major small and large Bowel procedure with secondary DX chronic systolic failure

Expected Mortality 0.73%

Major small and large Bowel procedure with secondary DX acute systolic failure

Expected Mortality 9.51%

Documentation Accuracy of Sample Patient’s Clinical Condition
Creating Sustainable Differentiation through Our Unmatched Competitive Strengths

- Healthcare conversational AI and Analytics
- EHR embedded and specialty workflows
- At the center of care and payment
- Physician footprint and domain expertise
- Distribution channel
Capitalizing on Significant and Growing Markets for Dragon Medical Cloud

- Dragon Medical Cloud USA: ~$550M
- + International: ~$1.2B
- + CAPD: ~$2.6B
... and Significant and Growing Markets for PowerScribe® Cloud

- PowerScribe on premise
  - ~$138M
- PowerScribe cloud
  - ~$249M
- + PowerScribe Cloud Add-ons
  - ~$622M
... and Significant and Growing Markets for CDI Cloud
Agenda

Healthcare – market leadership and accelerating SaaS revenue

Leader in growing, attractive markets

Clear strategies for accelerating growth
## Executing on Clear Strategies for Accelerating Growth

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Maximize core business growth with existing solutions in new markets</td>
</tr>
<tr>
<td>2</td>
<td>Maximize core business growth with new solutions in existing markets</td>
</tr>
<tr>
<td>3</td>
<td>Accelerate transition to cloud → grow ARR</td>
</tr>
<tr>
<td>4</td>
<td>Lead the industry with disruptive AI solutions</td>
</tr>
</tbody>
</table>
Pursuing New Under-Served Markets with Core Offerings

- **U.S. Ambulatory**
- **U.S. Community Hospitals**
- **International Expansion** (UK, France, Germany, Nordics, Australia & Middle East)
Delivering New AI Powered Innovation to Existing Markets

**CAPD**
- Computer-Assisted-Physician Documentation
- Surgical
- ED
- Pediatrics

**Add Ons**
- Communications
- Workflow orchestration
- Image sharing
- Clinical analytics
- Follow-up management

**CDE ONE**
- Computer-Assisted-Physician Documentation

**Add Ons**
- Communications
- Workflow orchestration
- Image sharing
- Clinical analytics
- Follow-up management

**Dragon Medical Cloud**

**Radiology Cloud**

**CDI Cloud**
Aggressively Move Core Solutions to the Cloud

- Dragon Medical Mkt Opportunity: ~20%
- CDI Mkt Opportunity: ~3%
- PowerScribe Mkt Opportunity: ~1%
Delivering Very Favorable Unit Economics

**Dragon Medical Cloud**

- **2–2.5x** revenue uplift per year
- **100%** accretive
- On-Premise Maintenance conversion
- Greenfield expansion

**PowerScribe Cloud & CDI Cloud**

- **2–2.5x** revenue uplift per year
- **100%** accretive
- On-Premise Maintenance conversion
- Greenfield expansion

- **1–1.5 x** revenue uplift per year
- On-Premise Term license

**ACCELERATE TRANSITION TO CLOUD ➔ GROW ARR**
Bringing Imaging AI into Radiology Mainstream with AI Marketplace

4 LEAD THE INDUSTRY WITH DISRUPTIVE AI SOLUTIONS

AI Algorithm Developers

Nuance PowerShare Imaging network
6,500+ connected facilities

80% of US Radiologists
Significantly Expanding our Available Market With the AI Marketplace

~$138M
PowerScribe on premise

~$249M
PowerScribe Cloud

~$622M
+PowerScribe Cloud add-ons

~$930M
+AI Marketplace

LEAD THE INDUSTRY WITH DISRUPTIVE AI SOLUTIONS
Redefining Clinical Documentation with Ambient Clinical Intelligence (ACI):
<table>
<thead>
<tr>
<th>Orthopedics</th>
<th>Urology</th>
</tr>
</thead>
<tbody>
<tr>
<td>$533k</td>
<td>$386k</td>
</tr>
<tr>
<td>Average salary</td>
<td>Average salary</td>
</tr>
<tr>
<td>$3.3m</td>
<td>$2.2m</td>
</tr>
<tr>
<td>Average revenue generated</td>
<td>Average revenue generated</td>
</tr>
<tr>
<td>$100k+ ↑</td>
<td>$100k+ ↑</td>
</tr>
<tr>
<td>Average annual revenue increase due to larger patient volume</td>
<td>Average annual revenue increase due to larger patient volume and enhanced documentation accuracy</td>
</tr>
</tbody>
</table>

~10x             ~10x
Average annual ROI | Average annual ROI
Further Expanding our Available Market with ACI

LEAD THE INDUSTRY WITH DISRUPTIVE AI SOLUTIONS

~$550M
Dragon Medical Cloud
USA

~$1.2B
+ International

~$2.6B
+ CAPD

$6.6 - $10.6B
+ACI

Greenfield

Dragon Medical Cloud
IN SUMMARY

Accelerating Growth, Innovation and Competitive Differentiation

• Market leader with accelerating SaaS revenue
• Sustainable differentiation in significantly growing markets
• Executing on clear strategies for accelerating growth
Healthcare Customer Spotlights

Michael Ash, MD
EVP, Chief Transformation Officer
Nebraska Medicine

Tarik Alkasab, MD
Medical Director, Operations Enterprise
Medical Imaging Informatics
Mass General Brigham Healthcare

Mike Nelson
SVP, Strategic Services
Universal Health Services

Moderator: Brenda Hodge
Chief Marketing Officer, Nuance
Enterprise: Solid Growth Trajectory

Robert Weideman, EVP and General Manager, Enterprise
Agenda

Strong market leadership with strategic shift to Intelligent Engagement

Differentiated market position

Executing a clear growth strategy
With Nuance, Leading Brands Deliver Superior Customer Service

Customer Engagement

Leading Brands

IVR Voice

Intelligent Engagement powered by AI

Virtual Engagement | Live Engagement | Security & Biometrics | Analytics
The Market Leader

- 85% Of Fortune 100 use Nuance
- 31 billion Customer interactions/year
- 19 of top 20 Financial organizations
- 16 billion Digital engagement interactions/year
- 10 of top 10 Telecommunications (excl. China)
- 1 billion Customer ID verification per year through biometrics
NUANCE ENTERPRISE – AT A GLANCE

Consistent Growth and Profit

Results

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
</thead>
<tbody>
<tr>
<td>$474M</td>
<td>$483M</td>
<td>$507M</td>
<td></td>
</tr>
<tr>
<td>3.4% CAGR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1%</td>
<td>5.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key Metrics (2019)

- Revenue: $507M
- Recurring revenue: 68%
- Segment profit: 28%
- Intelligent Engagement revenue / %: $218M / 43%
- Active customer base: 1,400+

IVR Voice  Intelligent Engagement
Intelligent Engagement Across the Customer Journey

- Targeting & Proactive Notifications
- Automated Identification
- Virtual & Live Messaging
- Live Voice & Video
Nuance Delivers Superior Outcomes

75% Increase in Automated ID & Verification

Up to 85% First Contact Resolution (FCR)

42% Reduction in Agent Handle Time (AHT)

26% Increase Customer Satisfaction (CSAT)
Agenda

Strong market leadership with strategic shift to Intelligent Engagement

Differentiated market position

Executing a clear growth strategy
Consumer Expectations Drive Brand Engagement Strategies

Consumer Expectations

Engage anywhere
• 95% of consumers use more than one channel to connect with the brand

Engage anytime, securely
• 85% of consumers prefer secure, automated self-service in text, messaging and voice channels

Expect superior experiences
• 75% of customers expect the same experience across channels

Brand Strategies

• Implement omni-channel customer engagement across all digital, voice and social channels

• Automate 85%+ for the consumer with Conversational AI and Security AI

• Combine Virtual + Live Engagement to deliver 95%+ First Contact Resolution
Leader in Intelligent Customer Engagement with Strong Differentiation and Sustainable Advantages

- Large Global Customer Base
- Strong Global GTM for AI
- Superior Intelligent Engagement Portfolio
- Best Customer Experiences & Outcomes
- Ability to Invest, Scale & Grow
Large Customer Base in Valuable Vertical Markets

- **Financial Services**
  - USAA
  - TD Bank
  - RBS
  - esurance
  - Santander
  - BARCLAYS
  - HSBC
  - Deutsche Bank
  - ANZ

- **Telecom and CSP**
  - Comcast
  - Telstra
  - Deutsche Telekom
  - Vodafone

- **Healthcare & Government**
  - Australian Government
  - Australian Taxation Office
  - Department of Human Services
  - NYC
  - Cigna
  - VSP

- **Retail & Travel**
  - American Airlines
  - FedEx
  - Coca-Cola
  - Delta Air Lines

- Estimated Share of Enterprise Revenue: 35%, 30%, 15%, 10% Other
Large Global Professional Services Team - Experts in AI

700 AI Experts Worldwide

Broad Spectrum of Disciplines

- AI Transformation Consulting
- UX and Application Design
- AI and Application Development
- Intelligent Engagement Journeys
- Integration Services
- Continuous AI Optimization
Superior Intelligent Engagement Technology

- **The Forrester New Wave™: Conversational AI For Customer Service, Q2 2019**
  - The 14 Providers That Matter Most And How They Stack Up
  - Nuance - leader with strongest current offering of the 14 vendors Forrester deems most significant in market

- **2019 Intelligent Authentication and Voice Biometrics Intelliview**
  - Decision Makers' Guide to Enterprise Intelligent Assistants (2019 Edition)
  - Nuance “undisputed market leader” outpacing NICE, Verint and Pindrop for biometrics offering

- **The Forrester New Wave™: Conversational Computing Platforms, Q2 2018**
  - The Seven Providers That Matter Most And How They Stack Up
  - Nuance named top AI platform

- **Nuance supported brands have won 45 Stevie Awards**
  - Accolades and awards for Nuance and its customers
Nuance Enterprise Delivers Industry-Best Outcomes

- **esurance**
  - $17.6M
  - Live chat generated incremental annual revenue
  - 85%
  - First contact resolution

- **HSBC**
  - $360M
  - Fraud prevented in one year (UK only)
  - 1.6M
  - Users
  - 15M
  - Times used

- **FedEx**
  - 2.8M
  - Decrease in live agent calls per year
  - 6%
  - Increase in IVR Self-service
Can a voice impersonator fool your bank?

TD VoicePrint
Agenda

Strong market leadership with strategic shift to Intelligent Engagement

Differentiated market position

Executing a clear growth strategy
Enterprise Growth Strategies

1. Grow Intelligent Engagement share within IVR Voice customer base
2. Bring Intelligent Engagement portfolio to new geographies
3. Enable rapid AI development and DIY
4. Expand from large enterprise to mid-market
Significant IE Opportunity with Nuance IVR Customer Base

Penetration of IE into IVR Customer Base

- **Strategic Accounts**
  - Penetration: 150
  - Opportunity: 350
  - Average IVR Revenue Per Customer: 78

- **Current Accounts**
  - Penetration: 1,400
  - Opportunity: 1,050
  - Average IE Revenue Per Customer: 72

Intelligent Engagement Portfolio Delivers Over 2X Revenue
BRING INTELLIGENT ENGAGEMENT TO NEW GEOGRAPHIES

New Opportunities for Intelligent Engagement Cloud
Revolutionary New Conversational AI Rapid Dev Tools

Revolutionary rapid AI development platform

50% faster time to market of Virtual Assistant

40% reduced optimization time & costs

Enables DIY for customer & partner expansion
EXPAND FROM LARGE ENTERPRISE TO MID-MARKET

DIY Tools & Geographic Expansion Key to Mid-market Opportunity

150 Strategic Customers

1,400 Current Customers

2,000 New Mid-market Opportunities

Large Enterprise
Intelligent Engagement

Mid-Market
Intelligent Engagement

IVR Voice

Large Enterprise

Large Enterprise-IVR Voice

AVAYA

IBM

accenture

Cisco

Genesys

PRESIDIO

Enghouse Interactive

carahsoft

ConvergeOne
Significant and Growing Markets for Intelligent Engagement Solutions

- **$4.7B**
  - Expand Share in new/existing accounts for IVR + IE

- **$5.4B**
  - Expansion to selected Int’l markets

- **$6.6B**
  - Expansion to Mid-Market
IN SUMMARY

Strongly Differentiated. Repositioned to Deliver Sustained Growth

• Successfully leveraged mature IVR business to expand into AI-powered Intelligent Engagement solutions and services
• Delivering consistent growth and profits
• Strong, differentiated and sustainable position vs. large and small players
• Continue to execute on Intelligent Engagement growth strategy
Enterprise Customer Spotlight

Russell L. Cassar
Head of Operations Technology
Chase Consumer and Community Banking
JPMorgan Chase

Moderator: Joanne Taylor
SVP, Nuance
The New Nuance: Scaling Growth, Driving Value

Dan Tempesta / Chief Financial Officer
Agenda

A new financial profile

Responsible capital allocation

Compelling mid-term financial targets
# THE NEW NUANCE

## Focused Company Driving Revenue in Growing Markets

<table>
<thead>
<tr>
<th></th>
<th>FY 2017</th>
<th>FY 2020E</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Segments</strong>*</td>
<td>5</td>
<td>2</td>
<td>(3)</td>
</tr>
<tr>
<td><strong>Serviceable Addressable Market – Excluding ACI</strong></td>
<td>~$8B</td>
<td>~$13B</td>
<td>+$5B</td>
</tr>
<tr>
<td><strong>Enterprise Revenue</strong></td>
<td>$474M</td>
<td>$521M-$539M</td>
<td>~4% CAGR</td>
</tr>
<tr>
<td><strong>Intelligent Engagement Revenue % of total Enterprise</strong></td>
<td>41%</td>
<td>45%</td>
<td>400 bps</td>
</tr>
<tr>
<td><strong>Enterprise Segment Margin %</strong></td>
<td>28%</td>
<td>29%</td>
<td>1% pts</td>
</tr>
<tr>
<td><strong>Healthcare Revenue</strong></td>
<td>$899M</td>
<td>$947M-$963M</td>
<td>~3% CAGR</td>
</tr>
<tr>
<td><strong>Healthcare ARR</strong></td>
<td>$131M</td>
<td>$375M-$400M</td>
<td>~43% CAGR</td>
</tr>
<tr>
<td><strong>Healthcare Segment Margin %</strong></td>
<td>29%</td>
<td>32%</td>
<td>300 bps</td>
</tr>
</tbody>
</table>
Strong Track Record of Healthcare ARR Growth

$ in millions

*ARR represents annual recurring revenue related to cloud subscriptions under contract
**Emerging ARR includes cloud subscriptions from Radiology and CDI product lines
Agenda

A new financial profile

Responsible capital allocation

Compelling mid-term financial targets
Disciplined Capital Deployment
May 2018 through November 2019

Return Cash to Shareholders
- 7.2% of shares repurchased
- $380 million in remaining authorization

M&A
- Significant reduced pace of M&A compared to company history

Debt Repayments
- $750M reduction
- Used organic cash, as well as Imaging and Auto transactions

CAPEX
- Low CAPEX spend ranging from $40 - $50 million per year

$1.2B Since May 2018

~27%  
~64%  
~3%  
~6%
Clear Capital Allocation Principles

1. Maintain Strong Balance Sheet
   - Flexibility for growth
   - Minimum cash of $250mil - $350mil
   - Leverage and credit rating focused

2. Invest for Growth
   - Organic growth opportunities
   - Rapid innovation in cloud
   - Opportunistic growth-focused M&A

3. Return Capital to Shareholders
   - Repurchase of shares
   - Pay down debt when appropriate
   - Focus on debt mix
Attractive Debt Maturity

• No maturities for 24 months
• Average annual cash interest expense rate of 2.42%
• Mix of debt:
  – $1,337 million Convertible Bonds
  – $500 million High Yield Bonds
• Ba3 / BB- Rating
  – Provides flexibility and access to capital markets
  – Focus on maintaining Gross Leverage ~4.0x
Agenda

A new financial profile

Responsible capital allocation

Compelling mid-term financial targets
Strong Healthcare ARR Growth Continues Through 2023
(Excluding ACI – $ in millions)

Healthcare ARR Growth Drivers:
1. On-premise installed base migration to cloud
2. Market share expansion
3. ARPU expansion with cross selling opportunity
4. Strong retention rate

$63 - $131 - $214 - $299 - $375 - $400 - $675 - $750

20%–25% CAGR

Compelling Economics with Conversion to Cloud Offerings

**Dragon Medical One**

- **2-2.5x** Revenue Uplift Per Year
- **100%** Accretive
- Conversion of On-Premise Maintenance to Cloud Revenue
- Greenfield Expansion

**PowerScribe One**

- **2-2.5x** Revenue Uplift Per Year
- **1-1.5x** Revenue Uplift Per Year
- **100%** Accretive
- Conversion of On-Premise Maintenance to Cloud Revenue
- Conversion of On-Premise Term License to Cloud Revenue
- Greenfield Expansion
## ARR Potential from PowerScribe Migration to Cloud

### Clinical Documentation Capture
- Dragon Medical Cloud: $203
- Dragon Medical Maintenance & Support: $50
- Dragon Medical Product & Licensing: $68
- HIM (Hosting and Maintenance & Support): $215

### Radiology & Other (Includes PowerScribe License)
- Total: $234

### Other Maintenance & Support
- Total: $107

### Professional Services
- Total: $74

### Total Healthcare Revenues
- Total: $951

### FY 2019 Actual (ASC 606)
- Total: $536

### PowerScribe Installed Base Migration to Cloud

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Annual Billings</th>
<th>ARR Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term License</td>
<td>~$30</td>
<td>$30 to $45</td>
</tr>
<tr>
<td>Maintenance &amp; Support</td>
<td>~$60</td>
<td>$120 to $150</td>
</tr>
<tr>
<td>Total</td>
<td>~$90</td>
<td>$150 to $195</td>
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</table>

65% to 115% Revenue Uplift
## Nuance Overall: Revenue Growth Acceleration and Margin Expansion

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY 2020 Guidance</th>
<th>Mid-Term Outlook (FY23)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue Growth Excluding ACI</td>
<td>(1%) - 1%</td>
<td>3% - 6% CAGR</td>
</tr>
<tr>
<td>Strategic Revenue Growth* Excluding ACI</td>
<td>0% to 3%</td>
<td>4% - 7% CAGR</td>
</tr>
<tr>
<td>R&amp;D % of Revenue</td>
<td>13%</td>
<td>~13%</td>
</tr>
<tr>
<td>Operating Margin</td>
<td>23.5% - 24.5%</td>
<td>~100 bps per year</td>
</tr>
<tr>
<td>FCF % of Revenue**</td>
<td>17% to 19%</td>
<td>18% to 20%</td>
</tr>
</tbody>
</table>
## Strategic Segments: Accelerating Revenue Growth

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 2020 Guidance</th>
<th>Mid-Term Outlook (FY23)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Enterprise Revenue Growth</strong></td>
<td>2% - 6%</td>
<td>4% - 7% CAGR</td>
</tr>
<tr>
<td><strong>Intelligent Engagement % of Revenue</strong></td>
<td>~45%</td>
<td>~55%</td>
</tr>
<tr>
<td><strong>Healthcare Revenue Growth Excluding ACI</strong></td>
<td>(1%) - 1%</td>
<td>3% - 5% CAGR</td>
</tr>
<tr>
<td><strong>Healthcare Revenue Growth, w/o HIM and EHR services Excluding ACI</strong></td>
<td>3% - 5%</td>
<td>8% - 10% CAGR</td>
</tr>
<tr>
<td><strong>Healthcare ARR Growth Excluding ACI</strong></td>
<td>~30%</td>
<td>20% - 25% CAGR</td>
</tr>
</tbody>
</table>
IN SUMMARY

Scaling Growth, Driving Value

• Created a simpler, focused company
• Accelerating revenue growth
• Prioritizing Cloud offerings
• Key metrics all improving – ARR, operating margin, FCF
Appendix
## FY 2020 GAAP Guidance Reconciliation

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2019</th>
<th>Guidance for Fiscal Year 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ASC 605</td>
<td>ASC 606</td>
<td>ASC 606</td>
</tr>
<tr>
<td>($ in millions)</td>
<td></td>
<td></td>
<td>Low</td>
</tr>
<tr>
<td>Healthcare</td>
<td>$ 899</td>
<td>$ 951</td>
<td>$ 947</td>
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<tr>
<td>Enterprise</td>
<td>474</td>
<td>511</td>
<td>521</td>
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<tr>
<td>Automotive</td>
<td>252</td>
<td>307</td>
<td>-</td>
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<tr>
<td>Other</td>
<td>134</td>
<td>60</td>
<td>27</td>
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<tr>
<td><strong>Total segment revenue</strong></td>
<td>$ 1,759</td>
<td>$ 1,829</td>
<td>$ 1,495</td>
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<tr>
<td>Acquisition-related revenue adjustments</td>
<td>(31)</td>
<td>(6)</td>
<td>-</td>
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<tr>
<td><strong>Total GAAP revenue</strong></td>
<td>$ 1,728</td>
<td>$ 1,832</td>
<td>$ 1,495</td>
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</tbody>
</table>
## FY 2020 GAAP Guidance Reconciliation

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Guidance for Fiscal Year 2020</th>
<th>ASC 606</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GAAP revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition-related revenue adjustments</td>
<td></td>
<td></td>
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<tr>
<td><strong>Non-GAAP revenue</strong></td>
<td><strong>$ 1,495</strong></td>
<td><strong>$ 1,535</strong></td>
</tr>
<tr>
<td><strong>GAAP research and development expense</strong></td>
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<tr>
<td>Stock-based compensation</td>
<td></td>
<td></td>
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<tr>
<td><strong>Non-GAAP research and development expense</strong></td>
<td><strong>$ 201</strong></td>
<td><strong>$ 201</strong></td>
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<tr>
<td><strong>GAAP income from operations</strong></td>
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<tr>
<td>Acquisition-related revenue adjustments</td>
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<td>Acquisition-related costs</td>
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<tr>
<td>Cost of revenue from amortization of intangible assets</td>
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<td>Amortization of intangible assets</td>
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<tr>
<td>Non-cash stock-based compensation</td>
<td>133</td>
<td>133</td>
</tr>
<tr>
<td>Restructuring and other charges</td>
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<tr>
<td><strong>Non-GAAP income from operations</strong></td>
<td><strong>$ 351</strong></td>
<td><strong>$ 377</strong></td>
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<tr>
<td><strong>Cash flow from operations (CFFO)</strong></td>
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<tr>
<td>Capital expenditures</td>
<td></td>
<td></td>
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<tr>
<td><strong>Free cash flow (FCF)</strong></td>
<td><strong>$ 250</strong></td>
<td><strong>$ 290</strong></td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>---------</td>
<td>-------------</td>
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<tr>
<td>ACI</td>
<td>Ambient Clinical Intelligence</td>
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<tr>
<td>AHT</td>
<td>Agent Handle Time</td>
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<tr>
<td>AI</td>
<td>Artificial Intelligence</td>
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<td>APAC</td>
<td>Asia-Pacific Region</td>
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<tr>
<td>API</td>
<td>Application Program Interface</td>
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<td>ARR</td>
<td>Annual Recurring Revenue (Cloud Subscription)</td>
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<tr>
<td>ASC 606</td>
<td>Accounting Standards Codification 606</td>
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<td>ASP</td>
<td>Annual Sales Productivity</td>
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<tr>
<td>B2B</td>
<td>Business-to-Business</td>
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<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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<td>CAPD</td>
<td>Computer-Assisted Physician Documentation</td>
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<tr>
<td>CAPEX</td>
<td>Capital expenditure</td>
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<td>CDE</td>
<td>Clinical Documentation Excellence</td>
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<tr>
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<td>Clinical Documentation Improvement</td>
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<tr>
<td>CLV</td>
<td>Customer Lifetime Value</td>
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<td>Customer Satisfaction</td>
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<td>DMO</td>
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<td>Interactive Voice Response</td>
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<td>Net New Bookings</td>
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<td>NPS</td>
<td>Net Promoter Score</td>
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<tr>
<td>OEM</td>
<td>Original equipment manufacturer</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>Return on investment</td>
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<tr>
<td>SaaS</td>
<td>Software as a Service</td>
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<tr>
<td>SAM</td>
<td>Serviceable Addressable Market</td>
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<tr>
<td>S&amp;B</td>
<td>Security and Biometrics</td>
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<td>SDK</td>
<td>Software Development Kit</td>
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<td>Subscriber Revenue Service</td>
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<td>TAM</td>
<td>Total Addressable Market</td>
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<td>TSR</td>
<td>Total Shareholder Return</td>
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<tr>
<td>VA</td>
<td>Virtual Assistant</td>
<td></td>
</tr>
<tr>
<td>VB</td>
<td>Voice Biometrics</td>
<td></td>
</tr>
</tbody>
</table>
For more information, contact:

Tracy Krumme  
SVP, Investor Relations  
781.565.4334  
tracy.krumme@nuance.com