

Nuance Communications, Inc.  
Form 10-Q  
February 08, 2017  
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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Form 10-Q

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(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2016

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-36056

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NUANCE COMMUNICATIONS, INC.  
(Exact name of registrant as specified in its charter)

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Delaware 94-3156479  
(State or Other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

1 Wayside Road 01803  
Burlington, Massachusetts  
(Address of principal executive offices) (Zip Code)  
Registrant's telephone number, including area code:  
(781) 565-5000

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Indicate by check mark whether the Registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the Registrant's Common Stock, outstanding as of January 31, 2017 was 291,563,192.



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## Part I. Financial Information

## Item 1. Condensed Consolidated Financial Statements (unaudited)

## NUANCE COMMUNICATIONS, INC.

## CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended	
	December 31,	
	2016	2015
	(Unaudited)	
	(In thousands, except per share amounts)	
Revenues:		
Professional services and hosting	\$253,417	\$227,135
Product and licensing	151,752	179,050
Maintenance and support	82,489	79,930
Total revenues	487,658	486,115
Cost of revenues:		
Professional services and hosting	164,892	153,259
Product and licensing	18,378	23,412
Maintenance and support	13,598	13,296
Amortization of intangible assets	15,542	15,631
Total cost of revenues	212,410	205,598
Gross profit	275,248	280,517
Operating expenses:		
Research and development	66,322	70,525
Sales and marketing	101,516	100,590
General and administrative	39,790	40,501
Amortization of intangible assets	27,859	27,033
Acquisition-related costs, net	9,026	2,480
Restructuring and other charges, net	6,703	7,888
Total operating expenses	251,216	249,017
Income from operations	24,032	31,500
Other income (expense):		
Interest income	1,023	883
Interest expense	(38,021 )	(29,880 )
Other expense, net	(610 )	(6,801 )
Loss before income taxes	(13,576 )	(4,298 )
Provision for income taxes	10,353	7,767
Net loss	\$(23,929 )	\$(12,065 )
Net loss per share:		
Basic	\$(0.08 )	\$(0.04 )
Diluted	\$(0.08 )	\$(0.04 )
Weighted average common shares outstanding:		
Basic	288,953	307,794
Diluted	288,953	307,794

See accompanying notes.



NUANCE COMMUNICATIONS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Three Months Ended	
	December 31,	
	2016	2015
	(Unaudited)	
	(In thousands)	
Net loss	\$(23,929)	\$(12,065)
Other comprehensive (loss) income:		
Foreign currency translation adjustment	(30,566 )	(8,904 )
Pension adjustments	118	74
Unrealized loss on marketable securities	(31 )	(67 )
Total other comprehensive loss, net	(30,479 )	(8,897 )
Comprehensive loss	\$(54,408)	\$(20,962)

See accompanying notes.

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NUANCE COMMUNICATIONS, INC.  
CONSOLIDATED BALANCE SHEETS

	December 31, 2016	September 30, 2016
	(Unaudited)	
	(In thousands, except per share amounts)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 961,607	\$ 481,620
Marketable securities	133,684	98,840
Accounts receivable, less allowances for doubtful accounts of \$11,492 and \$11,038	384,639	380,004
Prepaid expenses and other current assets	93,640	78,126
Total current assets	1,573,570	1,038,590
Marketable securities	42,174	27,632
Land, building and equipment, net	178,220	185,169
Goodwill	3,503,442	