

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(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, 2025

OR

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

For the transition period from _____ to _____

Commission File Number: 001-39030

CERENCE INC.

(Exact name of Registrant as specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

83-4177087

(I.R.S. Employer Identification No.)

25 Mall Road, Suite 416
Burlington, Massachusetts

(Address of principal executive offices)

01803

(Zip Code)

Registrant's telephone number, including area code: (857) 362-7300

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	CRNC	The Nasdaq Global Select Market

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 every Interactive Data File required to be submitted 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 such files). Yes No

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

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="radio"/>
Emerging growth company	<input type="radio"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of January 30, 2026, the registrant had 45,018,082 shares of common stock, \$0.01 par value per share, outstanding.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“Form 10-Q”), filed by Cerence Inc. together with its consolidated subsidiaries, “Cerence,” the “Company,” “we,” “us” or “our” unless the context indicates otherwise, contains “forward-looking statements” that involve risks and uncertainties. These statements can be identified by the fact that they do not relate strictly to historical or current facts, but rather are based on current beliefs, expectations, anticipations, intentions, estimates, assumptions, plans and projections about our company, business, operations, industry and market trends, financial results, financial condition, strategy and plans, goals or prospects. Forward-looking statements often include words such as “anticipates,” “estimates,” “expects,” “projects,” “forecasts,” “intends,” “plans,” “continues,” “believes,” “may,” “will,” “could,” “goals,” “objectives” and words and terms of similar substance in connection with discussions of our company, business, industry and market trends, strategy and plans, intellectual property enforcement efforts, and future operating or financial performance. As with any projection or forecast, forward-looking statements are inherently susceptible to uncertainty and changes in circumstances. Our actual results may vary materially from those expressed or implied in our forward-looking statements. Accordingly, undue reliance should not be placed on any forward-looking statement made by us or on our behalf. Although we believe that the forward-looking statements contained in this Form 10-Q are based on reasonable assumptions as of the date of this report, you should be aware that many factors could affect our actual financial results, financial condition or results of operations and could cause actual results to differ materially from those set forth in such forward-looking statements, including but not limited to:

- the highly competitive and rapidly changing market in which we operate;
- adverse conditions in the automotive industry or the global economy more generally, including consumer spending and preferences, changes in interest rate levels and credit availability, fuel costs and availability, governmental incentives and regulatory requirements, trade restrictions, customs regulations, tariffs and price or exchange controls, and the ongoing conflicts in Ukraine and the Middle East;
- volatility in the political, legal and regulatory environment in which we operate, including trade, tariffs and other policies implemented by the new administration in the United States or actions taken by other countries in response and automotive production curtailment or delays related thereto or other changes in law and regulation applicable to us;
- our inability to deliver improved financial results from our process optimization and cost-reduction efforts or to control and successfully manage our expenses and cash position;
- our strategy to increase cloud services and ability to successfully introduce new products, applications or services and deploy generative AI and large language models (“LLMs”) and price increases related thereto;
- pricing pressures from our customers;
- our failure to win, renew or implement service contracts or the cancellation or postponement of service contracts after a design win;
- the loss of business from any of our largest customers;
- automotive production delays, including, without limitation, delays due to the increasing complexity of software included in automotive vehicles;
- fluctuations in our operating results from period to period, which may be contributed to by the following factors, among others: the volume, timing and fulfillment of customer contracts; changes in customer forecasts; the timing of receipt and accuracy of royalty reports; fluctuating sales by our customers to their end-users; pricing; the mix of revenue from customer contracts; the effect of one-time revenue or expense events, especially as a result of licensing transactions, litigation settlements or judgments; and the level of professional service projects;
- the impact on our business from the transition to a lower level of fixed contracts, including, but not limited to, the failure to achieve the expected predictability and growth in our reported revenue;
- our inability to successfully adopt new products;
- our inability to expand into non-automotive markets, including, but not limited to, televisions, consumer devices like smart watches, voice-powered kiosks, and industrial applications in the timeframe or levels expected;

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- our inability to recruit, retain and manage transitions of management and other key personnel;
- our dependence on skilled employees and a shortage of critical skills;
- some of our employees are represented by workers councils or unions or are subject to local laws that are less favorable to employers than the laws of the U.S.;
- cybersecurity and data privacy incidents that damage client relations;
- interruption or delays in our services or services from data center hosting facilities or public clouds;
- compliance with global privacy and data security requirements which could result in additional costs and liabilities to us or inhibit our ability to collect and process data globally;
- risks and challenges posed by the development and use of artificial intelligence;
- the evolving regulatory landscape governing artificial intelligence, including, but not limited to, existing and emerging laws, regulations, standards and conformity or compliance obligations related to artificial intelligence, machine learning, generative AI and LLMs;
- economic, political, regulatory, foreign exchange, tariff, trade, and other risks of international operations, including, but not limited to, those related to our business in China;
- unforeseen U.S. and foreign tax liabilities;
- increases or decreases to valuation allowances recorded against deferred tax assets;
- impairment of our goodwill and other intangible assets;
- the failure to protect our intellectual property or allegations that we have infringed the intellectual property of others;
- adverse developments related to our intellectual property enforcement litigations, the outcome of such litigations, or remedies that could be awarded in connection with such litigations;
- defects in our software products that result in lost revenue, expensive corrections or claims against us;
- our inability to quickly respond to changes in technology and to develop our intellectual property into commercially viable products;
- a significant interruption in the supply or maintenance of our third-party hardware, software, services or data;
- restrictions on our current and future operations under the terms of our debt, the use of cash to service our debt and our inability to generate sufficient cash from our operations;
- disruption from public health events, such as pandemics or disease outbreaks; and
- certain factors discussed elsewhere in this Form 10-Q.

These and other factors are more fully discussed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2025 and elsewhere in this Form 10-Q, including Part II, “Item 1A, Risk Factors.” These risks could cause actual results to differ materially from those implied by forward-looking statements in this Form 10-Q. Even if our results of operations, financial condition and liquidity and the development of our business or the industry in which we operate are consistent with the forward-looking statements contained in this Form 10-Q, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements made by us in this Form 10-Q speak only as of the date on which they are made. We are under no obligation to, and expressly disclaim any obligation to, update or alter our forward-looking statements, whether as a result of new information, subsequent events or otherwise, except as required by law.

PART I—FINANCIAL INFORMATION**Item 1. Condensed Consolidated Financial Statements.**

CERENCE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(unaudited)

	Three Months Ended December 31,	
	2025	2024
Revenues:		
License	\$ 87,758	\$ 22,725
Connected services	14,532	13,707
Professional services	12,786	14,464
Total revenues	115,076	50,896
Cost of revenues:		
License	1,323	1,782
Connected services	4,911	6,311
Professional services	9,492	9,731
Total cost of revenues	15,726	17,824
Gross profit	99,350	33,072
Operating expenses:		
Research and development	24,701	20,869
Sales and marketing	5,557	4,766
General and administrative	31,987	12,754
Amortization of intangible assets	—	554
Restructuring and other costs, net	7,794	11,062
Total operating expenses	70,039	50,005
Income (loss) from operations	29,311	(16,933)
Interest income	865	1,437
Interest expense	(1,665)	(3,393)
Other income, net	1,550	272
Income (loss) before income taxes	30,061	(18,617)
Provision for income taxes	35,300	5,671
Net loss	\$ (5,239)	\$ (24,288)
Net loss per share:		
Basic	\$ (0.12)	\$ (0.57)
Diluted	\$ (0.12)	\$ (0.57)
Weighted-average common shares outstanding:		
Basic	44,953	42,897
Diluted	44,953	42,897

Refer to accompanying Notes to the unaudited condensed consolidated financial statements.

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CERENCE INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands)
(unaudited)

	Three Months Ended December 31,	
	2025	2024
Net loss	\$ (5,239)	\$ (24,288)
Other comprehensive loss:		
Foreign currency translation adjustments	(284)	(3,849)
Pension adjustments, net	(11)	(3)
Net unrealized losses on available-for-sale securities	(4)	(21)
Total other comprehensive loss	<u>(299)</u>	<u>(3,873)</u>
Comprehensive loss	<u>\$ (5,538)</u>	<u>\$ (28,161)</u>

Refer to accompanying Notes to the unaudited condensed consolidated financial statements.

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CERENCE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	<u>December 31, 2025</u> (Unaudited)	<u>September 30, 2025</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 92,130	\$ 84,017
Marketable securities	2,544	3,433
Accounts receivable, net of allowances of \$68 and \$68 as of December 31, 2025 and September 30, 2025, respectively	51,228	58,937
Deferred costs	4,352	4,481
Prepaid expenses and other current assets	35,886	39,889
Total current assets	<u>186,140</u>	<u>190,757</u>
Property and equipment, net	36,418	35,761
Deferred costs	14,855	15,501
Operating lease right of use assets	15,135	16,762
Goodwill	299,037	299,003
Deferred tax assets	32,786	54,207
Other assets	17,672	18,600
Total assets	<u>\$ 602,043</u>	<u>\$ 630,591</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,859	\$ 901
Deferred revenue	52,438	51,865
Short-term operating lease liabilities	4,471	4,344
Accrued expenses and other current liabilities	37,471	44,080
Total current liabilities	<u>99,239</u>	<u>101,190</u>
Long-term debt	171,924	199,693
Deferred revenue, net of current portion	141,905	140,021
Long-term operating lease liabilities	11,977	13,083
Other liabilities	26,557	25,928
Total liabilities	<u>451,602</u>	<u>479,915</u>
Commitments and contingencies (Note 12)		
Stockholders' Equity:		
Common stock, \$0.01 par value, 560,000 shares authorized; 45,016 and 43,374 shares issued and outstanding as of December 31, 2025 and September 30, 2025, respectively	450	434
Accumulated other comprehensive loss	(25,768)	(25,469)
Additional paid-in capital	1,121,452	1,116,165
Accumulated deficit	(945,693)	(940,454)
Total stockholders' equity	<u>150,441</u>	<u>150,676</u>
Total liabilities and stockholders' equity	<u>\$ 602,043</u>	<u>\$ 630,591</u>

Refer to accompanying Notes to the unaudited condensed consolidated financial statements.

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CERENCE INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(unaudited)

Three Months Ended December 31, 2025

	Common Stock			Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Additional Paid-In Capital		
Balance at September 30, 2025	43,374	\$ 434	\$ 1,116,165	\$ (940,454)	\$ 150,676
Net loss	—	—	—	(5,239)	(5,239)
Other comprehensive loss	—	—	—	—	(299)
Issuance of common stock	1,645	16	7,483	—	7,499
Common stock repurchases for tax withholdings for net settlement of equity awards	(3)	—	(7,541)	—	(7,541)
Stock-based compensation	—	—	5,345	—	5,345
Balance at December 31, 2025	<u>45,016</u>	<u>\$ 450</u>	<u>\$ 1,121,452</u>	<u>\$ (945,693)</u>	<u>\$ (25,768)</u>
					<u>150,441</u>

Three Months Ended December 31, 2024

	Common Stock			Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Additional Paid-In Capital		
Balance at September 30, 2024	41,924	\$ 419	\$ 1,088,330	\$ (921,740)	\$ 141,097
Net loss	—	—	—	(24,288)	(24,288)
Other comprehensive loss	—	—	—	—	(3,873)
Issuance of common stock	1,066	11	1,353	—	1,364
Common stock repurchases for tax withholdings for net settlement of equity awards	(2)	—	(1,369)	—	(1,369)
Stock-based compensation	—	—	7,771	—	7,771
Balance at December 31, 2024	<u>42,988</u>	<u>\$ 430</u>	<u>\$ 1,096,085</u>	<u>\$ (946,028)</u>	<u>\$ (29,785)</u>
					<u>120,702</u>

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CERENCE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(unaudited)

	Three Months Ended December 31,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (5,239)	\$ (24,288)
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation and amortization	2,184	2,445
Provision for credit loss reserve	—	207
Stock-based compensation	5,345	7,771
Non-cash interest expense	881	1,861
Gain on debt extinguishment	(1,051)	(327)
Deferred tax provision	21,809	4,927
Unrealized foreign currency transaction losses	127	1,997
Other, net	686	(33)
Changes in operating assets and liabilities:		
Accounts receivable	5,986	8,800
Prepaid expenses and other assets	6,086	27,201
Deferred costs	735	1,859
Accounts payable	3,747	3,814
Accrued expenses and other liabilities	(6,021)	(33,087)
Deferred revenue	2,619	6,107
Net cash provided by operating activities	<u>37,894</u>	<u>9,254</u>
Cash flows from investing activities:		
Capital expenditures	(2,249)	(1,360)
Sale and maturities of marketable securities	886	2,493
Other investing activities	(426)	(374)
Net cash (used in) provided by investing activities	<u>(1,789)</u>	<u>759</u>
Cash flows from financing activities:		
Principal payments of long-term debt	(27,600)	—
Principal payments of short-term debt	—	(26,964)
Common stock repurchases for tax withholdings for net settlement of equity awards	(7,541)	(1,369)
Principal payment of lease liabilities arising from a finance lease	(12)	(115)
Proceeds from the issuance of common stock	7,499	1,364
Net cash used in financing activities	<u>(27,654)</u>	<u>(27,084)</u>
Effects of exchange rate changes on cash and cash equivalents	(338)	(311)
Net change in cash and cash equivalents	8,113	(17,382)
Cash and cash equivalents at beginning of period	84,017	121,485
Cash and cash equivalents at end of period	<u>\$ 92,130</u>	<u>\$ 104,103</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 8,592	\$ 9
Cash paid for interest	\$ 1,575	\$ 3,077
Supplemental cash flow disclosures from non-cash investing activities:		
Fixed asset additions included in accounts payable and other current liabilities	\$ 233	\$ —

Refer to accompanying Notes to the unaudited condensed consolidated financial statements.

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CERENCE INC. Notes to Condensed Consolidated Financial Statements

Note 1. Business Overview

Business

Cerence Inc. (referred to in this Quarterly Report on Form 10-Q as “we,” “our,” “us,” “ourselves,” the “Company” or “Cerence”) is a global, premier provider of AI-powered assistants and innovations for connected and autonomous vehicles. Our customers include nearly all major automobile original equipment manufacturers (“OEMs”), or their tier 1 suppliers worldwide. We deliver our solutions on a white-label basis, enabling our customers to deliver customized virtual assistants with unique, branded personalities and ultimately strengthening the bond between automobile brands and end users. We generate revenue primarily by selling software licenses and cloud-connected services. In addition, we generate professional services revenue from our work with OEMs and suppliers during the design, development and deployment phases of the vehicle model lifecycle and through maintenance and enhancement projects.

Note 2. Significant Accounting Policies

Principles of Consolidation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company, as well as those of our wholly owned subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnote disclosures required by GAAP for complete financial statements.

The condensed consolidated financial statements reflect all adjustments considered necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods presented. All such adjustments are of a normal recurring nature. The results of operations for the three months ended December 31, 2025 are not necessarily indicative of the results to be expected for any other interim period or for the fiscal year ending September 30, 2026. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes contained in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025.

Use of Estimates

The financial statements are prepared in accordance with GAAP, which requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions can affect the reported amounts in the financial statements and the footnotes thereto. Actual results could differ materially from these estimates.

On an ongoing basis, we evaluate our estimates, assumptions and judgments. Significant estimates inherent to the preparation of financial statements include: revenue recognition; allowance for credit losses; accounting for deferred costs; accounting for internally developed software; the valuation of goodwill and intangible assets; accounting for stock-based compensation; accounting for income taxes; accounting for leases; and loss contingencies. We base our estimates on historical experience, market participant fair value considerations, projected future cash flows, and various other factors that are believed to be reasonable under the circumstances. Actual amounts could differ significantly from these estimates.

Concentration of Risk

Financial instruments that potentially subject us to significant concentrations of credit risk primarily consist of trade accounts receivable. We perform ongoing credit evaluations of our customers’ financial condition and limit the amount of credit extended when deemed appropriate. One customer accounted for 12.0% of our Accounts receivable, net balance at December 31, 2025. One customer accounted for 11.3% of our Accounts receivable, net balance at September 30, 2025.

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Allowance for Credit Losses

We are exposed to credit losses primarily through our sales of software licenses and services to customers. We determine credit ratings for each customer in our portfolio based upon public information and information obtained directly from our customers. A credit limit for each customer is established and in certain cases we may require collateral or prepayment to mitigate credit risk. Our expected loss methodology is developed using historical collection experience, current customer credit information, current and future economic and market conditions and a review of the current status of the customer's account balances. We monitor our ongoing credit exposure through reviews of customer balances against contract terms and due dates, current economic conditions, and dispute resolution. Estimated credit losses are written off in the period in which the financial asset is no longer collectible.

The change in the allowance for credit losses for the three months ended December 31, 2025 is as follows (dollars in thousands):

	Allowance for Credit Losses
Balance as of September 30, 2025	\$ 68
Credit loss provision	—
Write-offs, net of recoveries	—
Effect of foreign currency translation	—
Balance as of December 31, 2025	<u><u>\$ 68</u></u>

Inventory

Inventory, consisting primarily of finished goods related to our Cerence Link product, is accounted for using the first in, first out method, and is valued at the lower of cost and net realizable value. Inventory is included within Prepaid expenses and other current assets. As of December 31, 2025 and September 30, 2025, inventory was \$1.2 million and \$1.1 million, respectively.

Recently Adopted Accounting Standards

In November 2023, the Financial Accounting Standard Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures” (“ASU 2023-07”), which requires enhanced disclosures of segment information on an annual and interim basis. We adopted this standard during the fiscal year ended September 30, 2025. Refer to Note 2, *(i) Segment information*, in our Annual Report on Form 10-K for additional segment reporting information.

Issued Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures” (“ASU 2023-09”), which requires greater disaggregation of income tax disclosures related to the income tax rate reconciliation and income taxes paid and is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments should be applied on a prospective basis although retrospective application is permitted. We are currently in the process of evaluating the effects of this pronouncement on our condensed consolidated financial statements and disclosures.

In November 2024, the FASB issued ASU 2024-03, “Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses” (“ASU 2024-03”), which requires disclosure about the types of costs and expenses included in certain expense captions presented on the income statement. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted, and may be applied either prospectively or retrospectively. We are currently evaluating this pronouncement to determine its impact on our disclosures.

In July 2025, the FASB issued ASU 2025-05, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets (ASU 2025-05)”, which introduces targeted relief to reduce complexity and cost when estimating expected credit losses for current accounts receivable and current contract assets arising from revenue transactions accounted for under Topic 606. Currently, guidance requires entities to incorporate macroeconomic forecasts in determining expected credit loss estimates. The current provision provides relief for these aforementioned credit losses by utilizing a practical expedient available to all entities, allowing an entity to assume that current conditions as of the balance sheet date remain unchanged over the remaining life of an asset; assuming

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they develop reasonable and supportable forecasts as part of estimating expected credit losses. This removes the requirement to rely on macroeconomic forecasts. Additionally, if selected, an accounting policy election permits eligible entities to consider post-balance sheet collection activity when estimating expected credit losses. This will be effective for fiscal years starting after December 15, 2025, with early adoption permissible on a prospective basis. We are currently evaluating this pronouncement to determine its impact on our disclosures.

In September 2025, the FASB issued ASU 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software", which removes all references to prescriptive and sequential software development stages. It will now require entities to start capitalizing software cost when management has authorized and committed to funding the software project and it is probable that the project will be completed and the software will be used to perform the function intended. The standard also specifies that the disclosures in "Subtopic 360-10, Property Plant, and Equipment" are required for all capitalized internal-use software costs. This will be effective for fiscal years starting after December 15, 2027, with early adoption permissible on a prospective basis. We are currently evaluating this pronouncement to determine its impact on our disclosures.

Note 3. Revenue Recognition

We primarily derive revenue from the following sources: (1) royalty-based software or intellectual property "IP" license arrangements, (2) connected services, and (3) professional services. Revenue is reported net of applicable sales and use tax, value-added tax and other transaction taxes imposed on the related transaction including mandatory government charges that are passed through to our customers. We account for a contract when both parties have approved and committed to the contract, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The timing and amount of revenue recognized from IP or patent licensing depends upon a variety of factors, including the specific terms of each agreement and the nature of the deliverables and obligations. These agreements could include, without limitation, performance obligations related to consideration for past patent royalties, patent licensing royalties on covered products sold by licensees, access to a portfolio of technology as it exists at a point in time, and access to a portfolio of technology at a point in time along with promises to provide any technology updates to the portfolio during the term on a when-and-if basis. Such licenses could be fixed and non-refundable in nature and/or variable over time. Certain components of revenue recognized with respect to IP license agreements may require the use of estimates, which may be significant. Related revenue is recognized at the point in time when the software and technology is made available to the customer and control is transferred and, if applicable, according to usage. Revenues relating to IP licensing accounted for \$49.5 million, or 43.0% of total revenues for the three months ended December 31, 2025. As a component of License revenues, IP licensing revenues represented 56.4% of License revenues for the three months ended December 31, 2025.

(a) Disaggregated Revenue

Revenues, classified by the major geographic region in which our customers are located, for the three months ended December 31, 2025 and 2024 (dollars in thousands):

	Three Months Ended December 31,	
	2025	2024
Revenues:		
United States	\$ 8,616	\$ 9,448
Other Americas	338	197
Germany	19,908	19,409
Other Europe, Middle East and Africa	7,949	5,543
Japan	13,052	5,957
Other Asia-Pacific	65,213	10,342
Total revenues	\$ 115,076	\$ 50,896

For the three months ended December 31, 2025, revenues within Korea were \$57.3 million, which were more than 10% of total revenues. For the three months ended December 31, 2025, revenues within China were \$5.5 million, which were less than 10% of total revenues.

Revenues relating to one customer accounted for \$49.5 million, or 43.0%, of revenue for the three months ended December 31, 2025.

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Revenues relating to three customers accounted for \$7.4 million, or 14.5%, \$6.2 million, or 12.2%, and \$6.0 million, or 11.8%, of revenues for the three months ended December 31, 2024.

(b) Contract Acquisition Costs

We are required to capitalize certain contract acquisition costs. The capitalized costs primarily relate to paid commissions. The current and noncurrent portions of contract acquisition costs are included in Prepaid expenses and other current assets and in Other assets, respectively. As of December 31, 2025 and September 30, 2025, we had \$4.8 million and \$5.3 million of contract acquisition costs, respectively. We had amortization expense of \$0.5 million and \$0.6 million related to these costs during the three months ended December 31, 2025 and 2024, respectively. There was no impairment related to contract acquisition costs.

(c) Capitalized Contract Costs

We capitalize incremental costs incurred to fulfill our contracts that (i) relate directly to the contract, (ii) are expected to generate resources that will be used to satisfy our performance obligation under the contract, and (iii) are expected to be recovered through revenue generated under the contract. The current and noncurrent portions of capitalized contract fulfillment costs are presented as Deferred costs.

We had amortization expense of \$1.0 million and \$2.4 million related to these costs during the three months ended December 31, 2025 and 2024, respectively. There was no impairment related to contract costs capitalized.

(d) Trade Accounts Receivable and Contract Balances

We classify our right to consideration in exchange for deliverables as either a receivable or a contract asset. A receivable is a right to consideration that is unconditional (i.e., only the passage of time is required before payment is due). We present such receivables in Accounts receivable, net at their net estimated realizable value. Accounts receivable, net as of December 31, 2025 and September 30, 2025 was \$51.2 million and \$58.9 million, respectively. We maintain an allowance for credit losses to provide for the estimated amount of receivables and contract assets that may not be collected.

Our contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period.

Contract assets include unbilled amounts from long-term contracts when revenue recognized exceeds the amount billed to the customer, and right to payment is not solely subject to the passage of time. The current and noncurrent portions of contract assets are included in Prepaid expenses and other current assets and Other assets, respectively. The table below shows significant changes in contract assets (dollars in thousands):

	Contract assets
Balance as of September 30, 2025	\$ 13,978
Revenues recognized but not billed	7,555
Amounts reclassified to Accounts receivable, net	(9,723)
Effect of foreign currency translation	(291)
Balance as of December 31, 2025	\$ 11,519

Our contract liabilities, which we present as deferred revenue, consist of advance payments and billings in excess of revenues recognized. We classify deferred revenue as current or noncurrent based on when we expect to recognize the revenues. The table below shows significant changes in deferred revenue (dollars in thousands):

	Deferred revenue
Balance as of September 30, 2025	\$ 191,886
Amounts billed but not recognized	18,000
Revenue recognized	(20,595)
Effect of foreign currency translation	138
Balance as of December 31, 2025	\$ 194,343

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(e) Remaining Performance Obligations

The following table includes estimated revenue expected to be recognized in the future related to performance obligations that are unsatisfied or partially unsatisfied at December 31, 2025 (dollars in thousands):

	Within One Year	Two to Five Years	Greater than Five Years	Total
Total revenue	\$ 82,898	\$ 113,792	\$ 34,599	\$ 231,288

The table above includes fixed remaining performance obligations and does not include contingent usage-based activities, such as royalties and usage-based connected services.

Note 4. Earnings Per Share

Basic earnings per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing net loss by the weighted-average number of shares of common stock outstanding during the period, increased to include the number of shares of common stock that would have been outstanding had potential dilutive shares of common stock been issued. The dilutive effect of restricted stock units is reflected in diluted net loss per share by applying the treasury stock method.

The dilutive effect of the Notes (as defined in Note 14) is reflected in net loss per share by application of the “if-converted” method. The “if-converted” method is only assumed in periods where such application would be dilutive. In applying the “if-converted” method for diluted net loss per share, we would assume conversion of the Notes at the respective conversion ratio as further described in Note 14. Assumed converted shares of our common stock are weighted for the period the Notes were outstanding.

The following table presents the reconciliation of the numerator and denominator for calculating net loss per share:

in thousands, except per share data	Three Months Ended December 31,	
	2025	2024
Numerator:		
Net loss	\$ (5,239)	\$ (24,288)
Denominator:		
Weighted average common shares outstanding - basic and diluted	44,953	42,897
Net loss per common share:		
Basic	\$ (0.12)	\$ (0.57)
Diluted	\$ (0.12)	\$ (0.57)

We exclude weighted-average potential shares from the calculations of diluted net loss per share during the applicable periods when their inclusion is anti-dilutive. The following table sets forth potential shares that were considered anti-dilutive during the three months ended December 31, 2025 and 2024.

in thousands	Three Months Ended December 31,	
	2025	2024
Restricted stock unit awards	1,587	—
Contingently issuable stock awards	1,215	121
Conversion option of our Notes	5,141	7,431

Note 5. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs. When determining fair value measurements for assets

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and liabilities recorded at fair value, we consider the principal or most advantageous market in which we would transact and consider assumptions that market participants would use in pricing the asset or liability.

The classification of a financial asset or liability within the hierarchy is based upon the lowest level input that is significant to the fair value measurement as of the measurement date as follows:

- Level 1 - Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroborations, for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity.

The following table presents information about our financial assets that are measured at fair value and indicates the fair value hierarchy of the valuation inputs used (dollars in thousands) as of:

	December 31, 2025		
	Fair Value	Cash and Cash Equivalents	Marketable Securities
Level 1:			
Money market funds, \$27,365 at cost ^(a)	\$ 27,365	\$ 27,365	\$ —
Level I Government Securities, \$1,015 at cost ^(b)	1,016	—	1,016
Corporate bonds, \$1,525 at cost ^(b)	1,528	—	1,528
Level 2:			
Time deposits, \$4,450 at cost ^(a)	4,450	4,450	—
Convertible debt, \$0 at cost ^(c)	779	—	—
Total assets	\$ 35,138	\$ 31,815	\$ 2,544
	September 30, 2025		
	Fair Value	Cash and Cash Equivalents	Marketable Securities
Level 1:			
Money market funds, \$20,898 at cost ^(a)	\$ 20,898	\$ 20,898	\$ —
Level I Government Securities, \$1,003 at cost ^(b)	1,006	—	1,006
Corporate bonds, \$2,017 at cost ^(b)	2,022	—	2,022
Level 2:			
Level II Government Securities, \$405 at cost ^(b)	405	—	405
Time deposits, \$3,040 at cost ^(a)	3,040	3,040	—
Convertible debt, \$0 at cost ^(c)	770	—	—
Total assets	\$ 28,141	\$ 23,938	\$ 3,433

(a) Money market funds and other highly liquid investments with original maturities of 90 days or less are included within Cash and cash equivalents in the Condensed Consolidated Balance Sheets.

(b) Government securities, commercial paper and corporate bonds with original maturities greater than 90 days are included within Marketable securities in the Condensed Consolidated Balance Sheets and classified as current or noncurrent based upon whether the maturity of the financial asset is less than or greater than 12 months.

(c) Debt securities within the Condensed Consolidated Balance Sheets are classified as current or noncurrent based upon whether the maturity of the financial asset is less than or greater than 12 months.

During the three months ended December 31, 2025 and 2024, unrealized gains related to our marketable securities were immaterial within Accumulated other comprehensive loss.

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The carrying amounts of certain financial instruments, including cash held in banks, accounts receivable, and accounts payable, approximate fair value due to their short-term maturities and are excluded from the fair value tables above.

Derivative financial instruments are recognized at fair value using quoted forward rates and prices and classified within Level 2 of the fair value hierarchy. See *Note 6 – Derivative Financial Instruments* for additional details.

Long-term debt

The estimated fair value of our Long-term debt is determined by Level 1 inputs and is based on observable market data including prices for similar instruments. As of December 31, 2025 and September 30, 2025, the estimated fair value of our Notes was \$165.6 million and \$174.2 million, respectively. The Notes are recorded at face value less unamortized discount and transaction costs on our Condensed Consolidated Balance Sheets.

Equity securities

We have a non-controlling equity investments in a privately held company. We evaluated the equity investment under the voting model and concluded consolidation was not applicable. We accounted for the investment by electing the measurement alternative for investments without readily determinable fair values. The non-marketable equity investment is carried at cost less any impairment, plus or minus adjustments resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer, which is recorded within the Condensed Consolidated Statements of Operations.

Investments without readily determinable fair values were \$2.6 million as of December 31, 2025 and September 30, 2025. The investments are included within Other assets on the Condensed Consolidated Balance Sheets. No impairment was recorded for the three months ended December 31, 2025 and 2024.

Note 6. Derivative Financial Instruments

We operate internationally and, in the normal course of business, are exposed to fluctuations in foreign currency exchange rates related to third-party vendor and intercompany payments for goods and services within our non-U.S. subsidiaries. We use foreign exchange forward contracts that are not designated as hedges to manage currency risk. The contracts can have maturities up to three years. As of December 31, 2025 and September 30, 2025, the total notional amount of forward contracts was \$9.5 million and \$16.7 million, respectively. As of December 31, 2025 and September 30, 2025, the weighted-average remaining maturity of these instruments was approximately 5.2 and 6.0 months, respectively.

The following table summarizes the fair value and presentation in the Condensed Consolidated Balance Sheet for derivative instruments as of December 31, 2025 and September 30, 2025 (dollars in thousands):

Derivatives not designated as hedges	Classification	Fair Value	
		December 31, 2025	September 30, 2025
Foreign currency forward contracts	Prepaid expenses and other current assets	\$ —	\$ 16
Foreign currency forward contracts	Accrued expenses and other current liabilities	477	974
Foreign currency forward contracts	Other liabilities	66	97

The following tables display a summary of the loss related to foreign currency forward contracts for the three months ended December 31, 2025 and 2024 (dollars in thousands):

Derivatives not designated as hedges	Classification	Loss recognized in earnings	
		Three Months Ended December 31,	
		2025	2024
Foreign currency forward contracts	Other income, net	\$ (354)	\$ (104)

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Note 7. Goodwill and Other Intangible Assets

(a) Goodwill

We consider our Chief Executive Officer (“CEO”) to be our CODM. Our CEO approves all major decisions, including reorganizations and new business initiatives. Our CODM reviews routine consolidated operating information and makes decisions on the allocation of resources at this level, as such, we have concluded that we have one operating segment.

All goodwill is assigned to one or more reporting units. A reporting unit represents an operating segment or a component within an operating segment for which discrete financial information is available and is regularly reviewed by segment management for performance assessment and resource allocation. Upon consideration of our components, we have concluded that we have one reporting unit

The changes in the carrying amount of goodwill for the three months ended December 31, 2025 are as follows (dollars in thousands):

	Total
Balance as of September 30, 2025	\$ 299,003
Effect of foreign currency translation	34
Balance as of December 31, 2025	\$ 299,037

(b) Intangible Assets, Net

As of September 30, 2025, our intangible assets were fully amortized. The following table summarizes the gross carrying amounts and accumulated amortization of intangible assets by major class as of September 30, 2025 (dollars in thousands):

	September 30, 2025			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Remaining Life (Years)
Customer relationships	\$ 110,236	\$ (110,236)	\$ —	0.0
Technology and patents	90,502	(90,502)	—	0.0
Total	\$ 200,738	\$ (200,738)	\$ —	0.0

Amortization expense related to intangible assets in the aggregate was \$0.6 million for the three months ended December 31, 2024.

Note 8. Leases

We have entered into a number of facility and equipment leases which qualify as operating leases under GAAP. We also have a limited number of equipment leases that qualify as finance leases.

The following table presents certain information related to lease term and incremental borrowing rates for leases as of December 31, 2025 and September 30, 2025:

	December 31, 2025	September 30, 2025
Weighted-average remaining lease term (in months):		
Operating leases	43.0	46.9
Finance leases	2.9	3.4
Weighted-average discount rate:		
Operating leases	7.1%	7.2%
Finance leases	4.4%	4.4%

The following table presents lease expense for the three months ended December 31, 2025 and 2024 (dollars in thousands):

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	Three Months Ended December 31,	
	2025	2024
Finance lease costs:		
Amortization of right of use asset	\$ 27	\$ 96
Interest on lease liability	—	3
Operating lease cost	1,983	1,410
Variable lease cost	28	455
Sublease income	(53)	(43)
Total lease cost	\$ 1,985	\$ 1,921

For the three months ended December 31, 2025 and 2024, cash payments related to operating leases were \$1.3 million and \$1.3 million, respectively. For the three months ended December 31, 2025 and 2024, cash payments related to finance leases were less than \$0.1 million and \$0.1 million, respectively, of which an immaterial amount related to the interest portion of the lease liability. For the three months ended December 31, 2025 and December 31, 2024, right of use assets obtained in exchange for lease obligations were none and \$2.0 million, respectively.

The table below reconciles the undiscounted future minimum lease payments under non-cancelable leases to the total lease liabilities recognized on the Condensed Consolidated Balance Sheet as of December 31, 2025 (dollars in thousands):

Year Ending September 30,	Operating Leases	Financing Leases	Total
2026	\$ 4,467	\$ 54	\$ 4,521
2027	5,440	—	5,440
2028	4,604	—	4,604
2029	3,032	—	3,032
2030	1,127	—	1,127
Thereafter	110	—	110
Total future minimum lease payments	\$ 18,780	\$ 54	\$ 18,834
Less effects of discounting	(2,332)	—	(2,332)
Total lease liabilities	\$ 16,448	\$ 54	\$ 16,502
Reported as of December 31, 2025			
Short-term lease liabilities	\$ 4,471	\$ 54	\$ 4,525
Long-term lease liabilities	11,977	—	11,977
Total lease liabilities	\$ 16,448	\$ 54	\$ 16,502

Note 9. Accrued Expenses and Other Liabilities

Accrued expenses and other current liabilities consisted of the following (dollars in thousands):

	December 31, 2025	September 30, 2025
Compensation	\$ 17,763	\$ 30,719
Professional fees	5,287	4,657
Cost of revenue related liabilities	2,967	2,007
Sales and other taxes payable	6,322	1,777
Interest payable	—	788
Other	5,132	4,132
Total	\$ 37,471	\$ 44,080

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Note 10. Restructuring and Other Costs, Net

Restructuring and other costs, net includes restructuring expenses as well as other charges that are unusual in nature, are the result of unplanned events, and arise outside of the ordinary course of our business. The following table sets forth accrual activity relating to restructuring reserves for the three months ended December 31, 2025 (dollars in thousands):

	Personnel	Facilities	Restructuring Subtotal	Other	Total
Balance as of September 30, 2025	\$ 56	\$ —	\$ 56	\$ 2,929	\$ 2,985
Restructuring and other costs, net	7,450	253	7,703	91	7,794
Non-cash adjustments	—	(61)	(61)	—	(61)
Cash payments	(6,752)	(192)	(6,944)	(2,910)	(9,854)
Effect of foreign currency translation	2	—	2	(87)	(85)
Balance at December 31, 2025	<u>\$ 756</u>	<u>\$ —</u>	<u>\$ 756</u>	<u>\$ 23</u>	<u>\$ 779</u>

The following table sets forth restructuring and other costs, net recognized for the three months ended December 31, 2025 and 2024 (dollars in thousands):

	Three Months Ended December 31,	
	2025	2024
Personnel	\$ 7,450	\$ 10,196
Facilities	253	—
Other	91	866
Restructuring and other costs, net	<u>\$ 7,794</u>	<u>\$ 11,062</u>

Fiscal Year 2026

For the three months ended December 31, 2025, we recorded restructuring and other costs, net of \$7.8 million, which included a \$7.5 million charge related to the elimination of personnel, a \$0.3 million charge resulting from the closure of facilities that will no longer be utilized, and \$0.1 million relating to our transformation initiatives and other one-time charges.

Fiscal Year 2025

For the three months ended December 31, 2024, we recorded restructuring and other costs, net of \$11.1 million, which included a \$10.2 million charge related to the elimination of personnel, of which \$3.0 million related to the stock-based compensation expense related to the termination of our former senior management employees, and a \$0.9 million charge relating to our transformation initiatives.

Note 11. Stockholders' Equity

On October 2, 2019, we registered the issuance of 6,350,000 shares of common stock, par value \$0.01 per share, consisting of 5,300,000 shares of common stock reserved for issuance upon the exercise of options granted, or in respect of awards granted, under the Cerence 2019 Equity Incentive Plan ("Equity Incentive Plan"), and 1,050,000 shares of common stock that are reserved for issuance under the Cerence 2019 Employee Stock Purchase Plan ("ESPP"). The Equity Incentive Plan provides for the grant of incentive stock options, stock awards, stock units, stock appreciation rights, and certain other stock-based awards. The shares available for issuance will automatically increase on January 1st of each year, by the lesser of (A) 3% of the number of shares of common stock outstanding as of the close of business on the immediately preceding December 31st; and (B) the number of shares of common stock determined by our board of directors on or prior to such date for such year.

On March 4, 2024, we registered the issuance of 600,000 shares of common stock, reserved for issuance under the Cerence Inc. 2024 Inducement Plan (the "Inducement Plan"). On October 6, 2024, we adopted Amendment No. 1 to the Inducement Plan, which increased the number of authorized shares of our common stock available for issuance under the Inducement Plan from 600,000 to 3,000,000. On November 29, 2024, we adopted

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Amendment No. 2 to the Inducement Plan, which increased the number of authorized shares of our common stock available for issuance under the Inducement Plan from 3,000,000 to 4,500,000.

Restricted Stock Units

Information with respect to our non-vested restricted stock units for the three months ended December 31, 2025 was as follows:

Non-Vested Restricted Stock Units						
	Time-Based Shares	Performance-Based Shares	Total Shares	Weighted-Average Grant-Date Fair Value	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Non-vested at September 30, 2025	4,350,213	2,299,186	6,649,399	\$ 12.99		
Granted	172,452	2,009	174,461	\$ 12.06		
Vested	(1,636,635)	(8,729)	(1,645,364)	\$ 15.25		
Forfeited	(97,788)	(149,506)	(247,294)	\$ 16.97		
Non-vested at December 31, 2025	2,788,242	2,142,960	4,931,202	\$ 11.45		
Expected to vest			4,931,202	\$ 11.45	1.33	\$ 52,665

Stock-based Compensation

Stock-based compensation was included in the following captions in our Condensed Consolidated Statements of Operations for the three months ended December 31, 2025 and 2024 (in thousands):

	Three Months Ended December 31,	
	2025	2024
Cost of connected services	\$ 53	\$ 53
Cost of professional services	303	437
Research and development	2,005	1,829
Sales and marketing	777	509
General and administrative	2,207	1,980
Restructuring and other costs, net	—	2,963
	\$ 5,345	\$ 7,771

During the three months ended December 31, 2024, we recorded \$2.6 million in stock-based compensation due to the termination of employment of our former CEO and the resulting vesting of certain stock-based awards in Restructuring and other costs, net. During the three months ended December 31, 2024, we recorded \$0.4 million in stock-based compensation due to the termination of employment of a former senior management employee and the resulting vesting of certain stock-based awards in Restructuring and other costs, net.

Note 12. Commitments and Contingencies

Litigation and Other Claims

Similar to many companies in the software industry, we are involved in a variety of claims, demands, suits, investigations and proceedings that arise from time to time relating to matters incidental to the ordinary course of our business, including at times actions with respect to contracts, intellectual property, employment, benefits and securities matters. At each balance sheet date, we evaluate contingent liabilities associated with these matters in accordance with ASC 450 "Contingencies." If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss. Significant judgments are required for the

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determination of probability and the range of the outcomes, and estimates are based only on the best information available at the time. Due to the inherent uncertainties involved in claims and legal proceedings and in estimating losses that may arise, actual outcomes may differ from our estimates. Contingencies deemed not probable or for which losses were not estimable in one period may become probable, or losses may become estimable in later periods, which may have a material impact on our results of operations and financial position. As of December 31, 2025, accrued losses were not material to our condensed consolidated financial statements, and we do not expect any pending matter to have a material impact on our condensed consolidated financial statements.

A.P., a minor, by and through her guardian, Carlos Pena and Carlos Pena Action

On March 24, 2023, plaintiffs A.P., a minor, by and through her guardian, Carlos Pena, and Carlos Pena, each individually and on behalf of similarly situated individuals filed a purported class action lawsuit in the Circuit Court of Cook County, Illinois, Chancery Division (Case No. 2023CH02866 (Cir. Ct. Cook Cnty. 2023)). The case was removed to Federal Court (Case No. 1:23CV2667 (N.D. Ill.)), and then severed and remanded back in part, so there are two pending cases. Plaintiffs subsequently amended the federal complaint twice, with the latest second amended complaint, filed on July 13, 2023, adding plaintiffs Randolph Freshour and Vincenzo Allan, each also filing individually and on behalf of similarly situated individuals. Plaintiffs allege that Cerence violated the Illinois Biometric Information Privacy Act (“BIPA”), 740 ILCS 14/1 et seq. through Cerence’s Drive Platform technology, which is integrated in various automobiles. The named plaintiffs allegedly drove or rode in a vehicle with Cerence’s Drive Platform technology. Across both cases, plaintiffs allege that Cerence violated: (1) BIPA Section 15(a) by possessing biometrics without any public written policy for their retention or destruction; (2) BIPA Section 15(b) by collecting, capturing, or obtaining biometrics without written notice or consent; (3) BIPA Section 15(c) by profiting from biometrics obtained from Plaintiffs and putative class members; and (4) BIPA Section 15(d) by disclosing biometrics to third party companies without consent. Cerence filed motions to dismiss both cases. On February 27, 2024, the Circuit Court issued an order denying Cerence’s motion to dismiss. On April 16, 2024, Cerence filed its answer and affirmative defenses, a motion to certify the Court’s order on Cerence’s motion to dismiss, and a motion to stay. Thereafter, in exchange for Cerence withdrawing its motions to certify and stay, plaintiffs filed amended complaints in both the Circuit Court and Federal Court, which 1) dismissed some plaintiffs and 2) amended the class definition to include Illinois individuals who owned, leased, and/or created user profiles for vehicles with Cerence’s “voice recognition technology” (rather than anyone in Illinois whose “voiceprint” was collected or stored by Cerence). Cerence filed its answers in both and the parties concluded fact discovery. On October 24, 2025, plaintiffs moved to certify the class, and that motion is fully briefed. On November 3, 2025, plaintiffs moved to stay the Federal Court case pending the Circuit Court’s ruling on class certification. On December 10, 2025, Cerence filed a Motion for Summary Judgment as to Plaintiff Vincenzo Allan on the basis that he did not use Cerence’s technology during the relevant period, as well as a Motion to Exclude Testimony of Plaintiffs’ class certification expert. Plaintiffs are seeking statutory damages of \$5,000 for each willful and/or reckless violation of BIPA and, alternatively, damages of \$1,000 for each negligent violation of BIPA. Given the uncertainty of litigation, the preliminary stage of the case, and the legal standards that must be met for, among other things, class certification and success on the merits, we cannot estimate the reasonably possible loss or range of loss that may result from this action.

Samsung Electronics Co. Ltd and Samsung Electronics America, Inc.

On October 13, 2023, Cerence filed its first patent infringement complaint against Samsung alleging infringement of five Cerence patents (“Samsung I”). On March 15, 2024, Cerence filed its second patent infringement complaint against Samsung alleging infringement of four additional Cerence patents (“Samsung II”). In its responsive pleading to Samsung II on July 10, 2024, Samsung asserted counterclaims, alleging infringement of U.S. Patent Nos. 10,395,657; 10,720,162; 11,823,682; and 9,583,103 against the Cerence Assistant. Samsung sought damages, including trebled damages, and its costs and fees. On October 28, 2025, Samsung and Cerence resolved these disputes by entering into a cross-license agreement, which, among other things, resulted in Samsung agreeing to pay Cerence a one-time lump sum payment in the total amount of \$49.5 million, which payment was received, net of tax, during the three months ended December 31, 2025. The lump-sum payment represents fixed consideration for a right-to-use intellectual property license. The related performance obligation was satisfied upon execution of the cross-license agreement. Accordingly, the full amount was recognized as license revenue during the three months ended December 31, 2025, consistent with the Company’s revenue recognition policy (see Note 3) and ASC 606. The cross-license agreement requires that each party is responsible for bearing their own costs for any associated legal fees incurred as a result of the alleged complaints and negotiations resulting in the dispute resolution. As a result, our final receipt of the one-time lump-sum payment resulted in us incurring approximately \$20.7 million in legal fees, included in General and administrative expenses, which were paid in full during the three months ended December 31, 2025.

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Guarantees and Other

We include indemnification provisions in the contracts we enter with customers and business partners. Generally, these provisions require us to defend claims arising out of our products' infringement of third-party intellectual property rights, breach of contractual obligations and/or unlawful or otherwise culpable conduct. The indemnity obligations generally cover damages, costs and attorneys' fees arising out of such claims. In most, but not all cases, our total liability under such provisions is limited to either the value of the contract or a specified, agreed-upon amount. In some cases, our total liability under such provisions is unlimited. In many, but not all cases, the term of the indemnity provision is perpetual. While the maximum potential amount of future payments we could be required to make under all the indemnification provisions is unlimited, we believe the estimated fair value of these provisions is minimal due to the low frequency with which these provisions have been triggered.

We indemnify our directors and officers to the fullest extent permitted by Delaware law, which provides among other things, indemnification to directors and officers for expenses, judgments, fines, penalties and settlement amounts incurred by such persons in their capacity as a director or officer of the Company, regardless of whether the individual is serving in any such capacity at the time the liability or expense is incurred. Additionally, in connection with certain acquisitions, we agreed to indemnify the former officers and members of the boards of directors of those companies, on similar terms as described above, for a period of six years from the acquisition date. In certain cases, we purchase director and officer insurance policies related to these obligations, which fully cover the six-year period. To the extent that we do not purchase a director and officer insurance policy for the full period of any contractual indemnification, and such directors and officers do not have coverage under separate insurance policies, we would be required to pay for costs incurred, if any, as described above.

As of December 31, 2025, our letters of credit in connection with security deposits for facility leases totaled \$0.7 million in the aggregate. These letters of credit have various terms and expiration dates that align with the underlying facilities for which they relate.

Note 13. Income Taxes

The components of income (loss) before income taxes are as follows (dollars in thousands):

	Three Months Ended December 31,	
	2025	2024
Domestic	\$ 29,973	\$ (11,825)
Foreign	88	(6,792)
Income (loss) before income taxes	\$ 30,061	\$ (18,617)

The components of the provision for income taxes are as follows (dollars in thousands):

	Three Months Ended December 31,	
	2025	2024
Domestic	\$ 20,383	\$ 1,291
Foreign	14,917	4,380
Provision for income taxes	\$ 35,300	\$ 5,671
Effective income tax rate	117.4 %	(30.5)%

The effective tax rates for the periods presented are based upon estimated income for the fiscal year and the statutory tax rates enacted in the jurisdictions in which we operate. For all periods presented, the effective tax rate differs from the 21.0% statutory U.S. tax rate due to the impact of the nondeductible stock-based compensation and our mix of jurisdictional earnings and related differences in foreign statutory tax rates.

Our effective tax rate for the three months ended December 31, 2025 was 117.4% compared to negative 30.5% for the three months ended December 31, 2024. Consequently, our provision for income taxes for the three months ended December 31, 2025 was \$35.3 million, a net change of \$29.6 million from a provision for income taxes of \$5.7 million for the three months ended December 31, 2024. This difference was attributable to the tax impacts of foreign valuation allowances, stock-based compensation, research credits, and our composition of jurisdictional earnings.

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Deferred tax assets and liabilities are measured using the statutory tax rates and laws expected to apply to taxable income in the years in which the temporary differences are expected to reverse. Valuation allowances are provided against net deferred tax assets if, based upon all available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income and the timing of the temporary differences becoming deductible. Management considers, among other available information, scheduled reversals of deferred tax liabilities, projected future taxable income, limitations of availability of net operating loss carryforwards, and other matters in making this assessment.

Note 14. Long-Term Debt

Long-term debt consisted of the following (in thousands):

December 31, 2025							
Description	Maturity Date	Convertible Debt Coupon Rate	Effective Interest Rate	Principal	Unamortized Discount	Deferred Issuance Costs	Carrying Value
2025 Modified Notes	7/1/2028	1.50%	5.52%	75,000	(1,460)	(5,571)	67,969
2028 Notes	7/1/2028	1.50%	1.91%	105,000	—	(1,045)	103,955
Total debt				\$ 180,000	\$ (1,460)	\$ (6,616)	171,924
Less: current portion of long-term debt							—
Total long-term debt							\$ 171,924

September 30, 2025							
Description	Maturity Date	Convertible Debt Coupon Rate	Effective Interest Rate	Principal	Unamortized Discount	Deferred Issuance Costs	Carrying Value
2025 Modified Notes	7/1/2028	1.50%	5.52%	87,500	(1,862)	(7,106)	78,532
2028 Notes	7/1/2028	1.50%	1.91%	122,500	—	(1,339)	121,161
Total debt				\$ 210,000	\$ (1,862)	\$ (8,445)	199,693
Less: current portion of long-term debt							—
Total long-term debt							\$ 199,693

The following table summarizes the maturities of our borrowing obligations as of December 31, 2025 (in thousands):

Fiscal Year	2028 Notes	2025 Modified Notes	Total
2026	\$ —	\$ —	\$ —
2027	—	—	—
2028	105,000	75,000	180,000
2029	—	—	—
2030	—	—	—
Thereafter	—	—	—
Total before unamortized discount and issuance costs and current portion	\$ 105,000	\$ 75,000	\$ 180,000
Less: unamortized discount and issuance costs	(1,045)	(7,031)	(8,076)
Less: current portion of long-term debt	—	—	—
Total long-term debt	\$ 103,955	\$ 67,969	\$ 171,924

1.50% Senior Convertible Notes due 2028

On June 26, 2023, we issued \$190.0 million in aggregate principal amount of 1.50% Convertible Senior Notes due 2028 (the “2028 Notes”), which are governed by an indenture (the “2028 Indenture”), between us and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). On July 3, 2023, we

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issued an additional \$20.0 million in aggregate principal amount of 2028 Notes. The initial net proceeds from the issuance of the 2028 Notes were \$193.2 million after deducting transaction costs.

The 2028 Notes are senior, unsecured obligations and accrue interest payable semiannually in arrears on January 1 and July 1 of each year at a rate of 1.50% per year. The 2028 Notes will mature on July 1, 2028, unless earlier converted, redeemed, or repurchased. The 2028 Notes are convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

A holder of 2028 Notes may convert all or any portion of its 2028 Notes at its option at any time prior to the close of business on the business day immediately preceding April 3, 2028 only under the following circumstances: (1) during any fiscal quarter commencing after the fiscal quarter ending on September 30, 2023 (and only during such fiscal quarter), if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on, and including, the last trading day of the immediately preceding fiscal quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any ten consecutive trading day period (the “measurement period”) in which the “trading price” (as defined in the 2028 Indenture) per \$1,000 principal amount of 2028 Notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (3) if we call such 2028 Notes for redemption, at any time prior to the close of business on the business day immediately preceding the redemption date; or (4) upon the occurrence of specified corporate events. On or after April 3, 2028 until the close of business on the second scheduled trading day immediately preceding the maturity date, a holder may convert all or any portion of its 2028 Notes at any time, regardless of the foregoing circumstances.

The conversion rate is 24.5586 shares of our common stock per \$1,000 principal amount of 2028 Notes (equivalent to an initial conversion price of approximately \$40.72 per share of our common stock). The conversion rate is subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its 2028 Notes in connection with such a corporate event or convert its 2028 Notes called for redemption in connection with such notice of redemption, as the case may be.

We may not redeem the 2028 Notes prior to July 6, 2026. We may redeem for cash all or any portion of the 2028 Notes (subject to certain limitations), at our option, on a redemption date occurring on or after July 6, 2026 and on or before the 31st scheduled trading day immediately before the maturity date, if the last reported sale price of our common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which we provide notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which we provide notice of redemption at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date. No sinking fund is provided for the 2028 Notes.

If we undergo a “fundamental change”, subject to certain conditions, holders may require us to repurchase for cash all or any portion of their 2028 Notes at a fundamental change repurchase price equal to 100% of the principal amount of the 2028 Notes to be repurchased, plus any accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

The 2028 Indenture contains customary terms and covenants, including that upon certain events of default occurring and continuing, either the Trustee or the holders of not less than 25% in aggregate principal amount of the 2028 Notes then outstanding may declare the entire principal amount of all the 2028 Notes plus accrued special interest, if any, to be immediately due and payable.

During the three months ended December 31, 2025, we repurchased \$30.0 million aggregate principal amount of our 2028 Notes for \$28.0 million in cash, including accrued interest and fees, via privately negotiated transactions with certain holders. The repurchased notes were subsequently cancelled and retired, resulting in a gain on extinguishment of debt of \$1.1 million. The gain was calculated by subtracting the net carrying amount of the repurchased notes from the reacquisition price in accordance with ASC 470-50. The net carrying amount of the repurchased notes was calculated by allocating debt discount and issuance costs on a pro rata basis between amounts applicable to the 2025 Modified Notes and the 2028 Notes.

In connection with the offering of the 2028 Notes, we repurchased \$87.5 million in aggregate principal amount of the 2025 Notes in a privately negotiated transaction. We specifically negotiated the repurchase of the 2025 Notes with investors who concurrently purchased the 2028 Notes. We evaluated the transaction to determine whether the exchange should be accounted for as a modification or extinguishment under the provisions of ASC 470-50, which allows

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for an exchange of debt instruments between the same debtor and creditor to be accounted for as a modification so long as the instruments do not have substantially different terms. Because the concurrent redemption of the 2025 Notes and a portion of issuance of the 2028 Notes were executed with the same investors, we evaluated the transaction as a debt modification, on a creditor by creditor basis. The repurchase of the 2025 Notes and issuance of the 2028 Notes were deemed to not have substantially different terms on the basis that (1) the present value of the cash flows under the terms of the new debt instrument were less than 10% different from the present value of the remaining cash flows under the terms of the original instrument and (2) the fair value of the conversion feature did not change by more than 10% of the carrying value of the 2025 Notes, and therefore, the repurchase of the 2025 Notes was accounted for as a debt modification.

As a result, \$87.5 million of the 2028 Notes are considered a modification of the 2025 Notes and are included in the balances of the 2025 Notes (the “2025 Modified Notes” and together with the 2028 Notes, the “Notes”). We recorded \$14.3 million of fees paid directly to the lenders as deferred debt issuance costs, and \$3.8 million of fees paid to third-parties were expensed in the period. As of December 31, 2025, the carrying amount of the 2025 Modified Notes was \$68.0 million, net of unamortized costs of \$7.0 million.

If a convertible debt instrument is modified or exchanged in a transaction that is not accounted for as an extinguishment, an increase in the fair value of the embedded conversion option shall reduce the carrying amount of the debt instrument with a corresponding increase in Additional paid-in capital. We recognized the increase in the fair value of the embedded conversion feature of \$4.1 million as Additional paid-in capital and an equivalent discount that reduced the carrying value of the 2025 Modified Notes.

We accounted for \$122.5 million of the 2028 Notes, that were not negotiated with the investors of the 2025 Notes, as a single liability. We incurred transaction costs of \$2.4 million relating to the issuance of the 2028 Notes, which were recorded as a direct deduction from the face amount of the 2028 Notes and are being amortized as interest expense over the term of the 2028 Notes using the interest method. As of December 31, 2025, the carrying amount of the 2028 Notes was \$104.0 million and had unamortized issuance costs of \$1.0 million. As of December 31, 2025, the 2028 Notes were not convertible. As of December 31, 2025 and September 30, 2025, the if-converted value of the 2028 Notes was \$77.4 million and \$85.0 million, respectively, less than its principal amount.

3.00% Senior Convertible Notes due 2025

On June 2, 2020, we issued \$175.0 million in aggregate principal amount of 3.00% Convertible Senior Notes due June 1, 2025 (the “2025 Notes”), including the initial purchasers’ exercise in full of their option to purchase \$25.0 million principal amount of the 2025 Notes, which were governed by an indenture (the “2025 Indenture”), between us and the Trustee, in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2025 Notes were \$169.8 million after deducting transaction costs.

The 2025 Notes were senior, unsecured obligations and accrued interest payable semiannually in arrears on June 1 and December 1 of each year at a rate of 3.00% per year. For a complete description of the 2025 Notes, please refer to *Footnote 17, Long-Term Debt* as disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025.

During the year ended September 30, 2025, we repurchased \$27.4 million aggregate principal amount of our 2025 Notes for \$27.0 million in cash, including accrued interest and fees, via privately negotiated transactions with certain holders. The repurchased 2025 Notes were subsequently cancelled and retired, resulting in a gain on extinguishment of debt of \$0.3 million. The remaining outstanding principal balance on the 2025 Notes and accrued interest of \$61.0 million was repaid in its entirety at maturity during the three months ended June 30, 2025.

The interest expense recognized related to the Notes for the three months ended December 31, 2025 and 2024 was as follows (dollars in thousands):

	Three Months Ended December 31,	
	2025	2024
Contractual interest expense	\$ 784	\$ 1,425
Amortization of debt discount	158	265
Amortization of issuance costs	721	1,281
Total interest expense related to the Notes	\$ 1,663	\$ 2,971

Senior Credit Facilities

On June 12, 2020 (the “Financing Closing Date”), we entered into a Credit Agreement, by and among the Borrower, the lenders and issuing banks party thereto and Wells Fargo Bank, N.A., as administrative agent (the “Credit

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Agreement”), consisting of a four-year senior secured term loan facility in the aggregate principal amount of \$125.0 million (the “Term Loan Facility”). The net proceeds from the issuance of the Term Loan Facility were \$123.0 million. We also entered into a senior secured first-lien revolving credit facility in an aggregate principal amount of \$50.0 million (the “Revolving Facility” and, together with the Term Loan Facility, the “Senior Credit Facilities”), which could have been drawn on in the event that our working capital and other cash needs were not supported by our operating cash flow.

In connection with the issuance of the 2028 Notes, in the third quarter of fiscal year 2023, we borrowed \$24.7 million under our Revolving Facility and paid \$106.3 million towards our Term Loan Facility. As a result, we recorded \$104.9 million extinguishment of debt and \$1.3 million loss on the extinguishment of debt. All principal and interest on the Term Loan Facility have been paid in full. As of December 31, 2025 and September 30, 2025, there were no amounts outstanding under the Revolver Facility.

On December 31, 2024, we terminated the Credit Agreement. On the date of termination, there were no revolving loans outstanding under the Credit Agreement. As a result of the Credit Agreement termination, we will not have access to the Revolving Facility and we will not be subject to the applicable Credit Agreement covenants.

Total interest expense relating to the Senior Credit Facilities for the three months ended December 31, 2025 and 2024 was none and \$0.4 million, respectively. Amounts reflect the coupon and accretion of the discount.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

You should read the following discussion and analysis of our financial condition and results of operations together with our Unaudited Condensed Consolidated Financial Statements, and the related notes thereto, appearing elsewhere in this Quarterly Report on Form 10-Q (“Quarterly Report”), and our consolidated financial statements and the related notes and other financial information included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025, filed with the Securities and Exchange Commission (“SEC”) on November 20, 2025. Some of the information contained in this discussion and analysis or elsewhere in this Quarterly Report, including, but not limited to, information with respect to our plans and strategy for our business, our performance and future success, our liquidity and capital resources, including our ability to meet our liquidity needs, macroeconomic conditions, volatility in the political, legal and regulatory environment in which we operate including trade, tariffs and other policies implemented by the United States or actions taken by other countries in response, trends in the global auto industry and adjacent markets, including shipping and production issues, new products, process optimization efforts and cost management, litigation, and tax estimates and other tax matters, includes forward-looking statements that involve risks and uncertainties. See “Cautionary Statement Concerning Forward-Looking Statements.” You should review the “Risk Factors” sections in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended September 30, 2025 for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis. Note that the results of operations for the three months ended December 31, 2025 are not necessarily indicative of what our operating results for the full fiscal year will be. In this Item, “we,” “us,” “our,” “Cerence” and the “Company” refer to Cerence Inc. and its consolidated subsidiaries, collectively.

Overview

Cerence builds conversational and agentic AI solutions for the mobility/transportation market. Our primary target is the automobile market, but our solutions can apply to all forms of transportation including, but not limited to, two-wheel vehicles, planes, tractors, cruise ships and elevators as well as the Internet of Things industry as a whole, including televisions, smart watches, voice-powered kiosks, and more. Our solutions power natural conversational and intuitive interactions between automobiles, drivers and passengers, and the broader digital world. We possess one of the leading software platforms for building automotive virtual assistants. Our automotive customers include nearly all major automobile original equipment manufacturers (“OEMs”) or their tier 1 suppliers worldwide. We deliver our solutions on a white-label basis, enabling our customers to deliver customized virtual assistants with unique, branded personalities and ultimately strengthening the bond between automobile brands and end users. Our vision is to enable a more enjoyable, safer journey for everyone.

Our principal offering is our software platform, which our customers use to build virtual assistants that can communicate, find information and take action across an expanding variety of categories. Our software platform has a hybrid architecture combining edge software components with cloud-connected components. Edge software components are installed on a vehicle’s head unit and can operate without access to external networks and information. Cloud-connected components are comprised of certain speech and natural language understanding related technologies, AI-enabled personalization and context-based response frameworks, and content integration platform.

We generate revenue primarily by selling software or intellectual property (“IP”) licenses and cloud-connected services. Our edge software components are typically sold under a traditional per unit perpetual software license model, in which a per unit fee is charged on a variable basis for each software instance installed on an automotive head unit. We typically license cloud-connected software components in the form of a service to the vehicle end user, which is paid for in advance. In addition, we generate professional services revenue from our work with our customers during the design, development and deployment phases of the vehicle model lifecycle and through maintenance and enhancement projects. We have existing relationships with nearly all major automotive OEMs or their tier 1 suppliers, and while our customer contracts vary, they generally represent multi-year engagements, giving us some visibility into future revenue; however, such revenue may not materialize as expected due to delays in automobile production, volatility in the political, legal and regulatory environment in which we operate including trade, tariffs and other policies implemented by the administration in the United States or actions taken by other countries in response, automotive production curtailment or delays related thereto, changing customer forecasts, macroeconomic conditions or other factors discussed elsewhere in this Quarterly Report.

Basis of Presentation

The financial information presented in the accompanying unaudited condensed consolidated financial statements has been prepared in accordance with U.S. GAAP and in accordance with rules and regulations of the SEC

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regarding interim financial reporting. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

The condensed consolidated balance sheet data as of September 30, 2025 was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting primarily of normal recurring accruals, necessary for a fair presentation of our financial position and results of operations. The operating results for the three months ended December 31, 2025 are not necessarily indicative of the results expected for the full fiscal year ending September 30, 2026.

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company, as well as those of its wholly owned subsidiaries. All significant intercompany transactions and balances are eliminated in consolidation.

Key Financial Metrics

In evaluating our financial condition and operating performance, we focus on revenue, operating margins, and cash flow from operations.

For the three months ended December 31, 2025 as compared to the three months ended December 31, 2024:

- Total revenue increased by \$64.2 million, or 126.1%, to \$115.1 million from \$50.9 million.
- Operating margin increased 58.7 percentage points to positive 25.5% from negative 33.3%.
- Cash provided by operating activities was \$37.9 million, an increase of \$28.6 million, or 309.5%, from cash provided by operating activities of \$9.3 million.

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Operating Results

The following table shows the Condensed Consolidated Statements of Operations for the three months ended December 31, 2025 and 2024 (dollars in thousands):

	Three Months Ended December 31,	
	2025	2024
Revenues:		
License	\$ 87,758	\$ 22,725
Connected services	14,532	13,707
Professional services	12,786	14,464
Total revenues	<u>115,076</u>	<u>50,896</u>
Cost of revenues:		
License	1,323	1,782
Connected services	4,911	6,311
Professional services	9,492	9,731
Total cost of revenues	<u>15,726</u>	<u>17,824</u>
Gross profit	<u>99,350</u>	<u>33,072</u>
Operating expenses:		
Research and development	24,701	20,869
Sales and marketing	5,557	4,766
General and administrative	31,987	12,754
Amortization of intangible assets	—	554
Restructuring and other costs, net	7,794	11,062
Total operating expenses	<u>70,039</u>	<u>50,005</u>
Income (loss) from operations	<u>29,311</u>	<u>(16,933)</u>
Interest income	865	1,437
Interest expense	(1,665)	(3,393)
Other income, net	<u>1,550</u>	<u>272</u>
Income (loss) before income taxes	<u>30,061</u>	<u>(18,617)</u>
Provision for income taxes	<u>35,300</u>	<u>5,671</u>
Net loss	<u><u>\$ (5,239)</u></u>	<u><u>\$ (24,288)</u></u>

Our revenue consists primarily of license revenue, connected services revenue and revenue from professional services. License revenue primarily consists of license royalties associated with our edge software components and revenue associated with the licensing of our Intellectual Property or “IP”. Our edge software components are typically sold under a traditional per unit perpetual software license model, in which a per unit fee is charged for each software instance installed on an automotive head unit. Our contracts contain variable, fixed prepaid or fixed minimum purchase commitment components. Revenue is recognized and cash is collected for variable contracts over the license distribution period. The fixed contracts typically provide the customer with a price discount and can include the conversion of a variable contract that is already in our variable backlog. Revenue for fixed contracts is recognized when the software is made available to the customer, which has typically occurred at the time the contract is signed. Cash is typically expected to be collected for a fixed prepaid deal at the inception of the contract. Cash is expected to be collected for a fixed minimum commitment deal over the license distribution period. Going forward, we will continue to assess the levels of fixed license contracts and make adjustments, as necessary. The timing and amount of revenue recognized from IP or patent licensing depends upon a variety of factors, including the specific terms of each agreement and the nature of the deliverables and obligations. These agreements could include, without limitation, performance obligations related to consideration for past patent royalties, patent licensing royalties on covered products sold by licensees, access to a portfolio of technology as it exists at a point in time, and access to a portfolio of technology at a point in time along with promises to provide any technology updates to the portfolio during the term on a when-and-if basis. Such licenses could be fixed and non-refundable in nature and/or variable over time. Certain components of revenue recognized with respect to IP license agreements may require the use of estimates, which may be significant. Related revenue is recognized at the point in time

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when the software and technology is made available to the customer and control is transferred and, if applicable, according to usage. See Note 3 to the accompanying unaudited condensed consolidated financial statements for further discussion of our revenue, deferred revenue performance obligations and the timing of revenue recognition. Costs of license revenue primarily consists of third-party royalty expenses for certain external technologies we leverage and costs associated with our Cerence Link product.

Connected services revenue primarily represents the subscription fee that provides access to our connected services components, including the customization and construction of our connected services solutions. We also derive revenue within our connected services business from usage contracts and there can be instances where a customer purchases a software license that allows them to take possession of the software to enable hosting by the customer or a third-party. Subscription and usage contracts typically have a term of one to five years. Subscription revenue is recognized over the subscription period and cash is expected to be collected at the start of the subscription period. Usage based revenue is recognized and cash is collected as the service is used. If the customer takes possession of the software to have it hosted by the customer or a third-party, revenue is recognized, and cash is collected at the time the license is delivered.

Professional services revenue is primarily comprised of porting, integrating, and customizing our embedded solutions, with costs primarily consisting of compensation for services personnel, contractors and overhead.

Our operating expenses include R&D, sales and marketing and general and administrative expenses. R&D expenses primarily consist of salaries, benefits, and overhead relating to research and engineering staff. Sales and marketing expenses includes salaries, benefits, and commissions related to our sales, product marketing, product management, and business unit management teams. General and administrative expenses primarily consist of personnel costs for administration, legal, finance, human resources, general management, fees for external professional advisers including accountants and attorneys, and provisions for credit losses.

Amortization of acquired patents and core technology are included within cost of revenues whereas the amortization of other intangible assets, such as acquired customer relationships, trade names and trademarks, are included within operating expenses. Customer relationships are amortized over their estimated economic lives based on the pattern of economic benefits expected to be generated from the use of the asset. Other identifiable intangible assets are amortized on a straight-line basis over their estimated useful lives.

Restructuring and other costs, net include restructuring expenses as well as other charges that are unusual in nature, are the result of unplanned events, and arise outside the ordinary course of our business.

Total other expense, net consists primarily of foreign exchange gains (losses), interest income and interest expense related to the Notes.

We expect our revenue to continue to be impacted by the changing dynamics in the global automotive industry which has experienced production delays and slowdowns. Volatility in the political, legal and regulatory environment in which we operate, including trade, tariffs and related policies also has resulted in increased pricing pressure from customers and delays in program timelines. Macroeconomic conditions such as high interest rates and lack of credit availability have contributed to these production delays and slowdowns. In addition, the software and technology systems in automobiles have become increasingly complex, leading to substantial challenges and delays in production for some of our customers. Our business in adjacent markets, such as two-wheeled vehicles, trucks and AIoT, is also developing slower than anticipated due to the challenges of introducing different technology into a new market. In light of these challenges, we intend to make efforts to streamline our operations, and we continue to focus on our cost management and have taken, and expect to continue to take, cost reduction actions, which may result in additional restructuring costs. In particular, in September 2025, we announced the 2025 Plan intended to streamline certain foreign operations. In August 2024, we announced the 2024 Plan intended to reduce operating expenses and position us for profitable growth. The implementation of the 2024 Plan was substantially complete by the end of the first quarter of fiscal year 2025 and is formally concluded as of December 31, 2025. The implementation of the 2025 Plan was substantially completed during the three months ended December 31, 2025. Potential position eliminations are subject to legal requirements that vary by jurisdiction, which may extend this process beyond the first quarter of fiscal year 2026 in certain cases. The charges that we expect to incur from the implementation of the 2025 Plan are subject to a number of assumptions, including legal requirements in various jurisdictions, and actual expenses and charges may differ materially from the estimates disclosed above. For additional details, refer to the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025.

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Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

Total Revenues

The following table shows total revenues by product type, including the corresponding percentage change, for the three months ended December 31, 2025 and 2024 (dollars in thousands):

	Three Months Ended December 31,				% Change 2025 vs. 2024
	2025	% of Total	2024	% of Total	
License	\$ 87,758	76.3%	\$ 22,725	44.6%	286.2%
Connected services	14,532	12.6%	13,707	26.9%	6.0 %
Professional services	12,786	11.1%	14,464	28.4%	(11.6)%
Total revenues	<u>\$ 115,076</u>		<u>\$ 50,896</u>		126.1%

Total revenues for the three months ended December 31, 2025 were \$115.1 million, an increase of \$64.2 million, or 126.1%, from \$50.9 million for the three months ended December 31, 2024. The increase in revenue was primarily driven by our IP license agreement with Samsung, resulting in \$49.5 million of one-time revenue. Additional increases in revenue were attributable to higher volume of both license volumes and connected services, and an increase of \$7.8 million of fixed contracts.

License Revenue

License revenue for the three months ended December 31, 2025 was \$87.8 million, an increase of \$65.0 million, or 286.2%, from \$22.7 million for the three months ended December 31, 2024. The increase in revenue was primarily driven by our IP license agreement with Samsung, resulting in \$49.5 million of one-time revenue, recognized in accordance with ASC 606. The additional increase in license revenue was primarily driven by a \$7.8 million increase in fixed contracts and a \$7.8 million increase in variable license revenue due to higher volume of licensing royalties. As a percentage of total revenues, license revenue increased 31.6 percentage points from 44.6% for the three months ended December 31, 2024 to 76.3% for the three months ended December 31, 2025.

Connected Services Revenue

Connected services revenue for the three months ended December 31, 2025 was \$14.5 million, an increase of \$0.8 million, or 6.0%, from \$13.7 million for the three months ended December 31, 2024. This increase was primarily driven by higher reported volumes. As a percentage of total revenues, connected services revenue decreased by 14.3 percentage points from 26.9% for the three months ended December 31, 2024 to 12.6% for the three months ended December 31, 2025.

Professional Services Revenue

Professional services revenue for the three months ended December 31, 2025 was \$12.8 million, a decrease of \$1.7 million, or 11.6%, from \$14.5 million for the three months ended December 31, 2024. This decrease was primarily driven by the increased standardization of our software product offerings, which requires less professional services effort to implement, other efficiencies in our professional services processes and, in some cases, customers opting to perform these activities internally. As a percentage of total revenues, professional services revenue decreased by 17.3 percentage points from 28.4% for the three months ended December 31, 2024 to 11.1% for the three months ended December 31, 2025.

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Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

Total Cost of Revenues and Gross Profits

The following table shows total cost of revenues by product type and the corresponding percentage change (dollars in thousands):

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
License	\$ 1,323	\$ 1,782	(25.8%)
Connected services	4,911	6,311	(22.2%)
Professional services	9,492	9,731	(2.5%)
Total cost of revenues	<u>\$ 15,726</u>	<u>\$ 17,824</u>	(11.8%)

The following table shows total gross profit by product type and the corresponding percentage change (dollars in thousands):

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
License	\$ 86,435	\$ 20,943	312.7%
Connected services	9,621	7,396	30.1%
Professional services	3,294	4,733	(30.4%)
Total gross profit	<u>\$ 99,350</u>	<u>\$ 33,072</u>	200.4%

Total cost of revenues for the three months ended December 31, 2025 were \$15.7 million, a decrease of \$2.1 million, or 11.8%, from \$17.8 million for the three months ended December 31, 2024.

We experienced an increase in total gross profit of \$66.3 million, or 200.4%, from \$33.1 million for the three months ended December 31, 2024 to \$99.4 million for the three months ended December 31, 2025. The increase was primarily driven by the Samsung patent license revenue.

Cost of License Revenue

Cost of license revenue for the three months ended December 31, 2025 was \$1.3 million, a decrease of \$0.5 million, or 25.8%, from \$1.8 million for the three months ended December 31, 2024. Cost of license revenues decreased due to lower hardware costs attributable to decreased volume of our Cerence Link product revenue. As a percentage of total cost of revenues, cost of license revenue decreased by 1.6 percentage points from 10.0% for the three months ended December 31, 2024 to 8.4% for the three months ended December 31, 2025.

License gross profit increased by \$65.5 million, or 312.7%, for the three months ended December 31, 2025 when compared to the three months ended December 31, 2024, primarily driven by the Samsung patent license revenue.

Cost of Connected Services Revenue

Cost of connected services revenue for the three months ended December 31, 2025 was \$4.9 million, a decrease of \$1.4 million, or 22.2%, from \$6.3 million for the three months ended December 31, 2024. Cost of connected services revenue decreased primarily due to a \$1.0 million decrease associated with lower amortization expense of capitalized project costs and lower overall in-period deferrals of project delivery costs, a \$0.3 million reduction in internal allocated labor, and a \$0.1 million decrease in our cloud infrastructure costs. As a percentage of total cost of revenues, cost of connected services revenue decreased by 4.2 percentage points from 35.4% for the three months ended December 31, 2024 to 31.2% for the three months ended December 31, 2025.

Connected services gross profit increased \$2.2 million, or 30.1%, from \$7.4 million for the three months ended December 31, 2024 to \$9.6 million for the three months ended December 31, 2025, primarily due to higher reported volumes resulting in increased revenue, and lower overall costs associated with the delivery of connected services.

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Cost of Professional Services Revenue

Cost of professional services revenue for the three months ended December 31, 2025 was \$9.5 million, a decrease of \$0.2 million, or 2.5%, from \$9.7 million for the three months ended December 31, 2024. Cost of professional services revenue decreased primarily due a \$0.3 million decrease in third-party contractor costs. As a percentage of total cost of revenues, cost of professional services revenue increased by 5.8 percentage points from 54.6% for the three months ended December 31, 2024 to 60.4% for the three months ended December 31, 2025.

Professional services gross profit decreased \$1.4 million, or 30.4%, from \$4.7 million for the three months ended December 31, 2024 to \$3.3 million for the three months ended December 31, 2025, which was primarily due to a decrease in related revenues.

R&D Expenses

Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
Research and development	\$ 24,701	\$ 20,869	18.4 %

Historically, R&D expenses are our largest operating expense as we continue to build on our existing software platforms and develop new technologies. R&D expenses for the three months ended December 31, 2025 were \$24.7 million, an increase of \$3.8 million, or 18.4%, from \$20.9 million for the three months ended December 31, 2024. The increase was primarily attributable to \$2.1 million of international tax credit catch-ups recorded in three months ended December 31, 2024 which did not recur in three months ended December 31, 2025, a \$0.9 million increase in employee compensation costs, a \$0.4 million increase in third-party contractor costs, and a \$0.4 million increase in depreciation and amortization related to facilities and equipment required to support our AI infrastructure. As a percentage of total operating expenses, R&D expenses decreased by 6.5 percentage points from 41.7% for the three months ended December 31, 2024 to 35.3% for the three months ended December 31, 2025.

Sales & Marketing Expenses

Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
Sales and marketing	\$ 5,557	\$ 4,766	16.6 %

Sales and marketing expenses for the three months ended December 31, 2025 were \$5.6 million, an increase of \$0.8 million, or 16.6%, from \$4.8 million for the three months ended December 31, 2024. This increase was primarily driven by stock-based compensation expense of \$0.3 million and other employee compensation costs of \$0.3 million. As a percentage of total operating expenses, sales and marketing expenses decreased by 1.6 percentage points from 9.5% for the three months ended December 31, 2024 to 7.9% for the three months ended December 31, 2025.

General & Administrative Expenses

Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
General and administrative	\$ 31,987	\$ 12,754	150.8 %

General and administrative expenses for the three months ended December 31, 2025 were \$32.0 million, an increase of \$19.2 million, or 150.8%, from \$12.8 million for the three months ended December 31, 2024. The increase in general and administrative expenses was primarily attributable to a \$20.8 million increase in legal professional services driven by costs related to the Samsung IP license agreement. As a percentage of total operating expenses, general

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and administrative expenses increased by 20.2 percentage points from 25.5% for the three months ended December 31, 2024 to 45.7% for the three months ended December 31, 2025.

Amortization of Intangible Assets

Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
Operating expense	—	554	(100.0)%
Total amortization	\$ —	\$ 554	(100.0)%

Amortization expense for acquired technology and patents is included in the cost of revenues in the accompanying Condensed Consolidated Statements of Operations. Acquired technology and patents were fully amortized as of December 31, 2024. Amortization expense for customer relationships is included in operating expenses in the accompanying Condensed Consolidated Statements of Operations. Customer relationships were fully amortized as of June 30, 2025.

As a percentage of total operating expenses, intangible asset amortization expenses within operating expenses decreased by 1.1 percentage points from 1.1% for the three months ended December 31, 2024 as compared to zero percent for the three months ended December 31, 2025.

Other Components of Operating Expense

Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
Restructuring and other costs, net	\$ 7,794	\$ 11,062	(29.5)%

Fiscal Year 2026

For the three months ended December 31, 2025, we recorded restructuring and other costs, net of \$7.8 million, which included a \$7.5 million charge related to the elimination of personnel, a \$0.3 million charge resulting from the closure of facilities that will no longer be utilized, and \$0.1 million relating to our transformation initiatives and other one-time charges.

Fiscal Year 2025

For the three months ended December 31, 2024, we recorded restructuring and other costs, net of \$11.1 million, which included a \$10.2 million charge related to the elimination of personnel, of which \$3.0 million related to the stock-based compensation expense related to the termination of our former senior management employees, and a \$0.9 million charge relating to our transformation initiatives.

As a percentage of total operating expenses, restructuring and other costs, net decreased by 11.0 percentage points from 22.1% for the three months ended December 31, 2024 to 11.1% for the three months ended December 31, 2025.

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Total Other Income (Expense), Net

Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
Interest income	\$ 865	\$ 1,437	(39.8)%
Interest expense	(1,665)	(3,393)	(50.9)%
Other income, net	1,550	272	469.9 %
Total other income (expense), net	\$ 750	\$ (1,684)	(144.5)%

Total other income (expense), net for the three months ended December 31, 2025 was income of \$0.8 million, a change of \$2.4 million from \$1.7 million of expense for the three months ended December 31, 2024. The decrease in interest income was primarily attributable to lower balances of marketable securities and a generally lower interest rate environment when compared to the three months ended December 31, 2024. The decrease in interest expense was primarily attributable to a lower applicable interest rate on our Notes and a lower overall principal balance outstanding. The change in Other income, net was driven primarily by the gain on debt repurchase of the Notes. For further information, see “Liquidity and Capital Resources” below.

Provision For Income Taxes

Three Months Ended December 31, 2025 Compared with Three Months Ended December 31, 2024

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
Provision for income taxes	\$ 35,300	\$ 5,671	522.5 %
Effective income tax rate %	117.4 %	(30.5)%	

Our effective income tax rate for the three months ended December 31, 2025 was positive 117.4%, compared to negative 30.5% for the three months ended December 31, 2024. Our provision for income taxes for the three months ended December 31, 2025 was \$35.3 million, a net change of \$29.6 million from a provision for income taxes of \$5.7 million for the three months ended December 31, 2024. This difference was attributable to the tax impacts of foreign valuation allowances, stock-based compensation, research credits, and our composition of jurisdictional earnings.

Liquidity and Capital Resources

Financial Condition

As of December 31, 2025, we had \$94.7 million in cash, cash equivalents, and marketable securities. Cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less. Marketable securities include corporate bonds and government securities.

Sources and Material Cash Requirements

Our principal sources of liquidity are our cash, cash equivalents, and marketable securities, as well as the cash flows we generate from our operations. The primary uses of cash include costs of revenues, funding of R&D activities, capital expenditures and debt obligations.

Our ability to fund future operating needs will depend on our ability to generate positive cash flows from operations and access additional funding in the capital and debt markets as needed. Based on our expectations to generate positive cash flows and the \$94.7 million of cash, cash equivalents, and marketable securities as of December 31, 2025, we believe that we will be able to meet our liquidity needs over the next 12 months.

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The following table presents our material cash requirements for future periods (dollars in thousands):

	Material Cash Requirements Due by Period					Total
	2026	2027-2028	2029-2030	Thereafter		
2028 Notes	\$ —	\$ 105,000	\$ —	\$ —	\$ 105,000	
Cash interest payable on the 2028 Notes ^(a)	788	3,150	—	—	—	3,938
2025 Modified Notes	—	75,000	—	—	—	75,000
Cash interest payable on the 2025 Modified Notes ^(a)	563	2,250	—	—	—	2,813
Operating leases	4,467	10,044	4,159	110	110	18,780
Financing leases	54	—	—	—	—	54
Total material cash requirements	\$ 5,871	\$ 195,444	\$ 4,159	\$ 110	\$ 205,584	

^(a) Interest per annum is due and payable semiannually and is determined based on the outstanding principal as of December 31, 2025.

Should we need to secure additional sources of liquidity, we believe that we could finance our needs through the issuance of equity securities or debt offerings. However, we cannot guarantee that we will be able to obtain financing through the issuance of equity securities or debt offerings or that, if such financing is obtained, that it will be on acceptable terms. Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our products or in the solvency of our customers or suppliers or if there are other significantly unfavorable changes in economic conditions. For instance, inflation and persistently high interest rates, changes in the political, legal and regulatory environment, including trade policies and tariffs, and disruptions have negatively impacted the global economy and created significant volatility and disruption of financial markets. An extended period of economic disruption or market volatility, could materially affect our business, results of operations, access to sources of liquidity and financial condition.

1.50% Senior Convertible Notes due 2028

On June 26, 2023, we issued \$190.0 million in aggregate principal amount of 1.50% Convertible Senior Notes due 2028 (the “2028 Notes”), which are governed by an indenture (the “2028 Indenture”), between us and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). On July 3, 2023, we issued an additional \$20.0 million in aggregate principal amount of 2028 Notes. The initial net proceeds from the issuance of the 2028 Notes were \$193.2 million after deducting transaction costs.

The 2028 Notes are senior, unsecured obligations and accrue interest payable semiannually in arrears on January 1 and July 1 of each year at a rate of 1.50% per year. The 2028 Notes will mature on July 1, 2028, unless earlier converted, redeemed, or repurchased. The 2028 Notes are convertible into cash, shares of our common stock or a combination of cash and shares of our common stock, at our election.

The conversion rate is 24.5586 shares of our common stock per \$1,000 principal amount of 2028 Notes (equivalent to an initial conversion price of approximately \$40.72 per share of our common stock). The conversion rate is subject to adjustment in some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date or if we deliver a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its 2028 Notes in connection with such a corporate event or convert its 2028 Notes called for redemption in connection with such notice of redemption, as the case may be.

During the three months ended December 31, 2025, we repurchased \$30.0 million aggregate principal amount of our 2028 Notes for \$28.0 million in cash, including accrued interest and fees, via privately negotiated transactions with certain holders. The repurchased notes were subsequently cancelled and retired, resulting in a gain on extinguishment of debt of \$1.1 million.

In connection with the offering of the 2028 Notes, we repurchased \$87.5 million in aggregate principal amount of the 2025 Notes in a privately negotiated transaction. We specifically negotiated the repurchase of the 2025 Notes with investors who concurrently purchased the 2028 Notes. We evaluated the transaction to determine whether the exchange should be accounted for as a modification or extinguishment under the provisions of ASC 470-50, which allows for an exchange of debt instruments between the same debtor and creditor to be accounted for as a modification so long as

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the instruments do not have substantially different terms. Because the concurrent redemption of the 2025 Notes and a portion of issuance of the 2028 Notes were executed with the same investors, we evaluated the transaction as a debt modification, on a creditor by creditor basis. The repurchase of the 2025 Notes and issuance of the 2028 Notes were deemed to not have substantially different terms on the basis that (1) the present value of the cash flows under the terms of the new debt instrument were less than 10% different from the present value of the remaining cash flows under the terms of the original instrument and (2) the fair value of the conversion feature did not change by more than 10% of the carrying value of the 2025 Notes, and therefore, the repurchase of the 2025 Notes was accounted for as a debt modification.

As a result, \$87.5 million of the 2028 Notes are considered a modification of the 2025 Notes and are included in the balances of the 2025 Notes (the “2025 Modified Notes” and together with the 2028 Notes, the “Notes”). We recorded \$14.3 million of fees paid directly to the lenders as deferred debt issuance costs, and \$3.8 million of fees paid to third-parties were expensed in the period. As of December 31, 2025, the carrying amount of the 2025 Modified Notes was \$68.0 million, net of unamortized costs of \$7.0 million.

If a convertible debt instrument is modified or exchanged in a transaction that is not accounted for as an extinguishment, an increase in the fair value of the embedded conversion option shall reduce the carrying amount of the debt instrument with a corresponding increase in Additional paid-in capital. We recognized the increase in the fair value of the embedded conversion feature of \$4.1 million as Additional paid-in capital and an equivalent discount that reduced the carrying value of the 2025 Modified Notes.

We accounted for \$122.5 million of the 2028 Notes, that were not negotiated with the investors of the 2025 Notes, as a single liability. We incurred transaction costs of \$2.4 million relating to the issuance of the 2028 Notes, which were recorded as a direct deduction from the face amount of the 2028 Notes and are being amortized as interest expense over the term of the 2028 Notes using the interest method. As of December 31, 2025, the carrying amount of the 2028 Notes was \$104.0 million and had unamortized issuance costs of \$1.0 million. As of December 31, 2025, the 2028 Notes were not convertible. As of December 31, 2025 and September 30, 2025, the if-converted value of the 2028 Notes was \$77.4 million and \$85.0 million, respectively, less than its principal amount.

3.00% Senior Convertible Notes due 2025

On June 2, 2020, we issued \$175.0 million in aggregate principal amount of 3.00% Convertible Senior Notes due June 1, 2025 (the “2025 Notes”), including the initial purchasers’ exercise in full of their option to purchase \$25.0 million principal amount of the 2025 Notes, which were governed by an indenture (the “2025 Indenture”), between us and the Trustee, in a private offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act. The net proceeds from the issuance of the 2025 Notes were \$169.8 million after deducting transaction costs.

The 2025 Notes were senior, unsecured obligations and accrued interest payable semiannually in arrears on June 1 and December 1 of each year at a rate of 3.00% per year. For a complete description of the 2025 Notes, please refer to *Footnote 17, Long-Term Debt* as disclosed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025.

During the year ended September 30, 2025, we repurchased \$27.4 million aggregate principal amount of our 2025 Notes for \$27.0 million in cash, including accrued interest and fees, via privately negotiated transactions with certain holders. The repurchased 2025 Notes were subsequently cancelled and retired, resulting in a gain on extinguishment of debt of \$0.3 million. The remaining outstanding principal balance on the 2025 Notes and accrued interest of \$61.0 million was repaid in its entirety at maturity during the three months ended June 30, 2025.

The interest expense recognized related to the Notes for the three months ended December 31, 2025 and 2024 was as follows (dollars in thousands):

	Three Months Ended December 31,	
	2025	2024
Contractual interest expense	\$ 784	\$ 1,425
Amortization of debt discount	158	265
Amortization of issuance costs	721	1,281
Total interest expense related to the Notes	\$ 1,663	\$ 2,971

Senior Credit Facilities

On June 12, 2020 (the “Financing Closing Date”), we entered into a Credit Agreement, by and among the Borrower, the lenders and issuing banks party thereto and Wells Fargo Bank, N.A., as administrative agent (the “Credit

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Agreement”), consisting of a four-year senior secured term loan facility in the aggregate principal amount of \$125.0 million (the “Term Loan Facility”). The net proceeds from the issuance of the Term Loan Facility were \$123.0 million. We also entered into a senior secured first-lien revolving credit facility in an aggregate principal amount of \$50.0 million (the “Revolving Facility” and, together with the Term Loan Facility, the “Senior Credit Facilities”), which could have been drawn on in the event that our working capital and other cash needs were not supported by our operating cash flow.

In connection with the issuance of the 2028 Notes, in the third quarter of fiscal year 2023, we borrowed \$24.7 million under our Revolving Facility and paid \$106.3 million towards our Term Loan Facility. As a result, we recorded \$104.9 million extinguishment of debt and \$1.3 million loss on the extinguishment of debt. All principal and interest on the Term Loan Facility have been paid in full. As of December 31, 2025 and September 30, 2025, there were no amounts outstanding under the Revolver Facility.

On December 31, 2024, we terminated the Credit Agreement. On the date of termination, there were no revolving loans outstanding under the Credit Agreement. As a result of the Credit Agreement termination, we will not have access to the Revolving Facility and we will not be subject to the applicable Credit Agreement covenants.

Total interest expense relating to the Senior Credit Facilities for the three months ended December 31, 2025 and 2024 was none and \$0.4 million, respectively. Amounts reflect the coupon and accretion of the discount.

Cash Flows

Cash flows from operating, investing and financing activities for the three months ended December 31, 2025 and 2024, as reflected in the unaudited Condensed Consolidated Statements of Cash Flows included in Item 1 of this Form 10-Q, are summarized in the following table (dollars in thousands):

	Three Months Ended December 31,		% Change 2025 vs. 2024
	2025	2024	
Net cash provided by operating activities	\$ 37,894	\$ 9,254	309.5%
Net cash (used in) provided by investing activities	(1,789)	759	(335.7%)
Net cash used in financing activities	(27,654)	(27,084)	2.1%
Effects of exchange rate changes on cash and cash equivalents	(338)	(311)	8.7%
Net changes in cash and cash equivalents	\$ 8,113	\$ (17,382)	(146.7) %

Net Cash Provided by Operating Activities

Net cash provided by operating activities for the three months ended December 31, 2025 was \$37.9 million, a net change of \$28.6 million, or 309.5%, from net cash provided by operating activities of \$9.3 million for the three months ended December 31, 2024. The change in cash flows were primarily due to:

- An increase of \$30.2 million from income before non-cash charges primarily driven by the net impact of the lump sum payment, net of taxes, received from Samsung and related legal expenses;
- A increase of \$1.9 million due to favorable changes in working capital primarily related to accrued expenses and other liabilities, accounts receivable, prepaid expenses and other assets; and
- A decrease of \$3.5 million from changes in deferred revenue.

Deferred revenue represents a significant portion of our net cash used in or provided by operating activities and, depending on the nature of our contracts with customers and foreign currency exchange rates, this balance can fluctuate significantly from period to period. Fluctuations in deferred revenue are not a reliable indicator of future performance and the related revenue associated with these contractual commitments. We do not expect any changes in deferred revenue to affect our ability to meet our obligations.

Net Cash (Used in) Provided by Investing Activities

Net cash used in investing activities for the three months ended December 31, 2025 was \$1.8 million, a net change of \$2.5 million, or 335.7%, from \$0.8 million of cash provided by investing activities for the three months ended December 31, 2024. The change in cash flows were primarily due to a decrease of \$1.6 million related to marketable securities and \$0.9 million related to additional capital expenditures.

Net Cash Used in Financing Activities

Net cash used in financing activities for the three months ended December 31, 2025 was \$27.7 million, a net change of \$0.6 million, from cash used in financing activities of \$27.1 million for the three months ended December 31, 2024. The change in cash flows were primarily due to:

- An increase of \$27.6 million in principal payments for long-term debt;
- A decrease of \$27.0 million in principal payments for short-term debt;
- An increase of \$6.1 million in proceeds from the issuance of our common stock; and
- An increase of \$6.2 million in payments of tax related withholdings due to the net settlement of equity awards.

Critical Accounting Estimates

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that have a material impact on the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. We base our estimates on historical experience and various other factors we believe to be reasonable under the circumstances, the results of which form the basis for judgments about the carrying values of assets and liabilities and the amounts of revenues and expenses. Actual results may differ from these estimates.

We believe that our critical accounting estimates are those related to revenue recognition; allowance for credit losses; accounting for deferred costs; accounting for internally developed software; the valuation of goodwill and intangible assets; accounting for stock-based compensation; accounting for income taxes; accounting for convertible debt; and loss contingencies. We believe these estimates are critical because they most significantly affect the portrayal of our financial condition and results of operations and involve our most complex and subjective estimates and judgments. A discussion of our critical accounting estimates may be found in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025 in Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” under the heading “Critical Accounting Estimates” and below.

Recently Adopted Accounting Pronouncements and Recent Accounting Pronouncements To Be Adopted

Refer to Note 2 to the accompanying unaudited condensed consolidated financial statements for a description of certain issued accounting standards that have been recently adopted and are expected to be adopted by us and may impact our results of operations in future reporting periods.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk from changes in foreign currency exchange rates and interest rates which could affect our operating results, financial position and cash flows. We manage our exposure to these market risks through our regular operating and financing activities, and through the use of derivative financial instruments.

Exchange Rate Sensitivity

We are exposed to changes in foreign currency exchange rates. Any foreign currency transaction, defined as a transaction denominated in a currency other than the local functional currency, will be reported in the functional currency at the applicable exchange rate in effect at the time of the transaction. A change in the value of the functional currency compared to the foreign currency of the transaction will have either a positive or negative impact on our financial position and results of operations.

Assets and liabilities of our foreign entities are translated into U.S. dollars at exchange rates in effect at the balance sheet date and income and expense items are translated at average rates for the applicable period. Therefore, the change in the value of the U.S. dollar compared to foreign currencies will have either a positive or negative effect on our financial position and results of operations. Historically, our primary exposure has been related to transactions denominated in the Canadian dollar, Chinese yuan, Euro, and Japanese yen.

We use foreign currency forward contracts to hedge the foreign currency exchange risk associated with forecasted foreign denominated payments related to our ongoing business. The aggregate notional amount of our

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outstanding foreign currency forward contracts was \$9.5 million at December 31, 2025. Foreign currency forward contracts are sensitive to changes in foreign currency exchange rates. A 10% unfavorable exchange rate movement in our portfolio of foreign currency contracts would have resulted in unrealized losses of \$1.0 million at December 31, 2025. Such losses would be offset by corresponding gains in the remeasurement of the underlying transactions being hedged. We believe these foreign currency forward exchange contracts and the offsetting underlying commitments, when taken together, do not create material market risk.

Interest Rate Sensitivity

We are exposed to interest rate risk as a result of our cash and cash equivalents. As of December 31, 2025, we held approximately \$92.1 million of cash and cash equivalents consisting of cash and highly liquid investments, including money-market funds and time deposits. Assuming a 1% increase in interest rates, our interest income on our highly liquid investments would increase by \$0.3 million per annum, based on December 31, 2025 reported balances.

Item 4. Controls and Procedures.

Evaluation of disclosure controls and procedures. Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this Quarterly Report. Based on this evaluation, our management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of December 31, 2025 to ensure that all material information required to be disclosed by us in reports that we file or submit under the Exchange Act is accumulated and communicated to them as appropriate to allow timely decisions regarding required disclosure and that all such information is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Changes in internal control over financial reporting. There were no changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations of the effectiveness of internal control. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the internal control system are met. Because of the inherent limitations of any internal control system, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

A.P., a minor, by and through her guardian, Carlos Pena and Carlos Pena Action

On March 24, 2023, plaintiffs A.P., a minor, by and through her guardian, Carlos Pena, and Carlos Pena, each individually and on behalf of similarly situated individuals filed a purported class action lawsuit in the Circuit Court of Cook County, Illinois, Chancery Division (Case. No. 2023CH02866 (Cir. Ct. Cook Cnty. 2023)). The case was removed to Federal Court (Case No. 1:23CV2667 (N.D. Ill.)), and then severed and remanded back in part, so there are two pending cases. Plaintiffs subsequently amended the federal complaint twice, with the latest second amended complaint, filed on July 13, 2023, adding plaintiffs Randolph Freshour and Vincenzo Allan, each also filing individually and on behalf of similarly situated individuals. Plaintiffs allege that Cerence violated the Illinois Biometric Information Privacy Act (“BIPA”), 740 ILCS 14/1 et seq. through Cerence’s Drive Platform technology, which is integrated in various automobiles. The named plaintiffs allegedly drove or rode in a vehicle with Cerence’s Drive Platform technology. Across both cases, plaintiffs allege that Cerence violated: (1) BIPA Section 15(a) by possessing biometrics without any public written policy for their retention or destruction; (2) BIPA Section 15(b) by collecting, capturing, or obtaining biometrics without written notice or consent; (3) BIPA Section 15(c) by profiting from biometrics obtained from Plaintiffs and putative class members; and (4) BIPA Section 15(d) by disclosing biometrics to third party companies without consent. Cerence filed motions to dismiss both cases. On February 27, 2024, the Circuit Court issued an order denying Cerence’s motion to dismiss. On April 16, 2024, Cerence filed its answer and affirmative defenses, a motion to certify the Court’s order on Cerence’s motion to dismiss, and a motion to stay. Thereafter, in exchange for Cerence withdrawing its motions to certify and stay, plaintiffs filed amended complaints in both the Circuit Court and Federal Court, which 1) dismissed some plaintiffs and 2) amended the class definition to include Illinois individuals who owned, leased, and/or created user profiles for vehicles with Cerence’s “voice recognition technology” (rather than anyone in Illinois whose “voiceprint” was collected or stored by Cerence). Cerence filed its answers in both and the parties concluded fact discovery. On October 24, 2025, plaintiffs moved to certify the class, and that motion is fully briefed. On November 3, 2025, plaintiffs moved to stay the Federal Court case pending the Circuit Court’s ruling on class certification. On December 10, 2025, Cerence filed a Motion for Summary Judgment as to Plaintiff Vincenzo Allan on the basis that he did not use Cerence’s technology during the relevant period, as well as a Motion to Exclude Testimony of Plaintiffs’ class certification expert. Plaintiffs are seeking statutory damages of \$5,000 for each willful and/or reckless violation of BIPA and, alternatively, damages of \$1,000 for each negligent violation of BIPA. Given the uncertainty of litigation, the preliminary stage of the case, and the legal standards that must be met for, among other things, class certification and success on the merits, we cannot estimate the reasonably possible loss or range of loss that may result from this action.

Samsung Electronics Co. Ltd and Samsung Electronics America, Inc.

On October 13, 2023, Cerence filed its first patent infringement complaint against Samsung alleging infringement of five Cerence patents (“Samsung I”). On March 15, 2024, Cerence filed its second patent infringement complaint against Samsung alleging infringement of four additional Cerence patents (“Samsung II”). In its responsive pleading to Samsung II on July 10, 2024, Samsung asserted counterclaims, alleging infringement of U.S. Patent Nos. 10,395,657; 10,720,162; 11,823,682; and 9,583,103 against the Cerence Assistant. Samsung sought damages, including trebled damages, and its costs and fees. On October 28, 2025, Samsung and Cerence resolved these disputes by entering into a cross-license agreement, which, among other things, resulted in Samsung agreeing to pay Cerence a one-time lump sum payment in the total amount of \$49.5 million, which payment was received, net of tax, during the three months ended December 31, 2025, and the entirety of which was recorded as license revenue in accordance with ASC 606 during the three months ended December 31, 2025, consistent with the Company’s revenue recognition policy. The cross-license agreement requires that each party is responsible for bearing their own costs for any associated legal fees incurred as a result of the alleged complaints and negotiations resulting in the dispute resolution. As a result, our final receipt of the one-time lump-sum payment resulted in us incurring approximately \$20.7 million in legal fees, included in General and administrative expenses, which were paid in full during the three months ended December 31, 2025.

IP Enforcement Actions

From time to time, we may need to file actions to enforce our intellectual property rights. As of the date of this report, we have filed the following pending actions: (1) a complaint against Apple Inc. in the United States District Court for the Western District of Texas for patent infringement and seeking damages for such infringement; (2) a complaint with the United States International Trade Commission (ITC) against Sony Group Corporation (“Sony”) and TCL Technology Group Corporation (“TCL”) to block the importation of products infringing the Company’s patents; (3) complaints against both Sony and TCL in the United States District Court for the Eastern District of Texas seeking

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damages for such infringement; and (4) a complaint against Microsoft Corp. and Nuance Communications, Inc. in the United States District Court for the District of Delaware seeking damages for copyright infringement and breach of contract. The potential outcomes of litigation are unpredictable and, as a result, there can be no assurance that we will prevail in any such litigation or, if we prevail, what remedies might be awarded or whether any revenue may be recognized.

Other Legal Proceedings

From time to time, we may become a party to other legal proceedings, including, without limitation, product liability claims, employment matters, commercial disputes, governmental inquiries and investigations (which may in some cases involve our entering into settlement arrangements or consent decrees), and other matters arising out of the ordinary course of our business. While the results of any legal proceeding cannot be predicted with certainty, in our opinion none of our pending matters are currently anticipated to have a material adverse effect on our consolidated financial position, liquidity or results of operations.

Item 1A. Risk Factors.

In addition to the other information set forth in this Quarterly Report, you should carefully consider the factors discussed in Part I, "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025, which could materially affect our business, financial condition or future results of operations. The risks described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025 and those described in this Quarterly Report are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. Other than as updated below, there are no material changes to the risk factors described in our Annual Report on Form 10-K for the fiscal year ended September 30, 2025.

Benefits realized by our intellectual property monetization efforts may result in unpredictable or variable accounting treatments

Any agreements reached or damages awarded to us in connection with our intellectual property monetization efforts are subject to the appropriate application of relevant accounting standards under US GAAP based on the terms and conditions of any future potential agreement to license our IP. Our historical accounting treatment of such receipts and application of the relevant accounting standards may not be indicative of how future benefits may be accounted for. The revenue we may recognize from licenses, settlements or judgments in our favor may have a one-time effect of increasing revenue in the applicable period as required under applicable accounting standards, which may make comparisons with prior and future periods more difficult. For example, we recognized \$49.5 million of revenue associated with the settlement of our litigation and IP license with Samsung and a one-time lump sum payment in connection therewith during the first quarter of fiscal year 2026.

Item 5. Other Information.

Rule 10b5-1 Plans. Our policy governing transactions in our securities by directors, officers and employees permits our officers, directors and certain other persons to enter into trading plans complying with Rule 10b5-1 under the Exchange Act. Generally, under these trading plans, the individual relinquishes control over the transactions once the trading plan is put into place. Accordingly, sales under these plans may occur at any time, including possibly before, simultaneously with, or immediately after significant events involving our company.

During the three-month period ended December 31, 2025, none of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

We anticipate that, as permitted by Rule 10b5-1 and our policy governing transactions in our securities, some or all of our officers, directors and employees may establish trading plans in the future. We intend to disclose the names of executive officers and directors who establish a trading plan in compliance with Rule 10b5-1 and Regulation S-K, Item 408(a) and the requirements of our policy governing transactions in our securities in our future quarterly and annual reports on Form 10-Q and 10-K filed with the SEC. However, we undertake no obligation to update or revise the information provided herein, including for revision or termination of an established trading plan, other than in such quarterly and annual reports.

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Item 6. Exhibits.

The exhibits listed on the Exhibit Index are filed or furnished as part of this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Index #	Exhibit Description	Filed Herewith	Incorporated by Reference			
			Form	File No.	Exhibit	Filing Date
3.1	Amended and Restated Certification of Incorporation of Cerence Inc.		8-K	001-39030	3.1	October 2, 2019
3.2	Second Amended and Restated By-laws of Cerence Inc.		8-K	001-39030	3.1	May 4, 2023
3.3	Amendment No. 1 to Second Amended and Restated By-laws of Cerence Inc.		10-Q	001-39030	3.3	May 7, 2025
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X				
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					
101.INS	Inline XBRL Instance Document	X				
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents	X				
104	Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*)	X				

* Furnished herewith.

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SIGNATURES

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

Cerence Inc.

Date: February 4, 2026

By: _____ /s/ Brian Krzanich
Brian Krzanich
Chief Executive Officer
(*Principal Executive Officer*)

Date: February 4, 2026

By: _____ /s/ Tony Rodriguez
Tony Rodriguez
Executive Vice President, Chief Financial Officer
(*Principal Financial and Accounting Officer*)



Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "CERENCE INC.", FILED IN THIS OFFICE ON THE FIRST DAY OF OCTOBER, A.D. 2019, AT 9:27 O'CLOCK A.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE EFFECTIVE DATE OF THE AFORESAID RESTATED CERTIFICATE IS THE FIRST DAY OF OCTOBER, A.D. 2019 AT 5 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

/s/ JEFFREY W. BULLOCK

Jeffrey W. Bullock, Secretary of State

7282260 8100 Authentication: 203698045

SR# 20197306433 Date: 10-01-19

You may verify this certificate online at corp.delaware.gov/authver.shtml

AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
CERENCE INC.

October 1, 2019

CERENCE INC., a corporation organized and existing under the laws of the State of Delaware, DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the corporation is Cerence Inc. The corporation was originally formed as a limited liability company in the State of Delaware on February 14, 2019. The corporation converted from a limited liability company to a corporation on August 29, 2019, upon the filing of the Certificate of Conversion with the Secretary of State of the State of Delaware. The original Certificate of Incorporation of the corporation was filed with the Secretary of State of the State of Delaware on August 29, 2019 (as amended and in effect immediately prior to the adoption and effectiveness hereof, the "Original Certificate of Incorporation").

2. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL"), and by the written consent of its sole stockholder in accordance with Section 228 of the DGCL, and shall be effective as of 5:00 p.m., New York City time, on October 1, 2019.

3. The Original Certificate of Incorporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

The name of the corporation (hereinafter called the "Corporation") is Cerence Inc.

ARTICLE II

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, The Corporation Trust Center, Wilmington, New Castle County, Delaware 19801. The name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV

Section 4.1 The total number of shares of all classes of stock which the Corporation shall have authority to issue is 600,000,000 shares of capital stock, consisting of (a) 40,000,000 shares of Preferred Stock, par value \$0.01 per share ("Preferred Stock"), and (b) 560,000,000 shares of Common Stock, par value \$0.01 per share ("Common Stock"). The number of authorized shares of either the Preferred Stock or the Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), voting as a single class, and no vote of the holders of either the Preferred Stock or the Common Stock voting separately as a class shall be required therefor.

Section 4.2 The Board of Directors of the Corporation (the "Board of Directors") is hereby expressly authorized, by resolution or resolutions and without stockholder approval, to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

Section 4.3 (a) Each holder of Common Stock, as such, shall be entitled to one vote for each share of Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; provided, however, that, except as otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to any series of Preferred Stock) or pursuant to the DGCL.

(b) Except as otherwise required by law, holders of a series of Preferred Stock, as such, shall be entitled only to such voting rights, if any, as shall expressly be granted to such holders by this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to such series).

(c) Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock, dividends may be declared and paid on the Common Stock at such times and in such amounts as the Board of Directors in its discretion shall determine.

(d) Upon the dissolution, liquidation or winding up of the Corporation, subject to the rights, if any, of the holders of any outstanding series of Preferred Stock, the holders of the Common Stock, as such, shall be entitled to receive the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares held by them. For the avoidance of doubt, a dissolution, liquidation or winding up shall not be deemed to be occasioned by or to include, without limitation, any voluntary consolidation, reorganization, conversion or merger of the Corporation with or into any other corporation or entity or other corporation or entities or a sale, lease, transfer, exchange or conveyance of all or a part of the Corporation's assets.

(e) Shares of Common Stock shall not entitle any holder thereof to any pre-emptive, subscription, redemption or conversion rights.

ARTICLE V

Section 5.1 (a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Except as otherwise fixed pursuant to the terms of any outstanding series of Preferred Stock pursuant to this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to such series of Preferred Stock), the number of directors of the Corporation shall be fixed from time to time by the Board of Directors. In no event shall a decrease in the number of directors constituting the Board of Directors shorten the term of any incumbent director.

(b) The directors, other than those who may be elected by the holders of any series of Preferred Stock voting separately pursuant to this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to such series of Preferred Stock), shall be elected by the stockholders entitled to vote thereon at each annual meeting of the stockholders. From the effective date of this Amended and Restated Certificate of Incorporation until the election of the directors at the 2023 annual meeting of stockholders, the directors of the Corporation shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. If the number of directors has changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class. The initial assignment of directors to each such class shall be made by the Board of Directors. The term of office of the initial Class I directors shall expire at the 2020 annual meeting of stockholders, the term of office of the initial Class II directors shall expire at the 2021 annual meeting of stockholders and the term of office of the initial Class III directors shall expire at the 2022 annual meeting of stockholders. Each director elected at the 2020, 2021 or 2022 annual meeting of stockholders shall belong to the same class as the director whose term shall have then expired and who is being succeeded by such director. Each Class I director elected at the 2020 annual meeting of stockholders, each Class II director elected at the 2021 annual meeting of stockholders and each Class III director elected at the 2022 annual meeting of stockholders shall hold office until the 2023 annual meeting of stockholders and, in each case, until his or her respective

successor shall have been duly elected and qualified or until his or her earlier resignation or removal. Commencing with the 2023 annual meeting of stockholders, each director shall be elected annually and shall hold office until the next annual meeting of stockholders and until his or her respective successor shall have been duly elected and qualified or until his or her earlier resignation or removal. Pursuant to such procedures, effective as of the conclusion of the 2023 annual meeting of stockholders, the Board of Directors will no longer be classified under Section 141(d) of the DGCL and directors shall no longer be divided into three classes. The election of directors need not be by written ballot.

Section 5.2 Advance notice of nominations for the election of directors shall be given in the manner and to the extent provided in the By-laws of the Corporation.

Section 5.3 (a) Except as otherwise provided for or fixed by or pursuant to the provisions of this Amended and Restated Certificate of Incorporation relating to the rights of the holders of any outstanding series of Preferred Stock (including any Certificate of Designation relating to such series of Preferred Stock), newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, removal or other cause shall only be filled by the Board of Directors by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by a sole remaining director. Any director elected in accordance with the first sentence of this Section 5.3 shall hold office until the earlier of the expiration of the term of office of the director he or she has replaced, a successor shall have been duly elected and qualified or until his or her death, resignation or removal.

(b) From the effective date of this Amended and Restated

Certificate of Incorporation until the election of directors at the 2023 annual meeting of stockholders, any director or the entire Board of Directors may only be removed for cause, such removal to require the affirmative vote of shares representing at least a majority of the voting power of the then outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote on the election of directors of the Corporation. From and after the 2023 annual meeting of stockholders, any director or the entire Board of Directors may be removed with or without cause, and, in either case, such removal shall require the affirmative vote of shares representing at least a majority of the voting power of the then outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote on the election of directors of the Corporation. Notwithstanding the foregoing, whenever holders of outstanding shares of one or more series of Preferred Stock voting separately are entitled to elect directors of the Corporation pursuant to the provisions of this Amended and Restated Certificate of Incorporation (including any Certificate of Designation relating to such series of Preferred Stock), any such director of the Corporation so elected may be removed in accordance with this Amended and Restated Certificate of Incorporation (including such Certificate of Designation).

ARTICLE VI

Subject to the rights of the holders of any outstanding series of Preferred Stock, any action required or permitted to be taken by the stockholders of the Corporation

must be effected at a duly called annual or special meeting of stockholders of the Corporation and may not be effected by any consent in writing by such stockholders. Except as otherwise required by law and subject to the rights of the holders of any outstanding series of Preferred Stock, special meetings of stockholders of the Corporation may only be called by the Chairman of the Board of Directors or the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors (the entire Board of Directors being the total number of authorized directors, whether or not there exist any vacancies or unfilled previously authorized directorships) or as otherwise provided in the By-laws of the Corporation.

ARTICLE VII

In furtherance and not in limitation of the powers conferred upon it by law, the Board of Directors is expressly authorized to adopt, repeal, alter or amend the By-laws of the Corporation by the vote of a majority of the entire Board of Directors (the entire Board of Directors being the total number of authorized directors, whether or not there exist any vacancies or unfilled previously authorized directorships). In addition to any requirements of law and any other provision of this Amended and Restated Certificate of Incorporation (and notwithstanding the fact that a lesser percentage may be specified by law), the affirmative vote of the holders of at least a majority of the combined voting power of the then outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote in the election of directors of the Corporation, voting together as a single class, shall be required for stockholders to adopt, amend, alter or repeal any provision of the By-laws of the Corporation.

ARTICLE VIII

The Corporation reserves the right to amend, alter or repeal any provision contained in this Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are subject to this reservation.

ARTICLE IX

Section 9.1 To the fullest extent that the DGCL or any other law of the State of Delaware as it exists or as it may hereafter be amended permits the limitation or elimination of the liability of directors, no director of the Corporation shall be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

Section 9.2 To the fullest extent that the DGCL or any other law of the State of Delaware as it exists or as it may hereafter be amended permits, including to the extent that such law or amendment permits the Corporation to provide broader indemnification rights than permitted prior to such law or amendment, the Corporation may provide indemnification of (and advancement of expenses to) (a) its current and former, and any predecessor to the Corporation's former, managers, directors, officers, employees and agents, (b) persons whose testators or intestates are a current or former director, officer,

employee or agent of the Corporation or any predecessor to the Corporation and (c) any other persons to which the DGCL permits the Corporation to provide indemnification through By-law provisions, agreements with such agents or other persons, votes of stockholders or disinterested directors or otherwise.

Section 9.3 No amendment to or repeal of any Section of this Article IX, nor the adoption of any provision of this Amended and Restated Certificate of Incorporation inconsistent with this Article IX, shall eliminate or reduce the effect of this Article IX, in respect of any matter occurring, or any action or proceeding accruing or arising, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE X

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (a) any derivative action or proceeding brought on behalf of the Corporation, (b) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee or stockholder of the Corporation to the Corporation or the Corporation's stockholders, (c) any action asserting a claim arising pursuant to any provision of the DGCL (or any successor provision thereto) or as to which the DGCL (or any successor provision thereto) confers jurisdiction on the Court of Chancery of the State of Delaware, (d) any action asserting a claim governed by the internal affairs doctrine or (e) any other action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL shall be the Court of Chancery of the State of Delaware, in all cases to the fullest extent permitted by law, or, if the Court of Chancery of the State of Delaware does not have jurisdiction, any other state or federal court located within the State of Delaware.

ARTICLE XI

The Corporation is to have perpetual existence.

ARTICLE XII

If any provision (or any part thereof) of this Amended and Restated Certificate of Incorporation shall be held invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (a) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each portion of any section of this Amended and Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (b) to the fullest extent possible, the provisions of this Amended and Restated Certificate of Incorporation (including, without limitation, each such portion of any section containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service or for the benefit of the Corporation to the fullest extent permitted by law.

IN WITNESS WHEREOF, Cerence Inc. has caused this Amended and Restated Certificate of Incorporation to be duly executed in its corporate name as of the date first written above.

CERENCE INC.

By: /s/ LEANNE FITZGERALD
Name: Leanne Fitzgerald
Title: Vice President and Secretary

CERENCE INC.

SECOND AMENDED AND RESTATED BY-LAWS

Effective as of April 28, 2023

ARTICLE I

Offices

SECTION 1.1 Registered Office. The registered office of Cerence Inc. (hereinafter, the “Corporation”) in the State of Delaware shall be at 1209 Orange Street, Corporation Trust Center, Wilmington, New Castle County, Delaware 19801, and the registered agent shall be Corporation Trust Company, or such other office or agent as the Board of Directors of the Corporation (the “Board”) shall from time to time select.

SECTION 1.2 Other Offices. The Corporation may also have an office or offices, and keep the books and records of the Corporation, except as may otherwise be required by law, at such other place or places, either within or outside of the State of Delaware, as the Board may from time to time determine or the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

SECTION 2.1 Place of Meeting. All meetings of the stockholders of the Corporation (the “stockholders”) shall be at a place either within or outside of the State of Delaware, or by means of remote communication, to be determined by the Board and as specified in the notice of meeting, which place may be subsequently changed at any time by the Board. In the absence of such a determination, a meeting of stockholders shall be held at the principal executive office of the Corporation.

SECTION 2.2 Annual Meetings. The annual meeting of the stockholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held on such date and at such hour as shall from time to time be fixed by the Board. Any previously scheduled annual meeting of the stockholders may be postponed, rescheduled or cancelled by action of the Board taken prior to the time previously scheduled for such annual meeting of the stockholders.

SECTION 2.3 Special Meetings.

(a) Except as otherwise required by law or the Amended and Restated Certificate of Incorporation of the Corporation (the “Certificate”), and subject to the rights of the holders of any outstanding series of Preferred Stock, special meetings of the stockholders for any purpose or purposes may be called by the Chairperson of the Board or a majority of the Whole Board (as hereinafter defined). Subject to the satisfaction of the requirements of these bylaws, a special meeting of the stockholders shall be called by the Chairperson of the Board upon the written request of holders of an aggregate of at least twenty percent (20%) of all of the votes entitled to be cast on any issue to be considered at the proposed special meeting (such a meeting, a “Stockholder Requested Special Meeting”). Only such business as is specified in the Corporation’s notice of any special meeting of stockholders shall come before such meeting. A special meeting shall be held at such place (or remotely), on such date and at such time as shall be fixed by the Board. Any previously scheduled special meeting of the stockholders may be postponed, rescheduled or (except in the case of a Stockholder Requested Special Meeting) cancelled by action of the Board taken prior to the time previously scheduled for such special meeting of the stockholders. Notwithstanding the foregoing, the Chairman of the Board shall not be required to call a Stockholder Requested Special Meeting if (i) the

Board has called or calls an annual meeting of stockholders to be held not later than ninety (90) days after the applicable stockholder request where the Board determines in good faith that the business of such annual meeting

(among any other matters properly brought before the annual meeting) includes the business specified in the stockholders' request; (ii) an annual or special meeting that included the business specified in the request (as determined by the Board in good faith) was held not more than ninety (90) days before the applicable stockholder request; (iii) the request relates to an item of business that is not a proper subject for action by the stockholders of the corporation under applicable law; or (iv) was made in a manner that involved a violation of applicable law.

(b) Any request for a Stockholder Requested Special Meeting shall (i) be signed and dated by each requesting stockholder (or their duly authorized agents) and delivered to the Secretary at the principal executive offices of the Corporation, (ii) set forth a statement of the specific purpose or purposes of the proposed meeting and the matters proposed to be acted on at such meeting, and (iii) include the information that would be required in a Notice of Business (as defined below) pursuant to Section 2.7(c) of Article II of these bylaws with respect to an annual meeting, including with respect to the stockholders requesting the Stockholder Requested Special Meeting (treating such requesting stockholders as the Proponents thereunder), and any business proposed to be conducted. Any nomination of directors for election at a special meeting at which directors are to be elected shall be made in accordance with Section 3.3 of Article III of these bylaws. In addition, the stockholder and any duly authorized agent shall promptly provide any other information reasonably requested by the Corporation. A stockholder providing a request for business proposed to be brought before a Stockholder Requested Special Meeting shall update and supplement such request in accordance with Section 2.7(d).

(c) A stockholder may revoke a request for a Stockholder Requested Special Meeting at any time by written revocation delivered to the Secretary, and if, following such revocation there are un-revoked requests from stockholders holding in the aggregate less than the requisite number of shares entitling the stockholders to request the calling of a Stockholder Requested Special Meeting, the Board, in its discretion, may cancel the Stockholder Requested Special Meeting. If none of the stockholders who submitted the request for a Stockholder Requested Special Meeting appears or sends a qualified representative to present the nominations proposed to be presented or other business proposed to be conducted at such meeting, the Corporation need not present such nominations or other business for a vote at such meeting.

(d) Any Stockholder Requested Special Meeting shall be held at such date, time and place within or without the State of Delaware (or remotely) as may be fixed by the Board; provided, however, that the date of any Stockholder Requested Special Meeting shall be not more than sixty (60) days after the record date for such meeting.

SECTION 2.4 Notice of Meetings. Except as otherwise provided by law, notice, including by electronic transmission in the manner provided by the General Corporation Law of the State of Delaware (the "DGCL"), of each meeting of the stockholders, whether annual or special, shall be given by the Corporation not less than 10 days nor more than 60 days before the date of the meeting to each stockholder of record entitled to notice of the meeting. If mailed, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the Corporation. Each such notice shall state the place (or, if applicable, that the meeting will be held remotely), the date and the hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Notice of any meeting of the stockholders shall not be required to be given to any stockholder who shall attend such meeting in person or by proxy without protesting, prior to or at the commencement of the meeting, the lack of proper notice to such stockholder, or who shall waive notice thereof as provided in Article X of these By-laws. Notice of adjournment of a meeting of the stockholders need not be given if the time and place, if any, to which it is adjourned and the means of remote communications, if any, are announced at such meeting or displayed, during the time scheduled for the meeting, on the same electronic network used to enable stockholders and proxy holders to participate in the meeting by means of remote communication, unless the adjournment is for more than 30 days or, after adjournment, a new record date is fixed for the adjourned meeting.

SECTION 2.5 Quorum. Except as otherwise provided by law or by the Certificate, the holders of a majority in voting power of the shares of capital stock of the Corporation entitled to vote at the meeting, present in person or by proxy, shall constitute a quorum at any meeting of the stockholders; provided, however, that in the case of any vote to be taken by classes or series, the holders of a majority in voting power of the shares of any such class or series of capital stock of the Corporation entitled to vote at the meeting, present in person or by proxy, shall

constitute a quorum of such class or series. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

SECTION 2.6 Adjournments. The chairperson of the meeting or the holders of a majority in voting power of the shares of capital stock of the Corporation entitled to vote and who are present in person or by proxy may adjourn the meeting from time to time whether or not a quorum is present. In the event that a quorum does not exist with respect to any vote to be taken by a particular class or series, the chairperson of the meeting or the holders of a majority in voting power of the shares of such class or series who are present in person or by proxy may adjourn the meeting with respect to the vote(s) to be taken by such class or series. At any such adjourned meeting at which a quorum may be present, any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 2.7 Order of Business.

(a) At each meeting of the stockholders, the Chairperson of the Board or, in the absence of the Chairperson of the Board, the Chief Executive Officer or, in the absence of the Chairperson of the Board and the Chief Executive Officer, such person as shall be selected by the Board, shall act as chairperson of the meeting. The order of business at each such meeting shall be as determined by the chairperson of the meeting. Business transacted at a Stockholder Requested Special Meeting shall be limited to the purposes described in the special meeting requested; provided, however, that nothing herein shall prohibit the Corporation from submitting matters to a vote of the stockholders at any Stockholder Requested Special Meeting. The Board may adopt by resolution such rules, regulations, and procedures for the conduct of any meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with rules, regulations, and procedures adopted by the Board, the chairperson of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as, in the judgment of such chairperson, are necessary or desirable for the proper conduct of the meeting. Such rules, regulations, or procedures, whether adopted by the Board or the chairperson of the meeting, may include, without limitation, the following: (a) the establishment of an agenda for the meeting; (b) rules and procedures for the maintenance of order and safety; (c) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies, or such other persons as the chairperson of the meeting shall determine; (d) the determination of the circumstances in which any person may make a statement or ask questions and limitations on the time allotted to questions or comments on the affairs of the Corporation; (e) restrictions on entry to such meeting after the time prescribed for the commencement thereof; (f) the opening and closing of the voting polls; (g) the exclusion or removal of any stockholders or any other individual who refuses to comply with meeting rules, regulations, or procedures; (h) restrictions on the use of audio and video recording devices, cell phones, and other electronic devices; (i) rules, regulations, and procedures for compliance with any federal, state, or local laws or regulations (including those concerning safety, health, or security); (j) procedures (if any) requiring attendees to provide the Corporation advance notice of their intent to attend the meeting; and (k) rules, regulations, or procedures regarding the participation by means of remote communication of stockholders and proxy holders not physically present at a meeting, whether such meeting is to be held at a designated place or solely by means of remote communication. Unless and to the extent determined by the Board or the chairperson of the meeting, the chairperson of the meeting shall not be obligated to adopt or follow any technical, formal, or parliamentary rules or principles of procedure.

(b) At any annual meeting of the stockholders, only such business shall be conducted as shall have been brought before the annual meeting (i) by or at the direction of the chairperson of the meeting or (ii) by any stockholder who is a holder of record at the time of the giving of the notice provided for in this Section 2.7, who is entitled to vote at the meeting and who complies with the procedures set forth in this Section 2.7 (such business, “Stockholder Business”). This Section 2.7 and Section 2.3 are the exclusive means by which a stockholder may bring business before a meeting of stockholders.

(c) For business (other than nominations for election of directors, which are governed by Section 3.3) properly to be brought before an annual meeting of stockholders by a stockholder, the stockholder must have given timely notice thereof (a “Notice of Business”) in proper written form to the Secretary of the Corporation (the “Secretary”). To be timely, a Notice of Business must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than 90 days nor more than 120 days prior to the first anniversary of the date of the immediately preceding annual meeting as first specified in the Corporation’s notice of meeting (without regard to any postponements or adjournments of such meeting after such notice was first sent); provided, however, that in the event that the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, a Notice of Business to be timely must be so delivered or received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day

prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment or postponement, or an adjournment or postponement, of a meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper written form, the Notice of Business must set forth:

- (i) the name and record address of each stockholder proposing to bring business before the annual meeting (each, a "Proponent"), as they appear on the Corporation's books;
- (ii) the name and address of each Stockholder Associated Person (as defined below);
- (iii) as to each Proponent and each Stockholder Associated Person, (A) the class or series and number of shares of stock directly or indirectly held of record or beneficially by such Proponent and Stockholder Associated Person, including any shares of any class or series of stock as to which such Proponent or Stockholder Associated Person, as applicable, has a right to acquire beneficial ownership at any time in the future (whether or not such right is exercisable immediately or only after the passage of time or upon the satisfaction of any conditions or both) pursuant to any agreement, arrangement or understanding (whether or not in writing), (B) a description of any agreement, arrangement or understanding, direct or indirect, with respect to the business to be brought before the annual meeting, between or among any Proponent and any Stockholder Associated Person, (C) a description of any agreement, arrangement or understanding (including, but not limited to, any derivative or short positions, swaps, profit interests, options, warrants, hedging transactions, convertible securities and borrowed or loaned shares) that has been entered into, directly or indirectly, as of the date of the notice by, or on behalf of, any Proponent or any Stockholder Associated Person, the effect or intent of which is to give the economic benefit or the opportunity to profit to, mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, any Proponent or any Stockholder Associated Person with respect to shares of stock of the Corporation (a "Derivative"), including, without limitation, identification of the counterparty thereof, (D) a description in reasonable detail of any proxy (including revocable proxies), agreement, arrangement, understanding or other relationship pursuant to which any Proponent or any Stockholder Associated Person has a right to vote any shares of stock of the Corporation and, (E) any profit-sharing or any performance-related fees (other than an asset-based fee) that any Proponent or any Stockholder Associated Person is entitled to, based on any increase or decrease in the value of stock of the Corporation or Derivatives thereof, if any, as of the date of such notice, (F)(1) if the Proponent or Stockholder Associated Person is not a natural person, the identity of the natural person or persons associated with such Proponent or Stockholder Associated Person responsible for (i) the formulation of and decision to propose the business to be brought before the meeting and (ii) making voting and investment decisions on behalf of the Proponent or Stockholder Associated Person (irrespective of whether such person or persons have "beneficial ownership" for purposes of Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of any securities owned of record or beneficially by the Proponent or Stockholder Associated Person) (such person or persons, the "Responsible Person"), the manner in which such Responsible Person was selected, any fiduciary duties owed by such Responsible Person to the equity holders or other beneficiaries of such Proponent or Stockholder Associated Person, and the qualifications and background of such Responsible Person or (2) if such Proponent or Stockholder Associated Person is a natural person, the qualifications and background of such natural person, (g) any equity interests or any Derivative in any principal competitor of the Corporation beneficially owned by such Proponent or any Stockholder Associated Person, (h) any direct or indirect interest of such Proponent or any Stockholder Associated Person in any contract with the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation (including, without limitation, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (i) any pending or threatened litigation in which such Proponent or any Stockholder Associated Person is a party or material participant involving the Corporation or any of its officers or directors, or any affiliate of the Corporation, and (j) any material transaction occurring during the prior twelve months between such Proponent or any Stockholder Associated Person, on the one hand, and the Corporation, any affiliate of the Corporation or any principal competitor of the Corporation, on the other hand (the disclosures to be made pursuant to the foregoing clauses (a) through (j) are referred to, collectively, as "Material Ownership Interests"); provided, however, that the Material Ownership Interests shall not include any such disclosures with respect to the ordinary course business activities of any broker, dealer, commercial bank, trust company or other nominee who is a Proponent solely as a result of being the stockholder of record directed to prepare and

submit the notice required by these By-laws on behalf of a beneficial owner. The information specified in Section 2.7(c)(i) to (iii) of this Article II is referred to herein as "Stockholder Information";

(iv) a representation that each Proponent is a holder of record of stock of the Corporation entitled to vote at the annual meeting and intends to appear in person or by proxy at the annual meeting to propose such business;

(v) a brief description of the business desired to be brought before the annual meeting, the text of the proposal (including the text of any resolutions proposed for consideration and, if such business includes a proposal to amend the By-laws, the language of the proposed amendment) and the reasons for conducting such business at the annual meeting;

(vi) any material interest of any Proponent and any Stockholder Associated Person in such proposed business;

(vii) a representation as to whether the Proponent(s) intend (A) to deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt such Stockholder Business or (B) otherwise to solicit proxies from stockholders in support of such Stockholder Business;

(viii) all other information that would be required to be filed with the U.S. Securities and Exchange Commission ("SEC") if the Proponent(s) or Stockholder Associated Persons were participants in a solicitation subject to Section 14 of the Exchange Act (or any successor of such Section); and

(ix) a representation and agreement that each Proponent shall provide any other information reasonably requested by the Corporation.

(d) In addition, each Proponent shall affirm as true and correct the information provided to the Corporation in the Notice of Business or at the Corporation's request pursuant to Section 2.7(c)(ix) of this Article II (and shall update or supplement such information as needed so that such information shall be true and correct) as of (i) the record date for the meeting and (ii) the date that is 10 business days prior to the announced date of the annual meeting to which the Notice of Business relates. Such affirmation, update and/or supplement must be delivered personally or mailed to, and received at the principal executive offices of the Corporation, addressed to the Secretary, by no later than (A) five business days after the record date for the meeting in the case of clause (i) and (B) eight business days prior to the date of the annual meeting in the case of clause (ii) of the foregoing sentence. For the avoidance of doubt, the obligation to update as set forth in this Section 2.7(d) shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder, or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or nomination or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of the stockholders. Notwithstanding the foregoing, if a Proponent no longer plans to solicit proxies in accordance with its representation pursuant to Section 2.7(c)(vii), such Proponent shall inform the Corporation of this change by delivering a written notice to the Secretary at the principal executive offices of the Corporation no later than two business days after making the determination not to proceed with a solicitation of proxies. A Proponent shall also update its notice so that the Stockholder Information is current through the date of the meeting or any adjournment, postponement, or rescheduling thereof, and such update shall be delivered in writing to the secretary at the principal executive offices of the Corporation no later than two business days after the occurrence of any material change to the Stockholder Information previously disclosed.

(e) The Board or a committee thereof shall have the power to determine whether any business proposed to be brought before the meeting was made in accordance with the provisions of this Section 2.7. If neither the Board nor such committee makes a determination as to whether business was proposed in accordance with the provisions of this Section 2.7, the person presiding over the meeting shall have the power and duty to determine whether business was proposed in accordance with the provisions of this Section 2.7. If the Board or a designated committee thereof or the person presiding over the meeting, as applicable, shall determine that the business was not proposed in accordance with the procedures set forth in this Section 2.7, the defective proposal shall be disregarded.

(f) If the Proponent (or a qualified representative of the Proponent) does not appear at the meeting of stockholders to present the Stockholder Business, such business shall not be transacted, and votes in favor of such matter shall not be counted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. A “qualified representative” of the Proponent or any stockholder means a person who is a duly authorized officer, manager or partner of such stockholder or has been authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy with respect to the specific matter to be considered at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction (to the reasonable satisfaction of the person presiding over the meeting) of the writing or electronic transmission, at the meeting of stockholders prior to the taking of action by such person on behalf of the stockholder. Further, if a Proponent or any Stockholder Associated Person fails to comply with any applicable requirements of the Exchange Act, such stockholder’s proposed business shall be deemed to have not been made in compliance with this By-law and shall be disregarded.

(g) “Stockholder Associated Person” means with respect to any Proponent or Nominating Stockholder, (i) any other beneficial owner of stock of the Corporation owned of record or beneficially by such Proponent or Nominating Stockholder and (ii) any person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Proponent or Nominating Stockholder.

(h) “Control” (including the terms “controlling,” “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

(i) Except as otherwise required by law, nothing in this Section 2.7 shall obligate the Corporation or the Board to include in any proxy statement or other shareholder communication distributed on behalf of the Corporation or the Board information with respect to any business submitted by a stockholder.

(j) The notice requirements of this Section 2.7 shall be deemed satisfied with respect to stockholder proposals that have been properly brought under Rule 14a-8 of the Exchange Act (or any such successor rule) and that are included in a proxy statement that has been prepared by the Corporation to solicit proxies for such annual meeting. Further, nothing in this Section 2.7 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate.

SECTION 2.8 List of Stockholders. It shall be the duty of the Secretary or other officer who has charge of the stock ledger to prepare and make, at least 10 days before each meeting of the stockholders, a complete list of the stockholders entitled to vote thereat, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in such stockholder’s name. Such list shall be produced and kept available at the times and places required by law.

SECTION 2.9 Voting.

(a) Except as otherwise provided by law or by the Certificate, each stockholder of record of any series of Preferred Stock shall be entitled at each meeting of the stockholders to such number of votes, if any, for each share of such stock as may be fixed in the Certificate (or relevant Certificate of Designation) or in the resolution or resolutions adopted by the Board providing for the issuance of such stock, and each stockholder of record of Common Stock shall be entitled at each meeting of the stockholders to one vote for each share of such stock, in each case, registered in such stockholder’s name on the books of the Corporation:

(i) on the date fixed pursuant to Section 7.6 of these By-laws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting; or

(ii) if no such record date shall have been so fixed, then at the close of business on the day before the day on which notice of such meeting is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held.

(b) Each stockholder entitled to vote at any meeting of the stockholders may authorize another person or persons to act for such stockholder by proxy. Any such proxy shall be delivered to the secretary of such meeting at or prior to the time designated for holding such meeting, but in any event not later than the time designated in the order of business for so delivering such proxies. No such proxy shall be voted or acted upon after three years from

its date, unless the proxy provides for a longer period. Any stockholder directly or indirectly soliciting proxies from other stockholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board.

(c) Except as otherwise required by law and except as otherwise provided in the Certificate or these By-laws, at each meeting of the stockholders, all corporate actions to be taken by vote of the stockholders shall be authorized by holders of a majority in voting power of the shares of capital stock of the Corporation entitled to vote thereon and who are present in person or represented by proxy, and where a separate vote by class or series is required, by holders of a majority in voting power of the shares of such class or series who are entitled to vote thereon and are present in person or represented by proxy shall be the act of such class or series.

(d) Unless required by law or determined by the chairperson of the meeting to be advisable, the vote on any matter, including, without limitation, the election of directors, need not be by written ballot.

SECTION 2.10 Inspectors. The chairperson of the meeting shall appoint one or more inspectors to act at any meeting of the stockholders. Such inspectors shall perform such duties as shall be required by law or specified by the chairperson of the meeting. Inspectors need not be stockholders. No director or nominee for the office of director shall be appointed such inspector.

SECTION 2.11 Public Announcements. For the purpose of Section 2.7 of this Article II, “public announcement” shall mean disclosure (i) in a press release reported by the Dow Jones Newswire, Business Wire, Reuters Information Service or any similar or successor news wire service, (ii) in a communication distributed generally to stockholders or (iii) in a document publicly filed by the Corporation with the SEC pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

ARTICLE III

Board of Directors

SECTION 3.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board, which may exercise all such powers of the Corporation (or grant authority to exercise such powers) and do all such lawful acts and things as are not by law or by the Certificate directed or required to be exercised or done by the stockholders.

SECTION 3.2 Number, Qualification and Election.

(a) The number of directors constituting the Whole Board shall be determined in accordance with the Certificate. The term “Whole Board” shall mean the total number of authorized directors, whether or not there exist any vacancies or unfilled previously authorized directorships. The terms of office of directors shall be governed by the Certificate.

(b) Each director shall be at least 21 years of age. Directors need not be stockholders of the Corporation. No person shall qualify for service as a director of the Corporation (i) if he or she is a party to any compensatory, payment, indemnification or other financial agreement, arrangement or understanding with any person or entity other than the Corporation, or has received any such compensation or other payment from any person or entity other than the Corporation, in each case in connection with candidacy or service as a director of the Corporation, unless he or she discloses such compensatory, payment or other financial agreement, arrangement or understanding, or receipt of any such compensation or other payment, to the Corporation pursuant to the requirements and procedures set forth in Section 3.3(a)(iv) of this Article III as if such person were a Stockholder Nominee thereunder or (ii) unless such person agrees to submit upon appointment, election or re-nomination to the Board an irrevocable resignation effective upon (x) such person's failure to receive a majority of the votes cast in an uncontested election and (y) the acceptance of such resignation by the Board.

(c) In any uncontested election of directors, each person receiving a majority of the votes cast shall be deemed elected. For purposes of this paragraph, a “majority of the votes cast” shall mean that the number of votes cast “for” a director must exceed the number of votes cast “against” that director (with “abstentions” and “broker non-votes” not counted as a vote cast with respect to that director). In any contested election of directors, the persons

receiving a plurality of the votes cast, up to the number of directors to be elected in such election, shall be deemed elected. A contested election is one in which, as of the date that is 14 calendar days in advance of the date the Corporation files its definitive proxy statement with the SEC (regardless of whether or not it is thereafter revised or supplemented), the number of nominees exceeds the number of directors to be elected. An uncontested election is any election that is not a contested election. In the event the Corporation receives proxies for disqualified or withdrawn nominees for the Board, such votes for such disqualified or withdrawn nominees in the proxies will be treated as abstentions.

(d) With respect to a resignation provided pursuant to Section 3.2(b)(ii), the Board shall consider such resignation and may either (i) accept the resignation or (ii) reject the resignation and seek to address the underlying cause(s) of the majority-withheld vote. While the Board may delegate to a committee the authority to assist the Board in its review of the matter, the Board shall decide whether to accept or reject the resignation within 90 days following the certification of the stockholder vote. Once the Board makes this decision, the Corporation will promptly make a public announcement of the Board's decision in the manner described in Section 2.11. If the Board rejects the resignation, the public announcement will include a statement regarding the reasons for its decision.

(e) The chairperson of the nominating and governance committee established pursuant to Section 4.1 will have the authority to manage the Board's review of the resignation. In the event it is the chairperson of the nominating and governance committee who received a majority-withheld vote, the independent directors who did not receive majority-withheld votes shall select a director or group of directors to manage the process, and such director or directors shall have the authority otherwise delegated to the chairperson of the nominating and governance committee by this Section 3.2. Any director whose resignation is being considered as a result of a majority-withheld vote shall not participate in the committee's or the Board's deliberations or vote on whether to accept or reject his or her resignation; provided that any director, regardless of whether such director received a majority-withheld vote, may participate in such deliberations or vote regarding another director's resignation.

SECTION 3.3 Notification of Nominations.

(a) Subject to the rights of the holders of any outstanding series of Preferred Stock, nominations for the election of directors may be made by the Board or by any stockholder pursuant to (i) this Section 3.3 who is a stockholder of record at the time of giving of the notice of nomination provided for in this Section 3.3 and who is entitled to vote for the election of directors or (ii) Section 3.15. This Section 3.3 and Section 3.15 are the exclusive means by which a stockholder may nominate a person for election to the Board. Any stockholder of record entitled to vote for the election of directors at a meeting may nominate persons for election as directors only if timely written notice (a "Notice of Nomination") of such stockholder's intent to make such nomination is given in proper written form to the Secretary. To be timely, a Notice of Nomination must be delivered to or mailed and received at the principal executive offices of the Corporation (i) with respect to an election to be held at an annual meeting of the stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the date of the immediately preceding annual meeting as first specified in the Corporation's notice of meeting (without regard to any postponements or adjournments of such meeting after such notice was first sent); provided, however, that in the event that the date of the annual meeting is more than 30 days earlier or more than 60 days later than such anniversary date, a Notice of Nomination to be timely must be so delivered or received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made and (ii) with respect to an election to be held at a special meeting of the stockholders for the election of directors at which directors are to be elected pursuant to the corporation's notice, not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the 10th day following the day on which public announcement is first made of the date of the special meeting and of the nominee(s) proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement, or an adjournment or postponement, of a meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper written form, the Notice of Nomination shall set forth:

(i) the Stockholder Information with respect to each stockholder nominating persons for election to the Board (each, a "Nominating Stockholder") and each Stockholder Associated Person;

(ii) a representation that each Nominating Stockholder is a holder of record of stock of the Corporation entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to propose such nomination;

(iii) all information regarding each Nominating Stockholder, each nominee (each, a “Stockholder Nominee”) and each Stockholder Associated Person that would be required to be disclosed in a solicitation of proxies subject to Section 14 of the Exchange Act;

(iv) (A) each Stockholder Nominee’s written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) a completed and duly executed written questionnaire completed and signed by each Stockholder Nominee with respect to the background, qualifications and independence of such Stockholder Nominee (in the form provided by the Secretary upon written request); (C) a completed and duly executed written questionnaire with respect to the background and qualification with respect to such Nominating Stockholder and any other person or entity on whose behalf, directly or indirectly, the nomination is being made (in the form provided by the Secretary upon written request); (D) a description of all arrangements or understandings between or among the Nominating Stockholder and the Stockholder Nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the Nominating Stockholder or concerning the Stockholder Nominee’s service on the Board; (E) a description of any position of the Stockholder Nominee as an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, within the three years preceding the submission of the notice; and (F) each Stockholder Nominee’s written representation and agreement (in the form provided by the Secretary upon written request), (1) that if elected as a director of the Corporation, such person will submit an irrevocable resignation effective upon (x) such person’s failure to receive a majority of the votes cast in an uncontested election and (y) the acceptance of such resignation by the Board, (2) that such person currently intends to serve as a director for the full term for which such person is standing for election, (3) that such person is not and will not become party to any agreement, arrangement or understanding with, and has not given any commitment, representation or assurance to, any person or entity as to how such person, if elected as a director of the Corporation, will act or vote on any issue or question (a “Voting Commitment”) that has not been disclosed to the Corporation or any Voting Commitment that could limit or interfere with such person’s ability to comply, if elected as a director of the Corporation, with such person’s fiduciary duties under applicable law, (4) that such person is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed to the Corporation, and (5) that such person, in the person’s individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with, all applicable publicly disclosed corporate governance, ethics, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Corporation, and any other Corporation policies and guidelines applicable to Corporation directors;

(v) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among a Nominating Stockholder, Stockholder Associated Person or others acting in concert therewith, including all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K (or any such successor rule) if the Nominating Stockholder, Stockholder Associated Person or any person acting in concert therewith, were the “registrant” for purposes of such rule and the Stockholder Nominee were a director or executive of such registrant;

(vi) a duly executed representation as to whether the Nominating Stockholder(s) intend (A) (x) to deliver a proxy statement and form of proxy to holders of at least 67 percent of the voting power of all of the shares of stock entitled to vote on the election of directors or (y) otherwise to solicit proxies from stockholders in support of such nomination or (B) to solicit proxies in support of director nominees other than the Corporation’s director nominees in accordance with Rule 14a-19 promulgated under the Exchange Act (or any successor rule);

(vii) all other information that would be required to be filed with the SEC if the Nominating Stockholder(s) and Stockholder Associated Person were participants in a solicitation subject to Section 14 of the Exchange Act (or any such successor section); and

(viii) a duly executed representation that each Nominating Stockholder shall provide any other information reasonably requested by the Corporation.

(b) In addition, each Proponent and Nominating Stockholder shall affirm as true and correct the information provided to the Corporation in the Notice of Nomination or, at the Corporation's request, such information provided pursuant to Section 3.3(a)(vii) of this Article III (and shall update or supplement such information as needed so that such information shall be true and correct) as of (i) the record date for the meeting and (ii) the date that is 10 business days prior to the announced date of the meeting to which the Notice of Nomination relates. Such affirmation, update and/or supplement must be delivered personally or mailed to, and received at the principal executive offices of the Corporation, addressed to the Secretary, by no later than (A) five business days after the record date for the meeting in the case of clause (i) and (B) eight business days prior to the date of the annual meeting in the case of clause (ii) of the foregoing sentence. For the avoidance of doubt, the obligation to update as set forth in this Section 3.3(b) shall not limit the Corporation's rights with respect to any deficiencies in any notice provided by a stockholder, extend any applicable deadlines hereunder, or enable or be deemed to permit a stockholder who has previously submitted notice hereunder to amend or update any proposal or nomination or to submit any new proposal, including by changing or adding nominees, matters, business and/or resolutions proposed to be brought before a meeting of the stockholders. Notwithstanding the foregoing, if a Nominating Stockholder no longer plans to solicit proxies in accordance with its representation pursuant to Section 3.3(a)(vi), such Nominating Stockholder shall inform the Corporation of this change by delivering a written notice to the Secretary at the principal executive offices of the Corporation no later than two business days after making the determination not to proceed with a solicitation of proxies. A Nominating Stockholder shall also update its notice so that the Stockholder Information is current through the date of the meeting or any adjournment, postponement, or rescheduling thereof, and such update shall be delivered in writing to the secretary at the principal executive offices of the Corporation no later than two business days after the occurrence of any material change to the Stockholder Information previously disclosed.

(c) The Board or a committee thereof shall have the power to determine whether any nomination proposed to be brought before the meeting was made in accordance with the provisions of this Section 3.3. If neither the Board nor such committee makes a determination as to whether a nomination was made in accordance with the provisions of this Section 3.3, the person presiding over the meeting shall have the power and duty to determine whether the nomination was made in accordance with the provisions of this Section 3.3. If the Board or a designated committee thereof or the person presiding over the meeting, as applicable, shall determine that the nomination was not made in accordance with the procedures set forth in this Section 3.3, the defective nomination shall be disregarded.

(d) If the Nominating Stockholder (or a qualified representative of the stockholder) does not appear at the applicable stockholder meeting to nominate the Stockholder Nominees (as defined below), such nomination shall be disregarded and no election of such Stockholder Nominees shall be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. Further, if a Nominating Stockholder fails to comply with an applicable requirement of the Exchange Act, including, but not limited to, Rule 14a-19 promulgated thereunder, such stockholder's proposed nomination shall be deemed to have not been made in compliance with this By-law.

(e) Nothing in this Section 3.3 shall be deemed to affect any rights of the holders of any series of preferred stock of the Corporation pursuant to any applicable provision of the Certificate or any Certificate of Designation.

(f) Notwithstanding anything in this Section 3.3 to the contrary, in the event that the number of directors to be elected to the Board at an annual meeting of the stockholders is increased and there is no public announcement specifying the size of the increased Board made by the Corporation at least 90 days prior to the first anniversary of the date of the immediately preceding annual meeting, a stockholder's notice required by this Section 3.3 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to or mailed to and received by the Secretary at the principal executive offices of the

Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(g) Further, notwithstanding the foregoing provisions of this By-law, unless otherwise required by law, (i) no Nominating Stockholder shall solicit proxies in support of director nominees other than the Corporation's nominees unless such Nominating Stockholder has complied with Rule 14a-19 promulgated under the Exchange Act (or any successor provision) in connection with the solicitation of such proxies, including, but not limited to, the provision to the Corporation of notices required thereunder with timely notice, and (ii) if any Nominating Stockholder (A) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, (B) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) or Rule 14a-19(a)(3) promulgated under the Exchange Act, including the provision to the Corporation of notices required thereunder with timely notice, and (C) no other Nominating Stockholder has provided notice pursuant to, and in compliance with, Rule 14a-19 under the Exchange Act that it intends to solicit proxies in support of the election of such proposed nominee in accordance with Rule 14a-19(b) under the Exchange Act, then such proposed nominee shall be disqualified from nomination, the Corporation shall disregard the nomination of such proposed nominee and no vote on the election of such proposed nominee shall occur. Upon request by the Corporation, if any Nominating Stockholder provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act, such Proposing Person shall deliver to the Corporation, no later than five business days prior to the applicable meeting date, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

(h) The number of nominees a stockholder may nominate for election at the Annual Meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the Annual Meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such Annual Meeting.

(i) Except as otherwise required by law, nothing in this Section 3.3 shall obligate the Corporation or the Board to include in any proxy statement or other shareholder communication distributed on behalf of the Corporation or the Board information with respect to any nomination submitted by a stockholder.

SECTION 3.4 Quorum and Manner of Acting. Except as otherwise provided by law, the Certificate or these By-laws, a majority of the Whole Board shall constitute a quorum for the transaction of business at any meeting of the Board, and, except as so provided, the vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board. The chairperson of the meeting or a majority of the directors present may adjourn the meeting to another time and place, if any, whether or not a quorum is present. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 3.5 Place of Meeting. Subject to Sections 3.6 and 3.7 of this Article III, the Board may hold its meetings at such place or places, if any, either within or outside of the State of Delaware, as the Board may from time to time determine, or as shall be specified or fixed in the respective notices or waivers of notice thereof.

SECTION 3.6 Regular Meetings. Regular meetings of the Board shall be held at such times as the Board shall from time to time determine, at such locations as the Board may determine. No fewer than four meetings of the Board shall be held per year.

SECTION 3.7 Special Meetings. Special meetings of the Board shall be held whenever called by the Chairperson of the Board, the Chief Executive Officer or by a majority of the non-employee directors, and shall be held at such place, if any, on such date and at such time as he, she or they, as applicable, shall fix.

SECTION 3.8 Notice of Meetings. Notice of regular meetings of the Board or of any adjourned meeting thereof need not be given. Notice of each special meeting of the Board shall be given by overnight delivery service or mailed to each director, in either case addressed to such director at such director's residence or usual place of business, at least 48 hours before the day on which the meeting is to be held or shall be sent to such director at such place by telecopy or by electronic transmission or shall be given personally or by telephone, not later than 24 hours before the meeting is to be held, but notice need not be given to any director who shall, either before or after the meeting, submit a waiver of such notice or who shall attend such meeting without protesting, prior to or at its

commencement, the lack of notice to such director. Unless otherwise required by these By-laws, every such notice shall state the time and place, if any, but need not state the purpose of the meeting.

SECTION 3.9 Rules and Regulations. The Board may adopt such rules and regulations not inconsistent with the provisions of law, the Certificate or these By-laws for the conduct of its meetings and management of the affairs of the Corporation as the Board may deem proper.

SECTION 3.10 Participation in Meeting by Means of Communications Equipment. Any one or more members of the Board or any committee thereof may participate in any meeting of the Board or of any such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other or as otherwise permitted by law, and such participation in a meeting shall constitute presence in person at such meeting.

SECTION 3.11 Action Without Meeting. Any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting if all of the members of the Board or of any such committee consent thereto in writing or as otherwise permitted by law and, if required by law, the writing or writings are filed with the minutes or proceedings of the Board or of such committee.

SECTION 3.12 Chairperson. The Board of Directors shall annually select one of its members to be Chairperson and shall fill any vacancy in the position of Chairperson at such time and in such manner as the Board of Directors shall determine.

SECTION 3.13 Resignations. Any director of the Corporation may at any time resign by giving written notice to the Board, the Chairperson of the Board, the Chief Executive Officer or the Secretary. Such resignation shall take effect at the time specified therein or, if the time be not specified therein, upon receipt thereof; and, unless otherwise specified therein or in these By-laws, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.14 Compensation. Each director, in consideration of such person serving as a director, shall be entitled to receive from the Corporation such amount per annum and such fees (payable in cash or stock-based compensation) for attendance at meetings of the Board or of committees of the Board, or both, and for acting as a chair of a committee of the Board, and/or any other compensation in each case as the Board or a committee thereof shall from time to time determine. In addition, each director shall be entitled to receive from the Corporation reimbursement for the reasonable expenses incurred by such person in connection with the performance of such person's duties as a director. Nothing contained in this Section 3.14 shall preclude any director from serving the Corporation or any of its subsidiaries in any other capacity and receiving compensation therefor.

SECTION 3.15 Proxy Access.

(a) The Corporation shall include in its proxy statement and on its form of proxy for an annual meeting of stockholders the name of, and the Required Information (as defined below) relating to, any nominee for election or reelection to the Board who satisfies the eligibility requirements in this Section 3.15 (a "Proxy Access Nominee") and who is identified in a notice that complies with Section 3.15(f) of this Article III and that is timely delivered pursuant to Section 3.15(g) of this Article III (the "Stockholder Notice") by one stockholder, or a group of no more than 20 stockholders, who:

- (i) elects at the time of delivering the Stockholder Notice to have such Proxy Access Nominee included in the Corporation's proxy materials;
- (ii) as of the date of the Stockholder Notice and the record date for determining stockholders entitled to vote at the annual meeting of stockholders, Owns (as defined below in Section 3.15(c) of this Article III) a number of shares of the Corporation that represents at least 3% of the outstanding shares of the Corporation entitled to vote generally in the election of directors (the "Required Shares") and has Owned continuously the Required Shares (as adjusted for any stock splits, stock dividends or similar events) for at least three years; and
- (iii) satisfies the additional requirements in these By-laws (such stockholder or group of stockholders, collectively, an "Eligible Stockholder").

(b) For purposes of satisfying the Ownership requirement under Section 3.15(a) of this Article III:

(i) the outstanding shares of the Corporation Owned by a group of one or more stockholders may be aggregated (for the avoidance of doubt, the number of stockholders and other beneficial owners whose ownership of shares is aggregated for such purpose shall not exceed 20); and

(ii) two or more funds that are (A) under common management and investment control, (B) under common management and funded primarily by the same employer or (C) a “group of investment companies,” as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended, shall, in each case, be treated as one stockholder.

(c) For purposes of this Section 3.15, an Eligible Stockholder “Owns” only those outstanding shares of the Corporation as to which the stockholder or group of stockholders possesses both:

(i) the full voting and investment rights pertaining to the shares; and

(ii) the full economic interest in (including, without limitation, the opportunity for profit and risk of loss on) such shares;

provided that the number of shares calculated in accordance with clauses (i) and (ii) of this Section 3.15(c) shall not include any shares:

(A) sold by such stockholder or any affiliate (as defined below in this Section 3.15(c)) in any transaction that has not been settled or closed, including, without limitation, any short sale;

(B) borrowed by such stockholder or any affiliate for any purposes or purchased by such stockholder or any affiliate pursuant to an agreement to resell; or

(C) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such stockholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of the Corporation, in any such case which instrument or agreement has, or is intended to have, or if exercised would have, the purpose or effect of:

(1) reducing in any manner, to any extent or at any time in the future, such stockholder’s or any of its affiliates’ full right to vote or direct the voting of any such shares; and/or

(2) hedging, offsetting or altering to any degree gain or loss arising from the full economic interest in such shares by such stockholder or affiliate.

A stockholder “Owns” shares held in the name of a nominee or other intermediary so long as the stockholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A stockholder’s Ownership of shares shall be deemed to continue during any period in which the stockholder has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the stockholder. A stockholder’s Ownership of shares shall be deemed to continue during any period in which the stockholder has loaned such shares; provided, that the stockholder has the power to recall such loaned shares on five business days’ notice and has recalled such loaned shares as of the date of the Stockholder Notice and through the date of the annual meeting of stockholders. The terms “Owned,” “Owning” and other variations of the word “Own” shall have correlative meanings. Whether outstanding shares of the Corporation are “Owned” for these purposes shall be determined by the Board.

For purposes of this Section 3.15, the term “affiliate” or “affiliates” shall have the meaning ascribed thereto under the General Rules and Regulations under the Exchange Act.

(d) No stockholder may be a member of more than one group of stockholders constituting an Eligible Stockholder under this Section 3.15, and no shares of the Corporation may be attributed to more than one Eligible Stockholder or group constituting an Eligible Stockholder.

(e) For purposes of this Section 3.15, the “Required Information” that the Corporation will include in its proxy materials is:

(i) the information concerning the Proxy Access Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation’s proxy materials by the applicable requirements of the Exchange Act and the rules and regulations thereunder; and

(ii) if the Eligible Stockholder so elects, a written statement of the Eligible Stockholder, not to exceed 500 words, in support of its Proxy Access Nominee, which must be provided at the same time as the Stockholder Notice for inclusion in the Corporation’s proxy materials for the annual meeting of stockholders.

Notwithstanding anything to the contrary contained in this Section 3.15, the Corporation may omit from its proxy materials any information or statement that it, in good faith, believes would violate any applicable law, rule, regulation or listing standard. Nothing in this Section 3.15 shall limit the Corporation’s ability to solicit against a stockholder nominee and include in its proxy materials its own statements relating to any Eligible Stockholder or Proxy Access Nominee.

(f) The Stockholder Notice shall set forth the information required under Section 3.3(a) of this Article III (replacing the term “Proponent” with “Eligible Stockholder” and the term “Stockholder Nominee” with “Proxy Access Nominee”), including the questionnaire, agreement and other materials required by Section 3.3(a) (iv), and, in addition, shall include:

(i) a copy of the Schedule 14N that has been or concurrently is filed with the SEC under Exchange Act Rule 14a-18 (or any successor schedule or rule); and

(ii) the written agreement of the Eligible Stockholder (or in the case of a group, each stockholder whose shares are aggregated for purposes of constituting an Eligible Stockholder) addressed to the Corporation (in the form provided by the Secretary upon written request), setting forth the following additional agreements, representations and warranties:

(A) a certification as to the number of shares of the Corporation it Owns and has Owned continuously for at least three years as of the date of the Stockholder Notice and agreeing to continue to Own such shares through the date of the annual meeting of stockholders, which statement shall also be included in the written statements set forth in Item 4 of the Schedule 14N (or any successor schedule) filed by the Eligible Stockholder with the SEC;

(B) the Eligible Stockholder’s agreement to provide the information required under Section 3.3(a) of this Article III and the written statements from the record holder and intermediaries as required under Section 3.15(h) of this Article III verifying the Eligible Stockholder’s continuous Ownership of the Required Shares through and as of the business day immediately preceding the date of the annual meeting of stockholders;

(C) the Eligible Stockholder’s representation and agreement that the Eligible Stockholder (including each member of any group of stockholders that together is an Eligible Stockholder under this Section 3.15):

- (1) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control of the Corporation, and does not presently have such intent;
- (2) will provide facts, statements and other information in all communications with the Corporation and stockholders of the Corporation that are true and correct in all material respects and do not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;
- (3) has not nominated and will not nominate for election to the Board at the annual meeting of stockholders any person other than the Proxy Access Nominee(s) being nominated pursuant to this Section 3.15;

(4) has not engaged and will not engage in a, and has not been and will not be a “participant” (as defined in Item 4 of the Exchange Act Schedule 14A) (or any successor schedule) in any other person’s, “solicitation” within the meaning of Exchange Act Rule 14a-1(l) (or any successor rule), in support of the election of any individual as a director at the annual meeting of stockholders other than its Proxy Access Nominee or a nominee of the Board; and

(5) will not distribute to any stockholder any form of proxy for the annual meeting of stockholders other than the form distributed by the Corporation.

(D) the Eligible Stockholder’s agreement to:

- (1) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder’s communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation;
- (2) indemnify and hold harmless the Corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 3.15; provided, however, that the indemnification by the Eligible Stockholder under this Section 3.15(f)(ii)(D)(2) shall no longer be required or apply with respect to any acts or omissions by the Proxy Access Nominee that occur after such Proxy Access Nominee’s election to the Board;
- (3) comply with all other laws, rules, regulations and listing standards applicable to any solicitation in connection with the annual meeting of stockholders;
- (4) file all materials described below in Section 3.15(h)(iii) of this Article III with the SEC, regardless of whether any such filing is required under Exchange Act Regulation 14A (or any successor regulation), or whether any exemption from filing is available for such materials under Exchange Act Regulation 14A (or any successor regulation);
- (5) provide to the Corporation prior to the annual meeting of stockholders such additional information as necessary or reasonably requested by the Corporation;
- (6) promptly disclose to the Corporation if the Eligible Stockholder does not intend to continue to Own the Required Shares for at least one year following the annual meeting of stockholders; and
- (7) in the case of a nomination by a group of stockholders that together is an Eligible Stockholder, the designation by all group members of one group member that is authorized to act on behalf of all such members with respect to the nomination and matters related thereto, including, without limitation, any withdrawal of the nomination.

(g) To be timely under this Section 3.15, the Stockholder Notice must be delivered to or mailed and received at the principal executive offices of the Corporation with respect to an election to be held at an annual meeting of the stockholders, not less than 120 days nor more than 150 days prior to the first anniversary of the date the definitive proxy statement was first released to stockholders in connection with the previous year’s annual meeting of stockholders; provided, however, that in the event that the date of the annual meeting of stockholders is more than 30 days earlier or more than 60 days later than such anniversary date, the Stockholder Notice to be timely must be so delivered or received not earlier than the 150th day prior to such annual meeting of stockholders and not later than the close of business on the later of the 120th day prior to such annual meeting of stockholders or the 10th day following the day on which public announcement of the date of such meeting is first made; provided, further, that for the purpose of calculating the timeliness of the Stockholder Notice for the 2020 annual meeting of stockholders, the date the definitive proxy statement was first released to stockholders in connection with the previous year’s annual meeting of stockholders shall be deemed to be February 28, 2019. In no event shall any adjournment or postponement of an annual meeting of stockholders, or the announcement thereof, commence a new time period (or extend any time period) for the giving of the Stockholder Notice as described above. For purposes of Rule 14a-18 under the Exchange Act (or any successor rule), the applicable “date specified by the registrant’s advance notice provision” shall be the date determined pursuant to this Section 3.15(g).

(h) An Eligible Stockholder (or in the case of a group, each stockholder whose shares are aggregated for purposes of constituting an Eligible Stockholder) must:

- (i) within five business days after the date of the Stockholder Notice, provide one or more written statements from the record holder(s) of the Required Shares and from each intermediary through which the Required Shares are or have been held, in each case during the requisite three-year holding period, verifying that the Eligible Stockholder Owns, and has Owned continuously for the preceding three years, the Required Shares;
- (ii) include in the written statements provided pursuant to Item 4 of Schedule 14N (or any successor schedule) filed with the SEC a statement certifying that it Owns and continuously has Owned the Required Shares for at least three years;
- (iii) file with the SEC any solicitation or other communication relating to the current year annual meeting of stockholders, one or more of the Corporation's directors or director nominees or any Proxy Access Nominee, regardless of whether any such filing is required under Exchange Act Regulation 14A (or any successor regulation) or whether any exemption from filing is available for such solicitation or other communication under Exchange Act Regulation 14A (or any successor regulation); and
- (iv) as to any group of funds whose shares are aggregated for purposes of constituting an Eligible Stockholder, within five business days after the date of the Stockholder Notice, provide documentation reasonably satisfactory to the Corporation that demonstrates that the funds satisfy Section 3.15(b)(ii) of this Article III.

- (i) Notwithstanding anything to the contrary contained in this Section 3.15, the Corporation may omit from its proxy materials any Proxy Access Nominee, and such nomination shall be disregarded and no vote on such Proxy Access Nominee will occur, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if:
 - (i) the Secretary receives notice that a stockholder intends to nominate a person for election to the Board, which stockholder does not elect to have its nominee(s) included in the Corporation's proxy materials pursuant to this Section 3.15;
 - (ii) the Eligible Stockholder or Proxy Access Nominee breaches any of its respective agreements, representations or warranties set forth in the Stockholder Notice or otherwise required by this Section 3.15, or if any of the information in the Stockholder Notice (or otherwise submitted pursuant to this Section 3.15) was not, when provided, true, correct and complete or the requirements of this Section 3.15 have otherwise not been met;
 - (iii) the Proxy Access Nominee or the stockholder or group of stockholders (including any member thereof) who has nominated such Proxy Access Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act, in support of the election of any individual as a director at the meeting other than such Proxy Access Nominee or a nominee of the Board;
 - (iv) the Proxy Access Nominee (A) is not independent under the listing standards of the principal U.S. exchange upon which the shares of the Corporation are listed, any applicable rules of the SEC and any publicly disclosed standards used by the Board in determining and disclosing the independence of the Corporation's directors, (B) does not qualify as independent under the audit committee independence requirements set forth in the rules of the principal U.S. exchange on which shares of the Corporation are listed, as a "non-employee director" under Exchange Act Rule 16b-3 (or any successor rule), (C) is or has been, within the three years preceding the date the Corporation first mails to the stockholders its notice of the meeting that includes the Proxy Access Nominee, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, (D) is an officer, director or general partner of any legal entity where a fellow officer, director or general partner of such legal entity is an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, as amended, (E) is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in a criminal proceeding within the 10 years preceding the date the Corporation first mails to the stockholders its notice of the meeting that includes the Proxy Access Nominee or (F) is subject to any order of the type specified in Rule 506(d) of Regulation D (or any successor rule) promulgated under the Securities Act of 1933, as amended; or

(v) the election of the Proxy Access Nominee to the Board would cause the Corporation to be in violation of the Certificate, these By-laws or any applicable state or federal law, rule, regulation or listing standard.

Any such determination by the Board (or any other person or body authorized by the Board) regarding a nomination's satisfaction of this Section 3.15(i) shall be binding on the Corporation and its stockholders.

(j) The maximum number of Proxy Access Nominees appearing in the Corporation's proxy materials with respect to an annual meeting of stockholders pursuant to this Section 3.15 (including, without limitation, any Proxy Access Nominee whose name was submitted for inclusion in the Corporation's proxy materials for such annual meeting of stockholders but who is nominated by the Board as a Board nominee for such annual meeting of stockholders), together with:

(i) any nominees who were previously elected to the Board as (A) Proxy Access Nominees pursuant to this Section 3.15 (including, without limitation, any Proxy Access Nominee whose name was submitted for inclusion in the Corporation's proxy materials for such prior annual meeting of stockholders but who was nominated by the Board as a Board nominee for such prior annual meeting of stockholders) or (B) a nominee of any stockholder in any other manner, in either case at any of the preceding two annual meetings of stockholders and who are re-nominated for election at such annual meeting of stockholders by the Board, and

(ii) any Proxy Access Nominee who was qualified for inclusion in the Corporation's proxy materials for such annual meeting of stockholders but whose nomination is subsequently withdrawn, shall not exceed the greater of (x) two or (y) 20% of the number of directors in office as of the last day on which a Stockholder Notice may be delivered pursuant to this Section 3.15 with respect to such annual meeting of stockholders, or if such amount as calculated in clause (y) of this Section 3.15(j) is not a whole number, the closest whole number below 20%; provided that if there is a vacancy on the Board and the number of directors is decreased prior to such annual meeting of stockholders, then the 20% of the number of directors shall be calculated based on the number of directors in office as of the date of such decrease in the number of directors. In the event that the number of Proxy Access Nominees submitted by Eligible Stockholders pursuant to this Section 3.15 exceeds this maximum number, each Eligible Stockholder will select one Proxy Access Nominee for inclusion in the Corporation's proxy materials until the maximum number is reached, going in order of the number (largest to smallest) of shares of the Corporation each Eligible Stockholder disclosed as Owned in its respective Stockholder Notice submitted to the Corporation. If the maximum number is not reached after each Eligible Stockholder has selected one Proxy Access Nominee, this selection process will continue as many times as necessary, following the same order each time, until the maximum number is reached.

(k) Notwithstanding the foregoing provisions of this Section 3.15, unless otherwise required by law or otherwise determined by the person presiding over the meeting, if none of (i) the Eligible Stockholder or (ii) a qualified representative of the Eligible Stockholder appears at the annual meeting of stockholders to present such Eligible Stockholder's Proxy Access Nominees, such nomination or nominations shall be disregarded and conclusively deemed withdrawn, notwithstanding that proxies in respect of the election of the Proxy Access Nominees may have been received by the Corporation.

(l) Any Proxy Access Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting of stockholders, or (ii) does not receive at least 25% of the votes cast in favor of the Proxy Access Nominee's election, will be ineligible to be a Proxy Access Nominee pursuant to this Section 3.15 for the next two annual meetings of stockholders.

(m) The Corporation may request such additional information as necessary to permit the Board to determine if each Proxy Access Nominee is independent under the listing standards of the principal United States exchange upon which the shares of the Corporation are listed, any applicable rules of the SEC and any publicly disclosed standards used by the Board in determining and disclosing the independence of the Corporation's directors.

(n) This Section 3.15 shall be the exclusive method for stockholders to include nominees for director election in the Corporation's proxy statement and related materials.

ARTICLE IV

Committees of the Board of Directors

SECTION 4.1 Committees of the Board. The Board shall designate such committees as may be required by the listing standards of the principal United States exchange upon which the shares of the Corporation are listed and may from time to time designate other committees of the Board (including, without limitation, an executive committee), with such lawfully delegable powers and duties as it thereby confers, to serve at the pleasure of the Board and shall, for those committees and any others provided for herein, elect a director or directors to serve as the member or members, designating, if it desires, other directors as alternate members who may replace any absent or disqualified member at any meeting of the committee.

SECTION 4.2 Conduct of Business. Any committee, to the extent allowed by law and provided in the resolution establishing such committee or the charter of such committee, shall have and may exercise all the duly delegated powers and authority of the Board in the management of the business and affairs of the Corporation. The Board shall have the power to prescribe the manner in which proceedings of any such committee shall be conducted. In the absence of any such prescription, any such committee shall have the power to prescribe the manner in which its proceedings shall be conducted. Unless the Board or such committee shall otherwise provide, regular and special meetings and other actions of any such committee shall be governed by the provisions of Article III applicable to meetings and actions of the Board. Each committee shall keep regular minutes and report on its actions to the Board.

ARTICLE V

Officers

SECTION 5.1 Number; Term of Office. The officers of the Corporation shall be elected by the Board and may consist of: a Chief Executive Officer, a President, a Chief Operating Officer, a Chief Financial Officer and one or more Vice Presidents (including, without limitation, Senior Vice Presidents) and a Treasurer, Controller and Secretary and such other officers and agents with such titles and such duties as the Board may from time to time determine, each to have such authority, functions or duties as in these By-laws provided or as the Board may from time to time determine, and each to hold office for such term as may be prescribed by the Board and until such person's successor shall have been chosen and shall qualify, or until such person's death or resignation, or until such person's removal in the manner hereinafter provided. One person may hold the offices and perform the duties of any two or more of said officers; provided, however, that no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, the Certificate or these By-laws to be executed, acknowledged or verified by two or more officers. The Board may require any officer or agent to give security for the faithful performance of such person's duties.

SECTION 5.2 Removal. Subject to Section 5.13 of this Article V, any officer may be removed, either with or without cause, by the Board at any meeting thereof called for the purpose, by the Chief Executive Officer, or by any other superior officer upon whom such power may be conferred by the Board.

SECTION 5.3 Resignation. Any officer may resign at any time by giving notice to the Board, the Chief Executive Officer or the Secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5.4 Chief Executive Officer. The Chief Executive Officer shall have general supervision and direction of the business and affairs of the Corporation, subject to the control of the Board, and shall report directly to the Board.

SECTION 5.5 President. The President shall perform such senior duties as he or she may agree with the Chief Executive Officer (if the position is held by an individual other than the Chief Executive Officer) or as the Board shall from time to time determine.

SECTION 5.6 Chief Operating Officer. The Chief Operating Officer shall perform such senior duties in connection with the operations of the Corporation as he or she may agree with the Chief Executive Officer or as the Board shall from time to time determine. The Chief Operating Officer shall, when requested, counsel with and advise the other officers of the Corporation.

SECTION 5.7 Chief Financial Officer. The Chief Financial Officer shall perform all the powers and duties of the office of the chief financial officer and in general have overall supervision of the financial operations of the Corporation. The Chief Financial Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or as the Board may from time to time determine.

SECTION 5.8 Vice Presidents. Any Vice President shall have such powers and duties as shall be prescribed by his or her superior officer or the Board. A Vice President shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or as the Board may from time to time determine. A Vice President need not be an officer of the Corporation and shall not be deemed an officer of the Corporation unless elected by the Board.

SECTION 5.9 Treasurer. The Treasurer shall supervise and be responsible for all the funds and securities of the Corporation; the deposit of all moneys and other valuables to the credit of the Corporation in depositories of the Corporation; borrowings and compliance with the provisions of all indentures, agreements and instruments governing such borrowings to which the Corporation is a party; the disbursement of funds of the Corporation and the investment of its funds; and, in general, shall perform all of the duties incident to the office of the Treasurer. The Treasurer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or the Chief Financial Officer or as the Board may from time to time determine.

SECTION 5.10 Controller. The Controller shall be the chief accounting officer of the Corporation. The Controller shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or the Chief Financial Officer or as the Board may from time to time determine.

SECTION 5.11 Secretary. It shall be the duty of the Secretary to act as secretary at all meetings of the Board, of the committees of the Board and of the stockholders and to record the proceedings of such meetings in a book or books to be kept for that purpose; the Secretary shall see that all notices required to be given by the Corporation are duly given and served; the Secretary shall be custodian of the seal of the Corporation and when deemed necessary shall affix the seal or cause it to be affixed to all certificates of stock, if any, of the Corporation (unless the seal of the Corporation on such certificates shall be a facsimile, as hereinafter provided) and to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-laws; the Secretary shall have charge of the books, records and papers of the Corporation and shall see that the reports, statements and other documents required by law to be kept and filed are properly kept and filed; and in general shall perform all of the duties incident to the office of Secretary. The Secretary shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or as the Board may from time to time determine.

SECTION 5.12 Assistant Treasurers, Assistant Controllers and Assistant Secretaries. Any Assistant Treasurers, Assistant Controllers and Assistant Secretaries shall perform such duties as shall be assigned to them by the Board or by the Treasurer, Controller or Secretary, respectively, or by the Chief Executive Officer. An Assistant Treasurer, Assistant Controller or Assistant Secretary need not be an officer of the Corporation and shall not be deemed an officer of the Corporation unless elected by the Board.

SECTION 5.13 Additional Matters. The Chief Executive Officer, the President, the Chief Operating Officer and the Chief Financial Officer of the Corporation shall have the authority to designate employees of the Corporation to have the title of Vice President, Assistant Vice President, Assistant Treasurer, Assistant Controller or Assistant Secretary. Any employee so designated shall have the powers and duties determined by the officer making such designation. The persons upon whom such titles are conferred shall not be deemed officers of the Corporation

unless elected by the Board or appointed by any duly elected officer or assistant officer authorized by the Board to appoint such person.

ARTICLE VI

Indemnification

SECTION 6.1 Right to Indemnification. The Corporation, to the fullest extent permitted or required by the DGCL or other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), shall indemnify and hold harmless any person who is or was a director or officer of the Corporation and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including, without limitation, any action, suit or proceedings by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding") by reason of the fact that such person, or another person of whom such person is the legal representative, is or was a director, officer of the Corporation (or manager of any predecessor to the Corporation), or is or was serving at the request of the Corporation as a director, officer or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan) (a "Covered Entity"), whether the basis of such Proceeding is alleged action in an official capacity as a director, officer or agent or in any other capacity while serving as a director, officer or agent, against all expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by such person in connection with such Proceeding and such indemnification shall continue as to a person who has ceased to be a director, officer or agent of the Corporation or a Covered Entity; provided, however, that, except as provided in Section 6.4(d) of this Article VI with respect to an adjudication of entitlement to indemnification, the Corporation shall indemnify and hold harmless any such Indemnitee in connection with a Proceeding initiated by such Indemnitee only if such Proceeding was authorized by the Board. Any person entitled to indemnification as provided in this Section 6.1 is hereinafter called an "Indemnitee." Any right of an Indemnitee to indemnification shall be a contract right and shall include the right to receive, prior to the conclusion of any Proceeding, payment of any expenses incurred by the Indemnitee in connection with such Proceeding, consistent with the provisions of the DGCL or other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment and unless applicable law otherwise requires, only to the extent that such amendment permits the Corporation to provide broader rights to payment of expenses than such law permitted the Corporation to provide prior to such amendment), and the other provisions of this Article VI; provided that payment of expenses incurred by a person other than a director or officer of the Corporation prior to the conclusion of any Proceeding shall be made, unless otherwise determined by the Board, only upon delivery to the Corporation of an undertaking by or on behalf of such person to the same effect as any undertaking required to be delivered to the Corporation by any director or officer of the Corporation pursuant to the DGCL or other applicable law.

SECTION 6.2 Insurance, Contracts and Funding. The Corporation may purchase and maintain insurance to protect itself and any director, officer, employee or agent of the Corporation or of any Covered Entity against any expenses, liabilities or losses as specified in Section 6.1 of this Article VI or incurred by any such director, officer, employee or agent in connection with any Proceeding referred to in Section 6.1 of this Article VI, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation or of any Covered Entity in furtherance of the provisions of this Article VI and may create a trust fund, grant a security interest or use other means (including, without limitation, a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided or authorized in this Article VI.

SECTION 6.3 Indemnification Not Exclusive Right. The right of indemnification provided in this Article VI shall not be exclusive of any other rights to which an Indemnitee may otherwise be entitled, and the provisions of this Article VI shall inure to the benefit of the heirs and legal representatives of any Indemnitee under this Article VI and shall be applicable to Proceedings commenced or continuing after the adoption of this Article VI, whether arising from acts or omissions occurring before or after such adoption.

SECTION 6.4 Advancement of Expenses; Procedures; Presumptions and Effect of Certain Proceedings; Remedies. In furtherance, but not in limitation, of the foregoing provisions, the following procedures, presumptions and remedies shall apply with respect to advancement of expenses and the right to indemnification under this Article VI:

(a) Advancement of Expenses. All reasonable expenses (including, without limitation, attorneys' fees) incurred by or on behalf of the Indemnitee in connection with any Proceeding shall be advanced to the Indemnitee by the Corporation within 20 days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting such advance or advances from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the expenses incurred by the Indemnitee and, if required by law or the provisions of this Article VI at the time of such advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if ultimately it should be determined that the Indemnitee is not entitled to be indemnified against such expenses pursuant to this Article VI.

(b) Procedure for Determination of Entitlement to Indemnification.

(i) To obtain indemnification under this Article VI, an Indemnitee shall submit to the Secretary a written request including such documentation and information as is reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made not later than 60 days after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that the Indemnitee has requested indemnification.

(ii) The Indemnitee's entitlement to indemnification under this Article VI shall be determined in one of the following ways: (A) by a majority vote of the Disinterested Directors (as hereinafter defined in Section 6.4(e) of this Article VI), whether or not they constitute a quorum of the Board, or by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors; (B) by a written opinion of Independent Counsel (as hereinafter defined in Section 6.4(e) of this Article VI) if there are no Disinterested Directors or a majority of such Disinterested Directors so directs; (C) by the stockholders of the Corporation if the Board so directs; or (D) as provided in Section 6.4(c) of this Article VI.

(iii) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 6.4(b)(ii) of this Article VI, a majority of the Disinterested Directors shall select the Independent Counsel, but only an Independent Counsel to which the Indemnitee does not reasonably object.

(c) Presumptions and Effect of Certain Proceedings. If the person or persons empowered under Section 6.4(b) of this Article VI to determine entitlement to indemnification shall not have been appointed or shall not have made a determination within 60 days after receipt by the Corporation of the request therefor, together with the Supporting Documentation, the Indemnitee shall be deemed to be, and shall be, entitled to indemnification, unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. The termination of any Proceeding described in Section 6.1 of this Article VI, or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nobis contendere* or its equivalent, shall not, of itself, adversely affect the right of the Indemnitee to indemnification or create a presumption that the Indemnitee did not act in good faith and in a manner which the Indemnitee reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal proceeding, that the Indemnitee had reasonable cause to believe that such conduct was unlawful.

(d) Remedies of Indemnitee.

(i) In the event that a determination is made pursuant to Section 6.4(b) of this Article VI that the Indemnitee is not entitled to indemnification under this Article VI, (A) the Indemnitee shall be entitled to seek an adjudication of entitlement to such indemnification either, at the Indemnitee's sole option, in (x) an appropriate court of the State of Delaware or any other court of competent jurisdiction or (y) an arbitration to be conducted by a single arbitrator pursuant to the rules of the American Arbitration

Association and (B) any such judicial proceeding or arbitration shall be *de novo* and the Indemnitee shall not be prejudiced by reason of such adverse determination.

(ii) If a determination shall have been made or deemed to have been made, pursuant to Section 6.4(b) or (c) of this Article VI, that the Indemnitee is entitled to indemnification, the Corporation shall be obligated to pay the amounts constituting such indemnification within 45 days after such determination has been made or deemed to have been made and shall be conclusively bound by such determination, unless (A) the Indemnitee misrepresented or failed to disclose a material fact in making the request for indemnification or in the Supporting Documentation or (B) such indemnification is prohibited by law. In the event that (X) advancement of expenses is not timely made pursuant to Section 6.4(a) of this Article VI or (Y) payment of indemnification is not made within 45 days after a determination of entitlement to indemnification has been made or deemed to have been made pursuant to Section 6.4(b) or (c) of this Article VI, the Indemnitee shall be entitled to seek judicial enforcement of the Corporation's obligation to pay to the Indemnitee such advancement of expenses or indemnification. Notwithstanding the foregoing, the Corporation may bring an action, in an appropriate court in the State of Delaware or any other court of competent jurisdiction, contesting the right of the Indemnitee to receive indemnification hereunder due to the occurrence of an event described in sub-clause (A) or (B) of this clause (ii) (a "Disqualifying Event"); provided, however, that in any such action the Corporation shall have the burden of proving the occurrence of such Disqualifying Event.

(iii) The Corporation shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 6.4(d) that the procedures and presumptions of this Article VI are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Corporation is bound by all the provisions of this Article VI.

(iv) In the event that the Indemnitee, pursuant to this Section 6.4(d), seeks a judicial adjudication of or an award in arbitration to enforce rights under, or to recover damages for breach of, this Article VI, or in the event of a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Indemnitee shall be entitled to recover from the Corporation, and shall be indemnified by the Corporation against, any expenses actually and reasonably incurred by the Indemnitee if the Indemnitee prevails in such judicial adjudication, arbitration or suit. If it shall be determined in such judicial adjudication, arbitration or suit that the Indemnitee is entitled to receive part, but not all, of the indemnification or advancement of expenses sought, the expenses incurred by the Indemnitee in connection with such judicial adjudication, arbitration or action shall be prorated accordingly.

(e) Definitions. For purposes of this Article VI:

(i) "Disinterested Director" means a director of the Corporation who is not or was not a party to the Proceeding in respect of which indemnification is sought by the Indemnitee.

(ii) "Independent Counsel" means a law firm or a member of a law firm that neither presently is, nor in the past five years has been, retained to represent (x) the Corporation or the Indemnitee in any matter material to either such party or (y) any other party to the Proceeding giving rise to a claim for indemnification under this Article VI. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing under the law of the State of Delaware, would have a conflict of interest in representing either the Corporation or the Indemnitee in an action to determine the Indemnitee's rights under this Article VI.

SECTION 6.5 Severability. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

SECTION 6.6 Indemnification of Employees and Agents. Notwithstanding any other provision or provisions of this Article VI, the Corporation, to the fullest extent of the provisions of this Article VI with respect to the indemnification of directors and officers of the Corporation or any Covered Entity, may indemnify any person other than a director or officer of the Corporation or any Covered Entity, who is or was an employee or agent of the Corporation or a Covered Entity and who is or was involved in any manner (including, without limitation, as a party or a witness) or is threatened to be made so involved in any threatened, pending or completed Proceeding by reason of the fact that such person, or another person of whom such person is the legal representative, is or was a director, officer, employee or agent of the Corporation or of a Covered Entity, whether the basis of such Proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, against all expenses, liabilities and losses (including, without limitation, attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by such person in connection with such Proceeding. The Corporation may also advance expenses incurred by such employee or agent in connection with any such Proceeding, consistent with the provisions of this Article VI with respect to the advancement of expenses of directors, officers and employees of the Corporation.

ARTICLE VII

Capital Stock

SECTION 7.1 Certificates for Shares and Uncertificated Shares.

(a) The shares of stock of the Corporation shall be uncertificated shares that may be evidenced by a book-entry system maintained by the registrar of such stock, or shall be represented by certificates, or a combination of both. To the extent that shares are represented by certificates, such certificates whenever authorized by the Board shall be in such form as shall be approved by the Board. The certificates representing shares of stock of each class shall be signed by, or in the name of, the Corporation by any two authorized officers of the Corporation, and sealed with the seal of the Corporation, which may be a facsimile thereof. Any or all such signatures may be facsimiles if countersigned by a transfer agent or registrar. Although any officer, transfer agent or registrar whose manual or facsimile signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send to the registered owner thereof a written notice in accordance with Section 151(f) of the DGCL.

(b) The stock ledger and blank share certificates, if any, shall be kept by the Secretary or by a transfer agent or by a registrar or by any other officer or agent designated by the Board.

SECTION 7.2 Transfer of Shares. Transfers of shares of stock of each class of the Corporation shall be made only on the books of the Corporation upon authorization by the registered holder thereof, or by such holder's attorney thereunto authorized by a power of attorney duly executed and filed with the Secretary or a transfer agent for such stock, if any, and if such shares are represented by a certificate, upon surrender of the certificate or certificates for such shares properly endorsed or accompanied by a duly executed stock transfer power (or by proper evidence of succession, assignment or authority to transfer) and the payment of any taxes thereon; provided, however, that the Corporation shall be entitled to recognize and enforce any lawful restriction on transfer. The person in whose name shares are registered on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation; provided, however, that whenever any transfer of shares shall be made for collateral security and not absolutely, and written notice thereof shall be given to the Secretary or to such transfer agent, such fact shall be stated in the entry of the transfer. No transfer of shares shall be valid as against the Corporation, its stockholders and creditors for any purpose, except to render the transferee liable for the debts of the Corporation to the extent provided by law, until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

SECTION 7.3 Registered Stockholders and Addresses of Stockholders.

(a) The Corporation shall be entitled to recognize the exclusive right of a person registered on its records as the owner of shares of stock to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments a person registered on its records as the owner of shares of stock, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares of stock on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Delaware.

(b) Each stockholder shall designate to the Secretary or transfer agent of the Corporation an address at which notices of meetings and all other corporate notices may be given to such person, and, if any stockholder shall fail to designate such address, corporate notices may be given to such person by mail directed to such person at such person's post office address, if any, as the same appears on the stock record books of the Corporation or at such person's last known post office address.

SECTION 7.4 Lost, Destroyed and Mutilated Certificates. The holder of any certificate representing any shares of stock of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of such certificate; the Corporation may issue to such holder a new certificate or certificates for shares, upon the surrender of the mutilated certificate or, in the case of loss, theft or destruction of the certificate, upon satisfactory proof of such loss, theft or destruction; the Board, or a committee designated thereby, or the transfer agents and registrars for the stock, may, in their discretion, require the owner of the lost, stolen or destroyed certificate, or such person's legal representative, to give the Corporation a bond in such sum and with such surety or sureties as they may direct to indemnify the Corporation and said transfer agents and registrars against any claim that may be made on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

SECTION 7.5 Regulations. The Board may make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificated or uncertificated shares of stock of each class and series of the Corporation and may make such rules and take such action as it may deem expedient concerning the issue of certificates in lieu of certificates claimed to have been lost, destroyed, stolen or mutilated.

SECTION 7.6 Fixing Date for Determination of Stockholders of Record. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 days nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. A determination of stockholders entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 7.7 Transfer Agents and Registrars. The Board may appoint, or authorize any officer or officers to appoint, one or more transfer agents and one or more registrars.

ARTICLE VIII

Seal

The Board may approve a suitable corporate seal. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE IX

Fiscal Year

The fiscal year of the Corporation shall be as fixed by the Board from time to time. If the Board makes no determination to the contrary, the fiscal year of the Corporation shall end on the 30th day of September in each year.

ARTICLE X

Waiver of Notice

Whenever any notice whatsoever is required to be given by these By-laws, by the Certificate or by law, the person entitled thereto may, either before or after the meeting or other matter in respect of which such notice is to be given, waive such notice in writing, by electronic transmission or as otherwise permitted by law, which shall be filed with or entered upon the records of the meeting or the records kept with respect to such other matter, as the case may be, and in such event such notice need not be given to such person and such waiver shall be deemed equivalent to such notice.

ARTICLE XI

Amendments

These By-laws may be altered, amended or repealed, in whole or in part, or new By-laws may be adopted by the stockholders or by the Board at any meeting thereof; provided, however, that, in the case of such action by the stockholders, notice of such alteration, amendment, repeal or adoption of new By-laws is contained in the notice of such meeting of the stockholders. Unless a higher percentage is required by the Certificate, all such amendments must be approved by either the holders of a majority of the combined voting power of the outstanding shares of all classes and series of capital stock of the Corporation entitled generally to vote in the election of directors of the Corporation, voting as a single class, or by a majority of the directors of the Board.

ARTICLE XII

Miscellaneous

SECTION 12.1 Execution of Documents. The Board or any committee thereof shall designate the officers, employees and agents of the Corporation who shall have power to execute and deliver deeds, contracts, mortgages, bonds, debentures, indentures, notes, checks, drafts and other orders for the payment of money and other documents for and in the name of the Corporation and may authorize (including, without limitation, authority to redelegate) by written instrument to other officers, employees or agents of the Corporation. Such delegation may be by resolution or otherwise and the authority granted shall be general or confined to specific matters, all as the Board or any such committee may determine. In the absence of such designation referred to in the first sentence of this Section, the officers of the Corporation shall have such power so referred to, to the extent incident to the normal performance of their duties.

SECTION 12.2 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation or otherwise as the Board or any committee thereof or any officer of the Corporation to whom power in respect of financial operations shall have been delegated by the Board or any such committee or in these By-laws shall select.

SECTION 12.3 Checks. All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board or of any committee

thereof or by any officer of the Corporation to whom power in respect of financial operations shall have been delegated by the Board or any such committee thereof or as set forth in these By-laws.

SECTION 12.4 Proxies in Respect of Stock or Other Securities of Other Corporations. The Board or any committee thereof shall designate the officers of the Corporation who shall have authority from time to time to appoint an agent or agents of the Corporation to exercise in the name and on behalf of the Corporation the powers and rights which the Corporation may have as the holder of stock or other securities in any other corporation or other entity, and to vote or consent in respect of such stock or securities; such designated officers may instruct the person or persons so appointed as to the manner of exercising such powers and rights; and such designated officers may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal, or otherwise, such written proxies, powers of attorney or other instruments as they may deem necessary or proper in order that the Corporation may exercise its said powers and rights.

SECTION 12.5 Subject to Law and Certificate of Incorporation. All powers, duties and responsibilities provided for in these By-laws, whether or not explicitly so qualified, are qualified by the provisions of the Certificate and applicable laws.

SECTION 12.6 Exclusive Jurisdiction of United States Federal District Courts. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the sole and exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, the Exchange Act, or the respective rules and regulations promulgated thereunder. To the fullest extent permitted by law, any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 12.6.

CERENCE INC.

**AMENDMENT NO. 1
TO SECOND AMENDED AND RESTATED BY-LAWS**

This Amendment No. 1 to the Second Amended and Restated By-Laws (as amended, the “**By-laws**”) of Cerence Inc., a Delaware corporation (the “**Corporation**”), is effective as of April 30, 2025.

ARTICLE V, SECTION 5.10 of the By-laws entitled “Controller” is hereby amended and restated in its entirety to read as follows:

SECTION 5.10. Controller. The Controller shall be the chief accounting officer of the Corporation, **unless otherwise determined by the Board**. The Controller shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as he or she may agree with the Chief Executive Officer or the Chief Financial Officer or as the Board may from time to time determine.

Except as specifically amended by this Amendment No. 1, the By-laws remain unchanged and, as modified, continue in full force and effect.

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Brian Krzanich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cerence Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 4, 2026

By:

/s/ Brian Krzanich
Brian Krzanich
Chief Executive Officer
(*Principal Executive Officer*)

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Tony Rodriguez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cerence Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 4, 2026

By:

/s/ Tony Rodriguez

Tony Rodriguez

Executive Vice President, Chief Financial Officer
(*Principal Financial and Accounting Officer*)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cerence Inc. (the “Company”) on Form 10-Q for the period ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 4, 2026

By: _____ /s/ Brian Krzanich
Brian Krzanich
Chief Executive Officer
(*Principal Executive Officer*)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cerence Inc. (the "Company") on Form 10-Q for the period ending December 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: February 4, 2026

By: _____ /s/ Tony Rodriguez
Tony Rodriguez
Executive Vice President, Chief Financial Officer
(*Principal Financial and Accounting Officer*)