

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

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CITY OF MIAMI FIRE FIGHTERS’ AND POLICE OFFICERS’ RETIREMENT TRUST,	:	
Individually and on Behalf of All Others Similarly Situated,	:	Case No. 1:22-cv-10321-ADB
Plaintiff,	:	
v.		
CERENCE INC., SANJAY DHAWAN, and MARK J. GALLENBERGER,	:	Hon. Allison D. Burroughs
Defendants.	:	

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NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) SETTLEMENT HEARING; AND (III) MOTION FOR ATTORNEYS’ FEES AND LITIGATION EXPENSES
A Federal Court authorized this Notice. This is not a solicitation from a lawyer.

NOTICE OF PENDENCY OF CLASS ACTION: Please be advised that your rights may be affected by the above-captioned securities class action (the “Litigation”) pending in the United States District Court for the District of Massachusetts (“Court”), if you purchased or otherwise acquired the common stock of Cerence Inc. (“Cerence” or the “Company”) during the period from November 16, 2020 through February 4, 2022, inclusive (the “Class Period”).¹

NOTICE OF SETTLEMENT: Please also be advised that the Court-appointed Lead Plaintiff Public Employees’ Retirement System of Mississippi (“Lead Plaintiff”), on behalf of itself and the Settlement Class (as defined in ¶ 20 below), has reached a proposed settlement of the Litigation with Defendants (defined below) for **\$30,000,000** in cash that, if approved, will resolve all claims in the Litigation (the “Settlement”). This Notice is not an expression of any opinion by the Court as to the merits of the claims or defenses asserted in the Litigation.

PLEASE READ THIS NOTICE CAREFULLY. This Notice explains important rights you may have, including the possible receipt of cash from the Settlement. If you are a member of the Settlement Class, your legal rights will be affected whether or not you act.

If you have questions about this Notice, the Settlement, or your eligibility to participate in the Settlement, please DO NOT contact the Court, the Clerk’s Office, Defendants, or Defendants’ Counsel. All questions should be directed to Lead Counsel or the Claims Administrator (see ¶ 70 below).

1. **Description of the Litigation and the Settlement Class:** This Notice relates to the proposed Settlement of claims in a pending putative securities class action brought by investors against Cerence and certain of its executives. The Defendants are Cerence; Sanjay Dhawan, Cerence’s Chief Executive Officer until his resignation on December 15, 2021; and Mark J. Gallenberger, Cerence’s Chief Financial Officer until his resignation on February 7, 2022. Lead Plaintiff alleges that Defendants violated the federal securities laws by making false and misleading statements and omissions about Cerence’s business, including a purported scheme to pull forward revenues from future quarters to meet Cerence’s revenue guidance. A more detailed description of the Litigation is set forth in ¶¶ 11-19 below. Throughout this Litigation, Defendants have denied, and continue to deny, any and all allegations of fault, liability, wrongdoing, or damages whatsoever.

¹ All capitalized terms used in this Notice that are not otherwise defined herein shall have the meanings ascribed to them in the Stipulation and Agreement of Settlement, dated September 6, 2024 (“Stipulation”), which is available at www.CerenceSecuritiesLitigation.com.

Defendants have expressly denied, and continue to deny, that they have committed any act or omission giving rise to any liability. Specifically, Defendants expressly have denied, and continue to deny, each and all of the claims alleged by Lead Plaintiff in the Litigation including, without limitation, any liability arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Litigation. Defendants also have denied, and continue to deny, among other allegations, the allegations that Lead Plaintiff or the Settlement Class Members have suffered any damages, that Defendants made any material misrepresentations or omissions, or that Lead Plaintiff or the Settlement Class Members were harmed by the conduct alleged in the Litigation or that could have been alleged as part of the Litigation. In addition, Defendants maintain that they have meritorious defenses to all claims alleged in the Litigation. The Settlement, if approved by the Court, will settle the claims of the Settlement Class, as defined in ¶ 20 below.

2. **Statement of the Settlement Class’s Recovery:** Subject to Court approval, Lead Plaintiff, on behalf of itself and the Settlement Class, has agreed to settle the Litigation in exchange for a settlement payment of \$30,000,000 in cash (“Settlement Amount”) to be deposited into an escrow account. The Net Settlement Fund (*i.e.*, the Settlement Amount plus any and all interest earned thereon (“Settlement Fund”) less: (i) any Taxes; (ii) any Notice and Administration Expenses; (iii) any litigation expenses awarded by the Court; (iv) any attorneys’ fees awarded by the Court; and (v) any other costs or fees approved by the Court) will be distributed in accordance with a plan of allocation approved by the Court, which will determine how the Net Settlement Fund shall be allocated among members of the Settlement Class. The proposed plan of allocation (“Plan of Allocation”) is attached hereto as Appendix A.

3. **Estimate of Average Amount of Recovery Per Share:** Based on Lead Plaintiff’s damages expert’s estimate of the number of shares of Cerence common stock purchased or otherwise acquired during the Class Period that may have been affected by the alleged conduct at issue in the Litigation, and assuming that all Settlement Class Members elect to participate in the Settlement, the estimated average recovery per eligible share of Cerence common stock (before the deduction of any Court-approved fees, expenses, and costs as described herein) is approximately \$1.12 per share. **Settlement Class Members should note, however, that the foregoing average recovery per eligible share is only an estimate.** Settlement Class Members may recover more or less than this estimated amount depending on, among other factors: (i) when and the price at which they purchased/acquired shares of Cerence common stock; (ii) whether they sold their shares of Cerence common stock and, if so, when; and (iii) the total number and value of valid Claims submitted to participate in the Settlement. Distributions to Settlement Class Members will be made based on the Plan of Allocation attached hereto as Appendix A or such other plan of allocation as may be ordered by the Court.

4. **Average Amount of Damages Per Share:** The Parties do not agree on the amount of damages per share of Cerence common stock that would be recoverable if Lead Plaintiff were to prevail in the Litigation. Among other things, Defendants do not agree that they violated the federal securities laws or that, even if liability could be established, any damages were suffered by any members of the Settlement Class as a result of their conduct.

5. **Attorneys’ Fees and Expenses Sought:** Lead Counsel have not received any payment of attorneys’ fees for their representation of Lead Plaintiff and the Settlement Class in the Litigation and have advanced the funds to pay expenses incurred to prosecute this Litigation with the expectation that if they were successful in recovering money for the Settlement Class, they would receive fees and be paid for their expenses from the Settlement Fund, as is customary in this type of litigation. Prior to the final Settlement Hearing, Lead Counsel, Bernstein Litowitz Berger & Grossmann LLP (“BLB&G”) and Saxena White P.A. (“Saxena White”), will apply to the Court for an award of attorneys’ fees on behalf of all Plaintiff’s Counsel² in an amount not to exceed 25% of the Settlement Fund. In addition, Lead Counsel will apply for litigation expenses incurred by Plaintiff’s Counsel in connection with the institution, prosecution, and resolution of the Litigation, in an amount not to exceed \$300,000, which amount may include a request for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiff directly related to its representation of the Settlement Class. Any fees and expenses awarded by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses. The estimated average cost per eligible share of Cerence common stock, if the Court approves Lead Counsel’s attorneys’ fees and expense application, is approximately \$0.29 per share. **Please note that this amount is only an estimate.**

6. **Identification of Attorneys’ Representatives:** Lead Plaintiff and the Settlement Class are represented by John Rizio-Hamilton, Esq. of Bernstein Litowitz Berger & Grossmann LLP, 1251 Avenue of the Americas, New York, NY 10020, 1-800-380-8496, settlements@blbglaw.com; and Joshua H. Saltzman, Esq. of Saxena White P.A., 10 Bank Street, Suite 882, White Plains, NY 10606; (914) 437-8551; jsaltzman@saxenawhite.com.

² Plaintiff’s Counsel are Lead Counsel BLB&G and Saxena White; Liaison Counsel Donnelly, Conroy & Gelhaar, LLP; and additional counsel for Lead Plaintiff, Davidson Bowie, PLLC.

7. **Reasons for the Settlement:** Lead Plaintiff’s principal reason for entering into the Settlement is the immediate cash benefit for the Settlement Class without the risk or the delays and costs inherent in further litigation. Moreover, the cash benefit provided under the Settlement must be considered against the risk that a smaller recovery—or no recovery at all—might be achieved after a motion for summary judgment, a trial of the Litigation, and the likely appeals that would follow a trial. This process could be expected to last several years. Defendants are entering into this Settlement solely to eliminate the uncertainty, burden, and expense of further protracted litigation. Defendants expressly deny that Lead Plaintiff has asserted any valid claims as to any of them, and expressly deny any and all allegations of fault, liability, wrongdoing, or damages whatsoever, or any infirmity in the defenses that Defendants have or could have asserted.

YOUR LEGAL RIGHTS AND OPTIONS IN THE SETTLEMENT:	
SUBMIT A CLAIM FORM POSTMARKED (IF MAILED), OR ONLINE, NO LATER THAN JANUARY 30, 2025.	This is the only way to be eligible to receive a payment from the Settlement Fund. If you are a Settlement Class Member and you remain in the Settlement Class, you will be bound by the Settlement as approved by the Court and you will give up any Released Plaintiffs’ Claims (defined in ¶ 33 below) that you have against Defendants and the other Released Defendant Persons (defined in ¶ 34 below), so it is in your interest to submit a Claim Form.
EXCLUDE YOURSELF FROM THE SETTLEMENT CLASS BY SUBMITTING A WRITTEN REQUEST FOR EXCLUSION SO THAT IT IS RECEIVED NO LATER THAN NOVEMBER 25, 2024.	If you exclude yourself from the Settlement Class, you will not be eligible to receive any payment from the Settlement Fund. This is the only option that may allow you to ever be part of any other lawsuit against Defendants or Released Defendant Persons concerning the Released Plaintiffs’ Claims.
OBJECT TO THE SETTLEMENT BY SUBMITTING A WRITTEN OBJECTION SO THAT IT IS RECEIVED NO LATER THAN NOVEMBER 25, 2024.	If you do not like the proposed Settlement, the proposed Plan of Allocation, and/or the requested attorneys’ fees and litigation expenses, you may object by writing to the Court and explaining why you do not like them. You cannot object unless you are a member of the Settlement Class and do not exclude yourself from the Settlement Class.
ATTEND A HEARING ON DECEMBER 16, 2024 AT 10 A.M., AND FILE A NOTICE OF INTENTION TO APPEAR SO THAT IT IS RECEIVED NO LATER THAN NOVEMBER 25, 2024.	Filing a written objection and notice of intention to appear by November 25, 2024 allows you to speak in Court, at the discretion of the Court, about the fairness of the proposed Settlement, the Plan of Allocation, and/or the motion for attorneys’ fees and litigation expenses. In the Court’s discretion, the December 16, 2024 hearing may be conducted by telephone or videoconference (see ¶¶ 60-61 below). If you submit a written objection, you may (but you do not have to) participate in the hearing and, at the discretion of the Court, speak to the Court about your objection.
DO NOTHING.	If you are a member of the Settlement Class and you do not submit a valid Claim Form, you will not be eligible to receive any payment from the Settlement Fund. You will, however, remain a member of the Settlement Class, which means that you give up your right to sue about the claims that are resolved by the Settlement and you will be bound by any judgments or orders entered by the Court in the Litigation.

These rights and options—and the deadlines to exercise them—are further explained in this Notice. Please Note: The date and time of the Settlement Hearing—currently scheduled for December 16, 2024 at 10:00 a.m.—is subject to change without further notice to the Settlement Class. It is also within the Court’s discretion to hold the hearing in person or telephonically. If you plan to attend the hearing, you should check the Settlement website,

www.CerenceSecuritiesLitigation.com, or with Lead Counsel as set forth above to confirm that no change to the date and/or time of the hearing has been made.

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WHY DID I GET THIS NOTICE?

8. The Court authorized that this Notice be sent to you because you or someone in your family or an investment account for which you serve as custodian may have purchased or otherwise acquired shares of Cerence common stock during the Class Period. The Court has directed us to send you this Notice because, as a potential Settlement Class Member, you have the right to understand how this class action lawsuit may generally affect your legal rights. If the Court approves the Settlement and the Plan of Allocation (or some other plan of allocation), the Claims Administrator selected by Lead Plaintiff and approved by the Court will make payments pursuant to the Settlement after any objections and appeals are resolved.

9. The purpose of this Notice is to inform you of the existence of this case, that it is a class action, how you (if you are a Settlement Class Member) might be affected, and how to exclude yourself from the Settlement Class if you wish to do so. It is also being sent to inform you of the terms of the proposed Settlement, and of a hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement, the proposed Plan of Allocation, and Lead Counsel’s motion for attorneys’ fees and litigation expenses (the “Settlement Hearing”). See ¶¶ 60-61 below for details about the Settlement Hearing, including the date and location of the hearing.

10. The issuance of this Notice is not an expression of any opinion by the Court concerning the merits of any claim in the Litigation, and the Court still has to decide whether to approve the Settlement. If the Court approves the Settlement and a plan of allocation, then payments to Authorized Claimants will be made after any appeals are resolved and after the completion of all claims processing. Please be patient, as this process can take some time.

WHAT IS THIS CASE ABOUT?

11. Cerence is a corporation organized under the laws of Delaware, with its principal place of business in Massachusetts. Cerence's common stock trades on the NASDAQ under the ticker symbol "CRNC." Cerence builds AI powered virtual assistants for the mobility/transportation market. In the Litigation, Lead Plaintiff alleges that Defendants made misrepresentations and omissions concerning a purported scheme to pull forward revenues from future quarters to meet Cerence's revenue guidance by entering into a large number of fixed license deals that were not in the best interests of the Company and its shareholders, and had an alleged negative impact on the Company's financial condition and business.

12. On February 25, 2022, the City of Miami Fire Fighters' and Police Officers' Retirement Trust filed a securities class action complaint in the Court titled *City of Miami Fire Fighters' and Police Officers' Retirement Trust v. Cerence Inc.*, Case No. 1:22-cv-10321-ADB (D. Mass.). On May 12, 2022, the Court appointed the Public Employees' Retirement System of Mississippi as Lead Plaintiff, and appointed Bernstein Litowitz Berger & Grossmann LLP and Saxena White P.A. as Lead Counsel.

13. On July 26, 2022, Lead Plaintiff filed an Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Complaint") against Defendants. The Complaint alleges, among other things, that Defendants made misrepresentations and omissions concerning a purported scheme to pull forward revenues from future quarters to meet Cerence's revenue guidance. The Complaint asserts claims for damages under Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder against all Defendants, and under Section 20(a) of the Securities Exchange Act of 1934 against Defendants Dhawan and Gallenberger.

14. On September 9, 2022, Defendants filed their Motion to Dismiss the Complaint. The motion was fully briefed, and on March 25, 2024, the Court issued an Order granting in part and denying in part Defendants' Motion to Dismiss the Complaint. On April 15, 2024, Defendants filed their Answer to the Complaint, denying that Lead Plaintiff has asserted any valid claims as to any of the Defendants and asserting various affirmative defenses. On May 7, 2024, the Court entered a proposed schedule submitted by the Parties.

15. During the course of the Litigation, the Parties engaged in substantial discovery, which included the production by Defendants of over 100,000 pages of documents, exchanging initial disclosures, and responding to requests for production of documents and interrogatories.

16. On August 14, 2024, the Parties participated in an all-day mediation session before Greg Danilow of Phillips ADR Enterprises (the "Mediator") in New York. Prior to the mediation, the Parties exchanged mediation statements, including voluminous exhibits and supplemental materials. The Parties did not reach an agreement to settle the Litigation during the August 14, 2024 mediation.

17. After the mediation, however, the Parties continued to engage in settlement negotiations with the assistance of the Mediator and ultimately reached an agreement in principle to settle the Litigation for \$30,000,000 on August 22, 2024. The agreement was based on a mediator's recommendation made by Mr. Danilow.

18. The Parties subsequently negotiated and executed the Stipulation and Agreement of Settlement (the "Stipulation") on September 6, 2024, which sets forth the full terms and conditions of the Settlement. The Stipulation can be viewed at www.CerenceSecuritiesLitigation.com.

19. On September 23, 2024, the Court preliminarily approved the Settlement, authorized notice of the Settlement to potential Settlement Class Members and scheduled the Settlement Hearing to consider whether to grant final approval of the Settlement.

HOW DO I KNOW IF I AM AFFECTED BY THE SETTLEMENT? WHO IS INCLUDED IN THE SETTLEMENT CLASS?

20. If you are a member of the Settlement Class, you are subject to the Settlement, unless you timely request to be excluded from the Settlement Class. The Settlement Class certified by the Court solely for purposes of effectuating the Settlement consists of:

all Persons who purchased or otherwise acquired Cerence common stock during the period from November 16, 2020 through February 4, 2022, inclusive, and were damaged thereby.

Excluded from the Settlement Class are: (i) Defendants; (ii) Immediate Family Members of any Individual Defendant; (iii) any person who is, or was during the Class Period, an officer or director of Cerence; (iv) any affiliates or subsidiaries of Cerence; (v) any entity in which any Defendant has or had a controlling interest during the Class Period; and (vi) the legal representatives, heirs, successors, or assigns of any such excluded persons and entities. Also excluded from the Settlement Class are any persons and entities who or which exclude themselves by submitting a request for exclusion that is accepted by the Court. *See* “What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?,” on page 10 below.

Please note: Receipt of this Notice does not mean that you are a Settlement Class Member or that you will be entitled to receive proceeds from the Settlement.

If you wish to be eligible to participate in the distribution of proceeds from the Settlement, you are required to submit the Claim Form that is being distributed with this Notice and the required supporting documentation postmarked (if mailed), or online, no later than January 30, 2025.

WHAT ARE LEAD PLAINTIFF’S REASONS FOR THE SETTLEMENT?

21. Lead Plaintiff and Lead Counsel believe that the claims asserted against Defendants have merit. They recognize, however, the significant expense and length of the continued proceedings that would be necessary to pursue their claims against Defendants through the completion of discovery, certification of the class, summary judgment, trial, and appeals, as well as the substantial risks they would face in establishing liability and damages and in recovering a substantial judgment against Defendants.

22. Defendants have argued, and would continue to argue, that they did not violate the federal securities laws. Among other things, Defendants have argued, and would continue to argue, that (1) they did not make any false or misleading statements, (2) they did not act with “scienter,” or fraudulent intent, and (3) Lead Plaintiff could not prove damages or loss causation with respect to any alleged false or misleading statements.

23. For example, Defendants would continue to assert that they made no false or misleading statements regarding their use of fixed contracts. Defendants had argued, and would continue to argue, that Cerence accurately disclosed its revenue from fixed contracts during each quarter, such that no investor could have been misled by Cerence’s use of those contracts. Indeed, the Court’s motion to dismiss order—while allowing the case to proceed—dismissed many of the false statements alleged in the Complaint, including all of the statements made by Defendant Dhawan. Additionally, the Court specifically noted in its motion to dismiss order that even the sustained statements were a “close call” and “would be scrutinized closely for purposes of any summary judgment motion.”

24. Defendants also would continue to argue that they did not act with fraudulent intent, and that there was no scheme in place to defraud investors. Defendants would continue to assert, among other things, that the challenged statements reflected the honestly held beliefs and expectations of Defendants Gallenberger and Dhawan about Cerence’s fixed contracts at the time those statements were made, and that by accurately disclosing Cerence’s revenue from fixed contracts every quarter, Defendants Gallenberger and Dhawan showed an intent to be transparent with investors.

25. Lead Plaintiff also faced risks with respect to proving loss causation. Specifically, Defendants challenged whether the alleged corrective disclosures were sufficiently connected to the alleged false and misleading statements concerning the alleged revenue acceleration scheme, such that those statements could be considered the cause of any damages to the Settlement Class. In addition, Defendants vigorously disputed what portion (if any) of Cerence’s stock price declines following each of the alleged corrective disclosures was attributable to the disclosure of the alleged revenue acceleration scheme.

26. Finally, Lead Plaintiff faced a possibility that any available recovery would be reduced, including because Defendants’ remaining available insurance was being consumed by the ongoing litigation. The proposed Settlement avoids these risks and, if approved, will provide a prompt and certain benefit to the Settlement Class.

27. In light of these risks, the amount of the Settlement, and the immediacy of recovery to the Settlement Class, Lead Plaintiff and Lead Counsel believe that the proposed Settlement is fair, reasonable, and adequate, and in the best interests of the Settlement Class. Lead Plaintiff and Lead Counsel believe that the Settlement provides a favorable result for the Settlement Class, namely \$30,000,000 in cash (less the various deductions described in this Notice), as compared to the risk that the claims in the Litigation would produce a smaller, or no, recovery after full discovery, a class certification motion, summary judgment, trial, and appeals, possibly years in the future.

WHAT MIGHT HAPPEN IF THERE WERE NO SETTLEMENT?

28. If there were no Settlement, and Lead Plaintiff failed to establish any essential legal or factual element of their claims against Defendants, neither Lead Plaintiff nor the other members of the Settlement Class would recover anything from Defendants. Also, if Defendants were successful in establishing any of their defenses either at summary judgment, at trial, or on appeal, the Settlement Class could recover less than the amount provided in the Settlement, or nothing at all. Further, even if Plaintiffs were successful in establishing every element of their claims, defeating all of Defendants' defenses, and proving 100% of their asserted damages, there is a possibility that any available recovery would be smaller than the Settlement Amount, including because available insurance funds would be reduced by ongoing litigation.

HOW ARE SETTLEMENT CLASS MEMBERS AFFECTED BY THE LITIGATION AND THE SETTLEMENT?

29. As a Settlement Class Member, you are represented by Lead Plaintiff and Lead Counsel, unless you enter an appearance through counsel of your own choice and at your own expense. You are not required to retain your own counsel, but if you choose to do so, such counsel must file a notice of appearance on your behalf and must serve copies of his or her appearance on the attorneys listed in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," on page 11 below.

30. If you are a Settlement Class Member and do not wish to remain a Settlement Class Member, you must exclude yourself from the Settlement Class by following the instructions in the section entitled, "What If I Do Not Want To Be A Member Of The Settlement Class? How Do I Exclude Myself?," on page 10 below.

31. If you are a Settlement Class Member and you wish to object to the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for attorneys' fees and litigation expenses, and if you do not exclude yourself from the Settlement Class, you may present your objections by following the instructions in the section entitled, "When And Where Will The Court Decide Whether To Approve The Settlement?," on page 11 below.

32. If you are a Settlement Class Member and you do not exclude yourself from the Settlement Class, you will be bound by any orders issued by the Court. If the Settlement is approved, the Court will enter a judgment ("Judgment"). The Judgment will dismiss with prejudice the claims against Defendants and will provide that, upon the Effective Date of the Settlement, Lead Plaintiff and each of the other Settlement Class Members, on behalf of themselves and each of their respective officers, directors, shareholders, employees, agents, personal representatives, spouses, subsidiaries, trustees, heirs, executors, administrators, successors and assigns, and any other Person claiming (now or in the future) to be acting on behalf of any of them, in their capacities as such, and regardless of whether Lead Plaintiff or any such Settlement Class Member ever seeks or obtains by any means, including, without limitation, by submitting a Claim Form, any distribution from the Settlement Fund, will have fully, finally, and forever released, relinquished, and discharged all Released Plaintiffs' Claims (as defined in ¶ 33 below) against the Released Defendant Persons (as defined in ¶ 34 below), and shall have covenanted not to sue the Released Defendant Persons with respect to all such Released Plaintiffs' Claims, and shall be permanently barred and enjoined from instituting, commencing, participating in, continuing, maintaining, asserting or prosecuting, whether directly or indirectly, whether in the United States or elsewhere, whether on their own behalf or on behalf of any class or any other Person, any Released Plaintiffs' Claim against the Released Defendant Persons; provided, however, that nothing herein shall bar any action or claim to enforce the terms of the Settlement or the Judgment entered pursuant thereto.

33. "Released Plaintiffs' Claims" means any and all claims or causes of action of every nature and description, known or unknown, contingent or non-contingent, whether suspected or unsuspected, including any claims arising under federal or state statutory or common law or any other law, rule or regulation, whether foreign or domestic, at law or in equity, including Unknown Claims, that Lead Plaintiff or any other member of the Settlement Class (a) asserted in the Complaint or any other complaints previously filed in the Litigation, or (b) could have asserted in any forum that arise out of or relate to the allegations, transactions, facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the Complaint or any other complaints previously filed in the Litigation and that relate to the purchase of Cerence common stock during the Class Period. Notwithstanding any other language herein to the contrary, Released Plaintiffs' Claims shall not include (a) any claims to enforce the terms of the Settlement or the Judgment entered pursuant thereto; or (b) any claims asserted in any shareholder derivative action, including *In re Cerence Stockholder Derivative Litigation*, Case No. 1:22-cv-10723-ADB (D. Mass.) and *Morse v. Dhawan et al.*, Case No. 1:22-cv-10737-ADB (D. Mass.).

34. “Released Defendant Person(s)” means each and all of the Defendants and any of their respective past or present parent entities, affiliates, divisions, subsidiaries or Immediate Family Members, and each and all of the foregoing’s respective past, present, or future officers, directors, controlling stockholders, agents, representatives, employees, attorneys, advisors, consultants, accountants, investment bankers, underwriters, brokers, dealers, lenders, insurers, co-insurers, reinsurers, heirs, executors, principals, managing directors, managing agents, joint ventures, personal or legal representatives, estates, beneficiaries, predecessors, successors, and assigns, in their capacities as such.

35. “Unknown Claims” means any Released Plaintiffs’ Claims which Lead Plaintiff or any Settlement Class Member does not know or suspect to exist in his, her, or its favor at the time of the release of such claims, and any Released Defendants’ Claims which any Defendant does not know or suspect to exist in his or its favor at the time of the release of such claims, which, if known by him, her, or it, might have affected his, her, or its settlement with and release of the Released Persons, or might have affected his, her, or its decision not to object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Lead Plaintiff and Defendants shall expressly waive, and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code § 1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Lead Plaintiff and Defendants shall expressly waive, and each of the Settlement Class Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent in effect to California Civil Code § 1542. Lead Plaintiff, Defendants, and Settlement Class Members may hereafter discover facts in addition to or different from those which he, she, or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Lead Plaintiff and Defendants shall expressly and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, without regard to the subsequent discovery or existence of such different or additional facts. Lead Plaintiff and Defendants acknowledge, and the Settlement Class Members shall be deemed by operation of the Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of the Settlement.

36. Pursuant to the Judgment, without further action by anyone, upon the Effective Date of the Settlement, Defendants, and each of their respective officers, directors, controlling shareholders, employees, agents, personal representatives, spouses, subsidiaries, trustees, heirs, executors, administrators, successors and assigns, and any other Person claiming (now or in the future) to be acting on behalf of any of them, in their capacities as such, will have fully, finally, and forever released, relinquished, and discharged all Released Defendants’ Claims (as defined in ¶ 37 below) against the Released Plaintiff Persons (as defined in ¶ 38 below), and shall be permanently barred and enjoined from instituting, commencing, participating in, continuing, maintaining, asserting or prosecuting, whether directly or indirectly, whether in the United States or elsewhere, any Released Defendants’ Claim against the Released Plaintiff Persons; provided, however, that nothing herein shall bar any action or claim to enforce the terms of the Settlement or the Judgment entered pursuant thereto.

37. “Released Defendants’ Claims” means any and all claims or causes of action of every nature and description, known or unknown, contingent or non-contingent, whether suspected or unsuspected, including any claims arising under federal or state statutory or common law or any other law, rule, or regulation, whether foreign or domestic, at law or in equity, including Unknown Claims, arising out of, relating to, or in connection with, the institution, prosecution, or settlement of the Litigation or the Released Plaintiffs’ Claims. Notwithstanding any other language herein to the contrary, Released Defendants’ Claims shall not include any claims to enforce the terms of the Settlement or the Judgment entered pursuant thereto.

38. “Released Plaintiff Person(s)” means each and all of Lead Plaintiff, Plaintiff’s Counsel, all Settlement Class Members, and any of their respective past or present parent entities, affiliates, divisions, subsidiaries or Immediate Family Members, and each and all of the foregoing’s respective past, present or future officers, directors, stockholders, agents, representatives, employees, attorneys, advisors, consultants, accountants, investment bankers, underwriters, brokers, dealers, lenders, insurers, co-insurers, reinsurers, heirs, executors, principals, managing directors, managing agents, joint ventures, personal or legal representatives, estates, beneficiaries, predecessors, successors and assigns, in their capacities as such.

HOW DO I PARTICIPATE IN THE SETTLEMENT? WHAT DO I NEED TO DO?

39. To be eligible for a payment from the proceeds of the Settlement, you must be a member of the Settlement Class and you must timely complete and return the Claim Form with adequate supporting documentation ***postmarked (if mailed), or submitted online at www.CerenceSecuritiesLitigation.com, no later than January 30, 2025.*** A Claim Form is included with this Notice, or you may obtain one from the website maintained by the Claims Administrator, www.CerenceSecuritiesLitigation.com, or you may request that a Claim Form be mailed to you by calling the Claims Administrator toll free at 1-877-411-4801, or by emailing the Claims Administrator at info@CerenceSecuritiesLitigation.com. **Please retain all records of your ownership of and transactions in Cerence common stock, as they may be needed to document your Claim.** If you request exclusion from the Settlement Class or do not submit a timely and valid Claim Form, you will not be eligible to share in the Net Settlement Fund.

HOW MUCH WILL MY PAYMENT BE?

40. At this time, it is not possible to make any determination as to how much any individual Settlement Class Member may receive from the Settlement.

41. Pursuant to the Settlement, Cerence and its insurers shall pay or cause to be paid \$30,000,000 in cash. The Settlement Amount will be deposited into an escrow account. The Settlement Amount plus any interest earned thereon is referred to as the “Settlement Fund.” If the Settlement is approved by the Court and the Effective Date occurs, the “Net Settlement Fund” (that is, the Settlement Fund less (i) any Taxes; (ii) any Notice and Administration Expenses; (iii) any litigation expenses awarded by the Court; (iv) any attorneys’ fees awarded by the Court; and (v) any other costs or fees approved by the Court) will be distributed to Settlement Class Members who submit valid Claim Forms, in accordance with the proposed Plan of Allocation or such other plan of allocation as the Court may approve.

42. The Net Settlement Fund will not be distributed unless and until the Court has approved the Settlement and a plan of allocation, and the time for any petition for rehearing, appeal, or review, whether by certiorari or otherwise, has expired.

43. Neither Defendants, Released Defendant Persons, nor any other person or entity who or which paid any portion of the Settlement Amount on their behalf are entitled to get back any portion of the Settlement Fund once the Court’s order or Judgment approving the Settlement becomes Final. Defendants and the other Released Defendant Persons shall not have any liability, obligation, or responsibility for the administration of the Settlement, the disbursement of the Net Settlement Fund, or the Plan of Allocation.

44. Approval of the Settlement is independent from approval of a plan of allocation. Any determination with respect to a plan of allocation will not affect the Settlement, if approved.

45. Unless the Court otherwise orders, any Settlement Class Member who fails to submit a Claim Form postmarked (if mailed), or online, on or before January 30, 2025 shall be fully and forever barred from receiving payments pursuant to the Settlement but will in all other respects remain a Settlement Class Member and be subject to the provisions of the Stipulation, including the terms of any Judgment entered and the Releases given. This means that each Settlement Class Member releases the Released Plaintiffs’ Claims (as defined in ¶ 33 above) against the Released Defendant Persons (as defined in ¶ 34 above) and will be permanently barred and enjoined from bringing any Released Plaintiffs’ Claims against the Released Defendant Persons, whether or not such Settlement Class Member submits a Claim Form.

46. Participants in and beneficiaries of any employee retirement and/or benefit plan covered by ERISA (“ERISA Plan”) should NOT include any information relating to shares of Cerence common stock purchased/acquired through the ERISA Plan in any Claim Form they submit in this Litigation. They should include ONLY those eligible shares of Cerence common stock purchased/acquired during the Class Period outside of an ERISA Plan. Claims based on any ERISA Plan’s purchases/acquisitions of Cerence common stock during the Class Period may be made by the plan’s trustees.

47. The Court has reserved jurisdiction to allow, disallow, or adjust on equitable grounds the Claim of any Settlement Class Member.

48. Each Claimant shall be deemed to have submitted to the jurisdiction of the Court with respect to his, her, or its Claim Form.

49. Only Settlement Class Members, *i.e.*, persons and entities who purchased Cerence common stock during the Class Period, will be eligible to share in the distribution of the Net Settlement Fund. Persons and entities who are excluded from the Settlement Class by definition or who exclude themselves from the Settlement Class pursuant to an exclusion request will not be eligible to receive a distribution from the Net Settlement Fund and should not submit Claim Forms. The only security that is included in the Settlement is Cerence common stock.

50. **Appendix A to this Notice sets forth the Plan of Allocation for allocating the Net Settlement Fund among Authorized Claimants, as proposed by Lead Plaintiff. At the Settlement Hearing, Lead Counsel will request the Court approve the Plan of Allocation. The Court may modify the Plan of Allocation, or approve a different plan of allocation, without further notice to the Settlement Class.**

**WHAT PAYMENT ARE THE ATTORNEYS FOR THE SETTLEMENT CLASS SEEKING?
HOW WILL THE LAWYERS BE PAID?**

51. Plaintiff's Counsel have not received any payment for their services in pursuing claims against Defendants on behalf of the Settlement Class; nor have Plaintiff's Counsel been paid for their litigation expenses. Before final approval of the Settlement, Lead Counsel will apply to the Court for an award of attorneys' fees for all Plaintiff's Counsel in an amount not to exceed 25% of the Settlement Fund. At the same time, Lead Counsel also intend to apply for payment from the Settlement Fund of Plaintiff's Counsel's litigation expenses and may apply for reimbursement of the reasonable costs and expenses incurred by Lead Plaintiff directly related to its representation of the Settlement Class, in a total amount not to exceed \$300,000. The Court will determine the amount of any award of attorneys' fees or expenses. Such sums as may be approved by the Court will be paid from the Settlement Fund. Settlement Class Members are not personally liable for any such fees or expenses.

**WHAT IF I DO NOT WANT TO BE A MEMBER OF THE SETTLEMENT CLASS?
HOW DO I EXCLUDE MYSELF?**

52. Each Settlement Class Member will be bound by all determinations and judgments in this lawsuit related to the Settlement, whether favorable or unfavorable, unless such person or entity mails or delivers a written request for exclusion addressed to: *Cerence Securities Litigation*, EXCLUSIONS, c/o A.B. Data, Ltd., P.O. Box 173001, Milwaukee, WI 53217. The request for exclusion must be **received no later than November 25, 2024**. You will not be able to exclude yourself from the Settlement Class after that date.

53. Each request for exclusion must: (i) state the name, address, and telephone number of the person or entity requesting exclusion, and in the case of entities, the name and telephone number of the appropriate contact person; (ii) state that such person or entity "requests exclusion from the Settlement Class in *City of Miami Fire Fighters' and Police Officers' Retirement Trust v. Cerence Inc.*, Case No. 1:22-cv-10321-ADB (D. Mass.)"; (iii) state the number of shares of Cerence common stock that the person or entity requesting exclusion (A) owned as of the opening of trading on November 16, 2020 and (B) purchased/acquired and/or sold during the Class Period (from November 16, 2020 through February 4, 2022, inclusive), as well as the date, number of shares, and price of each such purchase/acquisition and sale; and (iv) be signed by the person or entity requesting exclusion or an authorized representative.

54. A request for exclusion shall not be valid and effective unless it provides all the information called for in ¶ 53 and is received within the time stated above, or is otherwise accepted by the Court.

55. If you do not want to be part of the Settlement Class, you must follow these instructions for exclusion even if you have pending, or later file, another lawsuit, arbitration, or other proceeding relating to any Released Plaintiffs' Claim against any of the Released Defendant Persons. Excluding yourself from the Settlement Class is the only option that allows you to be part of any other current or future lawsuit against Defendants or any of the other Released Defendant Persons concerning the Released Plaintiffs' Claims.

56. If you ask to be excluded from the Settlement Class, you will not be eligible to receive any payment out of the Net Settlement Fund.

57. Any Person who is excluded from the Class by virtue of having submitted a valid and timely request for exclusion may, at any point up to the day of the Settlement Hearing, submit a written revocation of request for exclusion following the same instructions in ¶ 52 above.

58. Cerence has the right to terminate the Settlement if valid requests for exclusion are received from persons and entities entitled to be members of the Settlement Class in an amount that exceeds an amount agreed to by the Parties.

**WHEN AND WHERE WILL THE COURT DECIDE WHETHER TO APPROVE THE SETTLEMENT?
DO I HAVE TO COME TO THE HEARING?
MAY I SPEAK AT THE HEARING IF I DON'T LIKE THE SETTLEMENT?**

59. **Settlement Class Members do not need to attend the Settlement Hearing. The Court will consider any submission made in accordance with the provisions below even if a Settlement Class Member does not attend the hearing. You can participate in the Settlement without attending the Settlement Hearing.**

60. **Please Note:** The date and time of the Settlement Hearing may change without further written notice to the Settlement Class. The Court may decide to conduct the Settlement Hearing by video or telephonic conference, or otherwise allow Settlement Class Members to appear at the hearing by phone, without further written notice to the Settlement Class. **In order to determine whether the date and time of the Settlement Hearing have changed, or whether Settlement Class Members must or may participate by phone or video, it is important that you monitor the Court's docket and the Settlement website, www.CerenceSecuritiesLitigation.com, before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or remote appearances at the hearing, will be posted to the Settlement website, www.CerenceSecuritiesLitigation.com. If the Court requires or allows Settlement Class Members to participate in the Settlement Hearing by telephone or video conference, the information for accessing the telephone or video conference will be posted to the Settlement website, www.CerenceSecuritiesLitigation.com.**

61. The Settlement Hearing will be held on December 16, 2024 at 10:00 a.m. Eastern Time, before the Honorable Allison D. Burroughs, either in person at the United States District Court for the District of Massachusetts, Courtroom 17 of the John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Boston, MA 02210, or by telephone or videoconference (in the discretion of the Court) for the following purposes: (a) to determine whether the proposed Settlement on the terms and conditions provided for in the Stipulation is fair, reasonable, and adequate to the Settlement Class, and should be finally approved by the Court; (b) to determine whether a Judgment substantially in the form attached as Exhibit B to the Stipulation should be entered dismissing the Litigation with prejudice against Defendants; (c) to determine whether the Settlement Class should be certified for purposes of the Settlement; (d) to determine whether the proposed Plan of Allocation for the proceeds of the Settlement is fair and reasonable and should be approved; (e) to determine whether the motion by Lead Counsel for attorneys' fees and litigation expenses should be approved; and (f) to consider any other matters that may properly be brought before the Court in connection with the Settlement. The Court reserves the right to approve the Settlement, the Plan of Allocation, Lead Counsel's motion for attorneys' fees and litigation expenses, and/or any other matter related to the Settlement at or after the Settlement Hearing without further notice to the members of the Settlement Class.

62. Any Settlement Class Member who or which does not request exclusion may object to the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for attorneys' fees and litigation expenses. Objections must be in writing. You must file any written objection, together with copies of all other papers and briefs supporting the objection, with the Clerk's Office at the United States District Court for the District of Massachusetts at the address set forth below as well as serve copies on Lead Counsel and Defendants' Counsel at the addresses set forth below ***on or before November 25, 2024***.

Clerk's Office

United States District Court
District of Massachusetts
John Joseph Moakley
U.S. Courthouse
1 Courthouse Way
Boston, MA 02210

Lead Counsel

Bernstein Litowitz Berger &
Grossmann LLP
John Rizio-Hamilton, Esq.
1251 Avenue of the Americas
New York, NY 10020

Defendants' Counsel

Goodwin Procter LLP
Deborah S. Birnbach, Esq.
100 Northern Avenue
Boston, MA 02210

-and-

Saxena White P.A.
Joshua H. Saltzman, Esq.
10 Bank Street, Suite 882
White Plains, NY 10606

63. Any objections, filings, and other submissions by the objecting Settlement Class Member: (a) must identify the case name and docket number, *City of Miami Fire Fighters' and Police Officers' Retirement Trust v. Cerence Inc.*, Case No. 1:22-cv-10321-ADB (D. Mass.); (b) must state the name, address, and telephone number of the person or entity objecting and must be signed by the objector; (c) must state with specificity the grounds for the Settlement Class Member's objection, including any legal and evidentiary support the Settlement Class Member wishes to bring to the Court's attention and whether the objection applies only to the objector, to a specific subset of the Settlement Class, or to the entire Settlement Class; (d) must state the number of times the Settlement Class Member and/or his, her, or its counsel has filed an objection to a class action settlement in the last five years, the nature of each such objection in each case, the jurisdiction in each case, and the name of the issuer of the security or seller of the product or service at issue in each case; and (e) must include documents sufficient to prove membership in the Settlement Class, including the number of shares of Cerence common stock that the objecting Settlement Class Member (A) held as of the opening of trading on November 16, 2020 and (B) purchased/acquired and/or sold during the Class Period (from November 16, 2020 through February 4, 2022, inclusive), as well as the date, number of shares, and price of each such purchase/acquisition and sale. The objecting Settlement Class Member shall provide documentation establishing membership in the Settlement Class through copies of brokerage confirmation slips or monthly brokerage account statements, or an authorized statement from the objector's broker containing the transactional and holding information found in a broker confirmation slip or account statement.

64. You may not object to the Settlement, Plan of Allocation, and/or Lead Counsel's motion for attorneys' fees and litigation expenses if you exclude yourself from the Settlement Class or if you are not a member of the Settlement Class.

65. You may submit an objection without having to appear at the Settlement Hearing. You may not, however, appear at the Settlement Hearing to present your objection unless (i) you first submit a written objection in accordance with the procedures described above and (ii) you first submit your notice of appearance in accordance with the procedures described below; unless the Court orders otherwise.

66. If you wish to be heard orally at the hearing in opposition to the approval of the Settlement, the Plan of Allocation, and/or Lead Counsel's motion for attorneys' fees and litigation expenses, and if you timely submit a written objection as described above, you must also file a notice of appearance with the Clerk's Office and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 62 above so that it is **received on or before November 25, 2024**. Persons who intend to object and desire to present evidence at the Settlement Hearing must include in their written objection or notice of appearance the identity of any witnesses they may call to testify and exhibits they intend to introduce into evidence at the hearing. Such persons may be heard orally at the discretion of the Court.

67. You are not required to hire an attorney to represent you in making written objections or in appearing at the Settlement Hearing. However, if you decide to hire an attorney, it will be at your own expense, and that attorney must file a notice of appearance with the Court and serve it on Lead Counsel and Defendants' Counsel at the addresses set forth in ¶ 62 above so that the notice is **received on or before November 25, 2024**.

68. Unless the Court orders otherwise, any Settlement Class Member who does not object in the manner described above will be deemed to have waived any objection and shall be forever foreclosed from making any objection to the proposed Settlement, the proposed Plan of Allocation, and/or Lead Counsel's motion for attorneys' fees and litigation expenses. Settlement Class Members do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

WHAT IF I BOUGHT SHARES OF CERENCE COMMON STOCK ON SOMEONE ELSE'S BEHALF?

69. If you purchased or otherwise acquired Cerence common stock during the period from November 16, 2020 through February 4, 2022, inclusive, for the beneficial interest of a person or entity other than yourself, you must either (i) within seven (7) calendar days of receipt of this Notice, request from the Claims Administrator sufficient copies of the Notice and Claim Form ("Notice Packet") to forward to all such beneficial owners and within seven (7) calendar days of receipt of those Notice Packets forward them to all such beneficial owners; or (ii) within seven (7) calendar days of receipt of this Notice, provide a list of the names, mailing addresses, and, if available, email addresses, of all such beneficial owners to *Cerence Securities Litigation*, c/o A.B. Data, Ltd., P.O. Box 173038, Milwaukee, WI 53217. If you choose the second option, the Claims Administrator will send a copy of the Notice Packet to the beneficial owners. Upon full compliance with these directions, such nominees may seek reimbursement of their reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the expenses for which reimbursement is sought. Copies of

this Notice and the Claim Form may be obtained from the Settlement website, www.CerenceSecuritiesLitigation.com, by calling the Claims Administrator toll-free at 1-877-411-4801, or by emailing the Claims Administrator at info@CerenceSecuritiesLitigation.com.

**CAN I SEE THE COURT FILE?
WHOM SHOULD I CONTACT IF I HAVE QUESTIONS?**

70. This Notice contains only a summary of the terms of the Settlement. For the terms and conditions of the Settlement, please see the Stipulation available at www.CerenceSecuritiesLitigation.com. Copies of any related orders entered by the Court and certain other filings in this Litigation will also be posted on this website. More detailed information about the matters involved in this Litigation can be obtained by accessing the Court docket in this case, for a fee, through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.mad.uscourts.gov/>, or by visiting, during regular office hours, the Office of the Clerk, United States District Court for the District of Massachusetts, John Joseph Moakley U.S. Courthouse, 1 Courthouse Way, Suite 2300, Boston, MA 02210.

All inquiries concerning this Notice and the Claim Form should be directed to:

Cerence Securities Litigation
c/o A.B. Data, Ltd.
P.O. Box 173038
Milwaukee, WI 53217

1-877-411-4801
info@CerenceSecuritiesLitigation.com
www.CerenceSecuritiesLitigation.com

and/or

John Rizio-Hamilton, Esq.
Bernstein Litowitz Berger & Grossmann LLP
1251 Avenue of the Americas
New York, NY 10020
1-800-380-8496
settlements@blbglaw.com

Joshua H. Saltzman, Esq.
Saxena White P.A.
10 Bank Street, Suite 882
White Plains, NY 10606
(914) 437-8551
jsaltzman@saxenawhite.com

**PLEASE DO NOT CALL OR WRITE THE COURT, THE CLERK'S OFFICE, DEFENDANTS, OR
DEFENDANTS' COUNSEL REGARDING THIS NOTICE.**

Dated: October 2, 2024

By Order of the Court
United States District Court
for the District of Massachusetts

APPENDIX A

Proposed Plan of Allocation of Net Settlement Fund Among Authorized Claimants

71. The Plan of Allocation set forth herein is the plan that is being proposed to the Court for approval by Lead Plaintiff after consultation with its damages expert. The Court may approve the Plan of Allocation with or without modification, or approve another plan of allocation, without further notice to the Settlement Class. Any Orders regarding a modification to the Plan of Allocation will be posted on the website www.CerenceSecuritiesLitigation.com. No Defendant, nor any other Released Defendant Person, shall have any involvement with or liability, obligation or responsibility whatsoever for the application of the Plan of Allocation.

72. The Settlement Amount of \$30,000,000.00 together with any interest earned thereon is the “Settlement Fund.” The Settlement Fund, less (i) any Taxes; (ii) any Notice and Administration Expenses; (iii) any litigation expenses awarded by the Court; (iv) any attorneys’ fees awarded by the Court; and (v) any other costs or fees approved by the Court (the “Net Settlement Fund”) shall be distributed to Settlement Class Members who submit timely and valid Claim Forms to the Claims Administrator (“Authorized Claimants”).

73. The objective of the Plan of Allocation is to equitably distribute the Net Settlement Fund among Settlement Class Members based on their respective alleged economic losses resulting from the securities law violations alleged in the Litigation.

74. In this case, Lead Plaintiff alleges that Defendants made materially false and misleading statements and omissions during the Class Period, which had the effect of artificially inflating the trading price of Cerence stock. Lead Plaintiff alleges that corrective information allegedly impacting the price of Cerence stock was released to the market and resulted in potentially recoverable damages (“corrective disclosure”) on November 22, 2021, December 15, 2021, and February 7, 2022. The Plan of Allocation is intended to compensate investors who purchased or otherwise acquired Cerence stock during the Class Period, held through the issuance of at least one alleged corrective disclosure, and have a “Recognized Loss Amount” as described below.³

75. The Plan of Allocation is not a formal damage analysis. The Recognized Loss Amount is not intended to estimate the amount a Settlement Class Member may have been able to recover after a trial, nor to estimate the amount the Settlement Class Member will receive. It is a formula for allocating the Net Settlement Fund among all Authorized Claimants. The allocation below is based on the alleged inflation per share amounts for Class Period share purchases and sales as determined by Lead Plaintiff’s damages expert, as well as the statutory limitations of the Private Securities Litigation Reform Act of 1995 (“PSLRA”).⁴

76. The Plan of Allocation was developed in consultation with Lead Plaintiff’s damages expert. In developing the Plan of Allocation, Lead Plaintiff’s damages expert calculated the estimated amount of alleged artificial inflation in the price of Cerence stock that was allegedly proximately caused by Defendants’ alleged materially false and misleading statements and omissions the Court previously found to be adequately alleged. In calculating the estimated impact allegedly caused by those misrepresentations and omissions, Lead Plaintiff’s damages expert considered the price changes in Cerence stock in reaction to the public disclosures that allegedly corrected the alleged misrepresentation or omissions, adjusting the price change for factors that were attributable to market or industry forces.

77. In order to have recoverable damages under the federal securities laws, disclosures relating to the alleged misrepresentations and/or omissions must be a cause of the decline in the price of the security.

³ Any transactions in Cerence stock executed outside regular trading hours for the U.S. financial markets shall be deemed to have occurred during the next trading session.

⁴ The PSLRA, 15 U.S.C. 78u-4(e), provides that “[i]n any private action arising under [the Securities Exchange Act of 1934] in which the plaintiff seeks to establish damages by reference to the market price of a security, the award of damages to the plaintiff shall not exceed the difference between the purchase or sale price paid or received, as appropriate, by the plaintiff for the subject security and the mean trading price of that security during the 90-day period beginning on the date on which the information correcting the misstatement or omission that is the basis for the action is disseminated to the market.” Consistent with the PSLRA, Recognized Loss Amounts for Cerence stock are reduced to an appropriate extent by taking into account the closing prices of Cerence stock during the 90-day look-back period. The mean (average) closing price for Cerence stock during this 90-day look-back period was \$34.84 per share as shown in Table 2.

CALCULATION OF RECOGNIZED LOSS AMOUNTS

78. Based on the formulas stated below, a Recognized Loss Amount will be calculated for each purchase or acquisition of Cerence stock during the Class Period that is listed on the Claim Form and for which adequate documentation is provided. If a Recognized Loss Amount calculates to a negative number or zero under the formula below, that Recognized Loss Amount will be zero.

79. For each share of Cerence common stock purchased or otherwise acquired from November 16, 2020 through February 4, 2022, and:

- (a) sold prior to November 22, 2021, the Recognized Loss Amount will be \$0.00;
- (b) sold from November 22, 2021 through February 4, 2022, inclusive, the Recognized Loss Amount will be *the lesser of*: (i) the decline in alleged inflation during the holding period (as presented in Table 1 below), and (ii) the purchase price minus the sale price;
- (c) sold from February 5, 2022 through and including the close of trading on May 6, 2022, the Recognized Loss Amount will be *the least of*: (i) the decline in alleged inflation during the holding period (as presented in Table 1 below), (ii) the purchase price minus the sale price, or (iii) the purchase price minus the average closing price between February 7, 2022 and the date of sale as stated in Table 2 below;
- (d) held as of the close of trading on May 6, 2022, the Recognized Loss Amount will be *the lesser of*: (i) the decline in alleged inflation during the holding period (as presented in Table 1 below), or (ii) the purchase price minus \$34.84, the average closing price for Cerence stock between February 7, 2022 and May 6, 2022 (the last entry in Table 2 below).

ADDITIONAL PROVISIONS

80. **Calculation of Claimant's "Recognized Claim"**: A claimant's "Recognized Claim" under the Plan of Allocation will be the sum of their Recognized Loss Amounts.

81. **FIFO Matching**: For Settlement Class Members who held Cerence stock at the beginning of the Class Period or made multiple purchases, acquisitions or sales during the Class Period, the First-In, First-Out ("FIFO") method will be applied to such holdings, purchases, acquisitions and sales for purposes of calculating a claim. Under the FIFO method, sales of Cerence stock during the Class Period will be matched, in chronological order, first against any Cerence stock held at the beginning of the Class Period. The remaining sales of Cerence stock during the Class Period will then be matched, in chronological order, against Cerence stock purchased or acquired during the Class Period.

82. A Settlement Class Member will be eligible to receive a distribution from the Net Settlement Fund only if a Class Member had a net overall loss, after all profits from transactions in Cerence stock described above during the Class Period are subtracted from all losses. However, the proceeds from sales of Cerence stock that have been matched against Cerence stock held at the beginning of the Class Period will not be used in the calculation of such net loss.

83. If a claimant suffered an overall market loss with respect to their overall transactions in Cerence stock during the Class Period but that market loss was less than the claimant's total Recognized Claim calculated above, then the claimant's Recognized Claim will be limited to the amount of the actual market loss. For purposes of determining whether a claimant had a market gain, or suffered a market loss, with respect to a claimant's overall transactions of Cerence stock during the Class Period, the Claims Administrator will determine the difference between the claimant's (i) Total Purchase Amount⁵ and (ii) the sum of the Total Sales Proceeds⁶ and Holding Value.⁷

⁵ The "Total Purchase Amount" is the total amount the claimant paid (excluding commissions and other charges) for Cerence stock purchased or otherwise acquired during the Class Period.

⁶ The Claims Administrator will match any sales of Cerence stock from the start of the Class Period through and including the close of trading on February 4, 2022 first against the claimant's opening position (the proceeds of those sales will not be considered for purposes of calculating market gains or losses). The total amount received (excluding commissions and other charges) for the remaining sales of Cerence stock sold from the start of the Class Period through and including the close of trading on February 4, 2022 will be the "Total Sales Proceeds."

⁷ The Claims Administrator will ascribe a "Holding Value" equal to \$43.61 for each share of Cerence stock purchased or acquired during the Class Period and still held as of the close of trading February 4, 2022.

84. **Determination of Distribution Amount:** The Net Settlement Fund will be distributed to Authorized Claimants on a *pro rata* basis, based on the relative size of their Recognized Claims. Specifically, a “Distribution Amount” will be calculated for each Authorized Claimant, which will be the Authorized Claimant’s Recognized Claim divided by the total Recognized Claims of all Authorized Claimants, multiplied by the total amount in the Net Settlement Fund.

85. If any Authorized Claimant’s Distribution Amount calculates to less than \$10.00, it will not be included in the calculation and no distribution will be made to that Authorized Claimant.

86. A purchase, acquisition or sale of Cerence stock shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date. All purchase, acquisition and sale prices shall exclude any fees and commissions. The receipt or grant by gift, devise, or operation of law of Cerence stock during the Class Period shall not be deemed a purchase, acquisition or sale of Cerence stock for the calculation of a claimant’s recognized claim nor shall it be deemed an assignment of any claim relating to the purchase or acquisition of such share unless specifically provided in the instrument of gift or assignment. The receipt of Cerence stock during the Class Period in exchange for securities of any other corporation or entity shall not be deemed a purchase or acquisition of Cerence stock.

87. The date of covering a “short sale” is deemed to be the date of purchase or acquisition of the Cerence stock. The date of a “short sale” is deemed to be the date of sale of Cerence stock. Under the Plan of Allocation, however, the Recognized Loss Amount on “short sales” is zero. In the event that a claimant has an opening short position in Cerence stock, their earliest Class Period purchases or acquisitions of Cerence stock will be matched against the opening short position, and not be entitled to a recovery, until that short position is fully covered.

88. Option contracts to purchase or sell Cerence common stock are not securities eligible to participate in the Settlement. With respect to Cerence common stock purchased or sold through the exercise of an option, the purchase/sale date of the Cerence common stock is the exercise date of the option, and the purchase/sale price is the exercise price of the option.

89. Distributions will be made to Authorized Claimants after all claims have been processed, after the Court has finally approved the Settlement, and after any appeals are resolved. If there is any balance remaining in the Net Settlement Fund after at least six (6) months from the initial date of distribution of the Net Settlement Fund (whether by reason of tax refunds, uncashed checks, or otherwise), the Claims Administrator shall, if feasible, reallocate such balance among Authorized Claimants in an equitable and economic fashion. These redistributions shall be repeated until the balance remaining in the Net Settlement Fund is no longer economically feasible to distribute to Authorized Claimants. Thereafter, any balance that still remains in the Net Settlement Fund shall be donated to Greater Boston Legal Services, subject to approval by the Court.

90. Please contact the Claims Administrator or Counsel if you disagree with any determinations made by the Claims Administrator regarding your Proof of Claim. If you are dissatisfied with the determinations, you may ask the Court, which retains jurisdiction over all Class Members and the claims administration process, to decide the issue by submitting a written request.

91. The Court has reserved jurisdiction to allow, disallow, or adjust the claim of any Class Member on equitable grounds.

92. Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all Authorized Claimants. Defendants, their respective counsel, and all other Released Defendant Parties will have no responsibility or liability whatsoever for the investment of the Settlement Fund, the distribution of the Net Settlement Fund, the Plan of Allocation, or the payment of any claim. No Person shall have any claim against Lead Plaintiff, Plaintiff’s Counsel, the Claims Administrator, or other Person designated by Counsel, Defendants, or Defendants’ Counsel based on distributions made substantially in accordance with the Stipulation and the Settlement contained therein, the Plan of Allocation, or further orders of the Court. All Settlement Class Members who fail to complete and submit a valid and timely Proof of Claim shall be barred from participating in distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and the releases given.

TABLE 1**Decline in Alleged Inflation Per Share by Date of Purchase and Date of Sale**

Purchase Date	Sale Date			Sold on or Retained Beyond 2/7/2022
	11/16/2020 - 11/21/2021	11/22/2021 - 12/14/2021	12/15/2021 - 2/4/2022	
11/16/2020 - 11/21/2021	\$0.00	\$18.53	\$29.44	\$49.60
11/22/2021 - 12/14/2021		\$0.00	\$10.91	\$31.07
12/15/2021 - 2/4/2022			\$0.00	\$20.16
Purchased on or Beyond 2/7/2022				\$0.00

TABLE 2

Cerence Stock Closing Prices and Average Closing Prices

Date	Closing Price	Average Closing Price Between February 7, 2022 and Date Shown	Date	Closing Price	Average Closing Price Between February 7, 2022 and Date Shown
2/7/2022	\$43.61	\$43.61	3/24/2022	\$36.54	\$36.66
2/8/2022	\$45.79	\$44.70	3/25/2022	\$35.79	\$36.64
2/9/2022	\$46.00	\$45.13	3/28/2022	\$35.70	\$36.61
2/10/2022	\$44.47	\$44.97	3/29/2022	\$38.33	\$36.66
2/11/2022	\$43.34	\$44.64	3/30/2022	\$37.21	\$36.67
2/14/2022	\$42.92	\$44.36	3/31/2022	\$36.10	\$36.66
2/15/2022	\$43.23	\$44.19	4/1/2022	\$37.34	\$36.67
2/16/2022	\$41.70	\$43.88	4/4/2022	\$37.75	\$36.70
2/17/2022	\$40.48	\$43.50	4/5/2022	\$35.45	\$36.67
2/18/2022	\$38.40	\$42.99	4/6/2022	\$34.18	\$36.61
2/22/2022	\$36.84	\$42.43	4/7/2022	\$34.05	\$36.55
2/23/2022	\$35.64	\$41.87	4/8/2022	\$33.00	\$36.47
2/24/2022	\$35.88	\$41.41	4/11/2022	\$33.49	\$36.41
2/25/2022	\$35.80	\$41.01	4/12/2022	\$33.76	\$36.35
2/28/2022	\$36.11	\$40.68	4/13/2022	\$33.32	\$36.28
3/1/2022	\$33.25	\$40.22	4/14/2022	\$32.40	\$36.20
3/2/2022	\$33.59	\$39.83	4/18/2022	\$32.04	\$36.12
3/3/2022	\$32.37	\$39.41	4/19/2022	\$33.01	\$36.06
3/4/2022	\$30.80	\$38.96	4/20/2022	\$32.83	\$35.99
3/7/2022	\$29.90	\$38.51	4/21/2022	\$31.53	\$35.91
3/8/2022	\$30.67	\$38.13	4/22/2022	\$30.46	\$35.80
3/9/2022	\$32.74	\$37.89	4/25/2022	\$30.37	\$35.70
3/10/2022	\$32.04	\$37.63	4/26/2022	\$28.07	\$35.56
3/11/2022	\$31.55	\$37.38	4/27/2022	\$28.45	\$35.44
3/14/2022	\$30.29	\$37.10	4/28/2022	\$30.08	\$35.34
3/15/2022	\$32.31	\$36.91	4/29/2022	\$29.50	\$35.24
3/16/2022	\$33.92	\$36.80	5/2/2022	\$30.46	\$35.16
3/17/2022	\$37.00	\$36.81	5/3/2022	\$30.59	\$35.09
3/18/2022	\$36.28	\$36.79	5/4/2022	\$31.81	\$35.03
3/21/2022	\$35.25	\$36.74	5/5/2022	\$29.54	\$34.94
3/22/2022	\$36.04	\$36.72	5/6/2022	\$28.72	\$34.84
3/23/2022	\$35.09	\$36.67			