Cerence Technology Showcase

September 24, 2020





Disclaimers

Statements in this presentation regarding Cerence's future performance, results and financial condition, expected growth and innovation and our management's future expectations, beliefs, goals, plans or prospects constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that are not statements of historical fact (including statements containing the words "believes," "plans," "anticipates," "expects," "intends" or "estimates" or similar expressions) should also be considered to be forward-looking statements. Although we believe forward-looking statements are based upon reasonable assumptions, such statements involve known and unknown risk, uncertainties and other factors, which may cause actual results or performance of the company to be materially different from any future results or performance expressed or implied by such forward-looking statements including but not limited to: impacts of the COVID-19 pandemic on our and our customer's businesses; the highly competitive and rapidly changing market in which we operate; adverse conditions in the automotive industry or the global economy more generally; our ability to control and successfully manage our expenses and cash position; our strategy to increase cloud; escalating pricing pressures from our customers; our failure to win, renew or implement service contracts; the loss of business from any of our largest customers; effects of customer defaults; the inability to recruit and retain qualified personnel; cybersecurity and data privacy incidents; fluctuating currency rates; and the other factors in our Annual Report on our most recent Form 10-K, quarterly reports on Form 10-Q, and other filings with the Securities and Exchange Commission. We disclaim any obligation to update any forward-looking statements as a result of developments occurring after the date of this document.

This presentation also includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles, or GAAP. These non-GAAP financial measures are in addition to, and not as a substitute for or superior to, measures of financial performance prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. We have provided a reconciliation of non-GAAP measures to the most directly comparable GAAP measures in the Appendix . This presentation should be read in conjunction with our filings with the SEC.

Information contained in this presentation concerning our industry and the markets in which Cerence operates is based on information from various sources. In presenting this information, we have also made assumptions based on such data and other similar sources, and on our knowledge of, and in our experience to date in, the markets for Cerence. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, which could cause results to differ materially from those expressed in the estimates made by independent parties and by us.

This presentation does not constitute an offer to sell or a solicitation of an offer to buy the securities described herein, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The notes and shares of common stock issuable on conversion of the notes, if any, have not been and will not be registered under the Securities Act of 1933, as amended, or the Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold in the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act and applicable state laws. Any purchaser of such securities will be deemed to have made certain representations and acknowledgments, including, without limitation, that the purchaser is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act.

AI for a World in Motion



- Using AI to Humanize Your Car, Prateek Kathpal, CTO
- Building Blocks of Conversational AI, Dr. Udo Haiber, SVP R&D
- Multimodality Components in Interactive AI, Dr. Christophe Couvreur, VP Products
- Assembling Blocks into Modularized Turnkey Solutions, George Liu, Senior Director, Products
- Bringing Tech Together for New Applications, Dr. Nils Lenke, VP Applications
- Creating Enduring Experiences, Adam Emfield, Senior Manager, UX
 - Fireside Chat: Role of AI in Future Connected Vehicles,
 Charan Lota, Chief Engineer, Connected Technologies, Toyota North America
- Innovation in Action, Richard Mack, CMO

Today's Agenda

AI for a World in Motion



Using AI to Humanize Your Car

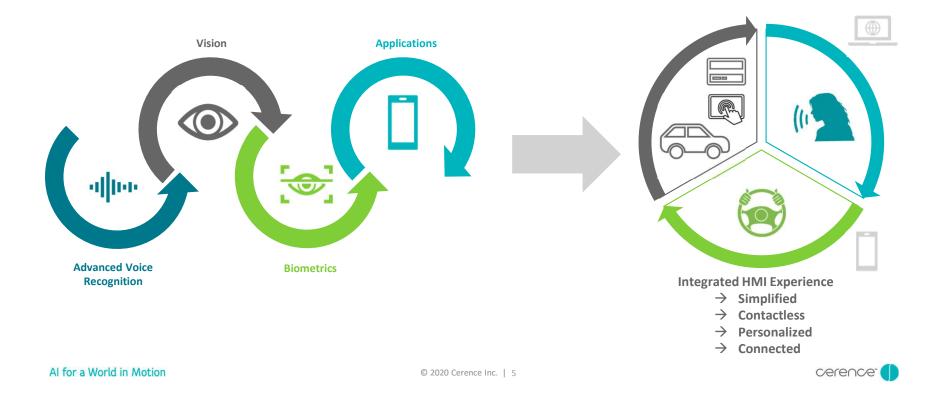
Prateek Kathpal | Chief Technology Officer

AI for a World in Motion

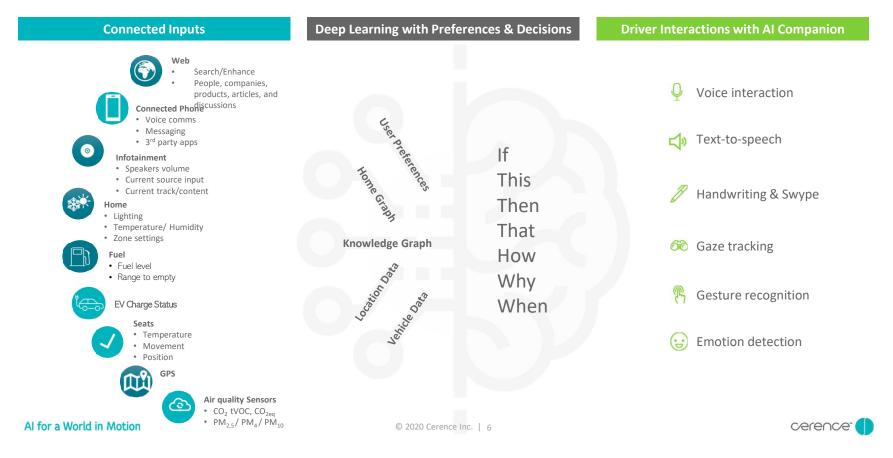


Powering a New Heart and Soul of the Car

Complete In-Car Experience



Cerence – AI-Powered Connected Driving Companion





Innovations with the cloud

Create one digital identity inside and outside the car

Digital Twin of Vehicle

Deliver personalized experience

AI for a World in Motion

Building the Connected Car of the Future

Extend your personal life seamlessly into the car

"Search for that outfit on the billboard and WhatsApp the link to John"

"Call into my Zoom conference call"

"Order flowers on my Prime account. Send them to my mother for Mother's Day"

"Can you find the cheapest covered parking close to my destination that accepts credit cards?"

"Which parking lots at the airport have availability?" tomorrow. Would you like to recharge the car tonight?"

"You have an early meeting

"I found a critical problem with your airbag. Do you want to arrange a service appointment for today?"

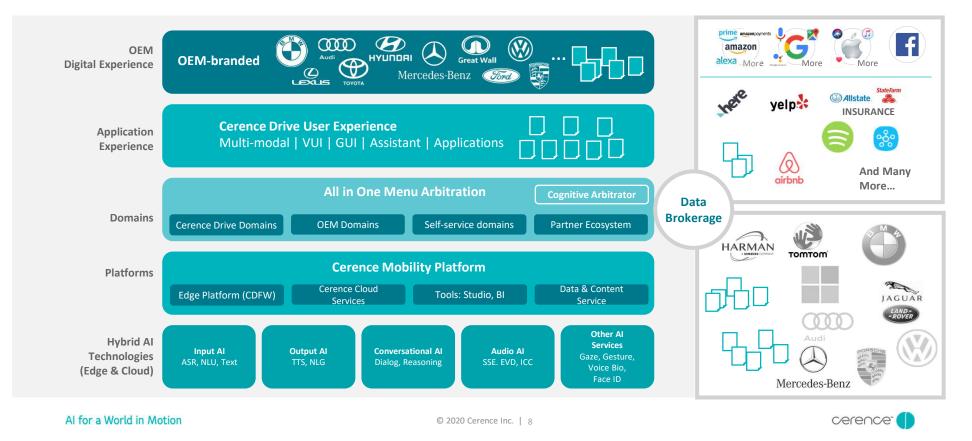
"Put \$30 on pump #4."

"Your Nest door lock is unlocked. Would you like me to lock the front door?"

"What can you tell me about that restaurant? The Avenue is highly rated, has a kid-friendly menu and an open table at 6:45 pm. Would you like to make an OpenTable reservation for 4?"

© 2020 Cerence Inc. | 7

Core Foundation | Cerence Hybrid AI



Our Roadmap – Aligned with Trends and Needs

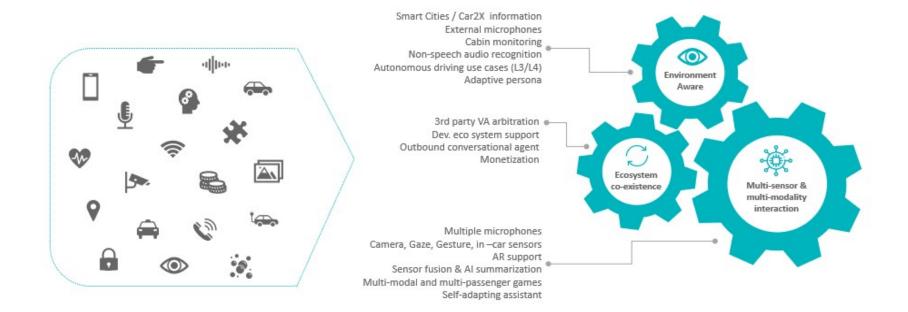
Brand-aligned user experience Ecosystem centered on vehicle User-centric design with I. Enhance the in-car II. Innovate with advanced HMI the cloud experience and full integration with car sensors and car data Enable OEMs to engage with Enable OEMs to create a branded, unique and Single digital identity within and platforms with agility engaging user experience outside vehicle Continuous updates and enhancements

AI for a World in Motion

© 2020 Cerence Inc. | 9

Building the Next-Generation Interactive AI

Intelligent car data and simplified experience





© 2020 Cerence Inc. | 10

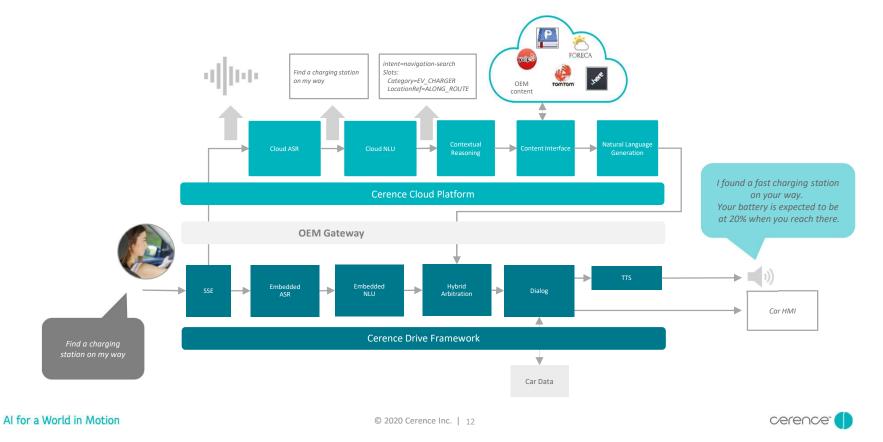
The Building Blocks of Conversational AI

Dr. Udo Haiber | Senior Vice President, Research and Development

AI for a World in Motion

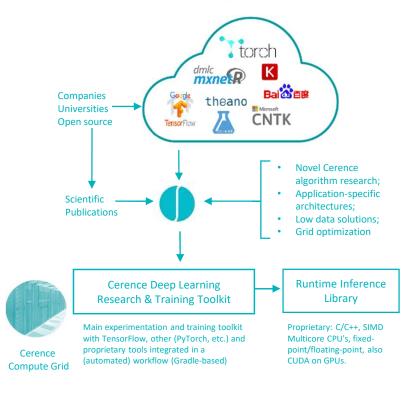


Hybrid Technologies | Used on the Edge and in the Cloud



All Cerence Engines Powered by Deep Learning

Engines	ML Techniques
Speech Signal Enhancement (SSE)	 Feed-forward DNN and Gated Recurrent Units (GRU) for noise reduction.
Automatic Speech Recognition (ASR)	 Feed-forward DNN (FF-DNN) for speech detection Linearly-Augmented DNN (LA-DNN) and Long Short-Term Memory RNN for acoustic modelling and language modelling Multi-Task and Transfer Learning for cross-language training
Natural Language Understanding (NLU)	 Word Embedding (WE) and Sequence-to-sequence (seq2seq) Transformer for intent classification, mention extraction, and question answering Gazetteers, literal annotators and Corrective Training for quick adaptations. Pre-training and Transfer Learning.
Text-to-Speech (TTS)	 Bidirectional LSTM (BLSTM) for prosody prediction and unit selection WE, Convolutional Neural Networks (CNN), BLSTM, Seq2seq Transformer in structured combinations for linguistic analysis Seq2seq, WaveRNN and others for neural wave synthesis Generative End-to-End Neural Synthesis (GEEnE) for cloud TTS, combining the above with Transformers and GRU-based NWS Structured learning and Transfer Learning



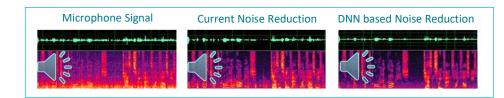
AI for a World in Motion

© 2020 Cerence Inc. | 13

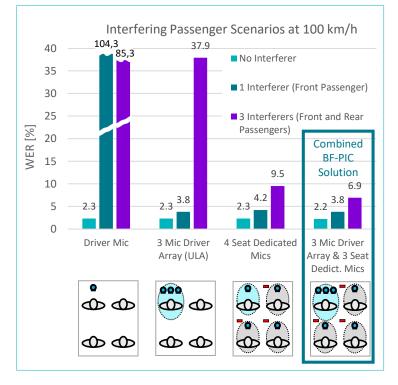
cerence.

Audio AI | Ahead to Drive Innovation in Automotive

- High quality noise reduction suppresses driving noises while preserving the naturalness of the desired speech signal;
- Multi-zone processing with quick and simple speaker identification
- Passenger interference cancelation that blocks out background noise as well as voices from others in the car (speech recognition from all seats and telephony)
- In-car communication with improves speech quality and intelligibility of in-vehicle conversations
- 360° far-talk recognition with speaker localization
- Transforming experience towards autonomous driving use cases e.g. Emergency Vehicle Detection

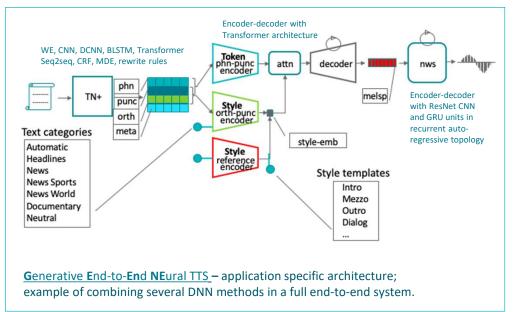


AI for a World in Motion





Text-to-Speech | Superior Technology Beats Giants





AI for a World in Motion



Mastering It All | Cerence Conversational Al Platform

	Adaptive & Personalized		User Data	Emotional AI
Input Signal Processing Speech Recognition Wakeup, Just Talk Biometrics Emotion detection Output Multi-style speech synthesis (TTS) Text, Graphics 	 NLP Machine Learning Models Linguistic Models Machine Learning Analytics Question Answering Cognitive Arbitration Dialogue and languages choices (NLG) 	Conversation Collaborative Dialog Hybrid Arbitration Interoperability Driver & passenger emotions Reasoning Task Context User & behavioral Modeling Content Service Selection 		 (1) Detecting emotions Emotion detection from 'tone' of voice Sensor fusion with other modalities (camera) (2) Reacting to emotions Driver & passenger emotions Behavioral model Desired emotion state (3) Expressing emotions Dialogue and languages choices (NLG)
	Knowledge Representation		Content Updating	 Multi-style speech synthe (TTS)
Adaptation, Learning, Personalization Developer Tools				Other modalities (e.g. lightning)

AI for a World in Motion



Multi-Modality Components in Interactive Al

Dr. Christophe Couvreur | Vice President Product

AI for a World in Motion



Cerence Reader

Virtual newscaster

Decide on speaking style based on the input (neutral, headlines, news, sport, world news, documentary)

Generate naturally flowing speech with human articulation More Than Words

The Washington Post

September 23, 2020 at 12:45 p.m. GMT+2

Johnson & Johnson begins late-stage trials on a single-shot coronavirus vaccine. The experimental vaccine being developed by pharmaceutical giant Johnson & Johnson is the fourth vaccine to enter the large Phase 3 trials that will determine whether they are effective and safe. Three other vaccine candidates have a head start, with U.S. trials that began earlier in the summer, but the vaccine being developed by Janssen Pharmaceutical Companies, a division of J&J, has several advantages that could make it logistically easier to administer and distribute if it is proved safe and effective.

AI for a World in Motion



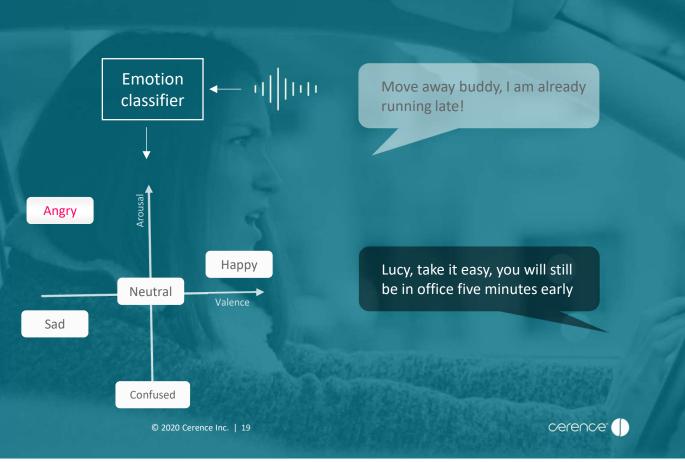
Humanizing Interaction

Detecting emotions based on audio signature

Reacting to emotions

Al for a World in Motion

Emotional Rescue



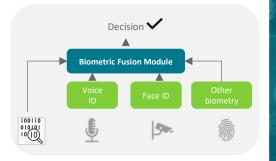
Biometrics

Multi-sensor identification

Voice ID

Face ID

Fusion engine



AI for a World in Motion

		ida ba talu, na dint da nahad kiladi di da.
Classification	Identification Identify one speaker out of many	Authentication Verify speaker's identity against the
ge or gender Easy UI Language switch Gender/age-specific UI	 Activation of personal profile, e.g. load favorite radio stations 	 stored one Secure online transactions access to sensitive data, e.g. email account
Enables parental control	Mirror & seat adjustments	• App login, e.g. Facebook
ecurity Features	Dlauback Detection	Liveness Detection
Synthetic Speech Detection Special designed detector to prevent synthetic speech attacks	Playback Detection Detects and prevents any recording playback to the system	Liveness Detection Prevents system break-ins by prompting a arbitrary phrase to the user

Cerence Look

Interact with the inside and the outside of the car

Bring gaze, voice and gestures together



AI for a World in Motion

Cerence EVD

Emergency Vehicle Detection

In autonomous vehicles or to alert drivers



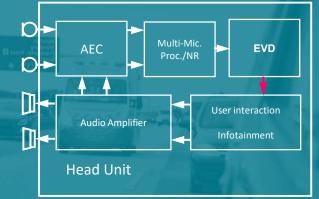
Al for a World in Motion

Song To The Siren

- Detects sirens using interior or exterior microphones of the car
- Even if the radio is playing
- World-wide variety of sirens



- Siren localization
- Expanding beyond siren sounds



© 2020 Cerence Inc. | 22

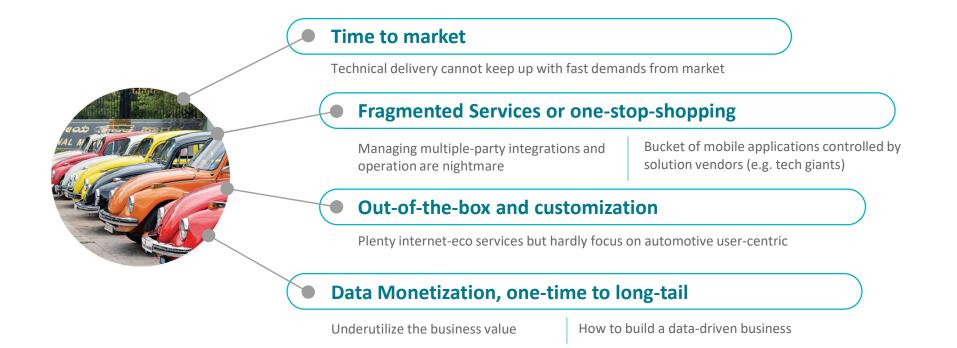
Assembling Blocks into Modularized Turnkey Solutions

George Liu | Senior Director, Products

AI for a World in Motion



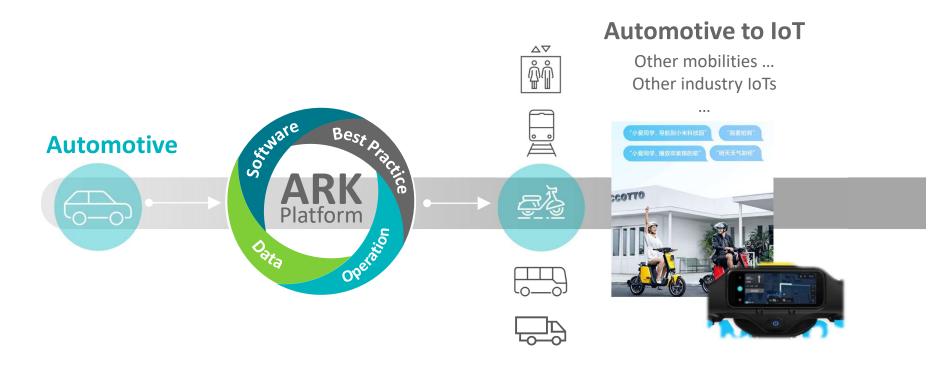
Modularized Turnkey Address Auto and Mobility Solutions Pain Points



AI for a World in Motion



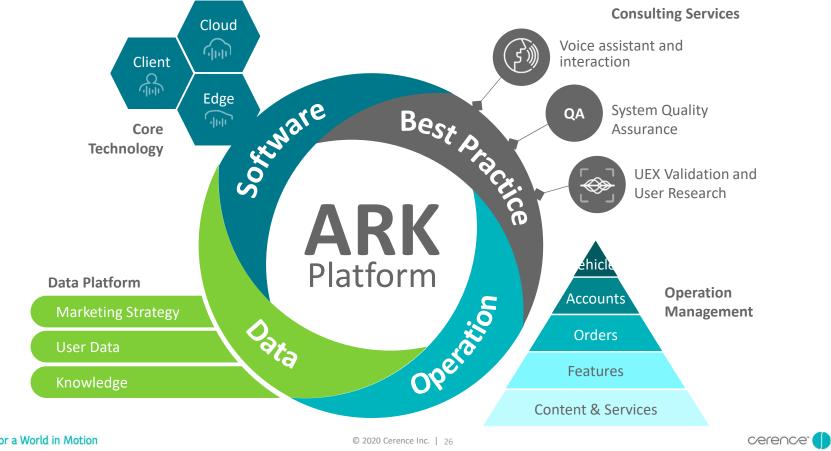
AI Reference Kit(ARK) enables faster AI adaption in new markets



Al for a World in Motion

© 2020 Cerence Inc. | 25

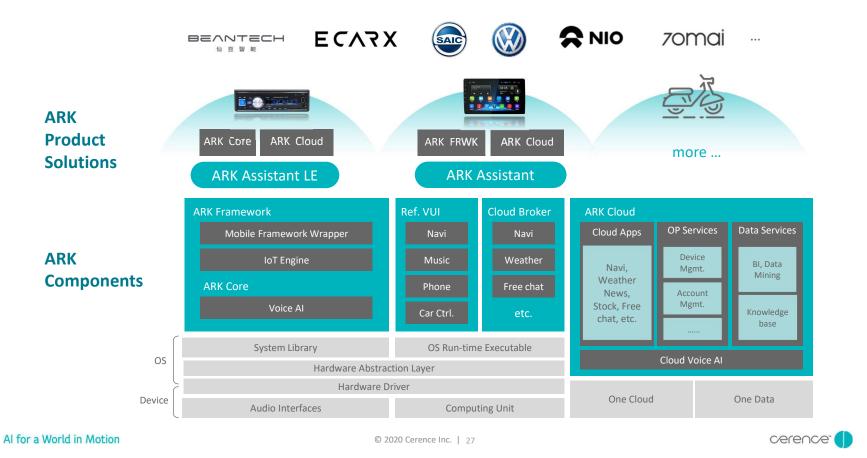
c⁄erenc⁄e⁻



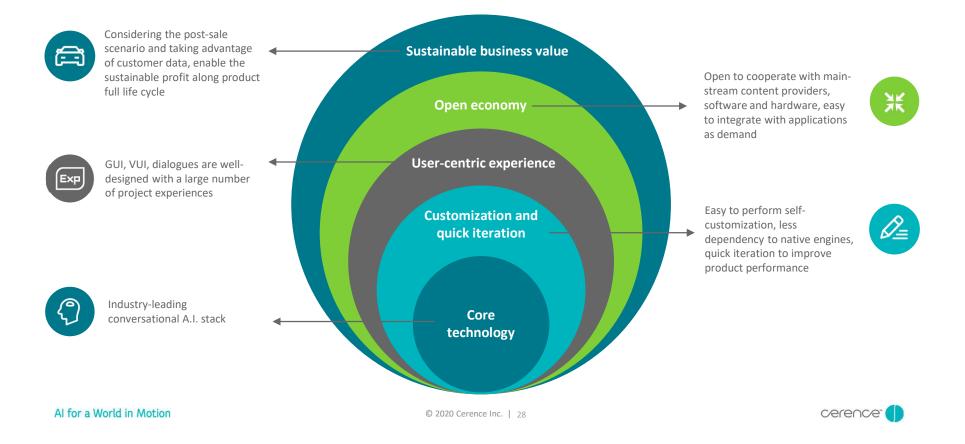
ARK is our Modularized Turnkey Solution Platform

AI for a World in Motion

ARK Powered Leading Brands in China



ARK Empowers Our Customers to Build the Solutions





AI for a World in Motion



Bringing Technology Together for New Applications

Dr. Nils Lenke | VP and GM, Cerence Applications

AI for a World in Motion

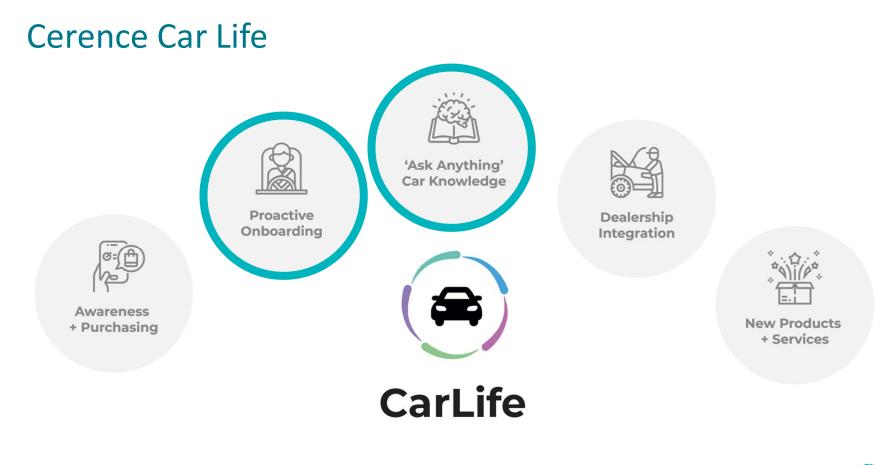


The Yin & Yang of Successful Apps



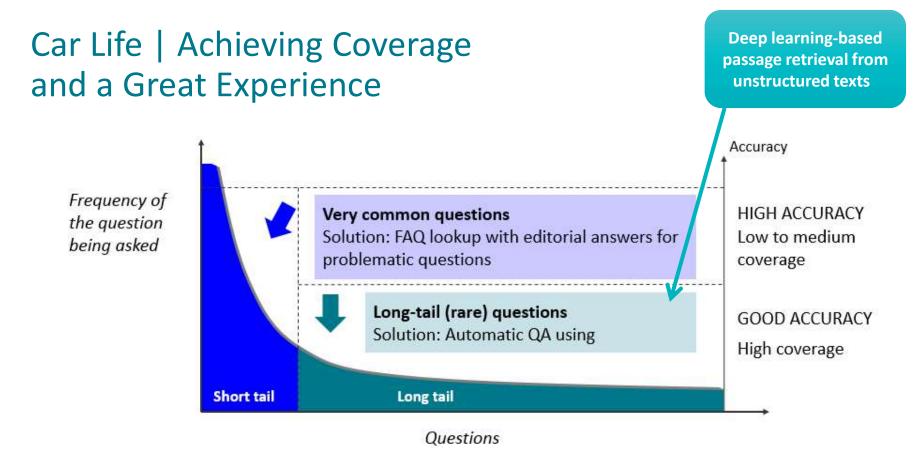
AI for a World in Motion

© 2020 Cerence Inc. | 31



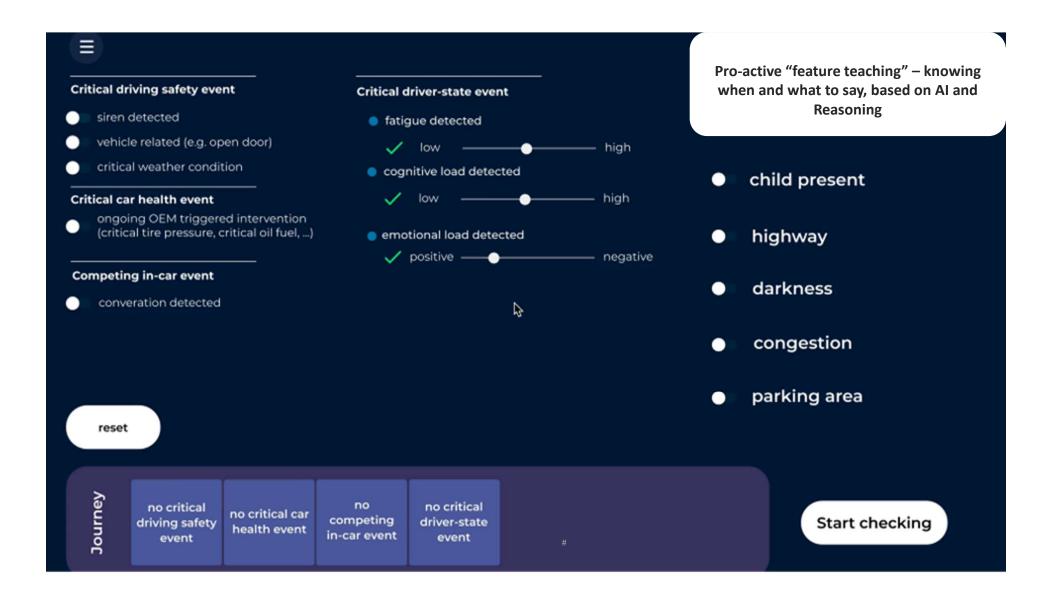
AI for a World in Motion

© 2020 Cerence Inc. | 32

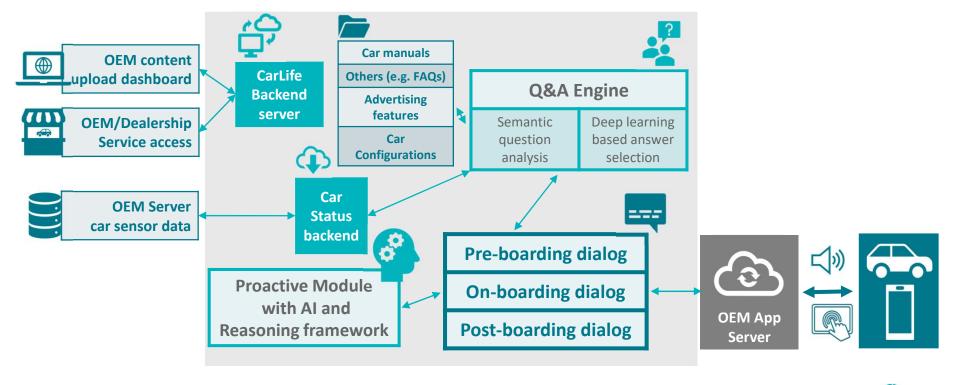


AI for a World in Motion

© 2020 Cerence Inc. | 33



Car Life | Architecture Overview



AI for a World in Motion

© 2020 Cerence Inc. | 35

Cerence Pay



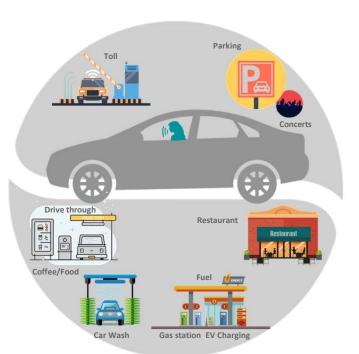
Facial Biometry



 Integration with head-unit and OEM companion App (push messages)

Embedded/Hybrid </>

• Embedded & cloud architecture for safe credential storage and linking



- Simplified payment experience via speech
- In-car commerce with extended partnerships



 Pro-Active "Nudging" from existing domains (Navi etc.)

Agreements	
------------	--

 Service provider agreements with stakeholders

Experience

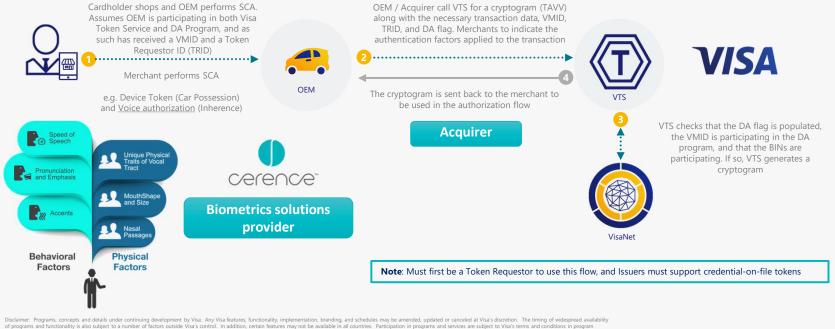
- UX expertise and insights into which use cases work, and how, where
- Speech/NLU/dialog domain(s) for the selected use cases

AI for a World in Motion



Cerence Pay **Delegated Authentication with Visa**

The EU's Revised Payment Services Directive (PSD2) mandates Strong *Customer Authentication* (SCA) by 12/2020



participation agreements and associated documentation; issuer participation, acquirer participation and/or approval or sponsorship of merchant enrollment may be required.

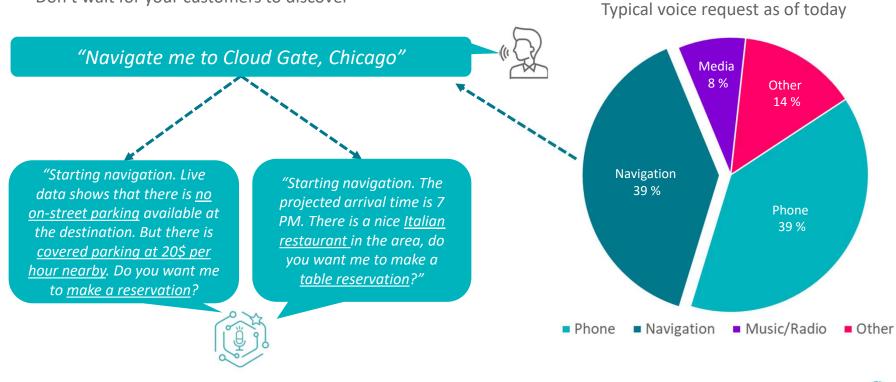
AI for a World in Motion

© 2020 Cerence Inc. | 37

c/erenc/e⁻

Cerence Pay | Proactive suggestions

Don't wait for your customers to discover



AI for a World in Motion

© 2020 Cerence Inc. | 38

cerence"

Creating Enduring User Experiences

Adam Emfield | Senior Manager, UX and UI

AI for a World in Motion



What Does Artificial Intelligence Mean to the User?

"It learns about me"

"It can make use of huge amounts of data"

"It can make complicated decisions on my behalf"

"It can solve problems that people can't on their own"

"It knows what I want or need before I know"

"It knows me better than I know myself"

"I don't know. It's really, really complicated...."

Embrace Complexity to Create Simple, yet Elegant Experiences

- Old way: Bolt technology together
- New way: Put user experience (UX) first
- Cerence way: Bring art and science together

© 2020 Cerence Inc. | 41

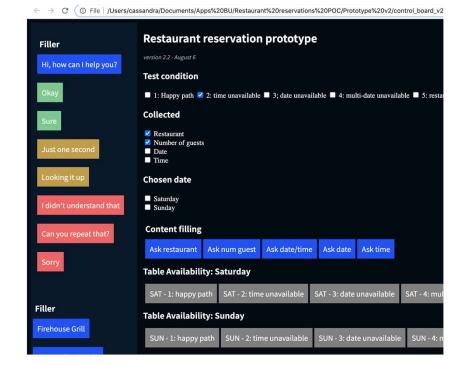


cerence.

AI for a World in Motion

Prototyping User Responses and Reactions

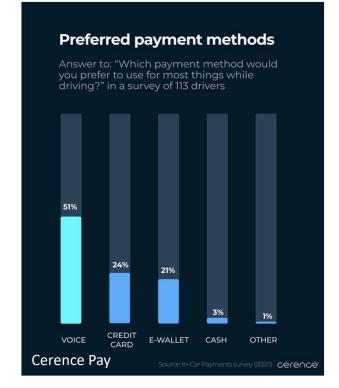
- Before we build a product, we test the concept with real end-users
- Wizard of Oz (WOZ) method used to simulate dialog
- Participants were not made aware they were interacting with a 'faked' system



AI for a World in Motion

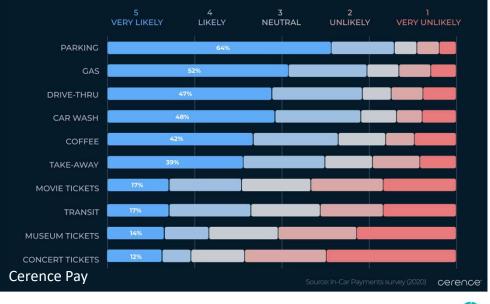


Product Design Led with Research, Surveys and Usability Studies



Interest in voice payments by purchase

Replies to the question: "For each transaction, rate how likely you would be to make a payment by voice in your car" in a survey of 113 drivers



AI for a World in Motion

© 2020 Cerence Inc. | 43

c⁄erenc⁄e⁻



AI for a World in Motion



Fireside Chat: Role of AI in Future Connected Vehicles

Charan Lota | Chief Engineer, Connected Technologies, Toyota NA with Prateek Kathpal, Cerence CTO

AI for a World in Motion



Innovation in Action

Richard Mack | Chief Marketing and Communications Officer

AI for a World in Motion



MBUX: The New Mercedes-Benz User Experience

Processing power for the ultimate digital car

Large **12.8**" media display with 1.888 x 1728 pixels (optional)

Memory bandwith 41,790 MB/s

Augmented Reality head-up display

Natural voice interaccion in **27** languages

16 gb ram

Al for a World in Motion



"Breaking completely new ground in terms of the system's performance, capacity to learn, design and customization."

© 2020 Cerence Inc. | 47

CEO Ola Källenius

cerence"

50% more

compared to previous system

dashboard

updates

gigaflops

Over-the-air

GPU with 691

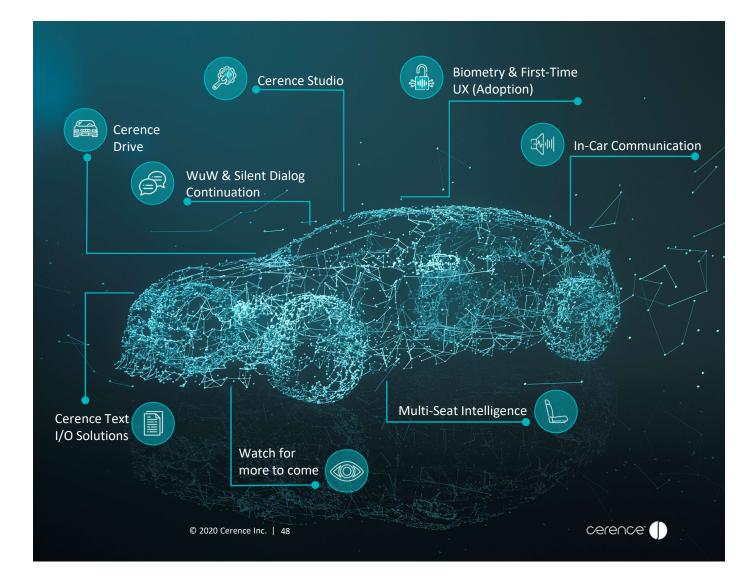
320 GB SSD

processing power

27 fewer hard keys

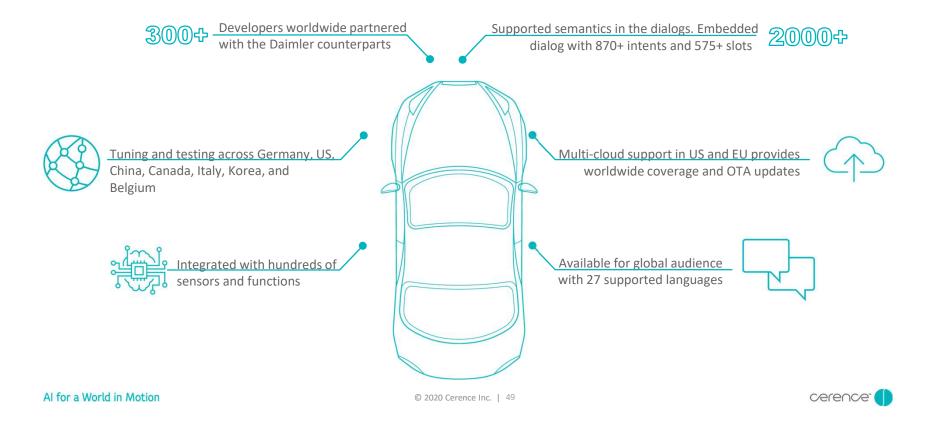
compared to previous

Cerence Products that Make MBUX Possible



AI for a World in Motion

Feat of Significant Accomplishment and Value





AI for a World in Motion



"Any sufficiently advanced technology is indistinguishable from magic."

Arthur C. Clarke

AI for a World in Motion



Earning Rave Reviews and Accolades

" Like Tesla, only better!"

Autobild

"MBUX: Revolution for the Mercedes cockpit" Automobil Industrie

> "The smartest S-Class ever" Auto Motor Sport

"A whole new level of driving"

TOUCH IT

"Watch as we show how hey Mercedes voice assistant gives your car attitude" Car Driver

"MBUX rich content is mind boggling" MotorTrend

AI for a World in Motion

© 2020 Cerence Inc. | 52

cerence"

Innovation Creates Growth Opportunities in New and **Existing Markets** 44 Andrew Expansion New Applications **New Applications Aftermarket Expansion Cerence Pay** Cerence Car Life **New Domains** Î **Core Expansion** Extending Consumer Digital Life **Extending Consumer Digital Life Adjacent Markets** New Languages 0 My Car My Voice **Two Wheelers** Adjacent Notes **Cerence Cognitive Arbitrator** Just Talk Cruise Fleets Trains <u>__</u> **Public Transit** Elevators cerence" AI for a World in Motion © 2020 Cerence Inc. | 53

