

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

**FORM 8-K**

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

**Date of Report (Date of earliest event reported): December 14, 2021**

**CERENCE INC.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-39030**  
(Commission  
File Number)

**83-4177087**  
(IRS Employer  
Identification No.)

**1 Burlington Woods Drive, Suite 301A**  
**Burlington, MA**  
(Address of Principal Executive Offices)

**01803**  
(Zip Code)

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

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instructions A.2.):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
<b>Common stock, \$0.01 par value per share</b>	<b>CRNC</b>	<b>The Nasdaq Stock Market LLC</b>

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company

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

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On December 14, 2021, the non-employee members of the Board of Directors (the “Board”) of Cerence Inc. (the “Company”) unanimously appointed Stefan Ortmanns as President and Chief Executive Officer (and “principal executive officer”) of the Company, effective December 15, 2021. Dr. Ortmanns, age 58, was appointed the Company’s Executive Vice President, Core Products on October 1, 2019 overseeing research and development operations, product management and strategic partnership management. Prior to his appointment, Dr. Ortmanns was with Nuance Communications, Inc. (“Nuance”) and served as its Executive Vice President and General Manager of the Automotive Division from March 2018 until his appointment as the Company’s Executive Vice President. As GM of the Automotive Division of Nuance, Dr. Ortmanns was responsible for conversational AI-powered solutions for the digital car and automotive related services that are used by almost all of the world’s leading automotive manufacturers. He joined Nuance in 2003 and previously held other positions at Nuance including SVP of Engineering and Professional Services for the former Mobile Division. Dr. Ortmanns started working in the speech industry in 1993. Before he joined Nuance, he worked at Philips Speech Processing, Bell Labs, Lucent Technologies, and the University of Technology Aachen. He holds degrees in mechanical engineering, computer science and a Ph.D. in computer science.

In his capacity as President and Chief Executive Officer, Dr. Ortmanns will receive a base salary of EUR 530,000. In addition, Dr. Ortmanns will be eligible to participate in the Company’s Short Term Incentive Plan with a target opportunity equal to 100% of his base salary and a maximum opportunity equal to 200% of his base salary. Further, Dr. Ortmanns will be eligible for a grant of long-term incentive awards under the Company’s 2019 Equity Incentive Plan (the “Plan”), with the type and form of any such awards and the relevant terms and conditions as shall be determined by the Compensation Committee at the time of grant and which shall be no less favorable than the awards to other senior executives of the Company. Subject to the approval of the Compensation Committee, with respect to fiscal year 2022, Dr. Ortmanns will receive a long-term incentive award with a target aggregate value of USD 5,000,000. Such award will consist of 50% time-based restricted stock units and 50% performance-based restricted stock units. The time-based restricted stock units will vest as to one-third on each of the first three anniversaries of the grant date, subject to continued service with the Company through each vesting date. The performance-based restricted stock units will be subject to the terms and conditions for performance-based restricted stock units under the Plan, all as reflected in the applicable form of award agreement. Dr. Ortmanns also will receive a EUR 200,000 sign-on bonus, which will be repayable to the Company if Dr. Ortmanns voluntarily leaves the Company or his employment is terminated for “cause” within the first year following his first date of employment as Chief Executive Officer. It is expected that Dr. Ortmanns will receive a new employment agreement that sets forth the new terms of his employment, and new change of control and severance agreements having terms no less favorable than his existing change of control and severance agreements.

Dr. Ortmanns succeeds Sanjay Dhawan, who resigned as President and Chief Executive Officer and director of the Company on December 14, 2021, effective December 15, 2021. In connection with his departure, Mr. Dhawan entered into a Separation and Release Agreement with the Company (the “Separation Agreement”) under which Mr. Dhawan has agreed to provide transition assistance as requested by the Company for up to twelve months, during which period his existing time-based restricted stock unit awards and initial performance-based restricted stock unit award (at target level) will be eligible for continued vesting. The Separation Agreement also contains a reaffirmation of Mr. Dhawan’s confidentiality obligations to the Company and other restrictive covenants, as well as a general release of claims by Mr. Dhawan.

On December 14, 2021, the Board elected Dr. Ortmanns as a Class III director of the Company to fill the vacancy created by the resignation of Mr. Dhawan from the Board, to hold office for a term expiring at the next annual meeting of stockholders of the Company and until his successor is elected and qualified or until his earlier resignation or removal. The Company will enter into an indemnification agreement with Dr. Ortmanns in substantially the same form entered into with the other directors of the Company.

There are no other arrangements or understandings between Dr. Ortmanns and any other person pursuant to which Dr. Ortmanns was appointed as President and Chief Executive Officer or a director of the Company. Dr. Ortmanns is not a party to any transaction that would require disclosure under Item 404(a) of Regulation S-K.

**Item 7.01. Regulation FD Disclosure.**

A press release, dated December 15, 2021, announcing the appointment of Dr. Ortmanns as President and Chief Executive Officer of the Company is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.1	<a href="#">Offer Letter, dated December 14, 2021, by and between Cerence Inc. and Stefan Ortmanns</a>
99.1	<a href="#">Press Release issued by Cerence Inc. on December 15, 2021*</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* Furnished herewith

**SIGNATURES**

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

**CERENCE INC.**

Date: December 15, 2021

By: /s/ Leanne J. Fitzgerald  
Name: Leanne J. Fitzgerald  
Title: General Counsel and Secretary



Cerence Inc.  
1 Burlington Woods  
3rd floor, Suite # 301A  
Burlington, MA 01803  
USA  
cerence.com

December 14, 2021

Dr. Stefan Ortmanns  
[address]

Dear Stefan,

On behalf of the Cerence Inc.'s ("Cerence" or the "Company") Board of Directors (the "Board") I am pleased to offer you the position of Chief Executive Officer of Cerence reporting to the Board. You will be appointed to the Board upon your commencement of service as Chief Executive Officer. Your appointments are subject to approval by the Board and your compensation package as outlined herein is subject to approval of the Compensation Committee of the Board ("Compensation Committee").

For purposes of this letter, your first day of work as Cerence's Chief Executive Officer will be considered your "Start Date." Your Start Date will be December 15, 2021.

Your work location will be the Company's Aachen, Germany office.

Subject to the terms and conditions stated in the letter below, Cerence is pleased to offer you the following:

#### **Base Salary and Employment Status**

Your starting annual base salary for this position is **EUR 530,000.00**, less applicable taxes, deductions and withholdings. Your employment will continue to be with Cerence GmbH. Separately, you will receive a new long form employment agreement which will set out the new terms.

#### **Short Term Incentive Awards**

In addition to your base salary, you will be eligible to participate in the Cerence Short Term Incentive Plan ("STIP"), with a target opportunity of **100%** of your base salary ("Target") and a maximum opportunity of **200%** of your base salary. The STIP annual performance period coincides with Cerence's fiscal year, which is October 1<sup>st</sup> through September 30<sup>th</sup>. The form of the payment is at the Board's discretion and will be made in the form of restricted stock units ("RSUs") under the Cerence 2019 Equity Incentive Plan (the "Plan"), cash or a combination thereof, less applicable taxes, deductions, and withholdings. Target incentives do not constitute a promise of payment. To qualify for the STIP incentive bonus, you must remain employed with the Company through the date that the incentive bonus is paid. Your actual STIP payout will depend on Company performance as determined under the STIP and, to the extent applicable, the Board's assessment of your performance, and any STIP payout is subject to, and governed by, the terms and requirements of the STIP and any applicable equity award agreement. Eligibility to participate and any payment under the STIP will be at the Compensation Committee's discretion, and the Committee has the right to vary, suspend, revoke, or replace the STIP at any time.

### **Long-Term Incentive Awards**

You will be eligible for a grant of long-term incentive awards (“LTI Awards”) under the Plan having a value based upon the Compensation Committee’s review of market trends, internal considerations and performance. The type and form of any such LTI Awards and the relevant terms and conditions shall be determined by the Compensation Committee at the time of grant and, for the avoidance of doubt, shall be no less favorable than LTI Awards to other senior executives of the Company.

Subject to the approval of the Compensation Committee, with respect to Fiscal Year 2022, you will receive an LTI Award with a target aggregate value of **USD 5,000,000.00**. The Fiscal Year 2022 LTI Award will constitute 50% time-based RSUs and 50% performance-based restricted stock units (“PSUs”).

a) **RSUs**. The RSUs will be subject to the terms and conditions for time-based restricted stock units under the Plan, all as reflected in the applicable form of RSU agreement. The RSUs will be scheduled to vest as to one-third of the RSUs on each of the first three anniversaries of the grant date, subject to your continued service (and not to performance goals or other vesting conditions) with Cerence through each vesting date.

b) **PSUs**. The PSUs will be subject to the terms and conditions for performance-based restricted stock units under the Plan, all as reflected in the applicable form of PSU agreement.

### **Sign-On Bonus**

As an inducement to accept this offer, you will receive a **EUR 200,000** sign-on bonus that will be paid, less applicable taxes, deductions and withholdings, on the first paycheck following the start of your tenure as Chief Executive Officer. Should you voluntarily leave Cerence or are terminated by Cerence for “Cause” within the first year following your first date of employment, the entire amount of the sign-on bonus shall be repayable to the Company.

### **Confidentiality**

Like all Company employees, you will continue to be required, as a condition of your employment, to abide by Company rules and policies. Among other obligations, you will continue to adhere to the Company’s confidentiality and return of documentation obligations which, among other things, prohibits unauthorized use or disclosure of the Company’s proprietary and confidential information and the unauthorized disclosure or use of any third party proprietary and confidential information.

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**Indemnification**

As an employee and officer of the Company, you shall be fully indemnified by the Company to the fullest extent permitted by Delaware law. To implement this provision, Company shall execute and deliver to you its standard form of indemnification agreement for officers and directors, and you shall thereafter be entitled to the benefits of any subsequent amendments thereto made for any management executives.

**Benefits**

Your benefits will remain the same from your previous role unless otherwise provided herein.

**General**

Subject to any specific provisions herein, all grants will be on such terms and conditions as determined by the Compensation Committee. All grants hereunder shall be made pursuant to the Plan and shall be subject to the terms and conditions of the Plan

**Executive Contract**

You will be eligible for a new Change of Control and Severance agreements having terms no less favorable than your current Change of Control and Severance agreements.

**Entire Agreement**

This offer letter and the referenced documents and agreements constitute the entire agreement between you and Cerence with respect to the subject matter hereof and except as expressly set forth herein, supersede any and all prior or contemporaneous oral or written representations, understandings, agreements or communications between you and Cerence concerning those subject matters.

Please indicate your acceptance of the offer by signing this offer letter and returning it to me.

Sincerely,

/s/ Arun Sarin

Arun Sarin  
Chairman of the Board of Directors

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**I ACCEPT THE OFFER OF EMPLOYMENT AS STATED ABOVE:**

/s/ Stefan Ortmanns

**Signature**

December 14, 2021

**Date of Acceptance**



## Cerence Board of Directors Promotes Dr. Stefan Ortmanns to Chief Executive Officer and Director

A 20-year veteran of the company and an original architect of its technology, Ortmanns is responsible for the bulk of Cerence's revenue today

**BURLINGTON, Mass., December 15, 2021** — Cerence Inc. (NASDAQ: CRNC), AI for a world in motion, today announced that its Board of Directors has appointed Dr. Stefan Ortmanns, most recently Cerence's executive vice president and leader of its Core Products business, as president and chief executive officer. Ortmanns, an accomplished voice and automotive technology executive, succeeds Sanjay Dhawan, who has resigned from the company, effective immediately. Ortmanns also joins Cerence's Board of Directors, replacing Dhawan, effective immediately.

Ortmanns has a proven track record of successfully leading strategy, technology roadmaps, customer commitments, and global teams at Cerence. As CEO, Ortmanns will prioritize enhancing Cerence operations to foster a collaborative and energized workforce that is dedicated to product innovation, speed of execution, customer success, and sustainable growth.

"Cerence has become a major player in advancing AI for mobility and no one understands the business better than Stefan," said Arun Sarin, chairman of the board of directors, Cerence. "As the original architect of the business and with his deep customer insights, Stefan has proven to the Board that he is the right person to take this company forward. With responsibility for more than 80 percent of the company's revenue today, he already has the full confidence of the global Cerence team and its Board."

"I am grateful for the opportunity to guide Cerence's continued success, and I look forward to collaborating with the Cerence leadership team and our employees," said Ortmanns. "Over more than two decades, this team has led innovation and growth for conversational AI in automotive and mobility. Together, we will seek to drive the company to new heights."

Arun Sarin added, "On behalf of the Board, I would like to thank Sanjay for his leadership and contributions. We wish him success going forward."

"It has been an honor to lead Cerence for the last two years," said Sanjay Dhawan. "I agree with the Board that Stefan, with his success and history at the company, is the right person to lead Cerence from here."

The company expects financial results for its first quarter of fiscal 2022 to be within the guidance range it provided during its November 22, 2021 investor conference call.

### About Stefan Ortmanns

Stefan Ortmanns previously led Cerence's Core Products business as executive vice president & general manager, overseeing Cerence's research & development operations, product management, and strategic partnership management. During his more than 20-year career at Cerence and previously Nuance Communications and Phillips Speech Processing, Ortmanns has constructed a course for business growth from \$1 million to nearly \$400 million. He is largely credited for being the architect of the company's core product lines, including voice recognition, natural language understanding, and text-to-speech technologies. Ortmanns initially joined Nuance in 2003 after the Philips acquisition where he was responsible for hybrid, conversational AI-powered solutions for its digital car and automotive-related services, which almost all of the world's leading automotive manufacturers now use. Prior to these roles, he held positions at Bell Labs, Lucent Technologies, and the University of Technology Aachen. Ortmanns holds degrees in mechanical engineering, computer science and a Ph.D. in computer science from RWTH Aachen University.

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## **About Cerence Inc.**

Cerence (NASDAQ: CRNC) is the global industry leader in creating unique, moving experiences for the mobility world. As an innovation partner to the world's leading automakers and mobility OEMs, it is helping advance the future of connected mobility through intuitive, powerful interaction between humans and their cars, two-wheelers, and even elevators, connecting consumers' digital lives to their daily journeys no matter where they are. Cerence's track record is built on more than 20 years of knowledge and more than 400 million cars shipped with Cerence technology. Whether it's connected cars, autonomous driving, e-vehicles, or buildings, Cerence is mapping the road ahead. For more information, visit [www.cerence.com](http://www.cerence.com).

## **Contact Information**

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## **Forward Looking Statements**

Statements in this presentation regarding Cerence's future performance, results and financial condition, expected growth, business and market trends, 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: risks related to our announced management change, 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, the related supply chain, or the global economy more generally; our ability to control and successfully manage our expenses and cash position; our strategy to increase cloud offerings; 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; our inability to successfully introduce new products, applications and services; the inability to recruit and retain qualified personnel; cybersecurity and data privacy incidents; fluctuating currency rates; and the other factors discussed in our most recent Annual Report on 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.