



Cerence Q2 FY22 Earnings

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Forward-Looking Statements

This material and any oral statements made in connection with this material include "forward-looking statements" within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. Statements made which provide the Company's or management's intentions, beliefs, expectations or predictions for the future are forward-looking statements and are inherently uncertain. The opinions, forecasts, projections or other statements (other than statements of historical fact), including, without limitation, statements regarding the Company's future performance, results and financial condition, expected growth, opportunities, business and market trends, and innovation, and management's future expectations, beliefs, goals, plans or prospects, are forward-looking statements. It is important to note that actual results could differ materially from those discussed in such forward-looking statements. Important factors that could cause actual results to differ materially include the risk factors and other cautionary statements contained from time to time in the Company's SEC filings, which may be obtained by contacting the Company or the SEC. These filings are also available through the Company's web site at <http://www.cerence.com> or through the SEC's Electronic Data Gathering and Analysis Retrieval System (EDGAR) at <http://www.sec.gov>. We undertake no obligation to publicly update or revise any forward-looking statement after the date of this document.

Delivers on Q2 2022 Expectations

- Solid performance in key financial and KPI metrics for the business
- Excellent first half bookings underscore robust demand
- Strong pipeline with several competitive take-away opportunities
- Managing macro headwinds to deliver on customer and product deliveries
- Remain on track for fiscal year 2022 guidance

\$448.1 million

H1 Bookings

Up 53% YoY

\$86.3 million

Revenue

71.8%

**GAAP Gross
Margin**

74.7%

**Non-GAAP Gross
Margin**

(\$0.5) million

GAAP Net Income

\$24.0 million

Adjusted EBITDA



Strong H1 FY22 Bookings of \$448M

53% growth over the same period last year



Core automotive business delivers strong bookings



Significant expansion with marquee North American OEM



Five new EV customers, including four in China



Important EMEA heavy truck win, bringing total to four



Four new 2-wheeler accounts, bringing total to six



The Journey Ahead

- **Focus resources on customer and key product programs**
- **Accelerate design win and bookings momentum in all markets**
- **Prioritize innovation and investments within areas of highest returns**
- **Advance strategic roadmap to deliver long-term sustainable growth**



Financial Summary

Q2 FY22 Results

<i>In millions, except per share amounts</i>	Q2FY21 Actual Results	Q1FY22 Actual Results	Q2FY22 Actual Results	Q2FY22 Guidance
Revenue	\$98.7	\$94.4	\$86.3	\$82 - \$86
GAAP Gross Margin	73.4%	74.3%	71.8%	71% - 73%
Non-GAAP Gross Margin ^(a)	77.0%	77.5%	74.7%	74% - 75%
GAAP Net (Loss) Income	\$11.2	\$19.0	(\$0.5)	\$1 - \$4
Adjusted EBITDA ^(a)	\$39.3	\$36.9	\$24.0	\$22 - \$26
Adjusted EBITDA Margin ^(a)	39.9%	39.1%	27.9%	26% - 30%
GAAP Net (Loss) Income per share – diluted ^(b)	\$0.28	\$0.47	(\$0.01)	\$0.03 - \$0.09
Non-GAAP Net Income per share – diluted ^(a)	\$0.69	\$0.59	\$0.33	\$0.31 - \$0.38
CFFO ^(c)	\$16.2	\$5.1	\$1.6	n/a

Footnote:

- a) Non-GAAP excludes acquisition-related costs, amortization of acquired intangible assets, restructuring expense, and stock-based compensation. Refer to the Appendix for more information on GAAP to non-GAAP reconciliations
- b) Based on CRNC shares outstanding of 39,189,355
- c) CFFO equals GAAP net cash provided by operating activities

Detailed GAAP Revenue Breakdown

<i>In millions</i>	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Total License:	\$54.4	\$50.0	\$51.4	\$46.8	\$46.3
Variable ¹	\$37.1	\$31.8	\$20.8	\$21.5	\$20.2
Total Fixed ²	\$17.3	\$18.2	\$25.4	\$20.1	\$25.6
Prepaid (cash upfront)	\$17.3	\$18.2	\$3.3	-	\$5.7
Minimum Commitment (no cash upfront)	-	-	\$22.1	\$20.1	\$19.9
Other Markets ³	-	-	\$5.2	\$5.2	\$0.5
Connected Services:	\$27.7	\$30.2	\$25.6	\$28.2	\$19.3
Total New	\$12.1	\$14.3	\$9.5 ⁴	\$12.2	\$11.0
Subscription/Usage	\$12.1	\$10.6	\$9.5 ⁴	\$11.3	\$11.0
Customer Hosted ⁵	-	\$3.7	-	\$0.9	-
Legacy ⁶	\$15.6	\$15.9	\$16.1	\$16.0	\$8.3
Professional Services	\$16.6	\$16.6	\$21.1	\$19.4	\$20.7
Total Revenue:	\$98.7	\$96.8	\$98.1	\$94.4	\$86.3

Total revenue declined YoY and QoQ due mostly to:

- Decline in Legacy contract (new run rate for next 11 quarters)
- Macro environment
- Decline in variable license revenue due to consumption of fixed license contracts

Fixed revenue in Q2FY22; signed approximately \$20M minimum commitment contract:

- GAAP revenue recognized in quarter
- Cash collected over approximately 5 years

Solid performance in Professional Services

¹ Based on volume shipments of licenses

² Fixed license revenue includes prepaid and minimum commitment deals

³ Non-automotive revenue

⁴ Includes a negative one-time adjustment of \$1.7M

⁵ Customer Hosted is a software license that allows the customer to take possession of the software and enable hosting by the customer or a third party

⁶ Legacy contract is a connected services contract with Toyota acquired by Nuance through a 2013 acquisition

Q3 FY22 Guidance

	Q3 FY21	Q3 FY22 Guidance	
<i>In millions except per share amounts</i>	Actual	Low	High
Revenue	\$96.8M	\$90	\$94
GAAP Gross Margin	75.4%	74%	75%
Non-GAAP Gross Margin ^(a)	79.1%	75%	76%
GAAP Operating Margin	15.4%	15%	18%
Non-GAAP Operating Margin ^(a)	37.7%	26%	30%
GAAP Net Income	\$5.8M	\$6	\$9
Adjusted EBITDA ^(a)	\$38.7M	\$26	\$30
Adjusted EBITDA Margin ^(a)	40.0%	29%	32%
GAAP EPS – diluted	\$0.15	\$0.16	\$0.22
Non-GAAP EPS – diluted ^(a)	\$0.62	\$0.40	\$0.47

Footnote:

- a) Non-GAAP excludes acquisition-related costs, amortization of acquired intangible assets, restructuring expense, and stock-based compensation. Refer to the Appendix for more information on GAAP to non-GAAP reconciliations

Full Year FY22 Guidance

<i>In millions except per share amounts</i>	FY22 Guidance	
	Low	High
GAAP Revenue	\$365	\$385
GAAP Gross Margin	73%	75%
Non-GAAP Gross Margin ^(a)	76%	77%
GAAP Operating Margin	16%	21%
Non-GAAP Operating Margin ^(a)	30%	33%
GAAP Net Income	\$34	\$49
Adjusted EBITDA ^(a)	\$119	\$139
Adjusted EBITDA Margin ^(a)	33%	36%
GAAP EPS – diluted	\$0.86	\$1.24
Non-GAAP EPS – diluted ^(a)	\$1.80	\$2.16

Footnote:

(a) Non-GAAP excludes acquisition-related costs, amortization of acquired intangible assets, restructuring expense, and stock-based compensation. Refer to the Appendix for more information on GAAP to non-GAAP reconciliations



Thank you.



Appendix

License Business Revenue Recognition

Type of Contract	Description	GAAP Revenue Recognition	Cash Receipt
Variable	License applied at production	Quarter car is produced. Based on volume	Quarter following GAAP revenue recognition
Fixed (Pre-Pay)	Bulk inventory purchase (\$ based)	Full value of contract at signing. Volume independent	Standard payment terms for full value (upfront payment)
Fixed (Minimum Commitment)	Commitment to purchase (\$ based) in a specified time period. (1 – 5 years)	Full value of contract at signing. Volume independent	Based on shipment volumes over multiple years

The fixed contracts only apply to the license business. If a car is also using our connected services, it will follow the normal billing and revenue recognition process regardless of whether a variable or fixed license was applied.

The fixed contracts typically provide the customer with a price discount and can include the conversion of a variable contract that is already in our variable backlog.

Connected and Professional Services Revenue Recognition

Connected Services	Typical Period	GAAP Revenue Recognition	Cash Receipt
Subscription Term	1 – 5 years	Amortized evenly over subscription period	Billed/collected full amount at start of subscription period (value added to deferred revenue)
Usage Contract ^{1,2}	1 – 5 years	Recognized at same time of billing based on actual usage	Billed every quarter based on actual usage
Customer Hosted ³	License	Quarter in which license is delivered to customer	Upon delivery

1. Approximately 30% of new connected revenue is usage based and is primarily with one customer.

2. Usage can be defined by number of active users or number of monthly transactions

3. Customer Hosted is a software license that allows the customer to take possession of the software and enable hosting by the customer or a third-party

Professional Services	Period	GAAP Revenue Recognition	Cash Receipt
Custom Design Services	Ongoing	Revenue is recognized over time based upon the progress towards completion of the project	Billed/collected on milestone completion

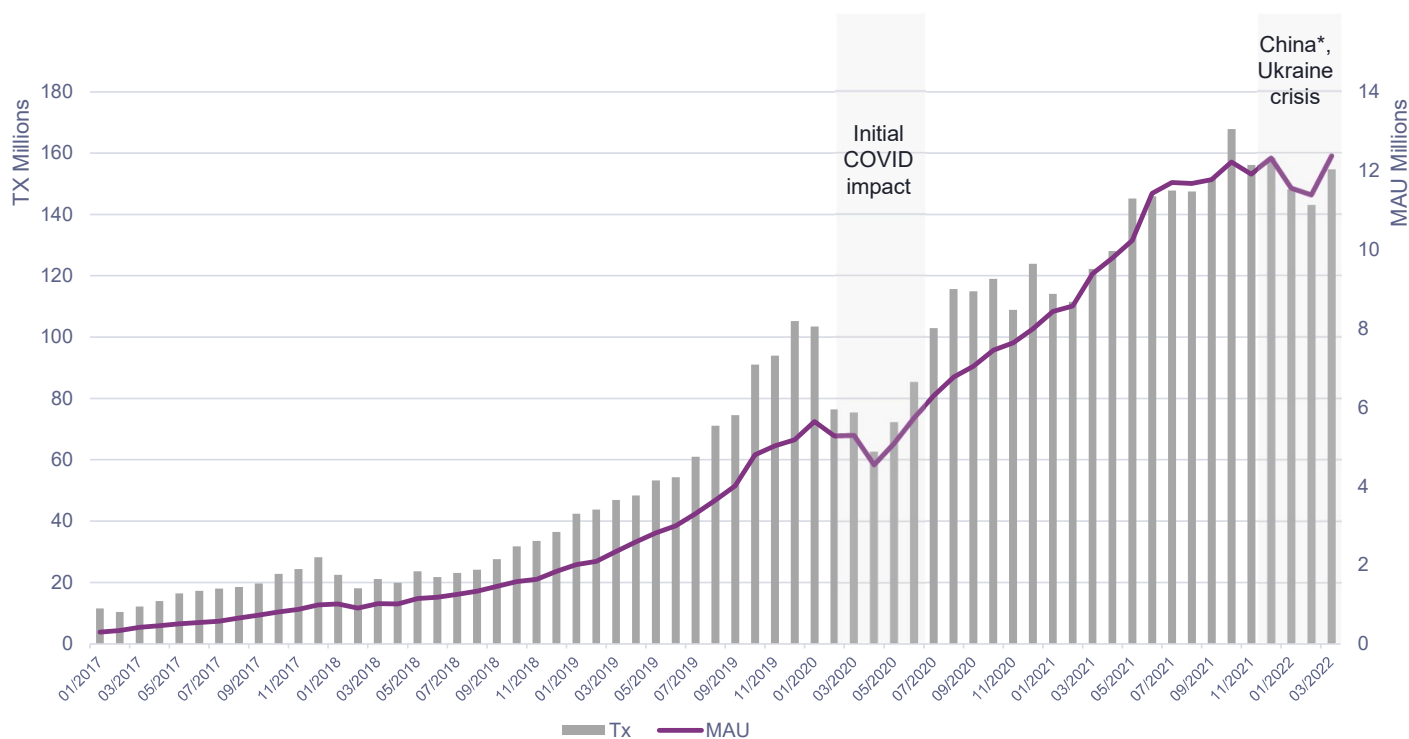
KPI Measures – Definitions

Key performance indicators

We believe that providing key performance indicators (“KPIs”), allows investors to gain insight into the way management views the performance of the business. We further believe that providing KPIs allows investors to better understand information used by management to evaluate and measure such performance. KPIs should not be considered superior to, or a substitute for, operating results prepared in accordance with GAAP. In assessing the performance of the business during the three months ended March 31, 2022, our management has reviewed the following KPIs, each of which is described below:

- **Percent of worldwide auto production with Cerence technology:** The number of Cerence enabled cars shipped as compared to IHS Markit car production data.
- **Average contract duration:** The weighted average annual period over which we expect to recognize the estimated revenues from new license and connected contracts signed during the quarter, calculated on a trailing twelve months (“TTM”) basis and presented in years.
- **Repeatable software contribution:** The percentage of repeatable revenues as compared to total GAAP revenue in the quarter on a TTM basis. Repeatable revenues are defined as the sum of License and Connected Services revenues.
- **Change in number of Cerence connected cars shipped:** The year over year change in the number of cars shipped with Cerence connected solutions. Amounts are calculated on a TTM basis.
- **Growth in billings per car:** The rate of growth calculated from the average billings per car based on a trailing twelve month comparison while excluding legacy contract and adjusted for prepay usage.

52% of Worldwide Production Ships with Cerence Technology



* Supply chain impact from further COVID lockdowns in Greater China

Transactions are defined as the number of initiated user interactions with the company's cloud computing platforms. Refer to previous page for KPI definitions

10.3 million units
(including 1.8 million connected)

34%
YoY Increase in Monthly
Active Users

7.6 years
Average Contract
Duration (TTM)

10%
Growth in Billings
per Car (TTM YoY)

Non-GAAP Financial Measures – Definitions

Discussion of Non-GAAP Financial Measures

We believe that providing the non-GAAP information in addition to the GAAP presentation, allows investors to view the financial results in the way management views the operating results. We further believe that providing this information allows investors to not only better understand our financial performance, but more importantly, to evaluate the efficacy of the methodology and information used by management to evaluate and measure such performance. The non-GAAP information should not be considered superior to, or a substitute for, financial statements prepared in accordance with GAAP.

We utilize a number of different financial measures, both GAAP and non-GAAP, in analyzing and assessing the overall performance of the business, for making operating decisions and for forecasting and planning for future periods. While our management uses these non-GAAP financial measures as a tool to enhance their understanding of certain aspects of our financial performance, our management does not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial statements.

Consistent with this approach, we believe that disclosing non-GAAP financial measures to the readers of our financial statements provides such readers with useful supplemental data that, while not a substitute for GAAP financial statements, allows for greater transparency in the review of our financial and operational performance. In assessing the overall health of the business during the three months ending March 31, 2022 and 2021, our management has either included or excluded the following items in general categories, each of which is described below.

Adjusted EBITDA

Adjusted EBITDA is defined as net income attributable to Cerence Inc. before net income (loss) attributable to income tax (benefit) expense, other income (expense) items, net, depreciation and amortization expense, and excluding acquisition-related costs, amortization of acquired intangible assets, stock-based compensation, and restructuring and other costs, net or impairment charges related to fixed and intangible assets and gains or losses on the sale of long-lived assets, if any. From time to time we may exclude from Adjusted EBITDA the impact of events, gains, losses or other charges (such as significant legal settlements) that affect the period-to-period comparability of our operating performance. Other income (expense) items, net include interest expense, interest income, and other income (expense), net (as stated in our Condensed Consolidated Statement of Operations). Our management and Board of Directors use this financial measure to evaluate our operating performance. It is also a significant performance measure in our annual incentive compensation programs.

Non-GAAP Financial Measures – Definitions

Restructuring and other costs, net.

Restructuring and other charges, net include restructuring expenses as well as other charges that are unusual in nature, are the result of unplanned events, and arise outside the ordinary course of our business such as employee severance costs, costs for consolidating duplication facilities, and separation costs directly attributable to the Cerence business becoming a standalone public company.

Acquisition-related costs, net.

In recent years, we have completed a number of acquisitions, which result in operating expenses, which would not otherwise have been incurred. We provide supplementary non-GAAP financial measures, which exclude certain transition, integration and other acquisition-related expense items resulting from acquisitions, to allow more accurate comparisons of the financial results to historical operations, forward looking guidance and the financial results of less acquisitive peer companies. We consider these types of costs and adjustments, to a great extent, to be unpredictable and dependent on a significant number of factors that are outside of our control. Furthermore, we do not consider these acquisition-related costs and adjustments to be related to the organic continuing operations of the acquired businesses and are generally not relevant to assessing or estimating the long-term performance of the acquired assets. In addition, the size, complexity and/or volume of past acquisitions, which often drives the magnitude of acquisition related costs, may not be indicative of the size, complexity and/or volume of future acquisitions. By excluding acquisition-related costs and adjustments from our non-GAAP measures, management is better able to evaluate our ability to utilize our existing assets and estimate the long-term value that acquired assets will generate for us. We believe that providing a supplemental non-GAAP measure, which excludes these items allows management and investors to consider the ongoing operations of the business both with, and without, such expenses.

These acquisition-related costs fall into the following categories: (i) transition and integration costs; (ii) professional service fees and expenses; and (iii) acquisition-related adjustments. Although these expenses are not recurring with respect to past acquisitions, we generally will incur these expenses in connection with any future acquisitions. These categories are further discussed as follows:

- **Transition and integration costs.** Transition and integration costs include retention payments, transitional employee costs, and earn-out payments treated as compensation expense, as well as the costs of integration-related activities, including services provided by third-parties.
- **Professional service fees and expenses.** Professional service fees and expenses include financial advisory, legal, accounting and other outside services incurred in connection with acquisition activities, and disputes and regulatory matters related to acquired entities.
- **Acquisition-related adjustments.** Acquisition-related adjustments include adjustments to acquisition-related items that are required to be marked to fair value each reporting period, such as contingent consideration, and other items related to acquisitions for which the measurement period has ended, such as gains or losses on settlements of pre-acquisition contingencies.

Non-GAAP Financial Measures – Definitions

Amortization of acquired intangible assets.

We exclude the amortization of acquired intangible assets from non-GAAP expense and income measures. These amounts are inconsistent in amount and frequency and are significantly impacted by the timing and size of acquisitions. Providing a supplemental measure which excludes these charges allows management and investors to evaluate results “as-if” the acquired intangible assets had been developed internally rather than acquired and, therefore, provides a supplemental measure of performance in which our acquired intellectual property is treated in a comparable manner to our internally developed intellectual property. Although we exclude amortization of acquired intangible assets from our non-GAAP expenses, we believe that it is important for investors to understand that such intangible assets contribute to revenue generation. Amortization of intangible assets that relate to past acquisitions will recur in future periods until such intangible assets have been fully amortized. Future acquisitions may result in the amortization of additional intangible assets.

Non-cash expenses.

We provide non-GAAP information relative to the following non-cash expenses: (i) stock-based compensation; and (ii) non-cash interest. These items are further discussed as follow:

- (i) Stock-based compensation. Because of varying valuation methodologies, subjective assumptions and the variety of award types, we exclude stock-based compensation from our operating results. We evaluate performance both with and without these measures because compensation expense related to stock-based compensation is typically non-cash and awards granted are influenced by the Company’s stock price and other factors such as volatility that are beyond our control. The expense related to stock-based awards is generally not controllable in the short-term and can vary significantly based on the timing, size and nature of awards granted. As such, we do not include such charges in operating plans. Stock-based compensation will continue in future periods.
- ii) Non-cash interest. We exclude non-cash interest because we believe that excluding this expense provides management, as well as other users of the financial statements, with a valuable perspective on the cash-based performance and health of the business, including the current near-term projected liquidity. Non-cash interest expense will continue in future periods.

Other expenses.

We exclude certain other expenses that result from unplanned events outside the ordinary course of continuing operations, in order to measure operating performance and current and future liquidity both with and without these expenses. By providing this information, we believe management and the users of the financial statements are better able to understand the financial results of what we consider to be our organic, continuing operations. Included in these expenses are items such as other charges (credits), net, losses from extinguishment of debt, and changes in indemnification assets corresponding with the release of pre-spin liabilities for uncertain tax positions.

Q2 FY22 Reconciliations of GAAP to Non-GAAP Results

	Three Months Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
(unaudited - in thousands, except per share data)				
GAAP revenue	\$ 86,280	\$ 98,662	\$ 180,706	\$ 192,305
GAAP gross profit	\$ 61,974	\$ 72,438	\$ 132,173	\$ 139,193
Stock-based compensation	1,570	1,645	2,662	3,237
Amortization of intangible assets	897	1,879	2,776	3,758
Non-GAAP gross profit	\$ 64,441	\$ 75,962	\$ 137,611	\$ 146,188
GAAP gross margin	71.8%	73.4%	73.1%	72.4%
Non-GAAP gross margin	74.7%	77.0%	76.2%	76.0%
GAAP operating income	\$ 6,280	\$ 17,343	\$ 29,212	\$ 34,887
Stock-based compensation*	10,926	14,144	12,767	27,469
Amortization of intangible assets	4,032	5,062	9,065	10,099
Restructuring and other costs, net*	474	537	5,389	1,017
Non-GAAP operating income	\$ 21,712	\$ 37,086	\$ 56,433	\$ 73,472
GAAP operating margin	7.3%	17.6%	16.2%	18.1%
Non-GAAP operating margin	25.2%	37.6%	31.2%	38.2%
GAAP net (loss) income	\$ (476)	\$ 11,163	\$ 18,568	\$ 32,104
Stock-based compensation*	10,926	14,144	12,767	27,469
Amortization of intangible assets	4,032	5,062	9,065	10,099
Restructuring and other costs, net*	474	537	5,389	1,017
Depreciation	2,332	2,261	4,509	4,848
Total other income (expense), net	(3,311)	36	(6,900)	(5,982)
Provision for (benefit from) income taxes	3,445	6,216	3,744	(3,199)
Adjusted EBITDA	\$ 24,044	\$ 39,347	\$ 60,942	\$ 78,320
GAAP net income margin	-0.6%	11.3%	10.3%	16.7%
Adjusted EBITDA margin	27.9%	39.9%	33.7%	40.7%

* - \$4.0 million in stock-based compensation is included in Restructuring and other costs, net

Free cash flow is net cash provided by operating activities determined in accordance with GAAP less capital expenditures.
Free cash flow is not a measure of cash available for discretionary expenditures.

	Three Months Ended March 31,		Six Months Ended March 31,	
	2022	2021	2022	2021
(unaudited - in thousands, except per share data)				
GAAP net (loss) income	\$ (476)	\$ 11,163	\$ 18,568	\$ 32,104
Stock-based compensation*	10,926	14,144	12,767	27,469
Amortization of intangible assets	4,032	5,062	9,065	10,099
Restructuring and other costs, net*	474	537	5,389	1,017
Non-cash interest expense	1,294	1,224	2,595	2,454
Indemnification asset release	-	-	1,302	-
Adjustments to income tax expense	(2,612)	(3,051)	(10,719)	(20,467)
Non-GAAP net income	\$ 13,638	\$ 29,079	\$ 38,967	\$ 52,676
Adjusted EPS:				
GAAP Numerator:				
Net (loss) income attributed to common shareholders	\$ (476)	\$ 11,163	\$ 18,568	\$ 32,104
Interest on Convertible Senior Notes, net of tax	-	-	-	3,614
Net (loss) income attributed to common shareholders - diluted	\$ (476)	\$ 11,163	\$ 18,568	\$ 35,718
Non-GAAP Numerator:				
Net income attributed to common shareholders	\$ 13,638	\$ 29,079	\$ 38,967	\$ 52,676
Interest on Convertible Senior Notes, net of tax	997	978	2,016	1,977
Net income attributed to common shareholders - diluted	\$ 14,635	\$ 30,057	\$ 40,983	\$ 54,653
GAAP Denominator:				
Weighted-average common shares outstanding - basic	39,189	37,743	39,013	37,583
Adjustment for diluted shares	-	1,434	573	6,147
Weighted-average common shares outstanding - diluted	39,189	39,177	39,586	43,730
Non-GAAP Denominator:				
Weighted-average common shares outstanding - basic	39,189	37,743	39,013	37,583
Adjustment for diluted shares	4,969	6,111	5,250	6,147
Weighted-average common shares outstanding - diluted	44,158	43,854	44,263	43,730
GAAP net (loss) income per share - diluted	\$ (0.01)	\$ 0.28	\$ 0.47	\$ 0.82
Non-GAAP net income per share - diluted	\$ 0.33	\$ 0.69	\$ 0.93	\$ 1.25
GAAP net cash provided by operating activities	\$ 1,598	\$ 16,200	\$ 6,743	\$ 27,009
Capital expenditures	(5,575)	(2,812)	(9,985)	(5,181)
Free Cash Flow	\$ (3,977)	\$ 13,388	\$ (3,242)	\$ 21,828

* - \$4.0 million in stock-based compensation is included in Restructuring and other costs, net

Q3 FY22 and Full Year FY22 Reconciliations of GAAP to non-GAAP Guidance

(unaudited - in thousands)

	Q3 2022		FY2022	
	Low	High	Low	High
GAAP revenue	\$ 90,000	\$ 94,000	\$ 365,000	\$ 385,000
GAAP gross profit	\$ 66,300	\$ 70,300	\$ 267,900	\$ 287,900
Stock-based compensation	1,400	1,400	4,700	4,700
Amortization of intangible assets	100	100	3,000	3,000
Non-GAAP gross profit	\$ 67,800	\$ 71,800	\$ 275,600	\$ 295,600
GAAP gross margin	73.7%	74.8%	73.4%	75%
Non-GAAP gross margin	75.3%	76.4%	75.5%	77%
GAAP operating income	\$ 13,300	\$ 17,300	\$ 59,300	\$ 79,300
Stock-based compensation	7,100	7,100	28,400	28,400
Amortization of intangible assets	3,000	3,000	14,700	14,700
Restructuring and other costs, net	400	400	6,300	6,300
Non-GAAP operating income	\$ 23,800	\$ 27,800	\$ 108,700	\$ 128,700
GAAP operating margin	14.8%	18.4%	16.2%	20.6%
Non-GAAP operating margin	26.4%	29.6%	29.8%	33.4%
GAAP net income	\$ 6,200	\$ 8,800	\$ 34,400	\$ 49,200
Stock-based compensation	7,100	7,100	28,400	28,400
Amortization of intangible assets	3,000	3,000	14,700	14,700
Restructuring and other costs, net	400	400	6,300	6,300
Depreciation	2,500	2,500	10,000	10,000
Total other income (expense), net	(3,400)	(3,400)	(13,500)	(13,500)
Provision for income taxes	3,700	5,100	11,400	16,600
Adjusted EBITDA	\$ 26,300	\$ 30,300	\$ 118,700	\$ 138,700
GAAP net income margin	7%	9%	9%	13%
Adjusted EBITDA margin	29.2%	32.2%	33%	36%

Q3 FY22 and FY22 Reconciliations of GAAP to Non-GAAP Guidance

(unaudited - in thousands)	Q3 2022		FY2022	
	Low	High	Low	High
GAAP net income	\$ 6,200	\$ 8,800	\$ 34,400	\$ 49,200
Stock-based compensation	7,100	7,100	28,400	28,400
Amortization of intangibles	3,000	3,000	14,700	14,700
Restructuring and other costs, net	400	400	6,300	6,300
Non-cash interest expense	1,300	1,300	5,300	5,300
Indemnification asset release	-	-	1,300	1,300
Adjustments to income tax expense	(1,200)	(700)	(14,400)	(13,400)
Non-GAAP net income	\$ 16,800	\$ 19,900	\$ 76,000	\$ 91,800
Adjusted EPS:				
GAAP Numerator:				
Net income attributed to common shareholders	\$ 6,200	\$ 8,800	\$ 34,400	\$ 49,200
Interest on Convertible Senior Notes, net of tax	-	-	-	-
Net income attributed to common shareholders - diluted	\$ 6,200	\$ 8,800	\$ 34,400	\$ 49,200
Non-GAAP Numerator:				
Net income attributed to common shareholders	\$ 16,800	\$ 19,900	\$ 76,000	\$ 91,800
Interest on Convertible Senior Notes, net of tax	1,000	1,000	4,000	4,000
Net income attributed to common shareholders - diluted	\$ 17,800	\$ 20,900	\$ 80,000	\$ 95,800
GAAP Denominator:				
Weighted-average common shares outstanding - basic	39,300	39,300	39,100	39,100
Adjustment for diluted shares	300	300	700	700
Weighted-average common shares outstanding - diluted	39,600	39,600	39,800	39,800
Non-GAAP Denominator:				
Weighted-average common shares outstanding- basic	39,300	39,300	39,100	39,100
Adjustment for diluted shares	5,000	5,000	5,300	5,300
Weighted-average common shares outstanding - diluted	44,300	44,300	44,400	44,400
GAAP net income per share - diluted	\$ 0.16	\$ 0.22	\$ 0.86	\$ 1.24
Non-GAAP net income per share - diluted	\$ 0.40	\$ 0.47	\$ 1.80	\$ 2.16