# Cerence Inc.

**CRNC**

Nasdaq; business equipment; SIC 7372, Services-Prepackaged Software; CIK 0001768267

**E**

**weakest fifth of 497 graded peers in business equipment**

rank 425 of 497; percentile 85.5; sampling error 2.2 points; lower is stronger

A B C D E

**E, the bear**



## Scoreboard

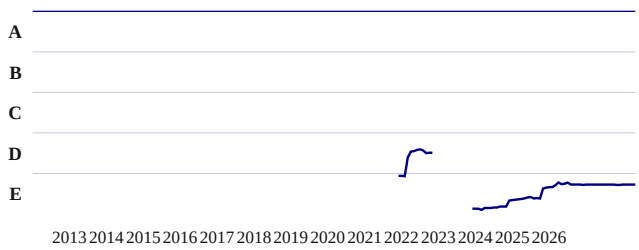
| | |
|---|---|
| **Profitability** | C<br>percentile 43.6 |
| **Solvency** | D<br>percentile 62.3 |
| **Growth and financing** | E<br>percentile 82.8 |
| **Reliability** | 0.91 AUC<br>filers with $591M to $2.67B assets; 95% interval 0.88 to 0.94; 160 events, 2020 to 2025 |
| **Peer failure rate** | 1.01% a year<br>Item 1.03 bankruptcies, same asset band, 2012 to 2025 |
| **Size band** | $591M to $2.67B assets<br>total assets $630.6M |
| **Standard universe** | inside<br>revenue above $1M and assets above $10M |
| **Warnings** | none triggered<br>not computable: short runway, distress, fortress balance sheet |
| **Inputs computable** | 8 of 14 |
| **Graded from** | filings received through Nov 20, 2025<br>333 days before the rescan; latest periodic filing 10-Q received Aug 6, 2026 |
| **Last close** | $8.95<br>2026-10-16; market equity $404.8M; no price enters the letter |

**Share price, twelve months to the rescan**




*Split-adjusted close. Each lollipop is a rescan and carries the letter held then.*

**Letter at every rescan, 2012 to 2026**




*Sector percentile at each rescan, stronger toward the top; facts filed by each date only.*

## Business, in the company's words

*opening of Item 1 of the 10-K received Nov 20, 2025*

Cerence builds conversational and agentic AI solutions that make interaction with technology feel effortless. With decades of expertise in voice, AI, and edge-to-cloud engineering, we're trusted by many of the world's leading automakers, transportation OEMs, consumer brands, and technology companies to build voice powered-interfaces that shape the user experiences of today and tomorrow. While the majority of our business is in the automotive market, our solutions can be leveraged across other areas of transportation - two-wheeled vehicles, trucks, and more - as well as outside of automotive - televisions, smart watches, voice-powered kiosks, and more.

## The fourteen inputs

*lower percentile is stronger; sleeves and inputs within a sleeve carry equal weight*

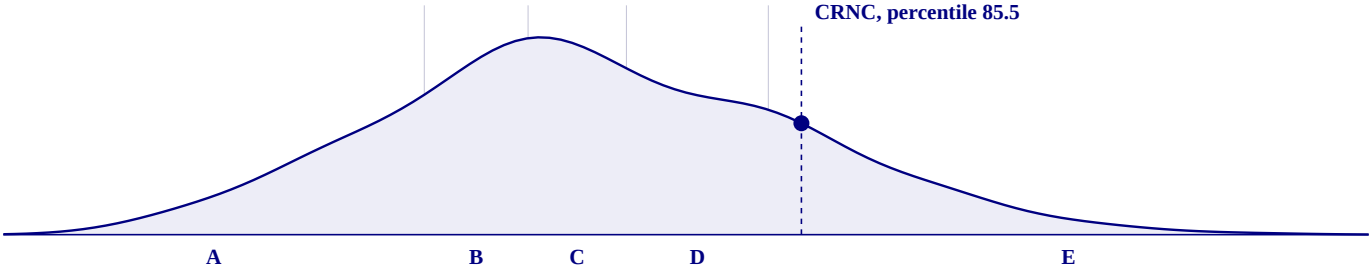
| Input | Value | Peer median | Percentile, 0 to 100 | Pct | Peers | Period end |
|---|---|---|---|---|---|---|
| **Profitability, sleeve percentile 43.6** | | | | | | |
| Gross profitability | 29.0% | 28.6% | | 45.3 | 557 | 2025-09-30 |
| Return on invested capital | not computable | 11.0% | | | | |

Not investment advice. Informational and educational only. Data from SEC EDGAR, may contain errors, is not warranted. The grade ranks reported financial condition and is not a return forecast.

| | | | | | | |
|---|---|---|---|---|---|---|
| *one or more required annual facts are missing* | | | | | | |
| Accruals ratio | (12.0%) | (7.4%) | | 35.5 | 620 | 2025-09-30 |
| Gross margin stability, five years | 2.4 pts | 2.3 pts | | 50.0 | 427 | 2025-09-30 |
| **Solvency, sleeve percentile 62.3** | | | | | | |
| Twelve-month failure probability | not computable | 0.05% | | | | |
| *latest liabilities, cash plus short-term investments, book equity, and shares are required* | | | | | | |
| Altman Z double-prime | (3.62) | 2.16 | | 71.9 | 564 | 2025-09-30 |
| Net debt to EBITDA | not computable | 1.11x | | | | |
| *one or more required annual facts are missing* | | | | | | |
| Interest coverage | not computable | 3.77x | | | | |
| *latest aligned inputs end 2024-09-30; latest annual assets end 2025-09-30* | | | | | | |
| Current ratio | 1.89x | 2.01x | | 52.6 | 664 | 2025-09-30 |
| **Growth and financing, sleeve percentile 82.8** | | | | | | |
| Revenue growth, three-year compound | (8.4%) | 6.4% | | 84.0 | 537 | 2025-09-30 |
| Free cash flow growth, three-year compound | not computable | 17.7% | | | | |
| *current FCF must be positive and base FCF must exceed $100,000* | | | | | | |
| Reinvestment rate | not computable | 13.5% | | | | |
| *pretax income must exceed the validity floor and imply a 0%-100% tax rate* | | | | | | |
| Asset growth, three years | (21.8%) | 5.0% | | 93.4 | 562 | 2025-09-30 |
| Net share issuance, one year | 4.9% | 0.5% | | 70.9 | 410 | 2025-11-07 |

## Among 497 peers

*business equipment; letters are fifths of this list*




*Composite score of every graded peer, smoothed; vertical rules are the letter band edges; stronger to the left.*

| Rank | Company | Percentile | Letter | Warnings |
|---|---|---|---|---|
| 420 | Vistance Networks, Inc. (VISN) | 84.5 | E | |
| 421 | Methode Electronics Inc. (MEI) | 84.7 | E | |
| 422 | Revvity, Inc. (RVTY) | 84.9 | E | |
| 423 | Socket Mobile, Inc. (SCKT) | 85.1 | E | fortress balance sheet |
| 424 | Pacific Biosciences OF California, Inc. (PACB) | 85.3 | E | |
| 425 | Cerence Inc. (CRNC) | 85.5 | E | |
| 426 | Enphase Energy, Inc. (ENPH) | 85.7 | E | |
| 427 | Open Text Corp. (OTEX) | 85.9 | E | |
| 428 | Xperi Inc. (XPER) | 86.1 | E | fortress balance sheet |
| 429 | AXT Inc. (AXTI) | 86.3 | E | |
| 430 | My Size, Inc. (MYSZ) | 86.5 | E | dilution, short runway, late filer |

## What the price implies

*at the 2026-10-16 close; none of these enters the grade*

| Measure | Value | Peer median | Percentile |
|---|---|---|---|
| Twelve-month price change, skipping the latest month | (32.3%) | 2.2% | 21 |
| Distance from 52-week high | (31.8%) | (33.4%) | 52 |
| EBIT to enterprise value | not computable | 1.5% | |

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| | | | |
|---|---|---|---|
| Free cash flow yield | 11.6% | 2.9% | 89 |
| Book value to price | 0.41 | 0.26 | 65 |
| Sales to price | 0.62 | 0.32 | 67 |
| Composite equity issuance, five years | 18.9% | 4.2% | 69 |
| Relative strength against the sector, log excess return | (0.67) | (0.26) | 21 |

## Diagnostics

*shown on every report; none enters the grade*

| Measure | Value |
|---|---|
| **Piotroski F-score 5 of 9, period end 2025-09-30** | |
| Return on assets above zero | fail |
| Operating cash flow above zero | pass |
| Return on assets improved | pass |
| Operating cash flow exceeds net income | pass |
| Long-term leverage fell | fail |
| Current ratio improved | pass |
| No new shares issued | fail |
| Gross margin improved | fail |
| Asset turnover improved | pass |
| **Cash, filings, liquidity** | |
| Cash and equivalents | n/a |
| Operating cash flow, four quarters | n/a |
| Months of runway | not finite |
| Days since last periodic filing | 74 (10-Q received Aug 6, 2026) |
| Median daily dollar volume, 63 sessions | $5.5M |

## Sources

*every fact behind the inputs; each row links to its filing index on sec.gov*

| # | Concept | XBRL tag | Value | Period end | Received | Form | Accession |
|---|---|---|---|---|---|---|---|
| 1 | gross profit | us-gaap:GrossProfit | $183.1M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 2 | assets | us-gaap:Assets | $630.6M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 3 | net income | us-gaap:NetIncomeLoss | -$18.7M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 4 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $61.2M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 5 | assets | us-gaap:Assets | $702.4M | 2024-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 6 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $251.8M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 7 | gross profit | us-gaap:GrossProfit | $244.3M | 2024-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 8 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $331.5M | 2024-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 9 | gross profit | us-gaap:GrossProfit | $199.3M | 2023-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 10 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $294.5M | 2023-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 11 | gross profit | us-gaap:GrossProfit | $230.7M | 2022-09-30 | 2024-11-25 | 10-K | 24-130642 |
| 12 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $327.9M | 2022-09-30 | 2024-11-25 | 10-K | 24-130642 |
| 13 | gross profit | us-gaap:GrossProfit | $286.1M | 2021-09-30 | 2023-11-29 | 10-K | 23-066654 |
| 14 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $387.2M | 2021-09-30 | 2023-11-29 | 10-K | 23-066654 |
| 15 | current assets | us-gaap:AssetsCurrent | $190.8M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 16 | current liabilities | us-gaap:LiabilitiesCurrent | $101.2M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 17 | retained earnings | us-gaap:RetainedEarningsAccumulatedDeficit | -$940.5M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 18 | operating income | us-gaap:OperatingIncomeLoss | -$2.3M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 19 | book equity | us-gaap:StockholdersEquity | $150.7M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 20 | liabilities | us-gaap:Liabilities | $479.9M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 21 | operating income | us-gaap:OperatingIncomeLoss | -$579.9M | 2024-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 22 | interest expense | us-gaap:InterestExpense | $12.6M | 2024-09-30 | 2024-11-25 | 10-K | 24-130642 |
| 23 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $14.4M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 24 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $17.2M | 2024-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 25 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $5.0M | 2024-09-30 | 2025-11-20 | 10-K | 25-053372 |

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| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 26 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $7.5M | 2023-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 27 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $5.1M | 2023-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 28 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | -$2.1M | 2022-09-30 | 2024-11-25 | 10-K | 24-130642 |
| 29 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $17.4M | 2022-09-30 | 2024-11-25 | 10-K | 24-130642 |
| 30 | depreciation amortization | us-gaap:Depreciation | $8.9M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 31 | pretax income | us-gaap:IncomeLossFromContinuingOperationsBeforeInc... | -$8.8M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 32 | income tax | us-gaap:IncomeTaxExpenseBenefit | $9.9M | 2025-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 33 | current assets | us-gaap:AssetsCurrent | $265.5M | 2024-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 34 | current liabilities | us-gaap:LiabilitiesCurrent | $216.8M | 2024-09-30 | 2025-11-20 | 10-K | 25-053372 |
| 35 | assets | us-gaap:Assets | $1.3B | 2023-09-30 | 2024-11-25 | 10-K | 24-130642 |
| 36 | assets | us-gaap:Assets | $1.3B | 2022-09-30 | 2023-11-29 | 10-K | 23-066654 |
| 37 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 44,938,757 | 2025-11-07 | 2025-11-20 | 10-K | 25-053372 |
| 38 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 42,827,789 | 2024-11-13 | 2024-11-25 | 10-K | 24-130642 |

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