# Cadence Design Systems Inc.

**CDNS**

Nasdaq; business equipment; SIC 7372, Services-Prepackaged Software; CIK 0000813672

**A/B**

**on the A/B boundary of 495 graded peers in business equipm...**

rank 91 of 495; percentile 18.2; sampling error 2.2 points; lower is stronger

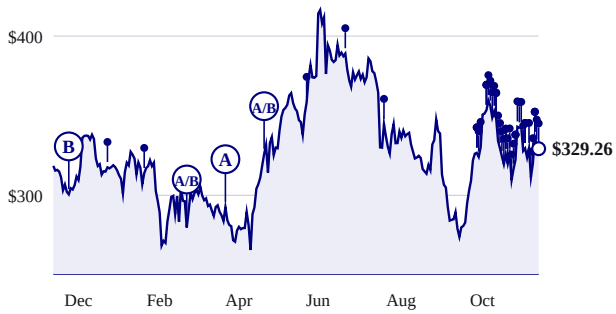
A B C D E

**A/B, the bull**



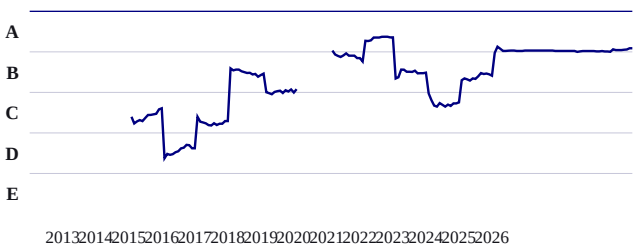
| Scoreboard | |
|---|---|
| **Profitability** | C<br>percentile 56.4 |
| **Solvency** | B<br>percentile 26.4 |
| **Growth and financing** | B<br>percentile 35.3 |
| **Reliability** | 0.94 AUC<br>filers with over $2.67B assets; 95% interval 0.88 to 0.97; 61 events, 2020 to 2025 |
| **Peer failure rate** | 0.52% a year<br>Item 1.03 bankruptcies, same asset band, 2012 to 2025 |
| **Size band** | over $2.67B assets<br>total assets $10.2B |
| **Standard universe** | inside<br>revenue above $1M and assets above $10M |
| **Warnings** | none triggered<br>not computable: distress, fortress balance sheet |
| **Inputs computable** | 8 of 14 |
| **Graded from** | filings received through Feb 19, 2026<br>266 days before the rescan; latest periodic filing 10-Q received Oct 28, 2026 |
| **Last close** | $329.01<br>2026-11-11; market equity $90.3B; 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 Feb 19, 2026*

This Annual Report and the documents incorporated by reference in this Annual Report contain statements that are not historical in nature, are predictive, or that depend upon or refer to future events or conditions or contain other forward-looking statements.

## The fourteen inputs

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

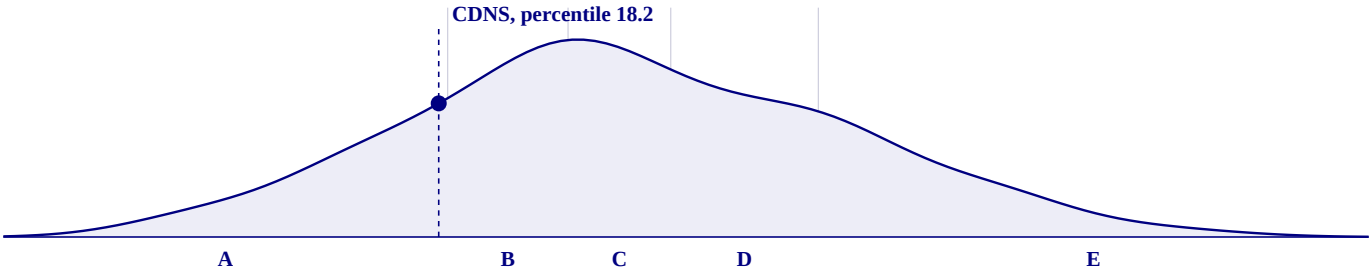
| Input | Value | Peer median | Percentile, 0 to 100 | Pct | Peers | Period end |
|---|---|---|---|---|---|---|
| **Profitability, sleeve percentile 56.4** | | | | | | |
| Gross profitability | not computable | 28.7% | | | | |
| *one or more required annual facts are missing* | | | | | | |
| Return on invested capital | not computable | 11.4% | | | | |
| *one or more required annual facts are missing* | | | | | | |
| Accruals ratio | (6.5%) | (7.3%) | | 56.4 | 615 | 2025-12-31 |
| Gross margin stability, five years | not computable | 2.3 pts | | | | |

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.

| | | | | | | |
|---|---|---|---|---|---|---|
| *five annual gross margins are required; found 0* | | | | | | |
| **Solvency, sleeve percentile 26.4** | | | | | | |
| Twelve-month failure probability | not computable | 0.06% | | | | |
| *liabilities and a nearby cover-page share count are required at 2026-09-30* | | | | | | |
| Altman Z double-prime | not computable | 2.21 | | | | |
| *one or more required annual facts are missing* | | | | | | |
| Net debt to EBITDA | not computable | 1.08x | | | | |
| *one or more required annual facts are missing* | | | | | | |
| Interest coverage | 12.80x | 3.77x | | 19.8 | 87 | 2025-12-31 |
| Current ratio | 2.86x | 2.01x | | 33.1 | 660 | 2025-12-31 |
| **Growth and financing, sleeve percentile 35.3** | | | | | | |
| Revenue growth, three-year compound | 14.1% | 6.5% | | 29.2 | 532 | 2025-12-31 |
| Free cash flow growth, three-year compound | 12.4% | 18.0% | | 55.7 | 265 | 2025-12-31 |
| Reinvestment rate | 27.8% | 15.1% | | 45.5 | 223 | 2025-12-31 |
| Asset growth, three years | 25.5% | 5.2% | | 12.6 | 557 | 2025-12-31 |
| Net share issuance, one year | (0.5%) | 0.5% | | 33.3 | 406 | 2026-01-31 |

## Among 495 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 |
|---|---|---|---|---|
| 86 | Pegasystems Inc. (PEGA) | 17.2 | A | |
| 87 | Sprout Social, Inc. (SPT) | 17.4 | A | fortress balance sheet |
| 88 | Mind Technology, Inc. (MIND) | 17.6 | A | fortress balance sheet |
| 89 | Fortinet, Inc. (FTNT) | 17.8 | A/B | |
| 90 | Viant Technology Inc. (DSP) | 18.0 | A/B | |
| 91 | Cadence Design Systems Inc. (CDNS) | 18.2 | A/B | |
| 92 | Vertiv Holdings Co. (VRT) | 18.4 | A/B | |
| 93 | Hubspot Inc. (HUBS) | 18.6 | A/B | |
| 94 | Jack Henry & Associates Inc. (JKHY) | 18.8 | A/B | |
| 95 | Nextpower Inc. (NXT) | 19.0 | A/B | |
| 96 | Amphenol Corp. (APH) | 19.2 | A/B | |

## What the price implies

*at the 2026-11-11 close; none of these enters the grade*

| Measure | Value | Peer median | Percentile |
|---|---|---|---|
| Twelve-month price change, skipping the latest month | (2.5%) | (2.0%) | 49 |
| Distance from 52-week high | (20.9%) | (32.9%) | 66 |
| EBIT to enterprise value | 1.6% | 1.6% | 50 |
| Free cash flow yield | 1.8% | 2.7% | 39 |
| Book value to price | 0.08 | 0.27 | 18 |
| Sales to price | 0.06 | 0.31 | 8 |
| Composite equity issuance, five years | (1.7%) | 4.3% | 40 |

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| | | | |
|---|---|---|---|
| Relative strength against the sector, log excess return | (0.29) | (0.29) | 49 |

## Diagnostics

*shown on every report; none enters the grade*

| Measure | Value |
|---|---|
| **Piotroski F-score None of 9, period end 2025-12-31** | |
| Return on assets above zero | pass |
| Operating cash flow above zero | pass |
| Return on assets improved | fail |
| Operating cash flow exceeds net income | pass |
| Long-term leverage fell | fail |
| Current ratio improved | fail |
| No new shares issued | pass |
| Gross margin improved | fail |
| Asset turnover improved | fail |
| **Cash, filings, liquidity** | |
| Cash and equivalents | $1.5B |
| Operating cash flow, four quarters | $2.0B |
| Months of runway | not finite |
| Days since last periodic filing | 15 (10-Q received Oct 28, 2026) |
| Median daily dollar volume, 63 sessions | $714.8M |

## 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 | net income | us-gaap:NetIncomeLoss | $1.1B | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 2 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $1.7B | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 3 | assets | us-gaap:Assets | $10.2B | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 4 | assets | us-gaap:Assets | $9.0B | 2024-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 5 | operating income | us-gaap:OperatingIncomeLoss | $1.5B | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 6 | interest expense | us-gaap:InterestExpense | $116.5M | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 7 | current assets | us-gaap:AssetsCurrent | $4.7B | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 8 | current liabilities | us-gaap:LiabilitiesCurrent | $1.6B | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 9 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $5.3B | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 10 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $4.6B | 2024-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 11 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $4.1B | 2023-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 12 | revenue | us-gaap:RevenueFromContractWithCustomerExcludingA... | $3.6B | 2022-12-31 | 2025-02-21 | 10-K | 25-000024 |
| 13 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $141.9M | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 14 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $1.3B | 2024-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 15 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $142.5M | 2024-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 16 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $1.3B | 2023-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 17 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $102.3M | 2023-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 18 | operating cash flow | us-gaap:NetCashProvidedByUsedInOperatingActivities | $1.2B | 2022-12-31 | 2025-02-21 | 10-K | 25-000024 |
| 19 | capital expenditure | us-gaap:PaymentsToAcquirePropertyPlantAndEquipment | $123.2M | 2022-12-31 | 2025-02-21 | 10-K | 25-000024 |
| 20 | depreciation amortization | us-gaap:DepreciationDepletionAndAmortization | $227.8M | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 21 | pretax income | us-gaap:IncomeLossFromContinuingOperationsBeforeInc... | $1.5B | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 22 | income tax | us-gaap:IncomeTaxExpenseBenefit | $413.2M | 2025-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 23 | current assets | us-gaap:AssetsCurrent | $4.0B | 2024-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 24 | current liabilities | us-gaap:LiabilitiesCurrent | $1.4B | 2024-12-31 | 2026-02-19 | 10-K | 26-000016 |
| 25 | assets | us-gaap:Assets | $5.7B | 2023-12-31 | 2025-02-21 | 10-K | 25-000024 |
| 26 | assets | us-gaap:Assets | $5.1B | 2022-12-31 | 2024-02-14 | 10-K | 24-000034 |
| 27 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 272,651,000 | 2026-01-31 | 2026-02-19 | 10-K | 26-000016 |
| 28 | shares outstanding | dei:EntityCommonStockSharesOutstanding | 274,108,000 | 2025-01-31 | 2025-02-21 | 10-K | 25-000024 |

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