Cerence Inc.

CRNC

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

E

weakest fifth of 469 graded peers in business equipment

rank 407 of 469; percentile 86.8; sampling error 2.3 points; lower is stronger

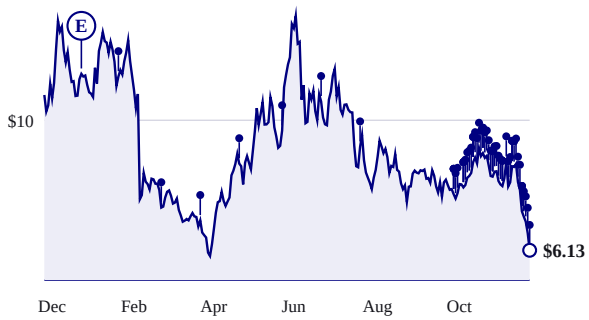
A B C D E

E, the bear



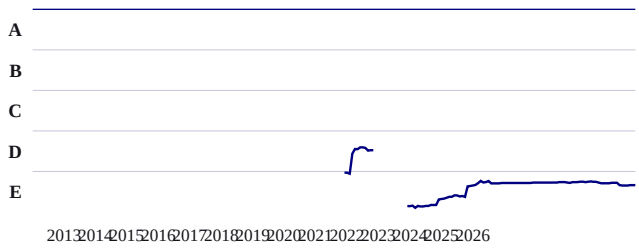
Scoreboard	
Profitability	C percentile 44.3
Solvency	D percentile 63.1
Growth and financing	E percentile 83.3
Reliability	0.91 AUC filers with $591M to $2.67B assets; 95% interval 0.88 to 0.94; 160 events, 2020 to 2025
Peer failure rate	1.01% a year Item 1.03 bankruptcies, same asset band, 2012 to 2025
Size band	$591M to $2.67B assets total assets $630.6M
Standard universe	inside revenue above $1M and assets above $10M
Warnings	none triggered not computable: short runway, distress, fortress balance sheet
Inputs computable	8 of 13
Graded from	filings received through Nov 20, 2025 368 days before the rescan; latest periodic filing 10-Q received Aug 6, 2026
Last close	$6.12 2026-11-20; market equity $276.6M; 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 thirteen 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 44.3						
Gross profitability	29.0%	29.4%		48.0	513	2025-09-30
Return on invested capital	not computable	11.2%				

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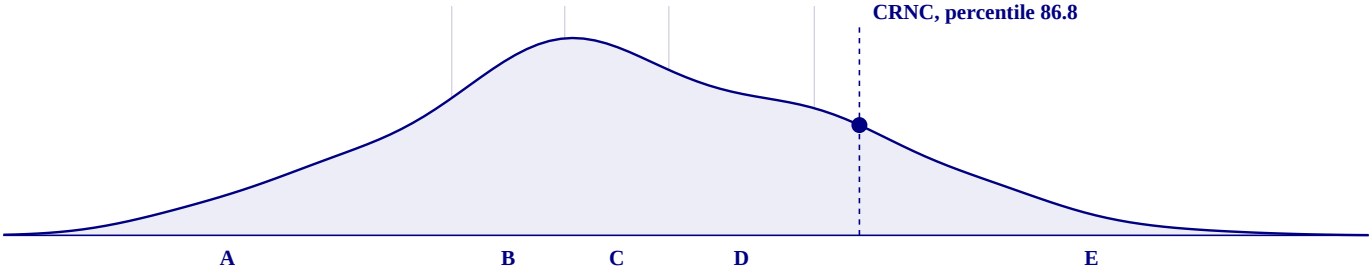
one or more required annual facts are missing						
Accruals ratio	(12.0%)	(7.4%)	34.2	566	2025-09-30	
Gross margin stability, five years	2.4 pts	2.3 pts	50.6	406	2025-09-30	
Solvency, sleeve percentile 63.1						
Altman Z double-prime	(3.62)	2.18	74.0	517	2025-09-30	
Net debt to EBITDA	not computable	1.11x				
one or more required annual facts are missing						
Interest coverage	not computable	4.90x				
latest aligned inputs end 2024-09-30; latest annual assets end 2025-09-30						
Current ratio	1.89x	1.98x	52.1	600	2025-09-30	
Growth and financing, sleeve percentile 83.3						
Revenue growth, three-year compound	(8.4%)	6.6%	85.1	503	2025-09-30	
Free cash flow growth, three-year compound	not computable	17.4%				
current FCF must be positive and base FCF must exceed $100,000						
Reinvestment rate	not computable	14.3%				
pretax income must exceed the validity floor and imply a 0%-100% tax rate						
Asset growth, three years	(21.8%)	5.0%	94.0	519	2025-09-30	
Net share issuance, one year	4.9%	0.5%	71.0	404	2025-11-07	

Among 469 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
402	Revvity, Inc. (RVTY)	85.7	E	
403	Xperi Inc. (XPER)	85.9	E	fortress balance sheet
404	Socket Mobile, Inc. (SCKT)	86.1	E	fortress balance sheet
405	Magnite, Inc. (MGNI)	86.3	E	
406	Senseonics Holdings, Inc. (SENS)	86.5	E	dilution, short runway, fortress balance sheet
407	Cerence Inc. (CRNC)	86.8	E	
408	Enphase Energy, Inc. (ENPH)	87.0	E	
409	AXT Inc. (AXTI)	87.2	E	
410	My Size, Inc. (MYSZ)	87.4	E	dilution, short runway, late filer
411	Open Text Corp. (OTEX)	87.6	E	
412	XTI Aerospace, Inc. (XTIA)	87.8	E	dilution, short runway, late filer, fortress balance sheet

What the price implies

at the 2026-11-20 close; none of these enters the grade

Measure	Value	Peer median	Percentile
Twelve-month price change, skipping the latest month	(27.0%)	(2.2%)	29
Distance from 52-week high	(53.2%)	(41.7%)	37
EBIT to enterprise value	not computable	2.0%	

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Free cash flow yield	16.9%	3.1%	92
Book value to price	0.60	0.31	73
Sales to price	0.91	0.35	71
Composite equity issuance, five years	18.9%	4.3%	68
Relative strength against the sector, log excess return	(0.58)	(0.29)	29
Twelve-month failure probability, CHS model	not computable	0.05%	

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	109 (10-Q received Aug 6, 2026)
Median daily dollar volume, 63 sessions	$4.5M

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

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25	capital expenditure	us-gaap:PaymentsToAcquirePropertyPlantAndEquipment	$5.0M	2024-09-30	2025-11-20	10-K	25-053372
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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