

# Anysphere (Cursor) — Executive Brief

**Verdict: PROCEED-WITH-CONDITIONS** — but only as a pre-close, structure-aware position: this is now a bet on the SpaceX \$60B all-stock deal closing and on your spot in the preference stack, not on Cursor's standalone SaaS economics.

## Why (top findings)

1. Reported ARR ramp is historically exceptional — ~\$100M (Jan 2025) to ~\$2B (Feb 2026), with enterprise mix rising ~25%→60%.
2. But the margin underneath is broken: ~-30% blended gross margin in 2025, only "slight" profitability by Apr 2026, and individual-tier plans still loss-making.
3. SpaceX signed a definitive agreement June 16, 2026 to acquire Anysphere for ~\$60B all-stock, expected to close Q3 2026 — reframing the whole thesis.
4. Composer (in-house model on a Qwen 2.5 Coder base) is a credible margin fix with early evidence, but unproven at scale.
5. The kill-condition is coupled to the fix: disintermediation by Anthropic/OpenAI accelerates precisely when Composer's substitution succeeds (\$6).

## Top risks

- ⚠️ Two largest model suppliers (Anthropic, OpenAI) are also the most credible existential competitors — and have severed API access before.
- ⚠️ Deal-execution risk: \$60B all-stock, \$10B break-up fee (~17%), illiquid SpaceX paper, undisclosed preference waterfall.
- ⚠️ No audited financials; NRR and top-10-logo concentration undisclosed (NVIDIA/Google are investor-customers).

## What would change the verdict

- To PROCEED: audited 50%+ blended gross margin via verifiable Composer substitution, plus enterprise NRR >120% and top-10 concentration under ~25%.
- To HOLD/PASS: deal collapses, suppliers reprice/restrict API access before Composer absorbs volume, or the waterfall shows your entry is materially subordinated.

## Key questions for management

- What % of total inference tokens runs on Composer today vs. retail Anthropic/OpenAI APIs?
- Provide the full liquidation-preference stack by round, the SpaceX exchange ratio, and the \$10B break-up-fee triggers.

**Confidence:** Medium · Full sourced report available on request.