AZ STOCKS
Stocks from A to Z

Nebius

One of the purest ways to invest in AI infrastructure, with an equally large capital risk

DEEP DIVE

November 2026

COMPANY PROFILE

Nebius

THESIS

Nebius sells the input everyone building artificial intelligence needs: specialized compute. In this report I assess whether the gap between compute demand and available capacity can sustain its growth and what the company is really worth.

THE COMPANY

Nebius is a neocloud: a specialized AI infrastructure provider designed for large-scale training and inference workloads. It does not compete in the model layer; it rents the capacity those models need.

Nebius AI, its cloud platform, accounts for almost all revenue. It combines Nvidia GPU clusters, high-speed networking and storage with tools and managed services, on a dedicated or on-demand basis.

TARGET PRICE
USD 115

UPSIDE / DOWNSIDE
-25.7%

SECTOR
AI

EXCHANGE
NASDAQ

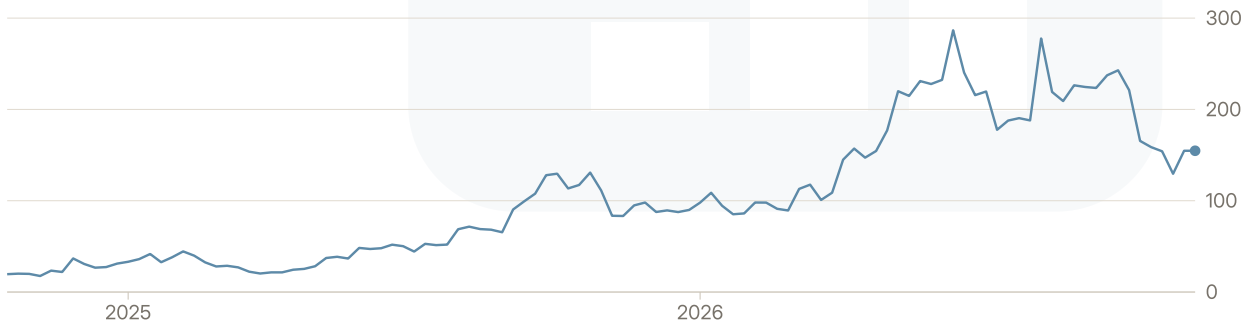
CURRENCY
USD

LAST UPDATED
November 2026

MARKET DATA AS OF 2026-11-11

PRICE	52-WEEK RANGE	CHANGE SINCE OCT. 2024
USD 154.69	73.52 – 299.86	+690%

WEEKLY SHARE PRICE SINCE OCT. 2024



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SECTION 01

Introduction

In recent years the market understood very quickly that Nvidia was the big winner of the first stage of AI. But buying GPUs is not enough. For a GPU to create value it has to be installed, connected, cooled, powered, integrated into clusters, managed with software and offered to customers able to pay for that capacity. That is where Nebius comes in. The company does not try to build the dominant foundation model or compete directly with OpenAI, Anthropic or Meta in the model layer. It sells the input all of them need: specialized compute for AI.

Nebius is hard to classify. It is not a traditional software company, although it has its own technology. It is not simply a data center, although its business requires huge physical assets. It is not a semiconductor company, although its capacity depends on access to Nvidia GPUs. Nor is it exactly a classic hyperscaler like AWS, Azure or Google Cloud. Nebius belongs to a new category: the so-called neoclouds, specialized AI infrastructure providers designed to serve large-scale training and inference workloads.

The investment thesis rests mainly on a simple idea: global demand for AI compute could grow faster than available capacity for several more years. If that gap persists, companies able to secure GPUs, power, data centers and long-term customers can capture a very large share of the value created by the AI revolution. If the gap disappears, Nebius risks becoming a capital-intensive company with expensive assets, high depreciation and returns below what the market is pricing in.

That is why Nebius is not a low-risk investment. It is an aggressive bet, highly sensitive to execution, CapEx, the AI investment cycle and the availability of financing. But it is also one of the purest ways to invest in the physical layer of AI. Unlike companies where AI is an add-on inside a conglomerate, at Nebius the thesis is practically a single one: that AI infrastructure will be one of the most important bottlenecks of the next decade.



Source: Nebius.

History

THE ORIGINS: YANDEX AND THE DREAM OF A RUSSIAN INTERNET

Nebius's story begins in 1997, when Arkady Volozh and Ilya Segalovich founded Yandex with the ambition of building the definitive search engine for the Russian language. In the 1990s, before Google existed and when English dominated the web, building a search engine that understood the complex morphology of Russian was a genuine technical challenge. Yandex solved it better than anyone and over the next two decades became one of Russia's leading technology companies.

In May 2011, Yandex N.V., the group's Dutch holding company, went public on Nasdaq, raising $1.3 billion in the largest IPO of a Russian internet company to that date. By the end of 2021 its market capitalization reached $31 billion. The future looked solid: Yandex had search, maps, ride-hailing, delivery, cloud services and a dominant position in a market of 140 million people.

In 2018, alongside its main operations, Yandex launched Yandex.Cloud, a cloud computing initiative focused on AI workloads. That project built what would eventually become Nebius: a first-class data center in Finland, GPU clusters for model training and an engineering team with real experience in infrastructure at scale.

THE BREAK: 2022, SANCTIONS AND THE DESTRUCTION OF VALUE

On February 24, 2022, Russia invaded Ukraine. Within days Yandex's financial and political world collapsed. Nasdaq suspended trading in Yandex N.V. shares. The European Union added Arkady Volozh to its sanctions list. Wall Street analysts wrote off the value for Western shareholders. A company that had reached $31 billion of market capitalization was worth, in practice, zero to international investors.

Volozh responded with two actions that would define the company's future. First, he publicly condemned the Russian invasion, an act of political courage with real consequences for his position and assets in Russia. Second, he began negotiating with the Kremlin to separate the international assets from the Russian operations: the result was an agreement under which Volozh gave up the Russian assets entirely (valued at $5.4 billion) to a consortium of domestic investors and kept the international assets: the Finnish data center, the cloud and AI team, and four other businesses born inside Yandex.

In July 2024 the separation was completed. The Dutch holding Yandex N.V. changed its name to Nebius Group N.V. EU sanctions on Volozh were lifted in March 2024 once he showed he no longer controlled the Russian assets. In October 2024 NBIS shares returned to trading on Nasdaq, with Volozh as CEO and a blank slate to build from scratch.

FROM YANDEX.CLOUD TO AI NEOCLOUD

Volozh had a data center in Finland with GPU clusters, an engineering team with deep technical DNA, and zero customers in the Western market. What he had in his favor was timing: demand for AI compute was exploding globally and supply was chronically insufficient. If he could convince the first customers that the infrastructure was world-class and the team could operate at scale, the rest would follow.

The strategy was clear from day one: position as a neocloud, not a generic cloud. Nebius does not compete with AWS to serve a manufacturer moving its ERP to the cloud. It competes for the customer who needs thousands of H100s, high-speed InfiniBand networks, low-latency distributed storage and AI-native development tools. In 2024 and 2025 that customer had limited options: hyperscalers had months-long waiting lists, CoreWeave was growing but focused on the US, and demand in Europe had a huge coverage gap.

The relaunch of NBIS in October 2024 at an opening price of $13 reflected market skepticism. By mid-2026 the stock had passed $250, backed by real contracts, real customers and EBITDA margins accelerating quarter after quarter. Since then it has corrected sharply together with the whole neocloud sector, on doubts about the returns on AI investment and the leverage of some competitors, and today it trades around $129.

SECTION 02

Business model

Nebius AI: the heart of the group

Nebius AI is the artificial intelligence cloud platform that accounts for practically 99% of group revenue in 2026. Its value proposition has three layers. The first is infrastructure: large-scale GPU clusters (Nvidia H100, H200, Blackwell), with high-speed networking (InfiniBand), high-performance storage and connectivity optimized for AI training and inference workloads. The second is the platform: development tools, APIs and managed services that let customers work on the infrastructure without building the whole software layer on top. The third is the service model: Nebius can provide dedicated capacity (the customer rents GPUs exclusively) or on-demand capacity, with different prices and contract structures.

The difference between Nebius and traditional hyperscalers is not just focus: it is structural. AWS, Azure and Google Cloud have hundreds of services, millions of customers and architectures built for general enterprise workloads. Their AI teams are one division among many. For Nebius, AI compute is the whole company: every infrastructure decision, every hire and every dollar of CapEx has the single goal of being the best compute provider for those building the largest models in the world.

The “Token Factory” model

In the 2025 and 2026 earnings calls, Nebius management described its business with a concept that captures its economics well: the “Token Factory”. The idea is simple: Nebius’s customers use compute to generate tokens (the basic unit of output of language models, whether in training or inference). Nebius is the factory that produces those tokens at the lowest possible cost with the highest possible infrastructure quality.

That has clear economic implications. In a factory, fixed costs are high (the data center, infrastructure, network) and variable costs are low. Once the factory is built and utilization is high, each additional unit of output has a low marginal cost. That is exactly what the numbers show: adjusted EBITDA margin in the AI cloud segment went from 24% in Q4 2025 to 45% in Q1 2026, 50% in Q2 2026 and 53% in Q3 2026, as more capacity came online and utilization rose.

Geography and infrastructure

Nebius currently operates data centers in four main locations: Finland (the original data center inherited from Yandex, fully operational), New Jersey (expanding), the United Kingdom and Pennsylvania. The company has power contracts and construction agreements in several other markets for 2027 capacity, financed with the Meta and Microsoft contracts as collateral for asset-backed financing.

The European footprint is strategically relevant for two reasons. First, data sovereignty and EU regulation lead many European companies to prefer a European provider with data centers on European soil. Second, AI compute capacity in Europe is much scarcer than in the US, giving Nebius a first-mover advantage in a market with growing demand.

Customers and contracts

The most relevant agreement announced so far is the new contract with Meta, announced in March 2026, worth up to US$27 billion over five years. It consists of a US$12 billion compute capacity purchase, expected to start in early 2027, and an additional contract of up to US$15 billion that lets Nebius allocate capacity to Meta on pre-agreed terms or to other AI cloud customers at market prices.

This adds to a previous relationship with Meta, announced in 2025, of about US$2.9 billion. The size of the new contract not only provides revenue visibility but also improves financing options for the infrastructure expansion.

The Microsoft agreement covers dedicated GPU infrastructure for five years at Nebius's New Jersey data center. Its contract value is about US$17.4 billion through 2031 and could rise to US$19.4 billion if Microsoft contracts additional capacity or services.

Beyond the hyperscalers, the enterprise pipeline has been growing very quickly. Management describes customers in manufacturing, energy, pharma and SaaS as diversification vectors that reduce dependence on Meta and Microsoft over time. The strategy is to use hyperscaler contracts to fund construction and use that capacity to capture enterprise customers with potentially higher margins.

Additional assets: a portfolio of options

ClickHouse

Nebius holds a significant minority stake in ClickHouse, a database company focused on real-time data processing and analytics. In January 2026 ClickHouse raised US$400 million in a Series D round at a valuation of about US$15 billion. As a result, Nebius recognized a non-operating gain of US$781 million in Q1 2026 from revaluing its stake. This effect matters for understanding net income in the period, but should not be confused with recurring profitability of the core AI cloud business. ClickHouse is a potential source of additional value and of financing for Nebius's growth, although monetizing it depends on a future transaction or liquidity event.

Toloka

Toloka is a data annotation and evaluation platform specialized in the most demanding needs of language models: math, code and scientific reasoning. It is a technical business with growing demand as labs need more and more high-quality data for reinforcement learning from human feedback and model evaluation. Toloka has investment from Jeff Bezos and Mikhail Parakhin (formerly of Bing). Nebius keeps a majority economic stake but gave up voting control so that Toloka can operate independently.

Avride

Avride develops autonomous driving technology with a differentiated strategy: instead of tackling the personal autonomous vehicle (which requires years of additional regulation), it focuses on last-mile delivery robots and robotaxis in specific cities. Its partnerships with Uber, Hyundai, Grubhub and Rakuten show real market adoption. It is the most speculative asset in the portfolio but also the one with the largest potential upside.

TripleTen

TripleTen is an online education platform for people retraining into technology careers: programming, data science and software engineering. It is the asset least aligned with Nebius's core and the most likely candidate for a sale or spin-off.

Operating KPIs

Revenue growth is important, but not sufficient. In an AI infrastructure company revenue must be read together with ARR, CapEx, utilization, gross margin, adjusted EBITDA and customer commitments. The company can grow explosively while consuming huge amounts of cash; growth is only valuable if the economics per unit of capacity are attractive.

Metric	Q2 2026	Q3 2026
Group revenue	USD 582.3M (+454%)	USD 980.8M (+571%)
Nebius AI Cloud revenue	USD 574.9M (+514%)	USD 973.8M (+643%)
AI Cloud ARR (quarter end)	USD 3,000M	USD 6,400M
Group adjusted EBITDA	USD 236.2M (41%)	USD 465.8M (47%)
AI Cloud adjusted EBITDA	USD 285.7M (50%)	USD 518.2M (53%)
CapEx	USD 5,700M	USD 7,300M

Source: author's analysis based on company data.

These numbers show a business that is not just growing but scaling at a pace that is unusual even in the AI universe. AI Cloud adjusted EBITDA margin went from 50% to 53% in one quarter. This metric should not be confused with EBIT or free cash flow, because it excludes depreciation, but it shows that sold capacity can be very profitable before depreciation. One important detail: about USD 325

million of third-quarter revenue is non-recurring and comes from the *asset-light* model, where Nebius enables its platform on capacity funded by a partner. Excluding it, revenue grew about 12% versus the second quarter.

The big counterpoint is CapEx: USD 7.3 billion in the third quarter alone, mainly GPUs, related hardware and data centers. Investors must accept that free cash flow will be negative for several years even as adjusted EBITDA improves, because the company is investing ahead of demand.

The most important KPI in the coming quarters will probably not be revenue alone but the relationship between CapEx and committed contracts. If every dollar of CapEx comes with long-term agreements with customers like Microsoft or Meta, risk falls. If CapEx grows faster than the visible backlog, risk rises. On contracts signed in the third quarter, customer prepayments already cover more than 100% of the associated CapEx, a very good sign in that direction. At Nebius, the right analysis is not just the income statement; it is the income statement plus the balance sheet plus the contract pipeline.

SECTION 03

Business quality

Nebius's business quality is hard to assess because it is still in hypergrowth. In a mature company, quality shows in returns on capital, stable margins and cash generation. At Nebius, many of those metrics are still distorted by the build-out phase. The question is whether the business can eventually become an infrastructure compounder or will remain a cyclical, CapEx-heavy story.

The positive side is clear. Demand looks structural, customers are high quality, the product solves a real bottleneck and the company is building capacity at a time when the market pays for it. Nebius also does not start from zero: it inherits technical talent, engineering culture and infrastructure experience from Yandex.

The negative side is just as important. The quality of a capital-intensive business depends on its return on invested capital, not on its growth. If compute prices fall because of oversupply, if GPUs lose value faster than expected or if hyperscalers internalize most of the demand, Nebius could end up with expensive assets and lower margins than expected. In other words: **the business can be excellent in a market of scarcity, but much less attractive in a market that normalizes.**

That is why Nebius should not be judged with the same yardstick as Palantir or Cloudflare. A 70% or 80% gross margin may look software-like, but underneath there is a base of physical assets that depreciates and requires reinvestment. Adjusted EBITDA can be high while free cash flow takes many years to normalize. This difference is central to avoid overvaluing the company by applying software multiples to a capital structure that looks more like specialized infrastructure.

My reading is that the business's potential quality is high, but it has not yet been proven over a full cycle. The company has shown that it can sell capacity, grow and win strategic customers. What it still has to show is that it can turn that growth into sustainable returns on capital after depreciation, financing and technology refresh.

Latest results: third quarter of 2026

On November 12 Nebius reported its third-quarter results, the latest available at the time of this analysis:

- **Revenue:** USD 980.8 million, +571% year over year and +68% versus the second quarter. About USD 325 million is non-recurring (*asset-light* model).
- **Profitability:** adjusted EBITDA of USD 465.8 million (a 47% margin for the group and 53% for AI Cloud) and its first positive EBIT as Nebius, at USD 50.4 million.
- **ARR:** USD 6.4 billion at the end of September, more than double June.
- **Cash and funding:** USD 7.4 billion of cash and USD 14.2 billion of debt at the end of September. In the quarter it placed USD 5.75 billion of convertible notes and sold about USD 1 billion of shares; in October it added a USD 3.5 billion facility with Citi.

- **Contracts:** it signed more than USD 12 billion of new contracts since the start of the quarter, at more than USD 25 million of annual revenue per MW and GPU-hour prices more than 20% above the second quarter. Prepayments on those contracts cover more than 100% of the associated CapEx, and deferred revenue already totals USD 9.4 billion. It added customers such as Databricks, Snowflake and Datadog.

The company placed its 2026 guidance at the low end of the range: **revenue of about USD 3.0 billion, adjusted EBITDA margin of about 40% and CapEx of about USD 27 billion**, because part of the third-party capacity (including the last tranches of the New Jersey site for Microsoft) slips into the first half of 2027. It expects ARR to exceed USD 7 billion in February 2027 and to reach 5 GW of contracted power by the end of 2026 (more than 4 GW today). For 2027 it expects **revenue of USD 12-13 billion and CapEx of USD 40-45 billion**, 75-85% covered by prepayments and contract-backed financing, and pre-tax breakeven in the fourth quarter of 2027.

The reading cuts both ways. Demand remains enormous and contract terms keep improving quarter after quarter. But the scale of investment (about USD 27 billion in 2026 for a company that will have about USD 3 billion of revenue, and up to USD 45 billion in 2027) shows that Nebius depends entirely on bringing capacity online on time and on continued access to financing.

Vertical analysis

Before looking at the financial statements, a warning: Nebius's history as an independent company is very short. Until 2024 the numbers include businesses inherited from Yandex and discontinued operations, and 2022-2024 revenue was minimal. So percentages of sales for those years are extreme and of little use for drawing conclusions. What matters is 2025 and, above all, the 2026 trend.

INCOME STATEMENT

Fiscal year Income Statement — % of revenue	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Revenues	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold	(210.4%)	(200.0%)	(47.8%)	(31.3%)	**(93.0%)**	**(122.4%)**
Gross Profit	**(110.4%)**	**(100.0%)**	**52.2%**	**68.7%**	**7.0%**	**(22.4%)**
Selling General & Admin Expenses	(424.4%)	(1622.4%)	(278.7%)	(71.7%)	**(657.6%)**	**(599.3%)**
R&D Expenses	(431.9%)	(888.8%)	(125.7%)	(33.4%)	**(349.3%)**	**(369.9%)**
Total Operating Expenses	**(1059.3%)**	**(2816.3%)**	**(488.5%)**	**(184.0%)**	**(1162.9%)**	**(1137.0%)**
Operating Income	**(1170.4%)**	**(2918.4%)**	**(437.2%)**	**(115.5%)**	**(1157.0%)**	**(1160.3%)**
Interest Expense	–	–	–	(11.6%)	**(3.9%)**	**(2.9%)**
EBT Incl. Unusual Items	**(1325.9%)**	**(3030.6%)**	**(385.8%)**	**2.6%**	**(1137.9%)**	**(1184.9%)**
Income Tax Expense	(8.1%)	(20.4%)	1.1%	(0.8%)	**(6.7%)**	**(7.1%)**
Net Income	**5525.9%**	**2459.2%**	**(700.5%)**	**15.6%**	**591.4%**	**1825.0%**
EBITDA	(963.0%)	(2612.2%)	(351.9%)	(36.6%)	**(1000.3%)**	**(990.9%)**

Source: author's analysis based on Tikr data.

In 2025 gross margin reached 68.7%, up from 52.2% in 2024, a level already comparable to CoreWeave. Operating margin, by contrast, was -115.5%: overhead, R&D and above all infrastructure depreciation still far exceed revenue. The positive 2025 net income is explained by non-operating gains (the ClickHouse revaluation), not by the AI cloud business.

BALANCE SHEET

Fiscal year Balance Sheet — % of total assets	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Total Cash And Short Term Investments	**n.m.**	**1.4%**	**68.6%**	**30.2%**	**33.4%**	**33.4%**
Total Receivables	**n.m.**	**0.1%**	**1.1%**	**6.9%**	**2.7%**	**2.7%**
Total Current Assets	**n.m.**	**39.5%**	**71.4%**	**37.9%**	**49.6%**	**49.6%**
Net Property Plant And Equipment	n.m.	1.7%	25.1%	52.1%	**26.3%**	**26.3%**
Long-term Investments	n.m.	1.2%	2.7%	6.8%	**3.6%**	**3.6%**
Other Intangibles	n.m.	0.0%	0.1%	0.2%	**0.1%**	**0.1%**
Total Assets	**n.m.**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Total Current Liabilities	**n.m.**	**44.2%**	**7.4%**	**12.3%**	**21.3%**	**21.3%**
Long-Term Debt	n.m.	–	–	33.0%	**11.0%**	**11.0%**
Capital Leases	n.m.	0.1%	0.9%	6.1%	**2.4%**	**2.4%**
Total Liabilities	**n.m.**	**62.4%**	**8.3%**	**63.0%**	**44.6%**	**44.6%**
Total Equity	**n.m.**	**37.6%**	**91.7%**	**37.0%**	**55.4%**	**55.4%**
Total Debt	**n.m.**	**0.3%**	**1.4%**	**40.0%**	**13.9%**	**13.9%**
Net Debt	n.m.	(1.1%)	(67.2%)	9.8%	**(19.5%)**	**(19.5%)**

Source: author's analysis based on Tikr data.

Fixed assets already represented 52% of the total in 2025 and cash 30%. The weight of fixed assets grows very strongly in 2026, with CapEx of about USD 27 billion. On the liabilities side, the company added convertible debt and customer prepayment liabilities. Leverage was moderate at the end of 2025, but it is rising fast in 2026: by September debt already totals USD 14.2 billion.

CASH FLOW

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash Flow — % of revenue						
Net Income	**5525.9%**	**2459.2%**	**(700.5%)**	**15.6%**	**591.4%**	**1825.0%**
Total Depreciation & Amortization	**218.5%**	**371.4%**	**93.8%**	**88.5%**	**184.6%**	**193.1%**
Stock-Based Compensation	71.1%	293.9%	59.6%	15.7%	**123.0%**	**110.1%**
Cash from Operations	**5163.0%**	**8469.4%**	**268.9%**	**72.6%**	**2937.0%**	**3493.5%**
Capital Expenditure	(108.1%)	(845.9%)	(882.0%)	(767.2%)	**(831.7%)**	**(650.8%)**
Cash from Investing	**(2985.2%)**	**###**	**341.0%**	**(797.9%)**	**(4274.8%)**	**(3952.4%)**
Total Debt Issued	**–**	**–**	**–**	**785.5%**	**261.8%**	**196.4%**
Total Debt Repaid	**–**	**–**	**(0.8%)**	**(0.2%)**	**(0.3%)**	**(0.2%)**
Cash from Financing	**(740.7%)**	**3836.7%**	**902.7%**	**967.2%**	**1902.2%**	**1241.5%**
Free Cash Flow	5051.9%	7622.4%	(614.2%)	(694.5%)	**2104.6%**	**2841.4%**

Source: author's analysis based on Tikr data.

Operating cash flow was positive in 2025 thanks to customer prepayments, but CapEx (about USD 4 billion, almost 8 times the year's revenue) made free cash flow very negative. The investment was funded with convertible and share issuance.

Financial ratios

As explained above, most of Nebius's ratios still have little meaning: with revenue so small relative to investment, the percentages are extreme. I include them anyway because they show the starting point and allow us to track the evolution in coming years.

- **Growth**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Growth						
Revenue growth		(27.4%)	833.7%	479.2%	**428.5%**	**428.5%**
EBIT growth		n.m.	n.m.	n.m.	**n.m.**	**n.m.**
Diluted EPS growth		n.m.	n.m.	n.m.	**n.m.**	**n.m.**
Change in diluted shares (dilution / buybacks)		0.8%	(24.3%)	(11.7%)	**(11.7%)**	**(11.7%)**

Source: author's analysis based on Tikr data.

Revenue grew more than 8x in 2024 and almost 5x in 2025. The share count fell with the buyback from Yandex shareholders in 2024, but it is rising again in 2026 because of share issuance.

- **Profitability**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Profitability						
Gross margin	(110.4%)	(100.0%)	52.2%	68.7%	**7.0%**	**(22.4%)**
SG&A % revenue	424.4%	1622.4%	278.7%	71.7%	**657.6%**	**599.3%**
R&D % revenue	431.9%	888.8%	125.7%	33.4%	**349.3%**	**369.9%**
EBIT margin	(1170.4%)	(2918.4%)	(437.2%)	(115.5%)	**(1157.0%)**	**(1160.3%)**
EBITDA margin (EBIT + D&A)	(951.9%)	(2546.9%)	(343.4%)	(27.0%)	**(972.4%)**	**(967.3%)**
Net margin	5525.9%	2459.2%	(700.5%)	15.6%	**591.4%**	**1825.0%**
Stock-based compensation % revenue	71.1%	293.9%	59.6%	15.7%	**123.0%**	**110.1%**
Effective tax rate	(0.6%)	(0.7%)	0.3%	29.0%	**9.5%**	**7.0%**

Source: author's analysis based on Tikr data.

The metric to watch is gross margin (68.7% in 2025). EBIT margin is still very negative and stock-based compensation is high (15.7% of sales in 2025).

- **Cash flow and reinvestment**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Cash flow & reinvestment						
Cash from operations % revenue	5163.0%	8469.4%	268.9%	72.6%	**2937.0%**	**3493.5%**
FCF margin (TIKR FCF / revenue)	5051.9%	7622.4%	(614.2%)	(694.5%)	**2104.6%**	**2841.4%**
FCF conversion (FCF / net income)	91.4%	310.0%	n.m.	(4461.8%)	**(2075.9%)**	**(1353.5%)**
Capex % revenue	108.1%	845.9%	882.0%	767.2%	**831.7%**	**650.8%**
D&A % revenue	218.5%	371.4%	93.8%	88.5%	**184.6%**	**193.1%**
Capex / D&A	0.5x	2.3x	9.4x	8.7x	**6.8x**	**5.2x**
D&A % beginning net PP&E		–	58.4%	52.6%	**37.0%**	**37.0%**
Acquisitions % revenue	–	–	–	–	**–**	**–**

Source: author's analysis based on Tikr data.

CapEx is several times revenue. That is the defining feature of this business at this stage.

- **Working capital**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Working capital						
Receivables days (DSO)	–	402.2	161.6	587.4	**383.7**	**287.8**
Inventory days (DIO)	–	–	–	–	**–**	**–**
Payables days (DPO)	–	465.6	–	2326.3	**930.6**	**698.0**
Cash conversion cycle (DSO + DIO − DPO)	–	(63.3)	161.6	(1738.9)	**(546.9)**	**(410.2)**
Deferred revenue % revenue	–	70.4%	36.7%	302.3%	**136.5%**	**102.3%**
Operating NWC % revenue	–	(5321.4%)	(154.9%)	(330.6%)	**(1935.6%)**	**(1451.7%)**

Source: author's analysis based on Tikr data.

Receivable and payable days are extraordinarily high because balance sheet items are compared with a still-small revenue base, and because customer prepayments weigh heavily. In the model I use normalized values.

- **Returns on capital**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Returns on capital						
NOPAT = EBIT × (1 − normalized tax rate)	(119)	(215)	(300)	(459)	**(325)**	**(273)**
Invested capital = debt + equity − cash & ST inv.	–	3,199	869	5,814	**3,294**	**2,470**
ROIC = NOPAT / average invested capital		(13.4%)	(14.8%)	(13.7%)	**(14.0%)**	**(14.0%)**
ROIC incl. cash = NOPAT / average (debt + equity)		(12.9%)	(9.1%)	(7.1%)	**(9.7%)**	**(9.7%)**
Pre-tax ROIC = EBIT / average invested capital (reference)		(17.9%)	(19.7%)	(18.3%)	**(18.6%)**	**(18.6%)**
ROE = net income / average equity		14.6%	(19.6%)	2.1%	**(0.9%)**	**(0.9%)**
ROA = net income / average total assets		5.5%	(10.4%)	1.0%	**(1.3%)**	**(1.3%)**

Source: author's analysis based on Tikr data.

ROIC is still negative. The thesis depends on it turning positive and exceeding the cost of capital once the infrastructure is fully operational.

- **Leverage and liquidity**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Leverage & liquidity						
Net debt (debt − cash & ST inv.)	–	(95)	(2,386)	1,220	**(420)**	**(315)**
Net debt / EBITDA	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
Interest coverage (EBIT / interest expense)	n.m.	n.m.	n.m.	(10.0x)	**(10.0x)**	**(10.0x)**
Debt / (debt + equity), book	n.m.	0.8%	1.5%	52.0%	**18.1%**	**18.1%**
Current ratio	–	0.89	9.59	3.08	**4.52**	**3.39**

Source: author's analysis based on Tikr data.

At the end of 2025 Nebius was close to net cash with a current ratio of 3.08x. That is a much stronger position than CoreWeave's, but it will change as the investment plan is financed.

- **Shareholder returns and valuation**

Fiscal year	FY2022A	FY2023A	FY2024A	FY2025A	3Y avg	5Y avg
Shareholder returns & market valuation (TIKR, at fiscal year end)						
Dividends + buybacks % FCF	–	–	n.m.	n.m.	**–**	**–**
EV / EBITDA	n.m.	n.m.	n.m.	n.m.	**n.m.**	**n.m.**
EV / revenue	536.2x	n.m.	46.6x	39.3x	**43.0x**	**207.4x**
P/E	9.1x	n.m.	n.m.	255.5x	**255.5x**	**132.3x**
FCF yield (FCF / market cap)	10.0%	n.m.	(8.6%)	(17.5%)	**(13.0%)**	**(5.3%)**

Source: author's analysis based on Tikr data.

Nebius pays no dividends and does not buy back shares, and it makes sense that it will not for many years. Multiples on current results are meaningless; valuation depends on future cash flows.

SECTION 04

Management and capital allocation

Arkady Volozh, CEO and founder

Arkady Volozh co-founded Yandex in 1997 with Ilya Segalovich and turned it into Russia's most valuable technology company, reaching $31 billion of market capitalization in 2021. A mathematician by training (graduated from the Moscow Institute of Oil and Gas, specializing in applied mathematics), he is that rare tech entrepreneur with a genuine understanding of low-level infrastructure: he knows exactly what Nebius builds because he spent decades building similar infrastructure.

His path between 2022 and 2024 is the least told part of the Nebius story. Sanctioned by the EU, with frozen assets, leading the separation of Yandex from abroad and publicly condemning the war at the expense of his interests in Russia. European sanctions were lifted in March 2024 after the separation was completed. In February 2026 he renounced his Russian citizenship, eliminating the last vector of geopolitical pressure on the company.

On earnings calls, Volozh conveys a clarity about Nebius's value proposition that few CEOs have about their own businesses. His "Token Factory" concept and the way he explains the operating leverage of the infrastructure model reflect long-term thinking and a deep understanding of the economics. He is not a financial operator who ended up running an AI company: he is the technical founder who built the original infrastructure and knows exactly which levers to pull to scale.

Adam Nee, CFO

Adam Nee became CFO during the post-Yandex rebuilding. His management of the capital structure since the Nasdaq relaunch has been notable: issuing $4.34 billion of convertibles at rates of 1.25%-2.60% while the stock was highly volatile requires relationships with institutional investors and negotiating skill in the bond market. On earnings calls, Nee is explicit about the funding mechanisms for additional CapEx, including asset-backed financing against the Meta and Microsoft contracts, which can materially lower the cost of capital of the expansion program.

Management's main strength is technical depth. Nebius was born from an organization that had already built complex cloud, AI and data products at scale.

But it still has to prove it is up to the task. Capital allocation will be the definitive test. In asset-light businesses a bad investment decision may hurt less. At Nebius, every CapEx mistake can cost hundreds of millions or billions. That is why management should be judged less on the narrative and more on its ability to turn physical investment into profitable contracts. So far, the Microsoft and Meta agreements suggest strong commercial validation, but operating execution is just beginning.

SECTION 05

Competitive position

Industry analysis

The AI infrastructure market is in the most accelerated investment phase in history. Hyperscalers (AWS, Azure, Google Cloud, Oracle Cloud) are collectively investing hundreds of billions of dollars in GPU capacity. AI models keep scaling and require more and more compute for training, and inference demand is growing exponentially as models are built into consumer and enterprise products.

The market's central problem is the shortage of capacity. Nvidia is producing chips faster than ever, and still the wait to access compute capacity at the main providers is measured in months. In that context, any company able to build and operate GPU data centers reliably at scale has customers waiting. Nebius builds capacity and pre-sells it before it comes online. That is the market it operates in.

Main competitors

CoreWeave (CRWV)

CoreWeave is the competitor most similar to Nebius in model and ambition. It is also an AI compute neocloud, also has contracts with Microsoft and has also grown by several hundred percent in recent years. The differences are geography (CoreWeave is fundamentally US-based, Nebius has an advantage in Europe), capital structure (CoreWeave carries much more expensive debt) and the portfolio of additional assets (Nebius has ClickHouse, Toloka and Avride). In scale CoreWeave is larger, but Nebius is growing revenue faster.

Amazon Web Services (AWS)

AWS is the leader in general cloud and has its own AI compute offering (P5 instances, Trainium, Inferentia). For customers who need both AI compute and general cloud services, AWS is the most viable option. Its weakness for the pure AI customer is that it cannot commit dedicated GPU capacity at scale and over the long term without compromising its shared cloud model. Hyperscalers sign contracts with Nebius precisely because Nebius can provide dedicated capacity they cannot supply in sufficient quantity.

Microsoft Azure

Microsoft is simultaneously one of Nebius's largest customers and a competitor in AI cloud. That duality reflects the reality of the sector: even the largest cloud provider in the world does not have enough GPU capacity to meet its own demand. The contract of up to $19.4 billion is a clear sign that Azure sees Nebius not as a threat but as an extension of its own capacity. At the same time, Microsoft keeps building its own infrastructure and may reduce its dependence on third parties over time.

Google Cloud

Google has fewer enterprise cloud customers than AWS and Azure but the advantage of its own chips (TPUs) optimized for its Gemini models. For the rest of the market (companies using models from OpenAI, Anthropic, Meta or their own), standard Nvidia hardware remains the reference, and that is where Nebius competes.

Comparison with CoreWeave

For the competitive analysis I chose CoreWeave as the only reference, since I consider it Nebius's most direct comparable today. Both operate as specialized AI cloud infrastructure providers, with a model intensive in GPUs, data centers, power and capacity contracts with large technology customers. However, they are at different stages: **CoreWeave is further ahead in scale and monetization of its infrastructure**, while **Nebius is in a phase of accelerated expansion**, with large investments meant to turn contracted capacity into future revenue.

- ***Revenue***

REVENUES			
% Change YoY	31/12/2023	31/12/2024	31/12/2025
Nebius Group NV	(27,4 %)	833,7 %	479,0 %
COREWEAVE, INC.	1346,60%	736,20%	167,90%

Source: author's analysis based on Tikr data.

Both companies show extraordinary growth rates, reflecting strong demand for AI infrastructure, but at different points of the expansion curve. CoreWeave scaled earlier: it grew more than 700% in 2023 and 2024 and then "slowed" to 167.9% in 2025 on a much larger revenue base. Nebius started accelerating later: after a decline in 2023, its revenue grew 833.7% in 2024 and 479.0% in 2025. Nebius could go through a phase similar to the one CoreWeave has already started: strong initial growth driven by new capacity and large contracts, followed by a normalization of growth rates as the revenue base increases.

- ***Margins***

MARGINS			
% Gross Margins	31/12/2023	31/12/2024	31/12/2025
Nebius Group NV	(100,00%)	52,24%	68,63%
COREWEAVE, INC.	69,87%	74,26%	71,68%
% Operating Margin	31/12/2023	31/12/2024	31/12/2025
Nebius Group NV	(2915,31%)	(436,72%)	(115,46%)
COREWEAVE, INC.	(6,11%)	16,92%	(0,33%)
% Net Income Margin	31/12/2023	31/12/2024	31/12/2025
Nebius Group NV	2462,24%	(700,98%)	15,57%
COREWEAVE, INC.	(259,39%)	(45,07%)	(22,74%)

Source: author's analysis based on Tikr data.

CoreWeave kept high and relatively stable gross margins throughout the period, between about 70% and 74%. Nebius went from negative margins in 2023 to 52.2% in 2024 and 68.6% in 2025, gradually approaching its comparable. The biggest difference is in operating margin: CoreWeave reached

16.9% in 2024 and practically break-even in 2025, while Nebius was at -115.5% in 2025. Nebius's positive 2025 net margin should not be read as structural profitability: it came from a significant gain on the revaluation of investments, mainly ClickHouse.

- ***Balance sheet***

At the end of 2025, CoreWeave had almost 79% of its assets in property, plant and equipment, versus about 52% at Nebius, consistent with a company that has already deployed more of its infrastructure. Nebius had a much larger liquidity position: cash and short-term investments were about 30% of assets, versus only 6% at CoreWeave. That gives Nebius more financial flexibility for its initial expansion, although the advantage will probably shrink as it deploys capacity.

BALANCE SHEET			
ASSETS			
Total Cash And Short Term Investments	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	1,38%	68,61%	30,19%
COREWEAVE, INC.	4,41%	7,63%	6,41%
Accounts Receivable	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,05%	0,32%	5,79%
COREWEAVE, INC.	3,32%	2,34%	6,43%
Total Current Assets	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	39,45%	71,39%	37,90%
COREWEAVE, INC.	10,09%	10,74%	15,19%
Net Property Plant And Equipment	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	1,68%	25,12%	52,07%
COREWEAVE, INC.	79,28%	81,34%	78,67%
Goodwill	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,00%	0,00%	0,00%
COREWEAVE, INC.	0,39%	0,11%	2,23%
Other Intangibles	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,05%	0,14%	0,16%
COREWEAVE, INC.	0,14%	0,03%	0,48%

Source: author's analysis based on Tikr data.

The structure of **liabilities** shows an important difference in financial risk. In 2025 current liabilities were about 33% of CoreWeave's assets, versus 12% at Nebius, and CoreWeave's capital leases were about 16% of assets, versus just over 6% at Nebius. Both companies use financing to grow, but CoreWeave is much more committed in the short term, while Nebius keeps more room to maneuver.

LIABILITIES			
Accounts Payable	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,29%	0,00%	8,51%
COREWEAVE, INC.	9,15%	4,87%	3,29%
Accrued Expenses	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,30%	5,57%	0,18%
COREWEAVE, INC.	1,56%	2,00%	11,71%
Current Portion of Long-Term Debt	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,08%	0,17%	0,20%
COREWEAVE, INC.	3,45%	13,84%	13,61%
Current Liabilities	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	44,21%	7,44%	12,29%
COREWEAVE, INC.	20,06%	27,83%	33,35%
Long-Term Debt	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,00%	0,00%	33,01%
COREWEAVE, INC.	27,15%	30,61%	29,75%
Capital Leases	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,11%	0,85%	6,12%
COREWEAVE, INC.	8,70%	13,59%	16,19%

Source: author's analysis based on Tikr data.

The comparison of **equity** should be read with caution. Nebius showed positive retained earnings in 2025, while CoreWeave still had accumulated losses. But part of Nebius's figure comes from extraordinary effects and revaluations of investments (a gain of about US$599 million in 2025, mainly ClickHouse), not from recurring profitability of its AI cloud business.

EQUITY			
Additional Paid In Capital	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	20,70%	56,83%	18,99%
COREWEAVE, INC.	0,97%	6,15%	12,19%
Retained Earnings	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	44,08%	90,68%	26,55%
COREWEAVE, INC.	(12,31%)	(8,28%)	(5,36%)

Source: author's analysis based on Tikr data.

- ***Liquidity ratios***

RATIOS			
LIQUIDITY			
Current [Current Assets / Current Liabilities]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,89x	9,60x	3,08x
COREWEAVE, INC.	0,50x	0,39x	0,46x
Quick [(Cash + Marketable securities + Receivables) / Current Liabilities]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,03x	9,38x	3,02x
COREWEAVE, INC.	0,40x	0,36x	0,39x
Cash [(Cash + Marketable securities) / Current Liabilities]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,03x	9,22x	2,46x
COREWEAVE, INC.	0,22x	0,27x	0,19x

Source: author's analysis based on Tikr data.

Liquidity is one of Nebius's most favorable differences at the end of 2025: a current ratio of 3.08x, a quick ratio of 3.02x and a cash ratio of 2.46x, versus 0.46x, 0.39x and 0.19x at CoreWeave. Even so, it is not a permanent advantage: a large part of that cash will probably be used to fund data centers, servers, GPUs and power.

- ***Solvency ratios***

SOLVENCY			
Long-term debt to equity [Total long term debt / Total Equity]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,00x	0,01x	1,06x
COREWEAVE, INC.	(13,53x)	6,03x	6,79x
Debt to Equity [Total debt / Total Equity]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,01x	0,02x	1,08x
COREWEAVE, INC.	(15,16x)	8,12x	8,94x
Debt to Capital [Total debt / Total Capital]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,01x	0,01x	0,52x
COREWEAVE, INC.	1,07x	0,89x	0,90x
Debt to Assets [Total debt / Total Assets]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,00x	0,01x	0,40x
COREWEAVE, INC.	0,40x	0,60x	0,60x
Financial Leverage [Total Assets / Total Equity]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	2,66x	1,09x	2,71x
COREWEAVE, INC.	(37,73x)	13,63x	14,78x
Debt to EBITDA [Total debt / EBITDA]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	(0,11x)	(0,16x)	(34,73x)
COREWEAVE, INC.	22,47x	8,95x	12,24x

Source: author's analysis based on Tikr data.

In 2025 Nebius had debt to equity of about 1.08x and debt to assets of 0.40x, versus 8.94x and 0.60x at CoreWeave, whose financial leverage was 14.78x versus 2.71x at Nebius. CoreWeave has financed much more of its growth with debt and infrastructure obligations. Nebius is not free of financial risk

either, but it starts from a stronger equity and liquidity position.

- ***Activity ratios***

ACTIVITY			
Receivables turnover [Revenue / Average receivables]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	2,39x	8,17x	0,74x
COREWEAVE, INC.	1,38x	4,59x	1,62x
Days of sales outsanding (DSO) [Number of days in period / Receivables turnover]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	153 días	45 días	496 días
COREWEAVE, INC.	264 días	79 días	225 días
Payables turnover [Purchases / Average trade payables]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	1,57x	3,50x	0,31x
COREWEAVE, INC.	0,54x	0,76x	1,22x
Number of days of payables [Number of days in period / Payables turnover]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	233 días	104 días	1161 días
COREWEAVE, INC.	674 días	478 días	299 días
Working capital turnover [Revenue / Average working capital]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	(0,02x)	0,04x	0,17x
COREWEAVE, INC.	(0,46x)	(0,63x)	(0,57x)
Fixed Asset turnover [Revenue / Average net fixed assets]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,07x	0,10x	0,08x
COREWEAVE, INC.	0,06x	0,13x	0,13x
Total Asset turnover [Revenue / Average total assets]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,00x	0,03x	0,04x
COREWEAVE, INC.	0,05x	0,11x	0,10x

Source: author's analysis based on Tikr data.

CoreWeave was further along in monetizing its assets in 2025: fixed asset turnover of 0.13x versus 0.08x at Nebius, and total asset turnover of 0.10x versus 0.04x. At Nebius these indicators are still low because much of the infrastructure was being deployed before producing revenue at full capacity. Nebius's receivable and payable days (496 and 1,161 days in 2025) are extraordinarily high and reflect a still-small revenue base; they are not sustainable long-term levels, but a sign that converting growth into cash will be a key variable.

- ***Profitability ratios***

PROFITABILITY			
Operating ROA [Operating Income / Average Total Assets]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	(0,03x)	(0,11x)	(0,05x)
COREWEAVE, INC.	(0,00x)	0,02x	(0,00x)
ROA [Net Income / Average Total Assets]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,03x	(0,18x)	0,01x
COREWEAVE, INC.	(0,12x)	(0,05x)	(0,02x)
ROE [Net Income / Average Total Equity]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	0,07x	(0,20x)	0,02x
COREWEAVE, INC.	4,50x	(0,66x)	(0,35x)
ROIC [EBIT / Average short and long-term debt and equity]	**31/12/2023**	**31/12/2024**	**31/12/2025**
Nebius Group NV	(0,09x)	(0,12x)	(0,06x)
COREWEAVE, INC.	(0,01x)	0,03x	(0,00x)

Source: author's analysis based on Tikr data.

Neither company had yet achieved consolidated returns on invested capital by the end of 2025. CoreWeave was closer to operating break-even, while Nebius still posted significant losses in its core business. Nebius's slightly positive ROA and ROE in 2025 were helped by non-operating gains; its ROIC remained negative.

CONCLUSION OF THE COMPARISON

Nebius seems to be going through a stage similar to the one CoreWeave went through before, but starting from a stronger financial structure. That can be a relevant advantage if it deploys its infrastructure on time, keeps high utilization and turns revenue growth into cash flow. At the same time, the analysis confirms that it is a capital-intensive business with strong competition and significant execution risks.

SWOT analysis

STRENGTHS

- Almost pure exposure to AI infrastructure, one of the main bottlenecks of the current cycle.
- Technical talent inherited from Yandex and the leadership of Arkady Volozh.
- Top-tier strategic customers such as Microsoft and Meta.
- ARR and revenue growing at an extraordinary pace.
- Stakes and optional assets such as ClickHouse, Toloka, Avride and TripleTen.

WEAKNESSES

- A capital-intensive business, with massive CapEx before full monetization.
- Internal controls still maturing after the restructuring.
- High dependence on Nvidia, power, financing and hardware availability.
- High depreciation: adjusted EBITDA can overstate economic profitability.
- Potential concentration in large customers with strong bargaining power.

OPPORTUNITIES

- Sustained growth in demand for AI training and inference.
- Long-term contracts that allow the expansion to be financed with less risk.
- Global expansion in locations with available power.
- Turning Nebius into a full-stack platform for AI developers.
- Revaluation of non-core assets such as ClickHouse.

THREATS

- Normalization of GPU supply and compression of compute prices.
- Competition from CoreWeave, Oracle and integrated hyperscalers.
- Accelerated technological obsolescence of GPUs and clusters.
- Share dilution or more debt if CapEx exceeds operating cash.
- Regulatory changes, chip restrictions and geopolitical risks.

Porter's Five Forces

The threat of new entrants is medium. In theory, anyone with capital can buy GPUs and rent compute. In practice, securing GPUs, power, data centers, technical talent and enterprise customers is not easy. The barrier is not a patent but the simultaneous execution of many scarce pieces. Still, capital is pouring into the industry, so I cannot consider the threat low.

Supplier bargaining power is high. Nvidia dominates the critical layer of advanced GPUs. Power, data center, networking and financing providers can also capture value when demand is extreme.

Customer bargaining power is also high. The most valuable customers are big tech, AI labs and companies with large compute budgets that buy huge volumes and can negotiate prices, terms and conditions. In a market of scarcity even large customers need to secure capacity; if scarcity disappears, power will shift to the customer.

The threat of substitutes is medium-high. Customers can use traditional hyperscalers, build their own infrastructure, optimize models to need less compute, switch to alternative chips or reduce intensive training if AI returns disappoint.

Competitive rivalry is high and will probably increase. CoreWeave, Oracle, AWS, Azure, Google Cloud, regional providers and new neoclouds compete for the same customers, GPUs, power and talent. In a normalization phase, competition could turn into direct pressure on prices and margins.

Risks

For a company like Nebius, this section is one of the most important.

The first risk is **CapEx**. Nebius is building capacity at an extraordinary speed. That may be exactly right if demand keeps accelerating, but dangerous if the industry enters oversupply. GPUs are expensive assets with a limited technological life. A bad timing decision can destroy value even if the AI narrative remains correct.

The second risk is real **profitability**. AI Cloud adjusted EBITDA can show very attractive margins, but investors must look at depreciation, hardware replacement, financing costs and maintenance CapEx. In AI infrastructure, depreciation is not an innocent accounting adjustment: it represents real consumption of technology assets.

The third risk is **customer concentration**. The Microsoft and Meta contracts are huge validations, but they can also create dependence. Large customers can internalize capacity over time or renegotiate terms if the market normalizes.

The fourth risk is the **availability of power and hardware**. The company needs latest-generation GPUs, networking, cooling, land, permits and power. A delay in any of these can affect revenue, margins and commercial credibility.

The fifth risk is **competition**. Hyperscalers will not stand still: they have much bigger balance sheets and can invest tens of billions of dollars.

The sixth risk is **accounting and governance**. Nebius reported *material weaknesses* in internal controls over fixed assets and TripleTen revenue recognition. Until they are definitively resolved, investors should apply a risk discount.

The seventh risk is **valuation and the sector's sentiment**. Nebius is no longer an ignored story, and the 2026 correction showed how quickly the market can change its view of neoclouds.

Finally, the eighth risk I see is the future evolution of cloud **compute demand**. I am not yet convinced that all future AI expansion must run exclusively on cloud infrastructure. Running every interaction, agent or everyday task from large data centers implies high power, capacity and cost requirements, which could gradually favor a more **hybrid** model. Nvidia has already started promoting personal computers able to run agents and AI models locally, and I think it is reasonable to imagine many simple, frequent tasks running directly on a phone, a computer or other smart devices, while the most complex work (model training, large-scale processing, advanced agents and inference of very large models) keeps requiring specialized cloud infrastructure. The risk for Nebius is not that local AI replaces its business entirely, but that a relevant share of future workloads ends up running on devices, which would reduce data center utilization, pricing power and the returns on the large investments it is making.

SECTION 06

The bulls vs. the bears

What do the bulls say?

The first argument is **demand**: more than USD 40 billion in customer commitments, contracts with Microsoft and Meta, and an ARR of USD 6.4 billion in September that the company expects to take above USD 7 billion in February 2027. Few companies in the world grow like this.

The second is the **balance sheet**: compared with CoreWeave, Nebius has much less leverage and a significant cash base, and it funds part of its expansion with customer prepayments.

The third is the **additional assets**: ClickHouse, Toloka and Avride could be worth several billion dollars and are not included in the value of the core business.

What do the bears say?

The first argument is **capital**: investing about USD 27 billion in 2026 and up to USD 45 billion in 2027 in assets that depreciate over 4-6 years requires very high returns. If compute prices fall, profitability after depreciation could be very poor.

The second is **concentration and competition**: a few very large customers with strong bargaining power, and competitors (hyperscalers, CoreWeave, Oracle) with much larger balance sheets.

The third is **dilution**: the expansion is being financed partly with share and convertible issuance, and that is likely to continue.

SECTION 07

Valuation

I built a ten-year **discounted cash flow (DCF)** model with two methods for the terminal value: **perpetuity growth** and an **exit multiple on EBITDA**. For a company at this stage most of the value depends on the terminal value, so the results should be read as a range rather than an exact number.

Model inputs and assumptions

2. Operating drivers by scenario (explicit forecast)

Driver	Δ vs Base	FY2023A	FY2024A	FY2025A	3Y avg	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E	FY2032E	FY2033E	FY2034E	FY2035E
Forecast year #						*1*	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
Revenue growth ▸ selected scenario		(27.4%)	833.7%	479.2%	**239.9%**	**472.0%**	**302.0%**	**87.0%**	**45.0%**	**30.0%**	**20.0%**	**14.0%**	**10.0%**	**6.0%**	**4.0%**
Best case	5.0%					477.0%	307.0%	92.0%	50.0%	35.0%	25.0%	19.0%	15.0%	11.0%	9.0%
Base case						472.0%	302.0%	87.0%	45.0%	30.0%	20.0%	14.0%	10.0%	6.0%	4.0%
Worst case	(8.0%)					464.0%	294.0%	79.0%	37.0%	22.0%	12.0%	6.0%	2.0%	(2.0%)	(4.0%)
Gross margin ▸ selected scenario		(100.0%)	52.2%	68.7%	**7.0%**	**76.0%**	**74.0%**	**75.0%**	**76.0%**	**76.0%**	**76.0%**	**75.0%**	**74.0%**	**73.0%**	**72.0%**
Best case	1.0%					77.0%	75.0%	76.0%	77.0%	77.0%	77.0%	76.0%	75.0%	74.0%	73.0%
Base case						76.0%	74.0%	75.0%	76.0%	76.0%	76.0%	75.0%	74.0%	73.0%	72.0%
Worst case	(3.0%)					73.0%	71.0%	72.0%	73.0%	73.0%	73.0%	72.0%	71.0%	70.0%	69.0%
EBIT margin ▸ selected scenario		(2918.4%)	(437.2%)	(115.5%)	**(1157.0%)**	**(13.0%)**	**–**	**10.0%**	**15.0%**	**18.0%**	**20.0%**	**21.0%**	**22.0%**	**22.0%**	**22.0%**
Best case	3.0%					(10.0%)	3.0%	13.0%	18.0%	21.0%	23.0%	24.0%	25.0%	25.0%	25.0%
Base case						(13.0%)	–	10.0%	15.0%	18.0%	20.0%	21.0%	22.0%	22.0%	22.0%
Worst case	(4.0%)					(17.0%)	(4.0%)	6.0%	11.0%	14.0%	16.0%	17.0%	18.0%	18.0%	18.0%
Capex % of revenue ▸ selected scenario		845.9%	882.0%	767.2%	**831.7%**	**890.0%**	**349.0%**	**100.0%**	**60.0%**	**45.0%**	**38.0%**	**34.0%**	**31.0%**	**28.0%**	**27.0%**
Best case	(2.0%)					888.0%	347.0%	98.0%	58.0%	43.0%	36.0%	32.0%	29.0%	26.0%	25.0%
Base case						890.0%	349.0%	100.0%	60.0%	45.0%	38.0%	34.0%	31.0%	28.0%	27.0%
Worst case	3.0%					893.0%	352.0%	103.0%	63.0%	48.0%	41.0%	37.0%	34.0%	31.0%	30.0%

Source: author's analysis.

Revenue growth: in the Base Case revenue multiplies by 5.7x in 2026 (about USD 3.0 billion, in line with guidance), by 4x in 2027 (about USD 12.2 billion, within the guidance range and supported by the capacity that slips into the first half of the year) and grows 87% in 2028. Growth then gradually moderates to 4% in 2035, when revenue is around USD 74 billion.

Margins: gross margin starts at 76% in 2026, in line with the first nine months, and then sits around 72-76%. EBIT margin starts at -13% in 2026, reaches break-even in 2027 and gradually rises to 22% in 2033-2035, in line with what a mature infrastructure operator with high depreciation should achieve.

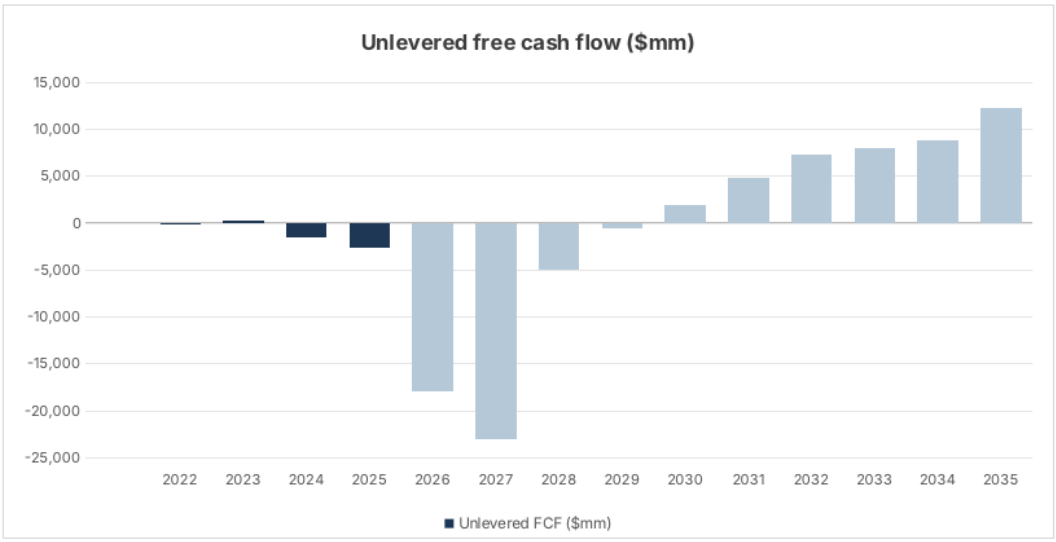
CapEx: the most important assumption. I use 890% of sales in 2026 (about USD 27 billion, the company's guidance) and 349% in 2027 (about USD 42.5 billion, the midpoint of guidance). It then falls to 100% in 2028 and gradually to 27% of sales by the end of the period, a level that covers the permanent replacement of GPUs.

Depreciation and working capital: I use depreciation of 22% per year on fixed assets (a useful life of about 4-5 years for equipment) and normalized working capital, because historical data are distorted by the very small revenue base.

Customer prepayments: they are a central piece of funding. Deferred revenue equals 330% of sales at the end of 2026 and 190% in 2027, in line with the prepayments the company expects (USD 10 billion in 2026 and USD 17-20 billion in 2027). It then gradually falls to 30% of sales as those prepayments are recognized as revenue.

What does each scenario mean?

- **Base Case:** Nebius completes its expansion plan, signed contracts turn into revenue and margins converge to those of a mature operator.
- **Best Case:** demand for compute keeps exceeding supply for longer, with better prices and utilization. It adds 5 points of growth per year, 3 points of EBIT margin and 2 points less CapEx.
- **Worst Case:** oversupply of capacity, falling prices and lower utilization. It subtracts 8 points of growth and 4 points of EBIT margin, and adds 3 points of CapEx.



Source: author's analysis.

Discount rate (WACC)

5. Discount rate (WACC)		Value
Risk-free rate		4.9%
Equity beta (levered)	x	1.80
Equity risk premium		4.2%
Country risk premium		–
Cost of equity		12.5%
Pre-tax cost of debt		6.0%
Tax rate (debt tax shield)		25.0%
After-tax cost of debt		4.5%
Market value of equity	$ mm	46,098
Total debt	$ mm	15,960
Debt / (Debt + Equity)		25.7%
Equity / (Debt + Equity)		74.3%
WACC		10.4%

Source: author's analysis.

Nebius has no representative historical beta, since it only resumed trading in October 2024. I use a beta of 1.8, consistent with the volatility of the stock and the sector. With a 4.9% risk-free rate and a 4.2% equity risk premium, the **cost of equity is 12.5%**. For debt I use a 6% pre-tax cost. With a capital structure of 74% equity and 26% debt, the **resulting WACC is 10.4%**.

For the terminal value I use a long-run WACC of 11%, above today's. Today's WACC is low because convertible debt weighs heavily in the capital structure, and I do not want long-term value to depend on that cheap funding.

I value the company as of September 30, 2026, the date of its latest balance sheet. To go from Enterprise Value to Equity Value I subtracted USD 9,793 million: debt and leases of USD 15,960 million, less cash of USD 7,426 million and stakes in other companies of USD 1,604 million, plus a USD 2,863 million adjustment because fourth-quarter 2026 CapEx is much heavier than the average for the year. The share count is 298 million; I do not include future issuance, because the negative cash flows of the coming years already reflect the cost of financing the expansion.

Model results

PERPETUITY METHOD

With 2.5% perpetual growth and a 13% return on new invested capital, the model gives an Enterprise Value of USD 36.2 billion and an Equity Value of USD 26.4 billion, equivalent to **USD 88.63 per share**.

Nebius Group N.V.

NBIS · Discounted Cash Flow · Perpetuity Growth Method

Valuation date 30 Sep 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$88.63

Current share price	$154.69
Upside / (downside)	(42.7%)

VALUATION SUMMARY

Enterprise value	36,205
Equity value	26,412
PV of forecast cash flows	(9,054)
PV of terminal value	45,259
Terminal value % of EV	125.0%
Implied exit EV / EBITDA	3.4x

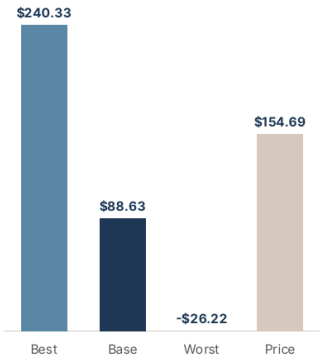
KEY ASSUMPTIONS

WACC (year 1)	10.4%
Terminal WACC	11.0%
Terminal growth (g)	2.5%
RONIC (terminal)	13.0%
Net debt & other claims	9,793
Diluted shares (mm)	298.0

SCENARIOS

Scenario	Terminal growth	Enterprise value	Equity value	Value per share	Upside
Best case	3.0%	81,410	71,617	**$240.33**	+55.4%
Base case	2.5%	36,205	26,412	**$88.63**	(42.7%)
Worst case	2.0%	1,980	(7,813)	**-$26.22**	(116.9%)
Current share price				*$154.69*	

VALUE PER SHARE VS. CURRENT PRICE



SENSITIVITY · VALUE PER SHARE

Terminal growth rate (g)

WACC / g	1.5%	2.0%	2.5%	3.0%	3.5%
9.4%	$121.44	$124.38	$127.73	$131.55	$135.96
9.9%	$102.42	$104.52	$106.87	$109.54	$112.60
10.4%	$85.59	$87.02	**$88.63**	$90.44	$92.49
10.9%	$70.60	$71.53	$72.57	$73.72	$75.02
11.4%	$57.20	$57.74	$58.33	$58.99	$59.73

Source: author's analysis.

Note: the terminal value represents more than 100% of Enterprise Value because the present value of the explicit cash flows is negative (about USD 9,054 million) due to heavy CapEx in the coming years. In practice, the terminal value funds that deficit.

In the Best Case the value is **USD 240.33** and in the Worst Case it is negative (**-USD 26.22**): in that scenario debt exceeds the value of the business. The present value of the explicit-period cash flows is negative (-USD 9.1 billion): all the value depends on what happens after 2035.

With a WACC half a point lower, the value rises to USD 107; with one half a point higher, it falls to USD 73.

EBITDA MULTIPLE METHOD

Applying a **4.5x** multiple to EBITDA in the last projected year of the Base Case (6x in the Best Case and 3.5x in the Worst Case), the model gives an Enterprise Value of USD 51.6 billion and a value of **USD 140.43 per share**.



Nebius Group N.V.

NBIS · Discounted Cash Flow · Exit Multiple Method

Valuation date 30 Sep 2026 · USD mm · Scenario: Base Case

AZ STOCKS Acciones de la A a la Z

INTRINSIC VALUE PER SHARE

$140.43

Current share price	$154.69
Upside / (downside)	(9.2%)

VALUATION SUMMARY

Enterprise value	51,640
Equity value	41,847
PV of forecast cash flows	(9,054)
PV of terminal value	60,694
Terminal value % of EV	117.5%
Implied perpetual growth	2.9%

KEY ASSUMPTIONS

WACC (year 1)	10.4%
Terminal WACC	11.0%
Exit EV / EBITDA	4.5x
EBITDA, final forecast year	34,629
Net debt & other claims	9,793
Diluted shares (mm)	298.0

SCENARIOS

Scenario	Exit multiple	Enterprise value	Equity value	Value per share	Upside
Best case	6.0x	110,278	100,485	**$337.20**	+118.0%
Base case	4.5x	51,640	41,847	**$140.43**	(9.2%)
Worst case	3.5x	13,321	3,528	**$11.84**	(92.3%)
Current share price				*$154.69*	

VALUE PER SHARE VS. CURRENT PRICE

SENSITIVITY · VALUE PER SHARE

Exit EV / EBITDA multiple

WACC / multiple	2.5x	3.5x	4.5x	5.5x	6.5x
9.4%	$63.59	$112.81	$162.04	$211.26	$260.48
9.9%	$56.59	$103.79	$150.98	$198.18	$245.38
10.4%	$49.91	$95.17	**$140.43**	$185.69	$230.95
10.9%	$43.52	$86.93	$130.34	$173.75	$217.17
11.4%	$37.41	$79.06	$120.70	$162.35	$204.00

Source: author's analysis.

The multiple may look very low, but there is a logic: in a business where depreciation and reinvestment consume much of EBITDA, EBITDA greatly overstates the cash available to shareholders. With an 11% long-run WACC, a 4.5x multiple already implies 2.9% perpetual growth. Applying software multiples to a structure that looks more like infrastructure is exactly the mistake I want to avoid.

In the Best Case the value is **USD 337.20** and in the Worst Case **USD 11.84**.

Reading both methods together

Averaging both methods in the base case, I arrive at a **target price of USD 115 per share**, compared with a market price of USD 154.69. That is about 26% below the current price.

The two methods differ quite a lot (USD 88.63 versus USD 140.43). The perpetuity method gives little value to growth, because the return on new capital (13%) barely exceeds the cost of capital (11%); the 4.5x multiple implies 2.9% perpetual growth, somewhat above the 2.5% I use in the other method. The spread between scenarios is huge: from a negative value in the Worst Case to more than USD 300 in the Best Case. That reflects exactly what Nebius is: an option on the growth of AI infrastructure, with very different outcomes depending on how demand evolves and how much capital it takes to serve it.

SECTION 08

Conclusion

Nebius has become very relevant in a very short time, driven by its growth and its role in the AI infrastructure ecosystem. In a context where the need for compute is growing fast and available infrastructure is still insufficient, the company has very strong tailwinds. 2026 results confirm it: revenue multiplying, a 53% adjusted EBITDA margin in AI Cloud and customers that already prepay for the capacity they need.

However, my model gives a **target price of USD 115 per share**, about 26% below the current price. The reason is capital intensity: when I look at profitability after depreciation and the reinvestment needed to replace GPUs, the return on capital in the base case barely exceeds the cost of capital. On top of that is funding: the expansion is paid for with prepayments, but also with debt and new shares. Value depends almost entirely on the terminal value, and the range between scenarios is enormous.

I also still have the same underlying doubt about future demand. AI requires huge amounts of infrastructure and power today, but it is not yet clear how workloads will be distributed. My impression is that we are heading toward a hybrid model: part of AI will run locally on phones, computers, vehicles and other devices for everyday tasks, while the cloud will remain necessary for training, large-scale data processing, advanced agents and more demanding tasks. That scenario does not eliminate Nebius's opportunity, but it adds uncertainty about the final size of the market and the utilization of its assets.

For this reason, I see Nebius as a very interesting company to follow closely, but also a high-risk investment and, at this price, one with no margin of safety in my base case. I prefer to wait: a reasonable entry point is closer to my target price, or comes when execution confirms the thesis and new capacity comes online on time.

Nebius could become one of the big beneficiaries of AI infrastructure. But the investment requires trusting not only the growth of the sector, but also very precise execution and a demand for cloud compute that I still consider uncertain.

Alan



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