



# WARREN BUFFETT LENS

Investment Balance Sheet Stress Test

## NEBIUS GROUP N.V.

NASDAQ: NBIS

Fiscal Year 2025 | Form 6-K filed February 12, 2026  
Skill: Warren Buffett Lens (ID: 24) | Portdive Alpha Intelligence  
Report Date: February 27, 2026

BUFFETT SCORE

# 3.5 / 10

Upgraded from 2/10 (FY2024)

EXECUTIVE SUMMARY

This report applies the Warren Buffett Lens framework (Skill ID: 24) to Nebius Group N.V. (NASDAQ: NBIS), the Amsterdam-headquartered AI cloud company, using the most recent available financial data — the Q4 and full-year 2025 earnings release filed as Form 6-K on February 12, 2026. All figures are in US dollars unless stated.

Nebius has undergone a fundamental transformation in twelve months. What was a cash-heavy, pre-revenue startup in 2024 is now a capital-intensive AI infrastructure operator with \$529.8M in revenue, a \$5.6B PP&E base, \$1.58B in contracted deferred revenue from Meta and Microsoft, and \$4.1B in convertible notes. The Buffett Score is upgraded from 2/10 to 3.5/10 — meaningful progress, but the business remains deeply loss-making on an adjusted basis and entirely dependent on external capital markets.

KEY METRICS AT A GLANCE — FY2025

<div>\$529.8M</div> <div>Revenue (FY2025)</div>	<div>+479%</div> <div>Revenue Growth YoY</div>	<div>68.6%</div> <div>Gross Margin</div>	<div>+\$15.0M</div> <div>Q4 Adj. EBITDA</div>
<div>-\$64.9M</div> <div>Full-Year Adj. EBITDA</div>	<div>-\$446.7M</div> <div>Adj. Net Loss</div>	<div>\$3,678M</div> <div>Cash on Hand</div>	<div>\$4,128M</div> <div>Total Debt</div>
<div>\$5,573M</div> <div>PP&amp;E</div>	<div>\$1,578M</div> <div>Deferred Revenue</div>	<div>+\$401.9M</div> <div>Operating Cash Flow</div>	<div>-\$3,664M</div> <div>Free Cash Flow</div>

## I. YEAR-ON-YEAR COMPARISON: FY2024 → FY2025

The scale of change across every balance sheet and income statement line is extraordinary. The company raised \$5.3B+ in fresh capital during 2025, deployed \$4.07B in capex, and signed landmark multi-year contracts that transformed the revenue and liability structure overnight.

Metric	FY2024	FY2025	Change
Revenue	\$91.5M	<b>\$529.8M</b>	+479%
Gross Margin	~50%	<b>68.6%</b>	▲ ~19pp
Full-Year Adj. EBITDA	-\$226.3M	<b>-\$64.9M</b>	-71% loss
Q4 Adj. EBITDA	-\$63.9M	<b>+\$15.0M</b>	First +ve
SBC % of Revenue	~97%	<b>16%</b>	▼ 81pp
Operating Cash Flow	-\$269.9M	<b>+\$401.9M</b>	Flipped
Capex	-\$807.5M	<b>-\$4,066M</b>	5× increase
Free Cash Flow	-\$1,128M	<b>-\$3,664M</b>	3.2× worse
Cash & Equivalents	\$2,435M	<b>\$3,678M</b>	+\$1.24B
Long-Term Debt	\$0	<b>\$4,103M</b>	New
Net Cash / (Net Debt)	+\$2,435M	<b>-\$450M</b>	Flipped
PP&E	\$847M	<b>\$5,573M</b>	+558%
Accounts Receivable	\$11.2M	<b>\$720.3M</b>	+6,331%
Deferred Revenue	~\$0	<b>\$1,578M</b>	New
Non-Mkt. Equity	\$90.7M	<b>\$836.6M</b>	+822%
Total Assets	\$3,549M	<b>\$12,450M</b>	+251%
Buffett Score	2 / 10	<b>3.5 / 10</b>	+1.5 pts

## II. QUALITY OF ASSETS

Buffett's first question about any balance sheet: "Can I get this money tomorrow?" He works through assets in order of liquidity, assigning full value only to cash and near-cash equivalents, and steep haircuts to everything else.

### Cash & Equivalents: \$3,678.1M (29.5% of total assets) ✓

Cash grew to \$3.68B, funded by a landmark financing year: \$4.16B in two tranches of convertible notes and \$1.15B in equity. However, cash now represents only 30% of total assets — down from 69% in FY2024. The balance sheet has structurally shifted from a cash-heavy holding company into a capital-intensive infrastructure operator. Importantly, the \$180.9M Dutch withholding tax contingency that overhung FY2024 was fully resolved and paid in 2025. The balance sheet is cleaner on that front.

### Accounts Receivable: \$720.3M | DSO: ~496 days ⚠

AR grew 63-fold from \$11.2M to \$720.3M. The 496-day DSO headline is alarming by conventional analysis but is structurally misleading — it reflects the milestone billing mechanics of Nebius's long-term contracts with Meta (approximately \$3B over five years) and Microsoft (approximately \$17–19B through 2031). These are invoice-heavy enterprise deals where large billing tranches are recognised in AR ahead of cash settlement. This is not a credit quality issue — Meta and Microsoft are among the most creditworthy counterparties on earth. But the traditional DSO metric is broken as a working capital signal and must be read alongside the deferred revenue line.

### Inventory: \$0 (N/A) ✓

No inventory. Nebius is a services and AI infrastructure business. GPU obsolescence risk — the equivalent concern — is embedded entirely within PP&E. Now that PP&E stands at \$5.57B, this is a material and growing risk.

### Property & Equipment: \$5,572.5M (44.8% of total assets) ⚠

PP&E surged 558% as Nebius deployed \$4.07B in capex — primarily NVIDIA Blackwell GPU clusters across the US, Finland, France, and new EMEA sites. Nebius has announced it will be among the first AI cloud providers to deploy NVIDIA Vera Rubin NVL72 systems in 2026. Depreciation alone consumed \$404M in FY2025 — 76% of revenue — as the company depreciates its existing Hopper fleet while ramping Blackwell. The critical risk: at this scale, any sustained under-utilisation of GPU capacity would be company-defining. The company has not disclosed a GPU utilisation rate, which remains the single most important undisclosed operating metric.

### Goodwill & Intangibles: \$19.7M (0.2% of total assets) ✓

Still negligible. No significant M&A-driven goodwill on the balance sheet. The Tavily acquisition (agentic search, announced January 2026) appears small. Buffett would be relieved — this is a business built from engineering talent and infrastructure investment, not acquisitive financial engineering.

### Non-Marketable Equity Securities: \$836.6M (+822% YoY) ⚠

This line item is the most important accounting development of FY2025, and the most misleading in terms of reported profitability. Non-marketable equity jumped from \$90.7M to \$836.6M. The associated \$598.9M gain on equity revaluation flows directly through the income statement — it is the primary reason GAAP net income turned nominally positive at \$29.0M. Buffett would strip this out immediately. These are illiquid, mark-to-model valuations — likely the ClickHouse and Toloka equity stakes re-marked after financing rounds, plus \$50M in new investments. A 50% Buffett haircut to this line reduces adjusted book value by approximately \$418M.

### Operating Lease Right-of-Use Assets: \$918.8M

Exploded from \$44.8M in FY2024 to \$918.8M — reflecting long-dated data centre lease commitments across the US, Finland, France, and new expansion sites. The corresponding lease liabilities total \$760.5M (current plus non-current). These are real, contracted obligations that will grow further as Nebius expands toward its 2+ GW contracted power target. Buffett would treat the present value of future lease payments as quasi-debt in his analysis.

### III. QUALITY OF LIABILITIES

#### Long-Term Debt: \$4,103.2M ← The biggest structural change ⚠️

Twelve months ago NBIS had zero long-term debt. Today it carries \$4.1B in convertible notes, issued across two tranches in 2025: approximately \$1B in June and approximately \$3.16B in September as part of a combined \$4.3B capital raise alongside equity. The notes mature in 2030 and 2032 — no near-term refinancing cliff. Annual interest expense: \$57.8M in FY2025, annualising toward \$80–100M once the notes are outstanding for a full calendar year. Net debt (cash less total debt): -\$449.6M — the company has crossed from net cash to net debt for the first time.

Buffett's view: debt is not inherently bad if the earnings power reliably covers it. For NBIS, with \$15M of Q4 adj. EBITDA and \$57.8M of full-year interest expense, the coverage is thin at current run rates. The thesis requires substantial revenue growth to make this comfortable.

#### Deferred Revenue: \$1,577.5M ← Transformative new line item ✅

This is the most strategically important new item on the balance sheet — and superficially it is a liability. Deferred revenue of \$1.58B represents cash already collected from customers for GPU compute services not yet delivered. This is the accounting consequence of landmark multi-year contracts: Meta (approximately \$3B over five years) and Microsoft (approximately \$17–19B through 2031 with up to \$19B total). Buffett would love this construct. Customers have prepaid. Nebius has the cash. The obligation is to deliver capacity — which they are building. This is Berkshire Hathaway's insurance float logic applied to cloud infrastructure: collect now, deliver later, earn returns on the float in the meantime. The \$1,565.8M increase in deferred revenue was the primary mechanical driver of the first-ever positive operating cash flow.

#### Accounts Payable & Accrued Liabilities: \$1,210.1M

Grew from \$228M as Nebius scales GPU procurement from NVIDIA and data centre construction. This line reflects the scope of hardware commitments and the supply chain being built to fulfil contracted capacity obligations.

#### Dutch Withholding Tax Contingency: RESOLVED ✅

The \$180.9M contingent liability that overshadowed the FY2024 balance sheet — related to Dutch withholding tax on treasury shares received as Russia divestment consideration — was fully paid out in 2025. This overhang is gone.

## IV. SHAREHOLDERS' EQUITY

### Total Equity: \$4,613.2M

Equity grew from \$3,253.7M despite massive capex consumption, driven by equity raises and the GAAP net income (which, critically, was inflated by the \$598.9M equity revaluation gain). Treasury shares declined from -\$1,968.1M to -\$1,075.7M as treasury shares were deployed for employee equity awards and financing purposes.

### ROE: 0.7% (GAAP) — Not meaningful

GAAP net income of \$29.0M on average equity of approximately \$3.9B yields a nominal positive ROE of 0.7%. But strip out the \$598.9M non-cash equity revaluation gain and the operating picture is deeply negative. Buffett's DuPont analysis would show: thin/negative operating margins × low asset turns × modest leverage = meaningless ROE. The correct framework for NBIS in 2025 is not current ROE — it is the trajectory toward sustainable unit economics.

### Share-Based Compensation: \$83.2M (16% of revenue) — Major Improvement

This is one of the most significant positive developments in FY2025. SBC collapsed from approximately 97% of revenue in FY2024 to 16% in FY2025 — a direct result of revenue scaling faster than the absolute SBC base. The adjusted metrics still exclude most SBC, but the real economic burden is normalising rapidly. If revenue continues to grow at pace, this ratio should fall below 10% by FY2026.

### Share Count: 253.0M issued (excl. 69.0M treasury)

Share count increased from 235.8M (FY2024) to 253.0M (FY2025) through equity raises and RSU vesting, partially offset by treasury drawdown. The dilution cadence is decelerating. The 30M-share equity incentive plan (authorised August 2024) remains a source of future dilution, but the gross treasury balance has declined meaningfully as shares are put to work.

## V. CASH FLOW REALITY CHECK

### Operating Cash Flow: +\$401.9M ← Landmark shift

OCF flipped from -\$269.9M in FY2024 to +\$401.9M in FY2025 — the most operationally significant headline of the year. But the mechanism demands scrutiny. The \$1,565.8M deferred revenue build (prepayments from Meta and Microsoft) was the overwhelming driver. Without this, underlying OCF from GPU utilisation and recurring services would remain deeply negative. That said, pre-paid contracts are a fully legitimate form of operating cash generation, and Buffett would recognise that persuading marquee tech companies to pay years in advance is itself a sign of real competitive credibility.

### Free Cash Flow: -\$3,664.1M

Operating cash flow of +\$401.9M against capex of -\$4,066.0M yields FCF of -\$3.66B. The company invested five times more in hardware and infrastructure than in the prior year. This is not operational failure — it is the mathematical cost of building a global GPU infrastructure empire. But it makes NBIS entirely dependent on capital markets for the foreseeable future, and the \$4.1B in convertible notes exists precisely to bridge this gap.

### FCF Conversion: Not applicable (capital build phase)

Traditional FCF conversion analysis is inapplicable in a period of \$4B+ annual capex. The right question is: does Nebius have sufficient contracted revenue, cash, and financing capacity to cover build-out obligations until the infrastructure generates self-sustaining cash flows? Based on \$3.68B cash, \$1.58B deferred revenue prepaid, and \$4.1B convertible notes with 2030–32 maturities, the answer is yes for the medium term.

### Financing Activity: \$5,125.5M inflow

Nebius raised \$5.13B from financing activities in 2025 — \$4.16B in convertible notes, \$1.15B in equity (including the September \$1.15B combined offering), and \$100M in SAFE instruments. This is one of the largest capital raises in AI infrastructure history for a company of this scale. It reflects both the opportunity and the ongoing dependency on external capital.



## VI. BUFFETT STRESS TESTS

Five standard Buffett stress scenarios are applied, plus two additional scenarios specific to NBIS's capital structure. All monetary impacts are in USD millions. Cash remaining reflects the \$3,678.1M starting balance.

Scenario	Assumption	Impact	Cash After	Verdict
<b>Inventory Obsolescence</b>	N/A — no inventory held	None	\$3,678M	✓
<b>Receivables Delay (90d)</b>	Meta/MSFT delay payment 90 days	-\$131M cash drag	\$3,547M	✓
<b>Lose Top Customer</b>	Lose ~30% of annual revenue	-\$159M revenue impact	Protected by prepaid deferred rev.	⚠
<b>Margin Compression (10pp)</b>	Gross margin: 68.6% → 58.6%	-\$53M Adj. EBITDA impact	Deepens full-year loss to -\$118M	⚠
<b>Lose EU Revenue (40%)</b>	Finland/France/EMEA goes dark	-\$212M revenue (~40% of base)	Core capacity hub — material	✗
<b>Equity Portfolio Collapse</b>	Non-mkt equity -50%: \$837M → \$418M	-\$418M non-cash income hit	GAAP impact; does not burn cash	⚠
<b>Debt Refinancing (+300bps)</b>	All \$4.1B notes rolled at +300bps	+\$124M/yr additional interest	Notes mature 2030–32; low near-term risk	⚠

Key insight versus FY2024: the \$1.58B deferred revenue backlog fundamentally changes the customer concentration stress test. Pre-paid cash from Meta and Microsoft is already on the balance sheet — even a contract dispute would not create an immediate liquidity crisis. The risk has structurally shifted from "will customers sign?" (FY2024 question) to "can Nebius deliver contracted capacity on time?" (FY2025 and beyond).

## VII. THE BUFFETT VERDICT

### OVERALL BUFFETT SCORE

# 3.5 / 10

Upgraded from 2/10 (FY2024) — operational momentum is real, but structural dependency on capital markets persists.

FY2024

# 2 / 10

▲ +1.5 pts

### ✓ What Buffett Would Like

- **Q4 2025 Adj. EBITDA +\$15.0M** — the unit economics model is finally working. A single quarter of positive adjusted EBITDA is not a trend, but it is a proof of concept.
- **SBC ratio: 97% → 16% of revenue** — one of the most dramatic single-year improvements in the analysis. As revenue scales, the compensation burden normalises rapidly.
- **OCF turned positive: +\$401.9M** — the business is generating operating cash for the first time, driven by prepayments that reflect genuine customer commitment.
- **Gross margin 68.6%** — strong for an AI infrastructure business; implies real pricing power and disciplined cost management at the GPU layer.
- **\$1.58B deferred revenue** — Meta and Microsoft have already paid. This is Buffett's float: money collected before services rendered. The business model at scale has a float-like quality.
- **Dutch tax contingency: resolved** — the \$180.9M liability that overhung FY2024 was paid. The balance sheet is cleaner.
- **Convertible notes mature 2030–32** — no near-term refinancing cliff. The company has time to grow into its debt obligations.
- **Zero goodwill** — no M&A-driven balance sheet bloat. Tavily was a small, targeted acquisition. Built from engineering talent, not acquisitive accounting.

### ✗ What Buffett Would Hate

- **FCF: -\$3.66B** — the company consumed \$3.66B more than it generated. It is entirely reliant on capital markets, and will remain so until the GPU fleet generates self-sustaining cash flows.
- **Net debt: -\$449.6M** — went from \$2.4B net cash to \$450M net debt in twelve months. Interest expense (\$57.8M in FY2025) is now a permanent, fixed cost regardless of GPU utilisation.
- **\$598.9M equity revaluation gain** — inflates GAAP net income to \$29.0M. The adjusted net loss is - \$446.7M. The reported profitability is an accounting artefact, not operational progress.
- **Non-marketable equity: \$836.6M (+822%)** — illiquid, mark-to-model valuations. A 50% Buffett haircut is appropriate. If AI startup valuations deflate, this line reverses and takes GAAP income with it.
- **D&A: \$404M = 76% of revenue** — the asset base is so large that depreciation alone nearly matches annual revenue. The company must grow revenue faster than assets depreciate, or reported losses widen further.
- **Adjusted net loss: -\$446.7M** — despite GAAP profit and positive OCF headlines, the real adjusted economic loss deepened year-on-year.
- **No disclosed GPU utilisation rate** — the single most important operational metric is undisclosed. Without it, the quality of the PP&E asset cannot be independently assessed.
- **Moat remains unproven at scale** — AWS, Azure, GCP, and CoreWeave are formidable competitors with deeper balance sheets and longer customer relationships. Nebius's differentiation — proprietary hardware design and full-stack AI tooling — is credible but unproven in head-to-head competition for large-scale customers.

## VIII. BALANCED SCORECARD: FY2024 vs FY2025

Dimension	FY2024	FY2025
Cash Quality	✓ \$2.45B (69% assets)	✓ \$3.68B (30% assets)
Inventory Risk	✓ None	✓ None
Receivables Quality	✓ DSO 41d, minimal	⚠ DSO 496d — contract distortion
PP&E / GPU Utilisation	⚠ \$847M, early stage	✗ \$5.57B, utilisation undisclosed
Goodwill / Intangibles	✓ Negligible	✓ Negligible (\$19.7M)
Equity Investments	⚠ \$90.7M — small	✗ \$836.6M — illiquid, mark-to-model
Debt Burden	✓ Zero LT debt	⚠ \$4.1B conv. notes (2030–32)
Deferred Revenue (Float)	✓ None needed	✓ \$1.58B contracted backlog
Contingent Liabilities	✗ \$180.9M Dutch tax	✓ Resolved & paid
Revenue Growth	⚠ \$91.5M (+462%)	✓ \$529.8M (+479%)
Gross Margin	⚠ ~50% (estimated)	✓ 68.6%
Adj. EBITDA	✗ -\$226.3M	⚠ -\$64.9M (Q4: +\$15.0M)
SBC as % Revenue	✗ ~97%	✓ 16%
Operating Cash Flow	✗ -\$269.9M	✓ +\$401.9M (deferred rev driven)
Free Cash Flow	✗ -\$1.13B	✗ -\$3.66B (capex 5×)
ROE	✗ Not meaningful	✗ 0.7% GAAP (inflated)
Capital Allocation	⚠ Equity-only, no debt	⚠ \$4.1B notes + equity raises
Moat Visibility	✗ Unproven	✗ Still unproven at scale

IX. THE ONE QUESTION THAT MATTERS

*"Can Nebius convert its \$1.58B deferred revenue backlog and \$7–9B 2026 ARR target into actual GPU utilisation and positive FCF before the \$4.1B convertible notes mature in 2030–2032?"*

This question has matured significantly from FY2024, when the key uncertainty was whether large customers would sign at all. That question has been answered — Meta and Microsoft have committed multi-year, multi-billion contracts. The risk profile has rotated 180 degrees: it is now an execution and delivery risk, not a demand risk.

What needs to go right

- GPU utilisation must ramp to 70%+ across the deployed Hopper and Blackwell fleet to generate the revenue density required for positive FCF
- Gross margins must hold at 65%+ as Nebius scales — early signs at 68.6% are encouraging
- Quarterly Adj. EBITDA must continue the Q4 2025 trajectory (+\$15M) and reach \$400–500M/quarter to meaningfully cover the \$4.1B debt obligation
- Capex must be absorbed into productive, revenue-generating assets rather than creating stranded hardware
- Technology transitions — Hopper to Blackwell to Vera Rubin — must be managed without significant asset impairment charges

What could go wrong

- GPU utilisation lags contracted obligations, forcing Nebius to delay revenue recognition or breach delivery milestones with Meta/Microsoft
- Hyperscaler pricing pressure (AWS, Azure, GCP) compresses achievable revenue per GPU-hour toward commodity levels
- NVIDIA supply constraints or export restrictions delay Blackwell/Vera Rubin deployment timelines
- Non-marketable equity valuations (\$836.6M) deflate in an AI funding downturn, reversing GAAP profit and damaging reported equity
- Capex in 2026 (guided substantially above 2025) requires another major capital raise before free cash flow turns positive

Key Metrics to Monitor

Metric	Why It Matters
GPU Utilisation Rate	The single most important undisclosed KPI — determines whether PP&E is earning its keep
Quarterly Adj. EBITDA Trend	Q4 2025 +\$15M is the inflection to watch; needs to reach \$100M+ per quarter by H2 2026
Deferred Revenue Drawdown vs. New Signings	Validates that backlog is converting to earned revenue, and new contracts are replacing it
ARR Trajectory	Dec 2025 ARR was \$900M–\$1.1B guidance; \$7–9B by end-2026 requires ~8× growth in 12 months
Interest Coverage Ratio	Adj. EBITDA needs to clear \$400M+ annually to service \$4.1B in notes comfortably

<b>Operating Lease Growth</b>	Lease liabilities (\$760M) will grow; total quasi-debt rising faster than disclosed
<b>Non-Mkt Equity Revaluations</b>	ClickHouse IPO or Toloka events could create large non-cash swings in GAAP income
<b>Capex per MW vs Revenue per MW</b>	Unit economics of data centre build — the infrastructure equivalent of revenue per employee

## X. SOURCES & DISCLAIMER

### Data Sources

- Nebius Group N.V. Form 6-K — Q4 & Full-Year 2025 Earnings Release, filed February 12, 2026
- Nebius Group N.V. Form 20-F — Annual Report FY2024, filed April 30, 2025
- Nebius Group N.V. Q4 2024 Earnings Release, February 20, 2025
- AlphaLog Entry #19 — NBIS FY2024 Warren Buffett Lens Analysis
- AlphaLog Entry #21 — NBIS FY2025 Warren Buffett Lens Update

### Framework

This report applies Skill ID: 24 — Warren Buffett Lens, version 1.1, authored by portdive-ai. The framework analyses company financial statements using Warren Buffett's balance-sheet-first approach: Asset Quality → Liabilities Scrutiny → Working Capital Efficiency → Cash Flow Reality Check → ROE Sustainability → Capital Allocation Grade → Moat Assessment.

### Disclaimer

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