



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

"Risk comes from not knowing what you're doing." — After twelve months, Nebius now knows a great deal more about what it is doing. Customers have committed billions in advance. The GPU fleet is printing its first positive EBITDA quarter. The debt is structured, not panicked. The unknowns that remain — utilisation rates, moat durability, capex absorption — are real, but they are knowable unknowns. That is progress.

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

Twelve months is a long time in AI infrastructure. What was a cash-heavy company with \$91M in revenue and \$0 of deferred revenue in FY2024 is now a capital-intensive operator with \$529.8M in revenue, \$5.6B of PP&E, \$1.58B in customer prepayments from Meta and Microsoft, and \$4.1B in convertible notes. Buffett Score: upgraded from 2/10 to 3.5/10. Progress is real. The hard work is just beginning.

KEY METRICS AT A GLANCE — FY2025

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

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

"Price is what you pay. Value is what you get." — In FY2024 Nebius paid \$808M in capex and got \$91.5M of revenue. In FY2025 it paid \$4.07B in capex and got \$529.8M of revenue — plus \$1.58B in customer prepayments as a bonus. The price went up 5×. Whether the value followed is the entire story.

The scale of change is extraordinary across every line. \$5.3B+ in fresh capital raised. \$4.07B deployed in capex. Landmark multi-year contracts signed with Meta and Microsoft that reshaped the revenue and liability structure overnight. Below is the full before-and-after across 17 key metrics.

Metric	FY2024	FY2025	Change
Revenue	\$91.5M	\$529.8M	+479%
Gross Margin	~50%	68.6%	▲ ~19pp
Full-Year Adj. EBITDA	-\$226.3M	-\$64.9M	-71% loss
Q4 Adj. EBITDA	-\$63.9M	+\$15.0M	First +ve
SBC % of Revenue	~97%	16%	▼ 81pp
Operating Cash Flow	-\$269.9M	+\$401.9M	Flipped
Capex	-\$807.5M	-\$4,066M	5× increase
Free Cash Flow	-\$1,128M	-\$3,664M	3.2× worse
Cash & Equivalents	\$2,435M	\$3,678M	+\$1.24B
Long-Term Debt	\$0	\$4,103M	New
Net Cash / (Net Debt)	+\$2,435M	-\$450M	Flipped
PP&E	\$847M	\$5,573M	+558%
Accounts Receivable	\$11.2M	\$720.3M	+6,331%
Deferred Revenue	~\$0	\$1,578M	New
Non-Mkt. Equity	\$90.7M	\$836.6M	+822%
Total Assets	\$3,549M	\$12,450M	+251%
Buffett Score	2 / 10	3.5 / 10	+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 is to a business what oxygen is to a person: never thought about when present, only thought about when absent." — That said, Nebius went from 69% of assets in cash to 30% in a single year. The oxygen tank is still full — but someone is breathing fast.

Cash grew to \$3.68B, funded by a blockbuster financing year: \$4.16B in convertible notes across two tranches and \$1.15B in equity. Nebius still has plenty of oxygen. But the balance sheet has structurally shifted — from a cash-heavy holding company to a capital-intensive infrastructure operator burning at pace. On the bright side, the \$180.9M Dutch withholding tax contingency that clouded the FY2024 picture? Fully paid and gone.

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

"Revenue recognised before cash received is a promise, not a fact. The question isn't how much they sold — it's how much they collected." — For once, Buffett's rule needs a footnote. When the counterparties are Meta and Microsoft, "promise" and "fact" are essentially synonymous.

AR exploded 63-fold from \$11.2M to \$720.3M. The 496-day DSO headline looks terrifying — until you understand the plumbing. This is the mechanical consequence of milestone billing on Nebius's landmark multi-year contracts: Meta (~\$3B over five years) and Microsoft (~\$17–19B through 2031). Large invoices hit AR before cash settles. That is not a credit quality problem — Meta and Microsoft are among the most creditworthy entities on the planet. The DSO metric is simply broken here as a working capital signal. Read it alongside the \$1.58B deferred revenue line for the real picture.

Inventory: \$0 (N/A) ✓

"Inventory is where optimism goes to die." — Nebius carries zero. But at \$5.57B of GPUs on the balance sheet, the economic equivalent of inventory obsolescence risk is very much alive inside PP&E. Hopper gives way to Blackwell gives way to Vera Rubin. The hardware doesn't wait.

No traditional inventory — Nebius runs services, not a warehouse. But don't be lulled. The GPU obsolescence risk that would normally live in an inventory line is sitting inside \$5.57B of PP&E. Every new NVIDIA architecture generation is a quiet mark-to-market test on the old one. So far, the Hopper fleet is contracted and earning. The question is what happens when customers want Blackwell — and then Vera Rubin — and the old iron is still on the depreciation schedule.

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

"Every technology company I've studied eventually took a massive inventory writedown. It's not a question of if — it's when." — Nebius's PP&E is the largest single bet on the balance sheet. At 44.8% of total assets and \$404M of annual depreciation — 76% of revenue — the GPU fleet needs to work hard, and work now.

PP&E surged 558% as Nebius deployed \$4.07B in capex — NVIDIA Blackwell GPU clusters spreading across the US, Finland, France, and new EMEA sites. Nebius is also lined up among the first providers to deploy NVIDIA Vera Rubin NVL72 systems in 2026. That ambition comes with a price: \$404M of depreciation in FY2025 alone, equal to 76% of annual revenue. The asset base is running hard ahead of the revenue base. The number Nebius won't disclose — GPU utilisation rate — is the single most important metric on the entire balance sheet. Without it, the \$5.57B is either a gold mine or a museum piece.

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

"The accountants call it goodwill. I call it 'we paid too much and don't want to admit it.'" — Nebius has \$19.7M of it. That's not a balance sheet problem. That's a rounding error on the executive lunch budget.

Still negligible — \$19.7M, a rounding error on the \$12.4B balance sheet. No M&A bloat, no empire-building writedowns waiting to happen. The Tavily acquisition (agentic search, January 2026) looks small and targeted. This is a business built from engineering talent and capital investment, not deal-making. Buffett would give a quiet nod of approval on this one line — before moving on to ask about the other \$12.4B.

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

"Earnings that don't convert to cash are an accounting entry, not a business result. Look at what the business actually produces in cash. Everything else is storytelling." — The \$598.9M equity revaluation gain is the storytelling. The -\$446.7M adjusted net loss is the result.

This is the most important — and most misleading — accounting development of FY2025. Non-marketable equity jumped from \$90.7M to \$836.6M. The attached \$598.9M revaluation gain flows straight through the income statement, turning a losing year into a nominal GAAP profit of \$29.0M. Buffett would rip this out of the analysis before his first cup of Cherry Coke. These are illiquid, mark-to-model stakes — likely ClickHouse and Toloka re-marked upward after new funding rounds, plus \$50M of fresh investments. Apply a conservative 50% haircut and you've reduced adjusted book value by ~\$418M. The GAAP profit headline is a mirage. The adjusted net loss of -\$446.7M is the reality.

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 ⚠️

"Debt is a tool. Like a chainsaw — useful, dangerous, and forgiving of no mistakes." — Nebius picked up a very large chainsaw in 2025. It raised \$4.1B in convertible notes in under six months. The question, as always, is whether the hands holding it are steady.

Twelve months ago NBIS had zero long-term debt. Full stop. Today it carries \$4.1B in convertible notes — ~\$1B issued in June and ~\$3.16B in September as part of a combined \$4.3B capital raise. The notes mature in 2030 and 2032, so there's no near-term refinancing cliff to worry about. Annual interest: \$57.8M in FY2025, running toward \$80–100M once the notes are fully seasoned. Cross the line from net cash (+\$2.4B) to net debt (-\$450M) in a single year and people will notice.

Is the debt manageable? At Q4's annualised Adj. EBITDA run rate of ~\$60M, the coverage ratio is thin. At the \$400M+ per year needed to comfortably service the notes, the business needs to grow revenue rapidly and convert it. The 2030 maturity gives runway. But chainsaws don't wait indefinitely.

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

"The best businesses in the world are ones where customers pay you before you do the work." — Buffett built Berkshire's empire on insurance float: collect the premium today, pay the claim someday later, invest the difference. Nebius just built its own version using Meta and Microsoft.

Superficially this is a liability. Economically, it is the best kind. Deferred revenue of \$1.58B represents cash already in the bank for GPU compute services not yet delivered. The source: landmark multi-year contracts with Meta (~\$3B over five years) and Microsoft (~\$17–19B through 2031). The customers have paid. Nebius holds the cash. The obligation is to build and deliver capacity — which is exactly what the \$4.07B capex programme is doing. This is Berkshire's insurance float logic applied to AI infrastructure: collect now, deliver later, invest the float in the meantime. That \$1,565.8M build in deferred revenue is also what mechanically drove positive operating cash flow for the first time in company history.

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

"The test of a great business is not one great year. It's 20% ROE for 20 years." — NBIS's 0.7% GAAP ROE is powered almost entirely by a non-cash revaluation gain. That's not 20%. That's not one great year. That's a mirage. But the trajectory is what matters here.

\$29.0M GAAP net income on ~\$3.9B of average equity gives you 0.7% ROE — mathematically positive, economically meaningless. Strip the \$598.9M equity revaluation gain and you're back in deep red. Buffett's DuPont lens: negative operating margins × sub-1× asset turns × moderate leverage = a number that says nothing useful. The right question for NBIS isn't "what is today's ROE?" — it's "at what revenue scale does the GPU fleet generate 15–20% returns on invested capital?" That's the number to track over the next three years.

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

"I get suspicious when a company announces a \$10 billion buyback and the CEO simultaneously exercises \$500 million in options." — Nebius isn't buying back stock. But watching SBC go from 97% to 16% of revenue in a single year? That's one of the cleanest improvements in this entire analysis.

From 97% of revenue to 16% in twelve months. That is not a typo. Revenue simply grew faster than the compensation base could keep up. The absolute SBC dollar amount barely moved (\$114M → \$83M) while revenue nearly quintupled. If the growth trajectory holds, SBC should be sub-10% of revenue by FY2026 — the zone where it stops being a material concern and becomes ordinary overhead. This is genuinely good news, and one of the clearest signs that the unit economics are beginning to normalise.

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

"I trust cash flow statements more than income statements. Cash is harder to manipulate." — The OCF flip to +\$401.9M is real. Whether it signals operational maturity or accounting mechanics depends entirely on what's driving it. For Nebius in 2025: it's mostly the \$1.58B float build. Real — but not self-sustaining. Yet.

OCF turned positive for the first time — flipping from -\$269.9M to +\$401.9M. Landmark, yes. But read the small print. The \$1,565.8M build in deferred revenue from Meta and Microsoft prepayments is what drove the swing. Remove that and the underlying GPU-utilisation-driven OCF is still negative. That is not necessarily damning — customer prepayments are a completely legitimate and valuable form of cash generation, and convincing Meta and Microsoft to pay years in advance is itself a signal of competitive credibility. But it is not the same as the business generating cash from operations at scale. That chapter is still being written.

Free Cash Flow: -\$3,664.1M

"The best measure of business performance is how much free cash flow it generates per dollar of capital employed." — On that test, NBIS scores a -\$3.66B. Buffett would close the file here. The bull case is that this is a deliberate infrastructure build — not a failing business. Both things can be true.

OCF of +\$401.9M minus \$4.07B of capex = -\$3.66B of FCF. The company consumed five times more cash building infrastructure than it generated from operations. This is the pure mathematical cost of racing to deploy GPU capacity ahead of demand. It is not operational failure — but it does make NBIS entirely dependent on capital markets for the foreseeable future. The \$4.1B in convertible notes is the bridge. The question is whether revenues grow fast enough to reach the other side before the market turns impatient.

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

"The future is uncertain. The balance sheet tells you how much uncertainty the company can survive." — Seven scenarios below. The cash pile and convertible note structure absorb most of them. One — losing 40% of EU revenue — draws genuine red. That is the one to watch.

Seven stress scenarios applied — five standard Buffett tests plus two NBIS-specific ones targeting the new debt structure and EU geographic concentration. All figures in USD millions. Opening cash: \$3,678.1M.

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

"Concentration is fine until it isn't. Then it's catastrophic." — The unusual twist here: the concentration risk is partially pre-hedged by the deferred revenue structure. Meta and Microsoft have already paid. A contract dispute is an operational and legal problem, not an immediate liquidity crisis.

The FY2024 version of this stress test looked scarier. Back then, the question was "will the customers even show up?" Today the \$1.58B deferred revenue answers that — they have shown up, they have paid, and the cash is in the bank. The risk has rotated from demand uncertainty to execution risk: can Nebius build fast enough, reliably enough, to earn that revenue on schedule?

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.

"A great business is a castle with a wide moat. Every year I ask: is the moat wider or

narrower than last year?" — Nebius's moat is being dug. The Meta and Microsoft contracts prove the location is promising. Whether the walls hold against AWS and CoreWeave is the multi-billion dollar question.

"Tech is a wonderful business to be in — for the first company in. For the second, third, and fourth... it's a war of attrition." — Nebius is fighting for position in a market where the incumbents have trillion-dollar balance sheets. The GPU clusters are impressive. The question is whether the economics stay differentiated when scale arrives.

The Verdict

"At the right price, almost any business is a good investment. At the wrong price, even the best business is a mistake." — NBIS has the right building blocks: a contracted backlog, a teal-and-gold inflection in EBITDA, and customers who have already voted with their wallets. The balance sheet is stretched but not broken. The moat is being dug, not defended. This is a 3.5 — which means: watch the GPU utilisation, watch the quarterly EBITDA, and revisit at FY2026. Not yet a castle. But the blueprints are promising.

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

"If one customer can fire you and put you out of business, you don't have a business — you have a job." — Meta and Microsoft together represent the overwhelming majority of contracted backlog. They cannot fire Nebius without forfeiting prepaid capital and facing contractual consequences. That is a meaningful structural protection. But it is not zero risk.

- 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

"I'd rather be approximately right than precisely wrong." — We cannot model Nebius's GPU utilisation, 2026 contract wins, or NVIDIA supply chain with precision. But the directional case is clear enough: if EBITDA continues Q4's trajectory and deferred revenue converts on schedule, this business reaches self-sustaining cash flow before the 2030 convertible note maturity. If it doesn't, the market will ask hard questions at exactly the wrong moment.

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
Operating Lease Growth	Lease liabilities (\$760M) will grow; total quasi-debt rising faster than disclosed
Non-Mkt Equity Revaluations	ClickHouse IPO or Toloka events could create large non-cash swings in GAAP income
Capex per MW vs Revenue per MW	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.

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