

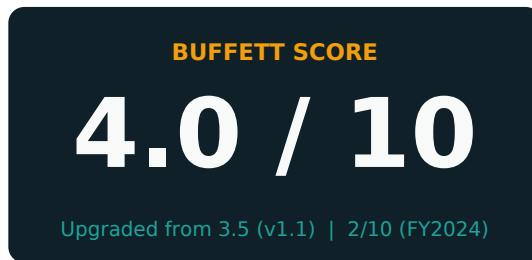


WARREN BUFFETT LENS

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) v1.2 | Portdive Alpha Intelligence
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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 v1.2 (Skill ID: 24) to Nebius Group N.V. (NASDAQ: NBIS) using the Q4 and full-year 2025 earnings release filed as Form 6-K on February 12, 2026. Version 1.2 introduces Sum-of-the-Parts (SotP) decomposition, valuing non-core subsidiaries and equity investments against the debt structure. All figures in US dollars.

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.

The v1.2 SotP analysis reveals that non-core assets (ClickHouse, Toloka, and other equity stakes) at conservative value provide \$585.6M of separable value — reducing the core business’s effective net debt to near-zero. Buffett Score: upgraded to 4.0/10 (from 2/10 in FY2024, 3.5/10 in v1.1).

KEY METRICS AT A GLANCE — FY2025

\$529.8M Revenue	+479% Rev. Growth YoY	68.6% Gross Margin	+\$15.0M Q4 Adj. EBITDA
-\$64.9M FY 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 CF	-\$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. The price went up 5x. Whether the value followed is the entire story.

Metric	FY2024	FY2025	Change
Revenue	\$91.5M	\$529.8M	+479%
Gross Margin	~50%	68.6%	▲ ~19pp
FY 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	5x increase
Free Cash Flow	-\$1,128M	-\$3,664M	3.2x 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%
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	4.0 / 10	+2.0 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 steep haircuts to everything else.

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

"Cash is to a business what oxygen is to a person: never thought about when present, only thought about when absent." — 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 \$4.16B in convertible notes and \$1.15B in equity. The balance sheet has structurally shifted from a cash-heavy holding company to a capital-intensive infrastructure operator. The \$180.9M Dutch withholding tax contingency that clouded FY2024? Fully paid and gone.

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

"Revenue recognised before cash received is a promise, not a fact." — 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 is the mechanical consequence of milestone billing on multi-year contracts: Meta (~\$3B/5yr) and Microsoft (~\$17-19B through 2031). Not a credit quality problem. Read 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, obsolescence risk lives inside PP&E.; Hopper gives way to Blackwell gives way to Vera Rubin.

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

“Every technology company I’ve studied eventually took a massive writedown. It’s not a question of if — it’s when.” — At \$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 across the US, Finland, France, and new EMEA sites. The number Nebius won’t disclose — GPU utilisation rate — is the single most important metric on the entire balance sheet.

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

Negligible — \$19.7M, a rounding error on the \$12.4B balance sheet. No M&A; bloat. The Tavily acquisition (January 2026) was small and targeted. Built from engineering talent, not deal-making.

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

“Earnings that don’t convert to cash are an accounting entry, not a business result.” — The \$598.9M equity revaluation gain is the storytelling. The -\$446.7M adjusted net loss is the result.

Non-marketable equity jumped from \$90.7M to \$836.6M. The \$598.9M revaluation gain turns a losing year into nominal GAAP profit of \$29.0M. Illiquid, mark-to-model stakes. Apply a 50% haircut: ~\$418M reduction to adjusted book value. However — as the v1.2 SotP section shows — these assets provide real structural value against the debt.

Operating Lease ROU Assets: \$918.8M

Exploded from \$44.8M to \$918.8M — long-dated data centre lease commitments. Corresponding lease liabilities: \$760.5M. Buffett treats future lease payments as quasi-debt.

III. QUALITY OF LIABILITIES

Long-Term Debt: \$4,103.2M ▲

"Debt is a tool. Like a chainsaw — useful, dangerous, and forgiving of no mistakes." — Nebius picked up a very large chainsaw in 2025.

Twelve months ago: zero long-term debt. Today: \$4.1B in convertible notes — ~\$1B issued June, ~\$3.16B in September. Notes mature 2030 and 2032 — no near-term refinancing cliff. Annual interest: \$57.8M in FY2025, running toward \$80-100M fully seasoned. Crossed from +\$2.4B net cash to -\$450M net debt in twelve months.

Deferred Revenue: \$1,577.5M □

"The best businesses are ones where customers pay you before you do the work." — Buffett built Berkshire's empire on insurance float. Nebius just built its own version using Meta and Microsoft.

Deferred revenue of \$1.58B = cash already in the bank for GPU compute not yet delivered. Source: Meta (~\$3B/5yr) and Microsoft (~\$17-19B through 2031). This is insurance float logic applied to AI infrastructure. The \$1,565.8M build drove positive OCF for the first time.

AP & Accrued Liabilities: \$1,210.1M

Grew from \$228M as Nebius scales GPU procurement from NVIDIA and data centre construction.

Dutch Withholding Tax Contingency: RESOLVED □

The \$180.9M contingent liability from FY2024 was fully paid. This overhang is gone.

III-A. SUM-OF-THE-PARTS DECOMPOSITION

NEW IN v1.2 Triggered: Non-marketable equity \$836.6M = 6.7% of assets (>5% threshold)

"If I broke this company apart tomorrow, what are the pieces worth vs. what I owe?" — A consolidated balance sheet treats the company as a single entity. But Buffett thinks about Berkshire as separate value pools. When a company holds \$836.6M of separable equity stakes, the consolidated -\$450M net debt figure tells an incomplete story.

Value Pool Breakdown

Value Pool	Components	Conservative Value
Core AI Infrastructure	GPU fleet, PP&E, working capital	Implied residual
Equity Investments	ClickHouse, Toloka, others	\$585.6M conservative
Excess Cash	Cash above 2Q opex	\$3,351M
Deferred Rev. Float	Meta/MSFT prepayments	\$1,578M (liability = asset)

Conservative method: lower of (last round with 30% liquidity discount) or book value. $\$836.6M \times 0.70 = \$585.6M$.

Debt Coverage Matrix

Metric	Formula	Result
Non-Core Coverage of Total Debt	Equity Inv. / Total Debt	$\$585.6M / \$4,128M = 14.2\%$
Implied Core Business Debt	Total Debt – Non-Core Value	$\$4,128M - \$586M = \$3,542M$
Adj. Net Debt (ex Non-Core)	Total Debt – Cash – Non-Core	$\$4,128 - \$3,678 - \$586 = -\$136M$
Adj. Net Debt (ex Excess Cash)	Debt – Excess Cash – Non-Core	$\$4,128 - \$3,351 - \$586 = \$191M$

SotP Verdict

The consolidated balance sheet shows -\$450M net debt. The SotP view is more nuanced: once you credit \$585.6M of separable equity investment value, the core business's adjusted net debt flips to approximately -\$136M — effectively near-zero.

This is the key insight v1.1 missed. The \$4.1B debt headline is real, but the company holds \$836.6M (conservatively \$585.6M) of independently valuable, separable assets in ClickHouse, Toloka, and other investments that provide structural cushion.

Caveat: Non-marketable equity cannot be liquidated overnight. SotP value provides structural context, not a guarantee. If AI startup valuations deflate, this cushion shrinks.

Score impact: +0.5 points (from 3.5 to 4.0). The balance sheet is structurally stronger than the consolidated net debt figure implies.

IV. SHAREHOLDERS' EQUITY

Total Equity: \$4,613.2M

Equity grew from \$3,253.7M despite massive capex, driven by equity raises and GAAP net income (inflated by \$598.9M equity revaluation gain). Treasury shares declined from -\$1,968.1M to -\$1,075.7M.

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 a mirage. But the trajectory is what matters.

\$29.0M GAAP net income on ~\$3.9B average equity = 0.7% ROE. Strip the revaluation gain and you're in deep red. The right question: at what revenue scale does the GPU fleet generate 15-20% ROIC?

SBC: \$83.2M (16% of revenue) □

From 97% to 16% in twelve months. Revenue grew faster than the compensation base. Absolute SBC barely moved (\$114M → \$83M) while revenue quintupled. Should be sub-10% by FY2026. One of the cleanest improvements in this analysis.

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

Increased from 235.8M through equity raises and RSU vesting. Dilution cadence decelerating. The 30M-share incentive plan remains a source of future dilution.

V. CASH FLOW REALITY CHECK

Operating Cash Flow: +\$401.9M □

"I trust cash flow statements more than income statements. Cash is harder to manipulate." — The OCF flip is real. 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 — from -\$269.9M to +\$401.9M. The \$1,565.8M deferred revenue build drove the swing. Customer prepayments are legitimate, but not yet self-sustaining cash generation.

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 -\$3.66B.

OCF of +\$401.9M minus \$4.07B capex = -\$3.66B FCF. The company consumed five times more cash building infrastructure than it generated. Entirely dependent on capital markets. The \$4.1B in convertible notes is the bridge.

Financing Activity: \$5,125.5M inflow

\$4.16B in convertible notes, \$1.15B in equity, \$100M in SAFE instruments. One of the largest capital raises in AI infrastructure history for a company of this scale.

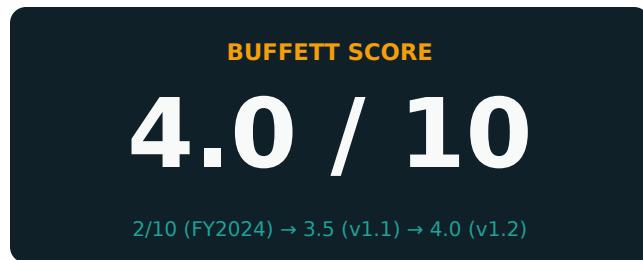
VI. BUFFETT STRESS TESTS

"The future is uncertain. The balance sheet tells you how much uncertainty the company can survive." — Seven scenarios. The cash pile absorbs most. One — losing 40% of EU revenue — draws genuine red.

Scenario	Assumption	Impact	Verdict
Inventory Obsolescence	N/A — zero inventory	None	<input type="checkbox"/> Pass
Receivables Delay (90d)	Meta/MSFT delay 90 days	-\$178M cash drag	<input type="checkbox"/> Pass
Lose Top Customer	Lose ~30% annual rev.	-\$159M rev impact	<input type="checkbox"/> Caution
Margin Compression	GM: 68.6% → 58.6%	-\$53M Adj. EBITDA	<input type="checkbox"/> Caution
Lose EU Revenue (40%)	Finland/France dark	-\$212M revenue	<input type="checkbox"/> Fail
Equity Portfolio -50%	\$837M → \$418M	-\$418M GAAP hit	<input type="checkbox"/> Caution
Debt Refi (+300bps)	\$4.1B at +300bps	+\$124M/yr interest	<input type="checkbox"/> Caution

The concentration risk is partially pre-hedged by deferred revenue. Meta and Microsoft have already paid. A contract dispute is operational and legal, not an immediate liquidity crisis. Risk has rotated from demand uncertainty to execution risk.

VII. THE BUFFETT VERDICT



□ What Buffett Would Like

- Q4 Adj. EBITDA +\$15.0M — the unit economics model is finally working. Proof of concept.
- SBC ratio: 97% → 16% — one of the most dramatic single-year improvements in the analysis.
- OCF turned positive: +\$401.9M — generating operating cash for the first time.
- Gross margin 68.6% — strong for AI infrastructure; real pricing power.
- \$1.58B deferred revenue — Meta and Microsoft have already paid. Buffett's float.
- SotP cushion: \$585.6M — non-core equity provides structural debt coverage (v1.2 NEW).
- Convertible notes mature 2030-32 — no near-term refinancing cliff.
- Zero goodwill — built from engineering, not acquisitive accounting.
- Dutch tax resolved — the \$180.9M overhang is gone.

□ What Buffett Would Hate

- FCF: -\$3.66B — entirely reliant on capital markets.
- Net debt: -\$449.6M — flipped from +\$2.4B net cash in twelve months.
- \$598.9M revaluation gain — inflates GAAP to \$29.0M profit. Adjusted loss: -\$446.7M.
- D&A: \$404M = 76% of revenue — asset base running ahead of revenue.
- No disclosed GPU utilisation rate — the single most important undisclosed KPI.
- Moat unproven at scale — AWS, Azure, GCP, CoreWeave have deeper balance sheets.
- Adjusted net loss: -\$446.7M — real economic loss despite positive headlines.

"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, an EBITDA inflection, and customers who voted with their wallets. Per the v1.2 SotP analysis, separable non-core assets meaningfully cushion the debt structure. The balance sheet is stretched but not broken. This is a 4.0: watch GPU utilisation, watch 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%)	◻ \$3.68B (30%)
Inventory Risk	◻ None	◻ None
Receivables Quality	◻ DSO 41d	◻ DSO 496d (contract)
PP&E / GPU Utilisation	◻ \$847M, early	◻ \$5.57B, undisclosed
Goodwill / Intangibles	◻ Negligible	◻ Negligible (\$19.7M)
Equity Investments	◻ \$90.7M	◻ \$836.6M (SotP cushion)
Debt Burden	◻ Zero LT debt	◻ \$4.1B conv. notes
Deferred Revenue	◻ None needed	◻ \$1.58B backlog
Contingent Liabilities	◻ \$180.9M Dutch tax	◻ Resolved
Revenue Growth	◻ \$91.5M (+462%)	◻ \$529.8M (+479%)
Gross Margin	◻ ~50%	◻ 68.6%
Adj. EBITDA	◻ -\$226.3M	◻ -\$64.9M (Q4: +\$15M)
SBC % Revenue	◻ ~97%	◻ 16%
Operating Cash Flow	◻ -\$269.9M	◻ +\$401.9M
Free Cash Flow	◻ -\$1.13B	◻ -\$3.66B (capex 5×)
ROE	◻ Not meaningful	◻ 0.7% GAAP (inflated)
Moat Visibility	◻ Unproven	◻ Still unproven
SotP Debt Coverage	— Not analyzed	◻ 14.2% of total debt

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 from FY2024, when the uncertainty was whether large customers would sign. That is answered — Meta and Microsoft have committed multi-year, multi-billion contracts. The risk profile has rotated 180°: execution and delivery risk, not demand risk.

What Needs to Go Right

- GPU utilisation must ramp to 70%+ across Hopper and Blackwell fleet
- Gross margins must hold at 65%+ as Nebius scales
- Quarterly Adj. EBITDA must reach \$400-500M/quarter to cover \$4.1B debt
- Technology transitions managed without significant impairment charges

What Could Go Wrong

- GPU utilisation lags, forcing delayed revenue recognition or missed milestones
- Hyperscaler pricing pressure compresses revenue per GPU-hour toward commodity levels
- NVIDIA supply constraints or export restrictions delay Blackwell/Vera Rubin deployment
- Non-marketable equity deflates in AI funding downturn, reversing GAAP profit
- 2026 capex requires another major capital raise before FCF turns positive

Key Metrics to Monitor

Metric	Why It Matters
GPU Utilisation Rate	Most important undisclosed KPI
Quarterly Adj. EBITDA	Needs \$100M+/quarter by H2 2026
Deferred Rev. Drawdown	Backlog converting to earned revenue
ARR Trajectory	\$7-9B by end-2026 requires ~8x growth
Interest Coverage	Adj. EBITDA needs \$400M+ annually
Operating Lease Growth	Total quasi-debt rising faster than disclosed
Non-Mkt Equity Revels	ClickHouse IPO could create GAAP swings

Metric	Why It Matters
Capex/MW vs Rev/MW	Infrastructure unit economics

X. SOURCES & DISCLAIMER

Data Sources

- Nebius Group N.V. Form 6-K — Q4 & Full-Year 2025, 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

Skill ID: 24 — Warren Buffett Lens, version 1.2, authored by portdive-ai. v1.2 adds Sum-of-the-Parts decomposition for companies with material equity investments or multi-segment structures. Asset Quality → Liabilities Scrutiny → SotP Decomposition → Cash Flow Reality Check → ROE Sustainability → Capital Allocation → Moat Assessment.

Disclaimer

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