

# Cerebras Systems Inc. (CBRS)

Equity research note | Nasdaq | AI compute | Data through 30 September 2026 | Published 1 October 2026

| WATCHLIST | \$177.65           | \$192.50 (+8.4%)    | 55.5 / 100       |
|-----------|--------------------|---------------------|------------------|
| RATING    | LAST CLOSE, 30 SEP | WEIGHTED FAIR VALUE | INVESTMENT SCORE |

**Verdict reaffirmed at Watchlist.** The shares fell 7.2% from \$191.34 at the 11 September note to \$177.65, and closed below the \$185 IPO price on 30 September. The fall leaves the stock about 8% below the \$192.50 probability-weighted fair value, which is still well short of a margin of safety for a business this concentrated. The \$125 to \$135 range where the risk/reward turns attractive is unchanged and sits roughly 24% to 30% below the current price.

Three things happened in the window. Two neocloud operators, Gimlet Labs and General Compute, signed multi-year deployments for 2027, which is the first visible broadening of the customer list beyond the strategic counterparties. A widely circulated but unconfirmed claim on 30 September said OpenAI's new GPT-6.1 Sol Ultrafast tier runs on Nvidia GPUs rather than Cerebras systems. And the first wave of the staggered lock-up release coincided with roughly \$112 million of officer sales. None of these is a High development for the thesis: the new customer deals carry no disclosed value, and the OpenAI claim has not been confirmed by either company.

## The investment case

Cerebras sells wafer-scale AI systems and consumption-based cloud inference. Keeping more of a model on one very large processor cuts the interconnect overhead that constrains GPU clusters, which is why its pitch centres on low-latency inference. Cloud and other services supplied 70% of second-quarter GAAP revenue, up from 32% a year earlier, so customers increasingly buy compute rather than boxes.

The business is hard to value for two reasons that have not changed. GAAP economics remain far weaker than the core figures management prefers, and OpenAI, AWS, G42 and Mohamed bin Zayed University remain the material counterparties. The OpenAI question raised on 30 September matters precisely because that relationship is the largest single source of contracted demand.

## Framework for the next two years

| Driver                      | What must happen                                                     | Current read                                                                          |
|-----------------------------|----------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>Contract conversion</b>  | OpenAI and AWS commitments become recognized, diversified revenue    | OpenAI recognition has started; AWS leases had not commenced at 30 June               |
| <b>Customer breadth</b>     | New customers outside the strategic group reach material scale       | Gimlet Labs (~100 MW of CS-4) and General Compute signed for 2027; values undisclosed |
| <b>Cloud unit economics</b> | Core growth converts into improving GAAP gross and operating margins | GAAP gross margin was 14.2% in Q2                                                     |
| <b>Capacity execution</b>   | Contracted power and manufacturing arrive on schedule                | 600 MW contracted at Q2 plus the phased 165 MW Mikkeli, Finland site                  |
| <b>Technical lead</b>       | Speed claims translate into durable production workloads             | OpenAI's hardware for GPT-6.1 Sol Ultrafast is unconfirmed                            |

## Company developments

| Development                                  | Status and date                        | What is known                                                                                                                                                              | What is forecast (and by whom)                                                                                                      | Impact |
|----------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|--------|
| <b>Gimlet Labs CS-4 supply deal</b>          | Announced 28 Sep 2026                  | Cerebras to supply CS-4 systems totalling about 100 MW over one to two years; cloud availability in 2027; terms undisclosed                                                | None disclosed by either company                                                                                                    | Medium |
| <b>General Compute multi-year deployment</b> | Announced 29 Sep 2026                  | Multi-year agreement for wafer-scale inference systems, deployment from Q1 2027; General Compute holds a \$400m debt facility from Upper90; no value or capacity disclosed | None disclosed                                                                                                                      | Medium |
| <b>OpenAI GPT-6.1 Sol Ultrafast hardware</b> | Reported 30 Sep 2026, unconfirmed      | OpenAI said on 29 Sep that Sol Ultrafast is coming soon. In August it said the GPT-5.6 Sol Ultrafast tier was powered by Cerebras                                          | A semiconductor research firm claimed on social media that the new tier ran on Nvidia GPUs; neither company has confirmed or denied | Medium |
| <b>Lock-up release and officer sales</b>     | Waves 30 Sep to 28 Oct; final by 9 Nov | About 19.4m shares became eligible on 30 Sep. Form 144 notices: COO 396,000 shares (~\$77.9m) and CFO 32,500 shares (~\$6.4m); a further ~\$25.1m officer sale on 28 Sep   | Two further waves of about 19.4m shares each are expected before 28 Oct                                                             | Medium |
| <b>Mikkeli, Finland 165 MW site</b>          | Announced 31 Aug 2026                  | Phased 165 MW site with Compute Nordic; first 50 MW under construction                                                                                                     | Timing of later phases not yet set                                                                                                  | Low    |

**Why the new customer deals are Medium, not High.** Neither deal carries a disclosed value, capacity figure for General Compute, or pricing, so the revenue effect cannot be sized from announced facts. Both start in 2027, outside the current fiscal year. Both counterparties are young operators that finance purchases with debt, so collection risk sits with Cerebras's customers rather than with a hyperscaler balance sheet. The value of the deals is qualitative: they show demand from buyers outside the strategic group, which is exactly the concentration test in the framework. The scenarios are unchanged, and the deals would need disclosed revenue to move them.

**Why the OpenAI claim carries no weight yet.** It originates in a social media post, it has been relayed by established outlets but confirmed by nobody, and the company's own record is that OpenAI described the previous Ultrafast tier as Cerebras-powered. The market treated it as material, with the shares falling 8.9% on 30 September, but the move also coincided with the first lock-up wave and large officer sales. Confirmation that OpenAI is moving latency-sensitive serving to GPUs would weaken the Competitive Advantage and Risk scores and is a row in the table below.

## Financial position

| Metric                                   | Q2 2026    | Q2 2025             | Read-through                                           |
|------------------------------------------|------------|---------------------|--------------------------------------------------------|
| <b>GAAP revenue</b>                      | \$180.1m   | \$103.3m            | +74%; growth is real despite accounting complexity     |
| <b>Cloud and services</b>                | \$126.0m   | \$33.0m             | +281%; mix shifted toward recurring consumption        |
| <b>Hardware</b>                          | \$54.1m    | \$70.3m             | Down 23%; cloud drove the quarter                      |
| <b>GAAP gross profit</b>                 | \$25.6m    | \$32.1m             | 14.2% margin versus 31.1%; warrant amortization weighs |
| <b>GAAP operating loss</b>               | \$(477.2)m | \$(57.2)m           | Includes \$377.0m of stock compensation                |
| <b>Core operating loss</b>               | \$(33.6)m  | \$(43.9)m           | Narrower on management's basis                         |
| <b>Cash and investments</b>              | \$7.92bn   | \$1.11bn (Dec 2025) | Large liquidity pool                                   |
| <b>Remaining performance obligations</b> | \$25.4bn   | n/a                 | Contracted, but heavily concentrated                   |

*Company Q2 2026 results and Form 10-Q. No new quarter has been reported since the prior note; Q3 results are expected around 11 November (not yet announced).*

## Growth drivers

| Catalyst                                       | Status             | Likelihood    | Impact    | Assessment                                                                              |
|------------------------------------------------|--------------------|---------------|-----------|-----------------------------------------------------------------------------------------|
| OpenAI deployments scale through 2028          | Contracted         | Moderate-high | Very high | Hardware choice for the new Ultrafast tier is an open question                          |
| AWS lease conditions satisfied                 | Pending            | Moderate      | High      | No revenue recognized at 30 June; Bedrock availability guided for Q1 2027 by management |
| Neocloud deployments (Gimlet, General Compute) | Announced, 2027    | Moderate      | Medium    | Broadens demand; values undisclosed                                                     |
| CS-4 wins production workloads                 | Shipping           | Moderate      | High      | Needs independent validation of speed claims                                            |
| European capacity on schedule                  | Under construction | Moderate      | Medium    | First 50 MW of the Finland site                                                         |

## Principal risks

| Risk                      | Probability  | Severity | Why it matters                                                                        |
|---------------------------|--------------|----------|---------------------------------------------------------------------------------------|
| Customer concentration    | Present      | Severe   | Strategic counterparties drive demand and financing terms                             |
| OpenAI workload migration | Low-moderate | Severe   | An unconfirmed report already moved the stock; confirmation would hit the core thesis |
| Contract conversion       | Moderate     | High     | Valuation assumes commitments become revenue on schedule                              |
| GAAP margin gap           | High         | High     | Warrants, stock pay and capacity costs keep statutory economics weak                  |
| Share supply              | High         | Medium   | Lock-up waves through 9 November add supply while insiders sell                       |
| Valuation compression     | High         | High     | About 38x forward core sales needs no operational failure to fall                     |
| Customer credit           | Moderate     | Medium   | New neocloud buyers are debt-financed and early-stage                                 |

## Valuation

At \$177.65 and about 227.3 million net shares outstanding, equity value is roughly \$40.4 billion. Adding the \$918 million working-capital loan and subtracting \$7.92 billion of cash and investments gives enterprise value near \$33.4 billion, about 37.7 times the \$885 million midpoint of full-year core revenue guidance. That is lower than the 41x at the prior note, but the relief came from the price, not from higher estimates. Scenario-based sales valuation remains more honest than a DCF, which would be dominated by deployment timing, warrant economics and capacity costs.

The macro drivers are the discount rate and power costs. The Federal Reserve raised its target range to 3.75%-4.00% on 16 September and meets again on 27-28 October. The 10-year Treasury yield reached 5.29% on 30 September, near its highest level since 2007, after second-quarter GDP was revised up to a 2.2% annual rate. For a company valued on cash flows several years out, a higher risk-free rate compresses the multiple directly. Energy prices remain elevated, which raises data-centre operating costs while making Cerebras's efficiency pitch more relevant.

| Measure                  | Value          | Comment                                                                                 |
|--------------------------|----------------|-----------------------------------------------------------------------------------------|
| Share price              | \$177.65       | Close, 30 Sep 2026                                                                      |
| Net shares outstanding   | ~227.3m        | Classes A, B and N less treasury shares                                                 |
| Equity value             | ~\$40.4bn      | Our calculation                                                                         |
| Enterprise value         | ~\$33.4bn      | Adds loan, subtracts cash and investments                                               |
| EV / FY26 core revenue   | ~37.7x         | On the \$885m guidance midpoint                                                         |
| Analyst targets (August) | \$279 to \$330 | Morgan Stanley \$279, Mizuho \$300, Rosenblatt \$300, UBS \$330; no changes found since |

*Our calculations from the Q2 2026 Form 10-Q share count and balance sheet.*

## Sentiment and technical setup

Sell-side ratings remain uniformly positive, with August targets of \$279 to \$330 and no revisions found since. Recent news flow leans negative: the OpenAI hardware claim, the stock's fall through its IPO price, and about \$112 million of officer sales between 25 and 30 September as the first lock-up wave released. The sales were made by the COO and CFO, partly from exercised options and vested units, so they are consistent with diversification at the first opportunity, but the timing adds supply when demand is weakest. Institutional positioning offers no signal yet: as of 30 June 2026, filings through 19 August 2026, reported holdings are inconclusive, with a single quarter of history and a large strategic block among the top holders. Based on reported holdings filed by the cutoff. Late filers are not included, and passive, strategic and mixed holders are left out of the flow measure.

On 96 completed sessions through 30 September, price sits 9.4% below the 20-day average and 12.5% below the 50-day. MACD is negative and below its signal line, RSI is 39.9 and ATR is 7.9% of price. The listing history is too short for 100-day or 200-day averages. The setup is weak, and further lock-up waves are due before 28 October.

| Indicator                 | Reading               | Interpretation                          |
|---------------------------|-----------------------|-----------------------------------------|
| SMA 20 / 50               | \$196.06 / \$202.93   | Price 9.4% and 12.5% below              |
| EMA 20 / 50               | \$196.93 / \$202.86   | Price below both                        |
| RSI (14)                  | 39.9                  | Weak, not oversold                      |
| MACD / signal / histogram | -1.54 / -0.97 / -0.57 | Negative and below signal               |
| ATR (14)                  | \$14.03               | 7.9% of price                           |
| Volume 20d vs 50d         | 6.4m vs 6.9m          | Participation fading outside event days |
| 100 / 200-day             | Not computed          | Only 96 completed sessions              |

Computed from daily closes through 30 September 2026.

## Scorecard

| Factor                  | Score      | Bar                    | Weight | Rationale                                                                 |
|-------------------------|------------|------------------------|--------|---------------------------------------------------------------------------|
| Business Quality        | 6 / 10     | <div><div></div></div> | 15%    | Real differentiation, complicated economics                               |
| Financial Strength      | 7 / 10     | <div><div></div></div> | 15%    | Large cash pool, sizable commitments                                      |
| Competitive Advantage   | 7 / 10     | <div><div></div></div> | 15%    | Fast inference; two new neocloud customers, OpenAI hardware question open |
| Management              | 6 / 10     | <div><div></div></div> | 10%    | Deal flow continues; heavy officer selling at the first unlock            |
| Growth Potential        | 8 / 10     | <div><div></div></div> | 15%    | Contracted demand plus new 2027 neocloud capacity                         |
| Valuation               | 2 / 10     | <div><div></div></div> | 15%    | About 38x forward core sales                                              |
| Risk (10 = lowest risk) | 3 / 10     | <div><div></div></div> | 10%    | Concentration, leases and execution are correlated                        |
| Technical Setup         | 3 / 10     | <div><div></div></div> | 5%     | Below the IPO price and 9-13% under the 20/50-day averages                |
| Investment Score        | 55.5 / 100 |                        | 100%   | Computed weighted sum                                                     |

Scored 1-10, where 10 is always best, including Risk. Risk 3/10 means high risk, consistent with the risks above. Technical Setup moved from 4 to 3 on the break below the IPO price; all other scores are unchanged. The prior note used the same Risk direction.

## Scenario analysis

| Case            | Probability | Operating outcome                                                                      | Fair value |
|-----------------|-------------|----------------------------------------------------------------------------------------|------------|
| <b>Bull</b>     | 25%         | OpenAI and AWS ramp, CS-4 wins share, neocloud deployments scale, margins normalize    | \$310      |
| <b>Base</b>     | 50%         | Strong growth continues, capacity arrives with friction and the multiple compresses    | \$185      |
| <b>Bear</b>     | 25%         | Deployment slips or OpenAI shifts workloads, concentration persists, hardware multiple | \$90       |
| <b>Weighted</b> | 100%        | Probability-weighted fair value, computed                                              | \$192.50   |

*Scenarios unchanged; the new customer deals and the unconfirmed OpenAI report are not sized into them.*

## Recommendation

**Watchlist, unchanged.** The grounds are the same as in September: a real engineering edge, strong contracted demand, and a valuation that already prices conversion. The price fell, but not far enough. The shares become interesting at **\$125 to \$135**, above the \$90 bear case and far enough below the base case to compensate for concentration and execution risk. No cut-loss or take-profit levels apply to a Watchlist rating.

| Toward Buy                                                          | Toward Avoid                                                             |
|---------------------------------------------------------------------|--------------------------------------------------------------------------|
| <b>Shares reach \$125 to \$135 without a thesis break</b>           | OpenAI confirms Ultrafast serving has moved to GPUs                      |
| <b>OpenAI confirms Cerebras capacity for the new Ultrafast tier</b> | AWS deployment slips past early 2027                                     |
| <b>Neocloud deals disclose material revenue and broaden the mix</b> | GAAP losses stay extreme after listing effects pass                      |
| <b>GAAP and core margins converge in Q3 results</b>                 | Lease commitments rise faster than visible demand                        |
|                                                                     | A sustained further rise in long-term yields while estimates stand still |

## Final investment memo

The current price still does not justify committing capital. Cerebras has rare engineering, enough liquidity to build and a growing customer list. The single biggest concern is that much of the valuation still rests on one customer relationship whose next product step is now publicly questioned. A confirmed answer on the OpenAI tier, disclosed economics on the new deals, or a price in the \$125 to \$135 range would change the conclusion.

## Sources

- Cerebras press release: General Compute selects Cerebras (29 Sep 2026), [cerebras.ai](https://cerebras.ai)
- Reuters: Cerebras to supply AI systems to Gimlet Labs (28 Sep 2026)
- Cerebras and Compute Nordic Finland 165 MW data centre (31 Aug 2026), [investors.cerebras.ai](https://investors.cerebras.ai)
- Cerebras Q2 2026 results release (12 Aug 2026) and Form 10-Q
- Barron's: Cerebras stock falls again because so much depends on OpenAI (30 Sep 2026)
- Investing.com: Cerebras slides as Nvidia reportedly powers OpenAI's Ultrafast tier (30 Sep 2026)
- SEC Form 144 and Form 4 filings, Cerebras officers (25-30 Sep 2026)
- Motley Fool: Cerebras lock-up release schedule (21 Sep 2026)
- Broker rating notes relayed by moomoo: Mizuho, UBS, Morgan Stanley, Rosenblatt (Aug 2026)
- Beating The Bull economic data posts, 4-30 September 2026
- Price: Alpha Vantage GLOBAL\_QUOTE, 30 Sep 2026; daily history: Twelve Data

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