

Nebius Group N.V. (NASDAQ: NBIS)

Post-earnings equity research note | Q2 2026 results, reported 12 August 2026 before the open | Report date: 13 August 2026

RECOMMENDATION WATCHLIST	INVESTMENT SCORE 58 / 100	WEIGHTED FAIR VALUE \$261	HORIZON 12–24m
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Pricing note. Nebius reported before the open on 12 August 2026, so that day's closing price of **\$259.20** (Alpha Vantage) is a full post-announcement close and the technical work below is computed on it. Shares rose **34.1%** that session on volume of 63.5 million against a 20-day average of 26.2 million. On 13 August the stock traded between \$208.40 and \$262.34 and was around **\$254** intraday; that figure is indicative and not a confirmed close. Valuation is presented at both levels.

1. What the Quarter Showed, and What It Changed

The printed quarter was good but not extraordinary. Revenue of \$582.3 million rose 454% year over year and 46% sequentially, beating the \$569.9 million consensus by 2.2%. GAAP diluted loss per share of \$0.68 came in \$0.04 better than the \$0.72 expected. Adjusted EBITDA swung to positive \$236.2 million from a \$21.0 million loss a year earlier, a 41% group margin, with the Nebius AI cloud business alone at a 50% margin. Annualised run-rate revenue reached \$3.0 billion at the end of June, up 598% and 56% higher than the \$1.9 billion recorded at the end of March. Full-year 2026 guidance was *reaffirmed* across every metric, not raised.

A 2.2% revenue beat and a reaffirmed outlook do not produce a 34% single-session move. The earnings call did. Management disclosed four landmark AI cloud contracts closed in the quarter, each averaging more than \$1 billion, with named customers including Reflection and Cohere, priced at \$20 million to \$25 million per megawatt with upfront payments covering 50% to 60% of the associated capital expenditure. It raised the year-end contracted power target to 5 gigawatts, having lifted it to more than 4 gigawatts only three months earlier and more than 3 gigawatts before that. It put contracted backlog at roughly \$40 billion and expected 2026 customer prepayments above \$9 billion. And it disclosed that a first capacity auction cleared 15% above the highest price the company had ever charged for Blackwell-generation compute, and 20% above its own pipeline pricing, while short-duration three-to-six-month training engagements are being negotiated at \$40 million to \$50 million per megawatt, roughly double the mid-term rate.

The single most consequential sentence came from the chief executive: Nebius could sell its entire planned 2027 capacity today on the terms already achieved, and is deliberately choosing not to, in order to reserve capacity for higher-priced shorter-duration demand. That is a statement about pricing power, and it is what the market re-rated. None of it appears in the press release.

Reported Results Against Consensus

Q2 2026 metric	Q2 2025	Consensus	Actual	Change
Revenue	\$105.1m	\$569.9m	\$582.3m	+454%
Nebius AI cloud revenue	\$93.6m	—	\$575m	+514%
Annualised run-rate revenue	\$0.43bn	—	\$3.0bn	+598%
Adjusted EBITDA	(\$21.0m)	—	\$236.2m	41% margin
GAAP loss from operations	(\$111.2m)	—	(\$175.9m)	–30% margin
GAAP diluted EPS	\$2.38	(\$0.72)	(\$0.68)	beat \$0.04
Operating cash flow	(\$167.7m)	—	\$2,246.1m	n/m

Q2 2026 metric	Q2 2025	Consensus	Actual	Change
Capital expenditure	(\$510.6m)	—	(\$5,657.4m)	+1,008%

Sources: Nebius Q2 2026 press release (12 Aug 2026); consensus per MarketBeat. Q2 2025 GAAP EPS of \$2.38 included a \$597.4 million gain on revaluation of equity investments and is not comparable to operating performance.

The Headline Loss-per-Share Figures Need Care

Two different loss-per-share numbers are circulating and they are not on the same basis. Several outlets reported an \$0.12 loss against an expected \$0.82, an apparent 85% beat. That \$0.12 is the adjusted figure, derived by dividing the \$33.2 million adjusted net loss by 280.4 million weighted diluted shares (analyst calculation from the disclosed reconciliation, not a company-reported per-share measure). The like-for-like comparison is the GAAP figure: a \$0.68 loss against a \$0.72 consensus, a beat of \$0.04, or 5.6%. The larger number is an artefact of comparing an adjusted result to a GAAP-basis estimate and should not be used.

The prior-year comparison needs the same care in the other direction. Q2 2025 GAAP EPS of positive \$2.38 rested on a \$597.4 million one-off gain from revaluing equity investments, and a further \$780.6 million of such gains landed in Q1 2026, which is why the six-month GAAP result is positive \$1.60 per share while the quarter is negative. Stripping revaluation gains from both periods, this business has not yet produced a GAAP operating profit in any quarter, and the second quarter's operating loss of \$175.9 million was wider than the \$111.2 million a year earlier.

2. The Variables That Will Drive the Return

Nebius rents accelerated compute. Capacity is built ahead of contracts, sold through a multi-tenant software platform, and monetised across three deal types: mid-term one-to-three-year AI cloud contracts that form the core, short-duration premium engagements, and long-term agreements with investment-grade counterparties whose contracted cash flows serve as collateral for asset-backed debt. Ninety-eight per cent of group revenue comes from the AI cloud business; the residual is Avride in autonomous vehicles and TripleTen in education, both loss-making and both the reason group margin sits nine points below the AI segment.

Five variables will determine the two-year return, and they are deliberately not the ones the market focused on this week. First, price per megawatt and whether the \$20 million to \$25 million mid-term rate and the \$40 million to \$50 million short-term rate hold as roughly ten gigawatts a year of industry capacity arrives. Second, the conversion of contracted power into revenue-generating capacity, which management confirmed takes several months of commissioning, networking, cluster build and onboarding after power is connected. Third, funding: \$20 billion to \$25 billion of 2026 capital expenditure against \$3.0 billion to \$3.4 billion of revenue means the business is structurally dependent on continuous access to capital markets. Fourth, depreciation, because the asset base is GPUs and adjusted EBITDA excludes the charge that will eventually define whether this is a profitable business. Fifth, the valuation multiple, which is the variable that has moved most.

3. Quality of Earnings and Quality of Cash

The 41% adjusted EBITDA margin is the number in every headline, and it is the number that requires the most scrutiny. Adjusted EBITDA of \$236.2 million becomes a GAAP operating loss of \$175.9 million once two charges are restored: depreciation and amortisation of \$259.7 million, equal to 45% of revenue, and share-based compensation of \$102.5 million, equal to 18% of revenue. Neither is optional. Depreciation is the cost of the GPUs that constitute the entire product, and share-based compensation is how a large part of the workforce is paid. On a GAAP basis the operating margin was negative 30%, wider in absolute terms than the negative \$111.2 million a year ago.

The direction of travel on depreciation deserves emphasis. Property and equipment rose from \$5.55 billion at the end of December to \$13.05 billion at the end of June, and full-year capital expenditure guidance of \$20 billion to \$25 billion implies it roughly doubles again. The \$259.7 million quarterly depreciation charge reflects an asset base far smaller than the one now being installed. As that capital lands, the annual charge plausibly reaches several billion dollars, and it will

be measured against 2027 revenue that management has not yet guided. Adjusted EBITDA margin can rise and GAAP operating margin still fall.

Where the \$2.2 Billion of Operating Cash Flow Came From

Operating cash flow of \$2,246.1 million in a quarter with a \$190.4 million net loss is the most striking line in the release, and it has been widely described as an inflection to explosive cash generation. The cash flow statement says something more specific. Working capital contributed \$2,030.9 million of it, principally a \$1,197.0 million increase in deferred revenue as customers prepaid, and a \$1,186.8 million collection of receivables that had built to \$720.3 million at year-end and fell to \$288.6 million by June. Excluding those movements, underlying operating cash flow was approximately \$215 million (analyst calculation from the disclosed statement).

That is not a criticism of the prepayment model, which is genuinely differentiated and materially reduces external funding needs. It is a caution about extrapolation. Deferred revenue of \$5,975.2 million is a liability that will be recognised as revenue in future periods without corresponding cash arriving, and the receivables collection is a one-time normalisation that cannot repeat. Against \$5,657.4 million of quarterly capital expenditure, free cash flow was negative \$3,411.3 million in the quarter and negative \$3,626.2 million across the half.

Item	Q2 2026	% of revenue	Comment
Adjusted EBITDA	\$236.2m	41%	The headline profitability measure
less depreciation & amortisation	(\$259.7m)	45%	Cost of the GPUs being rented out
less share-based compensation	(\$102.5m)	18%	Cash cost borne by shareholders via dilution
GAAP loss from operations	(\$175.9m)	-30%	No operating profit yet
Operating cash flow	\$2,246.1m	386%	Headline figure
of which working capital	\$2,030.9m	349%	Prepayments +\$1,197m, receivables +\$1,187m
underlying OCF ex-working capital	~\$215m	37%	Analyst calculation
Capital expenditure	(\$5,657.4m)	971%	GPUs and data centre build
Free cash flow	(\$3,411.3m)	-586%	H1 2026: (\$3,626.2m)

Derived from the Q2 2026 consolidated statements of operations and cash flows. Percentages of revenue computed on \$582.3 million. Items marked as analyst calculations are not company-reported measures.

4. Funding the Build

This is the risk that determines whether the equity works, and management devoted more of the call to it than to anything else. The arithmetic is stark: 2026 capital expenditure guidance of \$20 billion to \$25 billion against guided revenue of \$3.0 billion to \$3.4 billion means the company spends roughly seven dollars of capital for every dollar of revenue it books this year. First-half capital expenditure was \$8.13 billion, leaving \$11.9 billion to \$16.9 billion still to fund in the second half.

The resources against that are real but not obviously sufficient without further issuance. Cash and equivalents including restricted balances stood at \$9.10 billion at 30 June. Customer prepayments are expected to bring more than \$9 billion across 2026, of which roughly \$4.4 billion arrived in the first half judged by the movement in deferred revenue. A \$775 million asset-backed facility was signed in July at SOFR plus 250 basis points, secured against contracted cash flows from an investment-grade customer, and the chief financial officer described the \$40 billion backlog as a scalable base for repeating that structure. Some 12.3 million shares remained available under the at-the-market programme at quarter-end, worth roughly \$3.1 billion at current prices.

The company has already leaned on equity. During the quarter it issued 12.7 million Class A shares through the at-the-market programme at a weighted average of \$224, raising approximately \$2.8 billion, alongside \$4.34 billion of convertible notes and \$2.0 billion of pre-funded warrants earlier in the year. Total financing inflows across the half

reached \$9.16 billion. The balance sheet remains roughly net cash, with \$8.55 billion of debt against \$9.10 billion of cash, which genuinely distinguishes Nebius from leveraged peers. But that position exists because the equity and convertible markets were open, and the share count has been the release valve. Issuing into a \$259 share price is far less dilutive than issuing into the \$148 low touched on 29 July, which is precisely why the funding risk and the valuation risk are the same risk viewed from two angles.

5. Competitive Position and Peer Valuation

Nebius competes with three hyperscale clouds, with CoreWeave as the closest listed comparator, and increasingly with well-capitalised newcomers selling surplus compute. The chief executive's answer on this was fair rather than defensive: the market is growing by tens of gigawatts a year while Nebius plans to add more than one, so new entrants validate demand rather than compress it. That holds while demand outstrips supply. It stops holding the moment it does not, and a business building capacity ahead of contracts is precisely the one that discovers the turn last.

The differentiation that looks durable is the software layer rather than the hardware. The multi-tenant platform is what makes an auction possible at all, since capacity must be reallocable to be auctionable. Token Factory offers day-zero support for frontier open-weight models and has posted leading independent benchmark results. Tavily's developer community grew from one million in February to more than 2.5 million. The asset-light partnership model, under which third parties finance and build while Nebius supplies platform and demand, is the most interesting disclosure of the quarter because it generates high-margin revenue against minimal balance sheet capital, though management was candid that it is at a very early stage.

	Nebius	CoreWeave	Read
Market capitalisation	~\$69bn	~\$59bn	Nebius larger
2026 revenue guidance	\$3.0–3.4bn	\$12.4–13.2bn	CoreWeave ~4x larger
Latest quarterly growth	+454%	+112%	Nebius far faster
Contracted backlog	~\$40bn	~\$104bn	CoreWeave 2.6x larger
Market cap / 2026 revenue	21.6x	4.6x	4.7x premium
Market cap / backlog	1.73x	0.57x	3.0x premium
Balance sheet	~net cash	heavily levered	Nebius stronger
Adjusted operating margin	negative	~1%	Both thin after D&A

Nebius multiples at the 13 August indicative price of \$254.40 on 271.9 million shares outstanding at 30 June. CoreWeave figures from its Q2 2026 results and press coverage as of 11–13 August 2026 and are approximate. Nebius's growth rate and balance sheet justify a premium; the question the table poses is whether it justifies this one.

6. Management and Guidance Credibility

The execution record is strong and deserves to be said plainly. Arkady Volozh has rebuilt a credible global infrastructure business in roughly two years, and everything guided for the quarter was delivered or exceeded. Contracted power targets have been raised three times in under a year. The landmark contracts were described as competitive wins against incumbent suppliers including hyperscalers, validated through hands-on proofs of concept rather than inbound interest, and the chief revenue officer's account of the sales cycles was specific enough to be checkable.

Three observations cut the other way. The full-year outlook was reaffirmed rather than raised, despite management stating that everything achieved in the quarter met or exceeded plan and that deal terms came in better than expected; the explanation offered, that the new deals come online late in the year and so affect 2027 rather than 2026, is coherent but means the 2026 numbers carried no upgrade. The chief executive has been a seller of stock, disposing of approximately 79,985 shares for around \$14.4 million, including roughly 47,000 shares at about \$235 on 1 July. And the call itself was conducted through a submitted-question portal curated by investor relations, with no open analyst line and

no follow-ups; the questions were substantive and the answers detailed, but a format in which management selects which questions to take is a weaker disclosure mechanism than an open queue, and it should be discounted accordingly.

7. Growth Drivers and Risks

Growth driver	Likelihood	Impact	Comment
Pricing power at \$20–25m per MW mid-term	High	High	Four deals signed; auction cleared 15% higher
Short-term deals at \$40–50m per MW	Medium-High	High	Roughly double mid-term; small share of capacity
800MW–1GW connected by end-2026	Medium-High	High	Reaffirmed; revenue lags connection by months
2027 formal guidance later this year	High	High	The single largest scheduled catalyst
Asset-light partner model	Medium	Medium	High margin, low capital; very early stage
Token Factory and inference mix shift	Medium-High	Medium	Higher margin than raw compute rental
Further asset-backed financing	High	Medium	\$40bn backlog as collateral base
Risk	Probability	Severity	Comment
Capital markets close before build is funded	Medium	Very High	\$11.9–16.9bn of H2 capex still to fund
Compute pricing rolls over as supply lands	Medium	Very High	Industry adding tens of GW per year
Depreciation overwhelms adjusted EBITDA	High	High	D&A already 45% of revenue and scaling
Further equity dilution	High	Medium	12.3m ATM shares left; converts outstanding
Customer concentration in four large deals	Medium	High	Each >\$1bn; counterparties not investment grade
GPU obsolescence / Vera Rubin transition	Medium	High	Blackwell fleet ages as Rubin deploys
Data centre permitting and local opposition	Medium	Medium	Vineland NJ hearing adjourned without a vote
Valuation de-rating from current multiple	Medium-High	Very High	Price sits above consensus target
Extreme share price volatility	High	Medium	ATR 10.2%; 21% intraday range on 13 Aug

This is a high-risk profile on any reading: pre-profit on a GAAP basis, structurally dependent on external funding, exposed to a commodity price it does not control, and priced for success. The roughly net cash balance sheet and the prepayment model mitigate but do not remove it.

8. Valuation

Nebius has no earnings, so earnings multiples are unavailable and a discounted cash flow would rest entirely on terminal assumptions for a business whose 2027 revenue management has explicitly declined to guide. The defensible approaches are revenue and run-rate multiples benchmarked against the closest listed peer, and a scenario framework anchored on 2027 revenue, which is what the share price is actually discounting.

At the 13 August indicative price of \$254.40, the market capitalisation is approximately \$69.2 billion on 271.9 million shares, and enterprise value approximately \$68.6 billion after \$8.55 billion of debt and \$9.10 billion of cash. That is 22.9 times current annualised run-rate revenue, 21.4 times the midpoint of 2026 revenue guidance, 8.6 times the midpoint of the \$7 billion to \$9 billion exit run-rate target, and 53.6 times the adjusted EBITDA implied by guidance. Against contracted backlog, the market pays \$1.73 of market capitalisation per dollar of backlog, where CoreWeave pays \$0.57.

The conclusion is that Nebius is fully valued rather than cheap or absurd. The stock closed 12 August at \$259.20, above the \$255.44 average price target of the eighteen analysts polled by S&P Global, which means the sell side as a group now sees no upside from here even while rating the shares a Buy. Goldman Sachs at \$286 is among the more constructive. A probability-weighted fair value of \$261 against a \$254 price is, for practical purposes, the same number, and it is the width of the distribution rather than its centre that should drive the decision.

Valuation measure	At \$259.20	At ~\$254.40	Peer / reference	Read
EV / current ARR (\$3.0bn)	23.3x	22.9x	—	Rich
EV / 2026 revenue (mid \$3.2bn)	21.8x	21.4x	CRWV ~4.6x	Rich
EV / 2026 exit ARR (mid \$8bn)	8.7x	8.6x	—	Full
EV / 2026 adj EBITDA (~\$1.28bn)	54.6x	53.6x	—	Rich
Market cap / backlog (\$40bn)	1.76x	1.73x	CRWV 0.57x	3.0x premium
Price vs consensus target	\$255.44	\$255.44	18 analysts	At/above
Market capitalisation	\$70.5bn	\$69.2bn	CRWV ~\$59bn	—

Computed on 271.855 million shares outstanding at 30 June 2026, which excludes dilution from convertible notes, pre-funded warrants and the remaining at-the-market authorisation. On a fully diluted basis every multiple above is higher. Verdict: fully valued.

9. Sentiment and Positioning

Positioning is unusually two-sided, which is itself informative. The consensus rating across eighteen analysts is Buy with an average target of \$255.44, essentially the current price. Short interest stood at approximately 14.5 million shares, or 7.26% of the available float, down marginally from 14.7 million in the prior period, and Michael Burry has publicly disclosed and increased a short position in the name, maintaining it through the 34% rally. Insider activity has been one-directional: the chief executive has recorded two sales totalling roughly 79,985 shares for approximately \$14.4 million and no purchases.

The 13 August session illustrates the character of the stock better than any sentiment metric. Shares traded from \$208.40 to \$262.34, a 21% intraday range, the day after a 34% advance. This is an instrument in which conviction is repeatedly tested by price action that has little to do with the underlying quarter.

Source note: the moomoo news and community sentiment feed was not reachable for this run, so the sentiment read above is constructed from published analyst data, short interest reporting, insider filings and financial press coverage rather than that feed.

10. Technical Setup

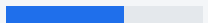
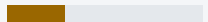
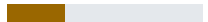
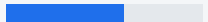
All indicators below are computed in code from the daily series of 100 sessions ending 12 August 2026. The trend is intact and the setup is constructive but stretched. The close of \$259.20 sits above every moving average the series length supports, and the MACD line crossed above its signal for the first time since the June peak, with the histogram at a positive 5.28. RSI at 62.0 is firm without being overbought, which is only possible because the stock was so heavily sold in late July, when it reached \$148.22 on 29 July.

Two features dominate. First, \$259.20 remains below the period high of \$299.86 set on 22 June, so despite a 34% day the stock has not made a new high and the June range overhead is unresolved resistance. Second, the average true range of \$26.48 is 10.2% of the share price, which is roughly three times what a typical large-cap carries, and the 13 August range of \$208.40 to \$262.34 was wider still. Any stop placed inside 10% will be taken out by noise rather than by thesis. The gap left on 12 August between the prior close of \$193.23 and the day's low of \$216.11 is unfilled and marks the first meaningful support; below that sit the 100-day average at \$191.84 and the July low at \$148.22.

Indicator	Value	vs close \$259.20	Read
SMA 20	\$196.61	price above	Short-term uptrend
SMA 50	\$221.83	price above	Intermediate uptrend
SMA 100	\$191.84	price above	Longer-term uptrend
SMA 200	not computed	—	Series is 100 sessions; not estimated
EMA 20 / EMA 50	\$204.53 / \$206.29	price above both	Momentum positive
RSI (14)	62.0	—	Firm, not overbought
MACD (12,26,9)	−0.45 / sig −5.73	histogram +5.28	Bullish crossover just triggered
ATR (14)	\$26.48 (10.2%)	—	Exceptional volatility; sizing input
Volume avg 20d / 50d	26.2m / 20.8m	—	12 Aug spiked to 63.5m
Support levels	\$216 / \$192 / \$148	—	Gap low, SMA100, July low
Resistance levels	\$262 / \$299.86	—	13 Aug high, period high

Computed from Alpha Vantage daily OHLCV, 20 March to 12 August 2026 (100 sessions). The 200-day average is stated as not computed rather than estimated because the series is too short. Technicals inform timing only and do not override the fundamental view.

11. Scorecard

Factor	Score	Weight	Basis
Business Quality	 7/10	12%	Real full-stack platform; 98% from one segment; capital-intensive rental at core
Financial Strength	 6/10	13%	Roughly net cash and \$40bn backlog, against −\$3.6bn H1 free cash flow
Competitive Advantage	 6/10	12%	Software layer and auction mechanism are real; hardware is not proprietary
Management	 8/10	10%	Delivered every 2026 commitment; CEO selling; curated Q&A format
Growth Potential	 9/10	15%	+454% revenue, ARR \$3.0bn, 5GW contracted, could sell all 2027 capacity today
Valuation	 3/10	18%	21.4x 2026 revenue vs peer 4.6x; 3.0x peer on backlog; above consensus target
Risk (10 = lowest risk)	 3/10	15%	Pre-profit, funding-dependent, commodity price exposure, 10.2% ATR
Technical Setup	 6/10	5%	Above all computable averages, MACD crossing; below June high, gap unfilled
Investment Score	58 / 100	100%	Weighted sum of the factor scores above

Scored 1–10, where 10 is always best, including Risk. A long bar is always the favourable outcome, so the short Risk bar denotes a high-risk business. This is a first report on Nebius, so no prior scorecard exists for comparison.

12. Recommendation

Verdict: Watchlist. The quarter materially strengthened the business case and simultaneously removed the margin of safety from the share price. Both statements are true, and holding them together is the whole of the judgement. Demand, pricing and contract quality are better than they were a week ago, on evidence that is specific rather than promotional: four signed contracts above \$1 billion each, an auction clearing 15% above any price previously achieved,

short-duration pricing at roughly double the mid-term rate, and a chief executive willing to state that all of 2027's capacity could be sold today at terms already in hand.

What prevents a Buy is arithmetic rather than doubt about the business. After a 34% session the shares trade above the average sell-side target, at 21.4 times the midpoint of 2026 revenue guidance where the nearest listed comparator trades at 4.6 times, and at three times that peer's valuation per dollar of contracted backlog. A probability-weighted fair value of \$261 sits 2.8% above the current price, which is not a return; it is noise on a stock whose average true range is 10.2%. Buying an asset with a 65% downside case and a 71% upside case at the precise midpoint of its own distribution is a coin toss dressed as an investment.

Levels and Triggers

Parameter	Level or condition	Rationale
Current rating	Watchlist	Business improving; price already reflects it
Accumulation zone	\$180 – \$200	Near the 100-day average of \$191.84 and the late-July base
Upgrade to Buy if	2027 revenue guided above \$12bn	Formal guidance is due later this year; the key catalyst
Upgrade to Buy if	Prepayment coverage rises above 60% of capex	Reduces the equity issuance that caps returns
Upgrade to Buy if	Price returns to the \$180–200 zone	Restores a genuine margin of safety on base-case value
Move to Avoid if	2027 revenue guided below \$9bn	Would break the pricing and conversion thesis
Move to Avoid if	Large equity raise priced below \$200	Signals funding stress and compounds dilution
Move to Avoid if	Realised price per MW falls below \$20m	The core unit economic; erosion invalidates the case
Move to Avoid if	Weekly close below \$148	Breaks the July low and the structure since March
Position size if entered	Small, 1–2% of portfolio	10.2% ATR and a –65% bear case demand restraint

Levels anchored to the 13 August indicative price of approximately \$254.40. No entry, cut-loss or take-profit levels are published because the rating is not a Buy; the conditions above define what would change that.

13. Scenario Analysis

Scenario	Prob.	Revenue outlook	Earnings / multiple	Fair value	vs \$254
Bull	30%	2027 revenue ~\$16bn; 1GW active, short-term pricing at \$40–50m per MW holds	Adj EBITDA margin ~45%; market pays 8x EV/revenue	\$434	+71%
Base	45%	2027 revenue ~\$11bn; capacity converts on schedule at \$20–25m per MW	Adj EBITDA margin ~40%; multiple settles at 6.5x	\$242	–5%
Bear	25%	2027 revenue ~\$8bn; AI capex digestion, pricing rolls over as supply lands	Margin compresses; de-rating to 3.5x plus dilution to ~315m shares	\$89	–65%

Probability-weighted fair value: \$261.46 = $0.30 \times \$434 + 0.45 \times \$242 + 0.25 \times \$89 \rightarrow +2.8\%$ versus \$254.40. Probabilities sum to 100%. Share counts assume 295 million in the bull and base cases and 315 million in the bear case, reflecting continued issuance.

Computed in code; the stated weighted value matches its inputs. The spread between the bull and bear cases is roughly four to one, which is the defining feature of this investment and the reason position size matters more than direction.

14. Investment Memo

Would an investor commit their own capital to Nebius at \$254? Not today, and not because the business disappoints. Because the price now pays for the outcome rather than the option on it.

The bull case is easy to state and it is substantially true. This is one of a very small number of companies capable of adding more than a gigawatt of AI capacity a year, it has just proved pricing power in the most direct way available by running an auction and watching it clear 15% above anything it had previously charged, it has \$40 billion of contracted backlog, and it finances roughly 50% to 60% of each contract's capital cost with customer cash before spending it. That prepayment structure is genuinely better than the leveraged model most peers run, and it is why the balance sheet is still roughly net cash after spending \$8.1 billion on capital in six months.

The problem is what the price now requires. At \$69 billion of market capitalisation the company is worth more than CoreWeave, which will book roughly four times the revenue this year and holds two and a half times the backlog. The market pays \$1.73 per dollar of Nebius backlog against \$0.57 for the same peer. Justifying that gap requires believing not merely that Nebius executes, but that it executes while pricing holds as the industry adds tens of gigawatts a year, that the multiple does not compress, and that the \$11.9 billion to \$16.9 billion of capital still to be spent in the second half arrives on terms that do not materially dilute. The base case, which assumes 2027 revenue of \$11 billion and a still-generous 6.5 times revenue multiple, produces a fair value 5% below the current price.

The single biggest concern is the one hiding inside the most celebrated number. Adjusted EBITDA of \$236 million and a 41% margin describe a business that made a \$175.9 million operating loss once depreciation and share-based compensation are charged, and the depreciation is calculated on an asset base that is about to double. Meanwhile the \$2.2 billion of operating cash flow was \$2.03 billion working capital, most of it customer prepayments that are a liability and a receivables collection that cannot repeat; underlying cash generation was nearer \$215 million. None of this means the business will not become profitable. It means that at 21 times revenue the market has already decided that it will, and has left nothing for being wrong.

What would change the view is specific and dated. Formal 2027 guidance is promised later this year: revenue above \$12 billion, with the mid-term pricing intact, would validate the bull case and justify buying even after this move. Equally, a return to the \$180 to \$200 area without any deterioration in contracted backlog or realised price per megawatt would restore the margin of safety that the last two sessions removed, and that is the more likely of the two routes to ownership given a stock that traded at \$148 seventeen sessions ago.

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