

SHEEPHILL GROUP
AI INFRASTRUCTURE RESEARCH

NEOCLOUD CREDIT · GPU RENTAL ECONOMICS

AI compute rents accrue to NVIDIA and to lenders, not to shareholders.

Short CRWV equity and converts; the senior secured debt is covered; monitor 2027–2028 contract renewals to inform position sizing.

COREWEAVE, INC. · NASDAQ: CRWV

DISCUSSION DRAFT · AUGUST 2026

NEOCLOUD CREDIT · GPU RENTAL ECONOMICS · AUGUST 2026

Background & Thesis: While compute is becoming an asset class, the ecosystem's pass-through entity, CRWV, increasingly resembles an MLP whose economics are distributed to suppliers and lenders, not equity holders.

1 · THE BACKDROP: WALL STREET IS FINANCING COMPUTE LIKE INFRASTRUCTURE

- August 2026: NVIDIA announces a ~\$500B financing framework with Apollo, BlackRock, Blackstone, Brookfield, Goldman Sachs and KKR, with an optional backstop of up to 25% (\$125B)¹⁵. Fink compares the moment to the birth of mortgage securitization.
- GPU-backed delayed-draw term loans, vendor financing, and first ABS deals already exist; rating agencies now rate GPU paper. The underwriting conventions being set (advance rates against depreciable cost, DSCRs on contracted revenue) are the subject of this report.

2 · NEOCLOUD BUSINESS MODEL

- **A pure-play compute landlord:** buys NVIDIA systems, wraps them in power, data centers and orchestration, and leases capacity under multi-year fixed-price take-or-pay contracts²⁶, financing 70–85% of cost against those contracts.
- Hyperscalers sell compute into an installed enterprise base, bundled and funded from operating cash flow, earning incremental margin on a relationship they retain. Neoclouds sell raw capacity to frontier labs that are building the same infrastructure internally: a temporary supplier between a monopoly vendor and concentrated customers, earning only the spread over chips, power, and capital.

3 · WHY NEOCLOUD ECONOMICS ARE CHALLENGING

- **Capital intensity:** GPUs earn frontier rates for only ~2–3 years before repricing to mid-tier. Three completed cycles (V100, A100, H100) show market rates stepping down 50–85% from launch, decaying faster each generation (\$5). Holding revenue flat requires continuous frontier capex; growth capex is maintenance capex.
- **Limited pricing power:** a price taker on chips from a monopoly supplier, capped above by hyperscaler list and undercut below by marketplace boards (\$3–4), with contract rates set at signing against the strongest counterparties in the market. Revenue and EBITDA grow rapidly while profitability and free cash flow remain elusive.

4 · SHEEPHILL'S VIEW ON THE CAPITAL STRUCTURE

- **Value is captured upstream²⁵:** NVIDIA collects the compute scarcity premium in the chip's purchase price, and SPV and parent-company lenders take the contracted cash flows during the highest economic earning years of the GPU collateral (coupons 7–15%¹¹, amortization repaying inside the contract term). The tenors were set that way: secured lenders underwrite ~3-year amortization, in line with observed decay rates, while unsecured noteholders take 4–6-year bullet risk landing at the re-contracting wall for roughly 200–300bps more.
- Remaining free cash flow is pledged to secure the next tranche of GPU capex; since 2023, \$32.5B of financing inflows against \$11.3B of operating cash flow. Equity keeps the year-5+ re-contracting tail, which three completed cycles price at 25–50 cents on the frontier dollar.
- **The market has rewarded the trade so far:** backlog and revenue growth have translated into a \$50–59B capitalization. But as DSCRs tighten and leverage capacity is constrained, no scenario we tested (including re-lease rates above original contracts and a zero-growth harvest case) generates sufficient free cash flow to equity to justify it.
- The ~\$50B market cap equals roughly the contracted backlog (\$104B) less existing debt (\$35B) and the incremental debt to deliver it (~\$15–20B). We view this as overstated: the backlog is revenue, not margin, and cash accrues to equity only under highly optimistic re-contracting assumptions.

5 · EXPRESSION AND TIMING

- **Long or indifferent:** CRWV senior secured of the DDTL 4.0 class, amortizing inside investment-grade take-or-pay¹².
- **Short:** CRWV equity and the 2% convertibles as the AI-agnostic core (sponsor support protects the enterprise and arrives as dilution); the 2031/32 unsecured notes as the borrowing-base trade.
- Catalysts are dated, not narrative (\$7): each new credit agreement prints what lenders advance against GPU collateral (spreads have walked S+225 → S+550¹¹³); offtaker health prints quarterly in deferred revenue and RPO; the first at-scale renewal test arrives with the 2027–28 H100 roll and DDTL 4.0's June 2027 commitment termination¹²²⁵. Capital-structure arbitrage, not a view on AI demand.

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1	Background & Thesis	While compute is becoming an asset class, CRWV resembles an MLP whose economics are distributed to suppliers and lenders and not equity holders.
3	Valuation Sensitivities	Contract tenure and re-lease retention swept across their full ranges, with debt-coverage breakpoints.
4	Valuation & Asymmetry	The full tenure x retention grid priced: ~23% max upside vs 69–98% downside to the observed record.
5	Compute Pricing Tiers	What each compute product actually clears at, from marketplace spot to reserved contracts.
6	Tier Step-Down	Three completed decay cycles (V100, A100, H100), each faster than the last.
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A-1	Appendix	Cross-provider pricing by GPU generation with launch dates.
S-1	Sources & Footnotes	Citations 1–27, source-type hierarchy noted. Model available on request.

Valuation: The equity is worth whatever a GPU earns after its first contract expires, and that price is not known until the 2027–28 renewals

1 · TENURE AND RETENTION, SWEEPED ACROSS THE FULL RANGE one model, one variable moved at a time, the other held at its empirical setting. Constants: market-view capex path, 12x FY30 EBITDA, 15% discount over 4.5 yrs, 566M diluted shares, funding gaps debt-financed²⁵. Green = PV per share exceeds the current \$88.34

TABLE 1 · FRONTIER CONTRACT TENURE (retention held at 50%) · \$ in millions except per share

TENURE (YRS)	FY30 EBITDA	NET DEBT (ADJ.)	IMPLIED EQUITY	PV / SHARE	INTERNAL CASH COVERS
2.0	\$6,206	\$53,436	\$21,040	\$19.82	DDTL 4.0 + SPV
2.5	\$6,206	\$51,539	\$22,937	\$21.61	DDTL 4.0 + SPV
3.0	\$6,206	\$47,717	\$26,759	\$25.21	DDTL 4.0 + SPV
3.5	\$6,206	\$45,820	\$28,656	\$26.99	DDTL 4.0 + SPV
4.0	\$7,392	\$41,612	\$47,091	\$44.36	Through OEM†
4.5	\$9,289	\$39,715	\$71,752	\$67.59	Through OEM†
5.0	\$10,369	\$36,592	\$87,834	\$82.74	Through OEM†
6.0	\$11,641	\$34,548	\$105,143	\$99.04	Through OEM†

TABLE 2 · RE-LEASE RETENTION (tenure held at 3.5 yrs) · \$ in millions except per share

RETENTION	FY30 EBITDA	NET DEBT (ADJ.)	IMPLIED EQUITY	PV / SHARE	INTERNAL CASH COVERS
40%	\$4,965	\$48,270	\$11,311	\$10.66	DDTL 4.0 + SPV
50%	\$6,206	\$45,820	\$28,656	\$26.99	DDTL 4.0 + SPV
60%	\$7,448	\$43,371	\$46,001	\$43.33	DDTL 4.0 + SPV
70%	\$8,689	\$40,921	\$63,346	\$59.67	DDTL 4.0 + SPV
80%	\$9,930	\$38,472	\$80,691	\$76.01	Through OEM†
90%	\$11,171	\$36,022	\$98,035	\$92.35	Through OEM†
100%	\$12,413	\$33,573	\$115,380	\$108.69	Through OEM†

† unsecured notes remain refinancing-dependent in every cell of both tables.

WHY TENURE MATTERS: A BALANCE-SHEET VARIABLE

- Tenure sets how long each vintage earns frontier rates before it reprices.
- Below 3.5 years FY30 EBITDA is flat — every cohort has already repriced by the terminal year. The damage flows through the interim funding gap instead: ~\$7.6B of extra net debt between 3.5 and 2.0 years.
- **SPV lenders already underwrite to 3–3.5 year amortization**, in line with observed decay. The collateral-facing capital has priced the tenor; the equity has not.

WHY RETENTION MATTERS: A TERMINAL VARIABLE

- Retention is the price of the fleet's second life, and it sets terminal EBITDA directly: each 10 points is worth ~\$1.2B of FY30 EBITDA, ~\$15B of enterprise value, ~\$16 of PV per share.
- Three completed cycles (V100, A100, H100) cleared at **25–50%** (\$5).
- Every row at or below the top of that record prices the equity at \$27 or less. Recovering \$88.34 requires ~87–90%+, a level no completed cycle has approached.

HOW TO READ THE COVERAGE COLUMN

- The question: working down the capital structure from most senior to most junior, how far does the company's own cash get before it runs out?
- In the weaker scenarios it covers the secured SPV loans and stops there. In the stronger ones it also reaches the equipment financing.
- **It never reaches the unsecured notes.** In every cell of both tables those bondholders are repaid only if someone else lends first — yet they hold the longest paper in the structure, 4–6 year bullets maturing into the re-contracting wall, for only 200–300bps more than lenders who made sure they were repaid inside three.

WHAT THE TABLES IMPLY

- **The unsecured notes are never covered by internal cash** in any cell of either sweep. Their refinancing dependence is built into the structure rather than being a feature of any one scenario.
- **The secured boundary sits at 4.0 years or 80% retention.** Below it, internal cash stops at DDTL 4.0 plus the SPV facilities.
- **The price sits outside the record on both axes.** \$88.34 is recovered only at ~5+ year tenors or ~87%+ retention, and because the two variables substitute for each other the equity needs at least one of them to clear historical experience by a wide margin. Both print at the 2027–28 renewal wall.

Valuation: Limited Upside, Asymmetric Downside at \$88

2 · THE FULL ASSUMPTION SPACE, PRICED PV of equity per share at every tenure x retention combination; 12x FY30 EBITDA, 15% discount, 566M diluted shares, market-view capex path²⁵. Gold = the market-implied cell; heavy border = the observed-history region; green = cells above the current price

TENURE \ RETENTION	40%	50%	60%	70%	80%	90%	100%
2.0 yrs	\$2.05	\$19.82	\$37.59	\$55.37	\$73.14	\$90.91	\$108.69
2.5 yrs	\$4.19	\$21.61	\$39.02	\$56.44	\$73.85	\$91.27	\$108.69
3.0 yrs	\$8.51	\$25.21	\$41.90	\$58.60	\$75.29	\$91.99	\$108.69
3.5 yrs	\$10.66	\$26.99	\$43.33	\$59.67	\$76.01	\$92.35	\$108.69
4.0 yrs	\$31.49	\$44.36	\$57.22	\$70.09	\$82.96	\$95.82	\$108.69
4.5 yrs	\$59.37	\$67.59	\$75.81	\$84.03	\$92.25	\$100.47	\$108.69
5.0 yrs	\$77.55	\$82.74	\$87.93	\$93.12	\$98.31	\$103.50	\$108.69
5.5 yrs	\$77.55	\$82.74	\$87.93	\$93.12	\$98.31	\$103.50	\$108.69
6.0 yrs	\$97.11	\$99.04	\$100.97	\$102.90	\$104.83	\$106.76	\$108.69

SHEEPHILL VALUATION PERSPECTIVE

- **Current Valuation:** at ~\$88 per share (~\$49B) the stock already trades on the gold cell; the market has paid for the optimistic scenario in advance, not left room for it.
- **Capped upside:** the best cell on the entire grid, perfect retention forever, is \$108.69, roughly +23%, and only in operating environments no completed cycle has produced.
- **Asymmetric downside:** the heavy-bordered box is where history has actually cleared: \$2 to \$27, or 69–98% below the price. Roughly \$20 of upside against \$60–86 of downside, with the downside anchored to observed data and the upside to assumptions.
- **No near-term solvency risk:** DDTL 4.0 and the SPV facilities are money-good in nearly every cell; internal cash covers them from FY27 even at three-cycle-midpoint pricing, and asset value covers the full stack at 1.1x or better everywhere on the grid.
- **Execution risk instead:** free cash flow to equity is negative through FY30 across most of the space, the unsecured notes refinance rather than repay in every cell, and the enterprise must keep raising successive debt financing rounds against each new GPU vintage.
- **The trade:** short the equity and converts where the distribution is priced at its favorable edge; stay long or indifferent the secured paper covered in nearly every cell; the 2027–28 renewal wall is the catalyst that determines which scenario plays out.

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From the Power Wall to Compute Scarcity: Where the Rents Actually Accrue

3 · THE FOUR PRICING TIERS what each product is and what actually sets its price, as context for the chart below

MARKETPLACE / SPOT

Uncommitted Capacity Clears Here

Leftover, interruptible GPU-hours on open boards; no SLA. The closest thing to a market-clearing price, but fragmented and self-reported⁶. Prices what the marginal uncommitted GPU can earn today.

NEOCLOUD ON-DEMAND

Firm Capacity, No Commitment

Instant, firm capacity with SLAs from a single operator. Posted rates are disciplined by competition but must carry the idle GPUs held to guarantee availability: a fleet selling half its hours needs ~2x the reserved rate just to match reserved revenue. Indexed by SDH100RT⁴.

HYPERSCALER ON-DEMAND

The Rack Rate

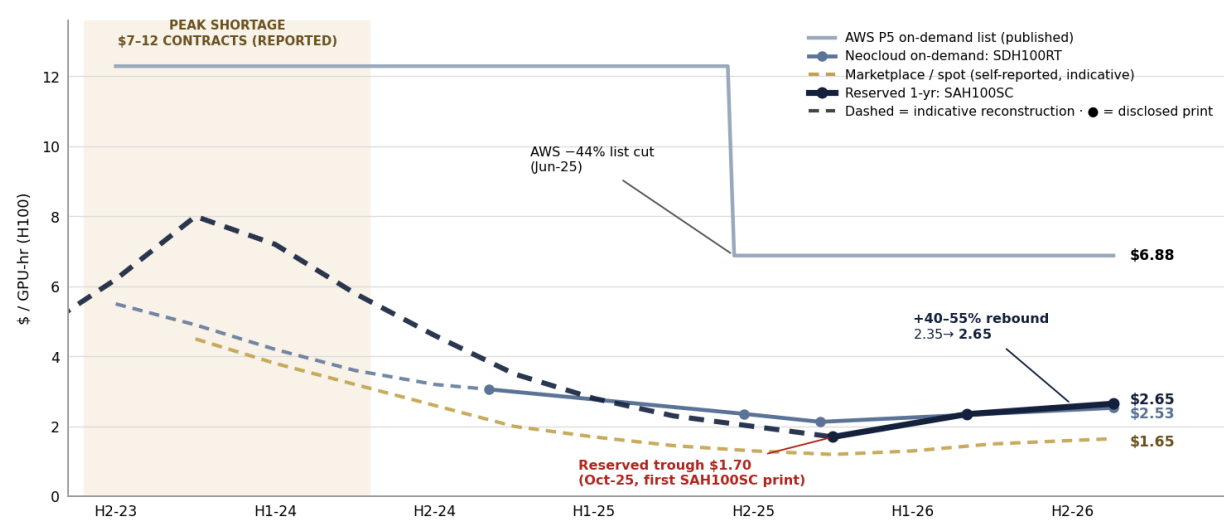
Compute bundled with the ecosystem (egress, compliance, integration), sold to captive enterprises. An administered list, not a clearing price: volume transacts 40–60%+ below it and reprices in steps (AWS –44%, Jun-25⁷). Not pricing headroom for neoclouds.

RESERVED 1-YR CONTRACT

Where the Backlogs Live

Take-or-pay committed capacity, 1yr+; the tier CoreWeave's and Nebius's revenue books are written on⁸. Negotiated bilaterally with no auction: a forward priced off the scarcity of deliverable capacity, made acute by the power wall¹. Surveyed by SAH100SC³.

4 · FOUR PRICE REGIMES, ONE CHIP how the four tiers have moved apart. H100 \$/GPU-hr, 2023 → Aug 2026



TIER	CURRENT
Marketplace / spot	\$0.30–1.94 ⁶
Neocloud on-demand	~\$2.53 ⁴
Hyperscaler on-demand	\$6.88 (AWS P5 list) ⁷
Reserved 1-yr contract	~\$2.65 ³

Power analogs, by economic function: spot = real-time merchant energy; neocloud on-demand = firm energy; hyperscaler list = retail tariff; reserved take-or-pay = tolling / PPA from the pre-capacity-market era. Function only, not microstructure: no central clearing or auction exists in compute yet.

How to read this chart: solid segments connect disclosed prints only — AWS P5 published list throughout; neocloud on-demand (SDH100RT) from Sep-2024⁴; reserved 1-yr (SAH100SC) from Oct-2025³. Everything to the left of those first prints, including the shaded shortage band, is an indicative reconstruction drawn back to the reported 2023 range (provider retrospective, not an index⁵); marketplace / spot is indicative throughout, as no index exists for that tier⁶. The intermediate path is not observed. **No dashed segment should be quoted as data.** Full basis in S-1 fn 22.

PRICING TREND AND CREDIT RELEVANCE

The pricing trend: all tiers converged downward 2023–25 as new supply entered; since Oct-25 the *contracted* tier decoupled and re-inflated ~40–55% off its trough³. That is a rebound, not a return to 2023 shortage rates of \$7–12/hr⁵, and spot stays below the rates the backlog was written at.

The key point: ~96% of neocloud revenue is contracted⁸, so today's P&L reflects the contract book, not the market. Spot below legacy contract levels is the leading indicator that reprices revenue at roll-off, not today.

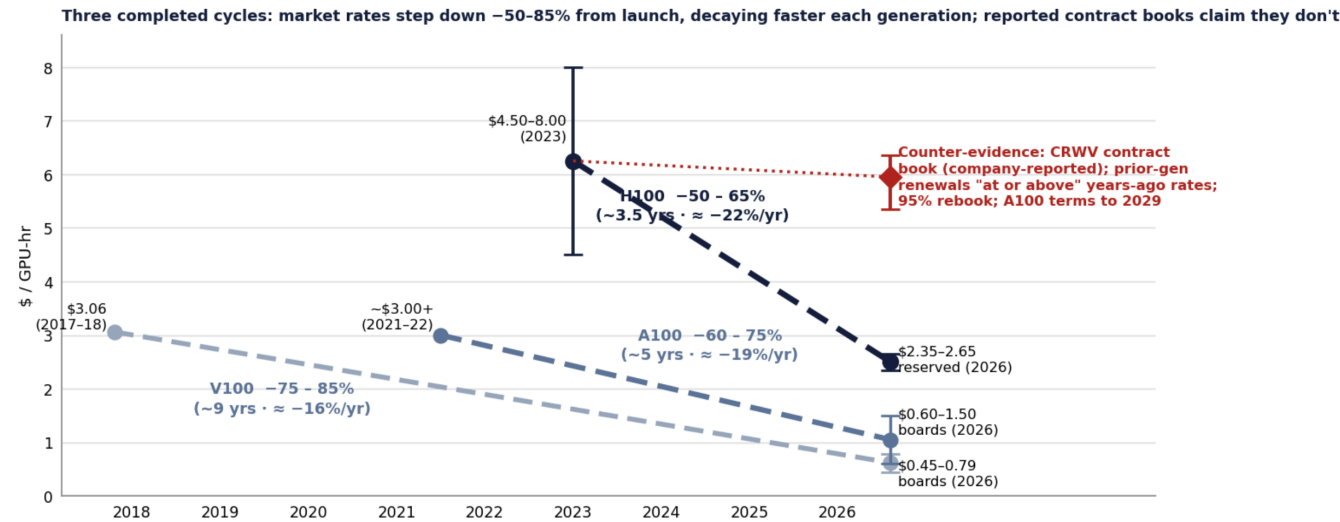
Economic Life ≠ Useful Life: A Two-Stage Revenue Asset Underwritten as One

5 · THE TIER STEP-DOWN IS EMPIRICAL, NOT FORECAST GPUs outlive 6 years physically, but earn frontier rates for only 2–3 before repricing to mid-tier

CHIP	POWER / GPU (TDP)	FRONTIER-TIER RATE (LAUNCH)	MID-TIER RATE (TODAY)	REVENUE STEP-DOWN	FRONTIER TENURE
V100 (2017)	300 W ²³	\$3.06 /hr (2017–18) ²⁴	\$0.45 – 0.79 /hr ²⁴	–75 – 85%	~3.0 yrs
A100 (2020)	400 W ²³	~\$3.00+ /hr (2021–22) ⁵	\$0.60 – 1.50 /hr ⁶	–60 – 75%	~2.5 yrs
H100 (2023)	700 W ²³	\$4.50 – 8.00 /hr (2023) ⁵	\$2.35 – 2.65 reserved ³	–50 – 65%	~2.0 yrs
B200/GB200 (2025)	~1,000–1,200 W ²³	\$5.29 – 30 /hr (current frontier) ⁶	t.b.d. (Rubin ramp 2027)	model: –50%+ –1 – 1.5 yrs (annual cadence)	

The bulls' two best datapoints, a 95% rebook rate and A100 contracts running to 2029⁹, measure how well a chip holds its price while it stays in the same tier. The credit question is a different one: what the chip earns after it drops out of the frontier tier altogether. Across three completed cycles, that step has cost 50–85% of the rate. Power tightens it further. In a constrained market the megawatt goes to whatever earns the most per watt (mid-tier A100 ~\$1.50–3.75/kW-hr vs ~\$5–25 for frontier Blackwell, derived), so prior-generation silicon is pushed off scarce power long before its rent falls below its running cost.

5B · IS THE STEP-DOWN REAL, OR JUST OUR CLAIM? market prices say yes; the contract book, as reported, says not yet



WHAT THE MARKET PRICE SAYS

- Since 2023, the market price of renting a GPU has fallen the way it always does once a chip stops being the newest one.
- An H100 that rented for \$4.50–8.00 an hour at launch⁵ rents for \$2.35–2.65 today³.
- The A100 before it did the same thing, from over \$3.00⁵ to \$0.60–1.50 now⁶.
- The V100 before that fell from \$3.06 at launch to \$0.45–0.79 today, and AWS still lists it at the original \$3.06²⁴.
- The decay is getting faster with each generation: roughly 16% a year for the V100, 19% for the A100, 22% for the H100.
- With NVIDIA now shipping a new flagship every year instead of every two, the Blackwell chips being financed today should reprice faster than either.
- CoreWeave's book doesn't reflect any of this.
- The company reports its older chips re-leasing "at or above" the rates of years ago⁹, effectively marking the fleet flat while the open market says the same hardware is worth half or less.

THE RISK FOR CREDIT INVESTORS

The debt is serviced by contracts, but the contracts expire before the loans do (\$1). When they roll, the collateral re-leases at whichever of these two prices is real. If it's the market's, and it has been three generations in a row, cash flows in the merchant years come in 50–75% below what a flat book implies.

How the Marginal Lender Underwrites the Collateral

7 · DDTL 5.5, TERM BY TERM

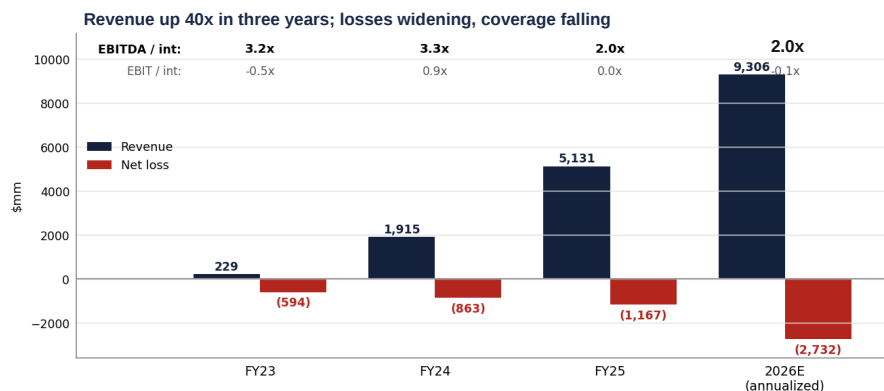
\$2.6B SPV facility closed Aug-7-26 (8-K, Exhibits 10.1–10.2); the newest print of what lenders will and will not underwrite against GPU collateral

TERM	AS UNDERWRITTEN (CREDIT AGREEMENT, AUG-7-26)	THESIS RELEVANCE	CITATION
Facility & structure	\$2.6B delayed-draw term loan to CoreWeave Financing DDTL V-V, LLC (SPV). All-asset lien, 100% equity pledge via dedicated Holdco chain, unconditional parent guarantee . JPM admin agent; JPM / MUFG arrangers.	Structurally senior to converts and unsecureds in both collateral and recourse: the parent guarantee is a backstop the 2031/32 notes do not get in reverse.	8-K Item 1.01; Credit Agmt. preamble; Collateral Agmt.; Parent Guarantee & Pledge Agmt. (Ex. 10.2)
Pricing	Term SOFR + 550bps (0% floor); base rate + 450bps; 0.50% undrawn fee, monthly in arrears.	Completes the S+225 → 400 → 450 → 550 walk (Breakpoint 1): the marginal price of GPU collateral, printed in a filed document.	\$2.11(a); "Applicable Margin" def.; \$2.10(c) (Undrawn Fee)
Tenor	Draws available to commitment termination Dec-2026 ; legal maturity Sep-1-2031 (~5 yrs).	~5-yr paper against ~3-yr avg contracts: the tenor-vs-contract mismatch is in the credit agreement itself, not only rating-agency commentary.	"Commitment Termination Date" def.; "Term Maturity Date" def.; \$2.06(a)
Advance rate	Loans capped at 70% of Funding Date Capital Expenditures; capex tied to uncontracted GPU capacity is excluded .	Bottom of 70–85% range: advance compressing as spread widens — the borrowing-base repricing the unsecured trade keys off.	"Funding Date GPU Amount" def. (70% × FDCE); "Funding Date Capital Expenditures" def.; \$4.02(j)
Draw conditions	Each draw: POs vs pre-agreed schedule; GPU serial numbers within 60 days; DC Funding Conditions — title transferred, hardware delivered, power live and contracted for full MSA duration .	Lenders fund delivered, contracted, powered silicon only. Backlog is not collateral; the 2.7 GW contracted-vs-active gap stays equity's problem.	\$4.02(j)–(m); "DC Funding Conditions" def.; \$5.22; Sch. 4.02(l)
Amortization	Monthly scheduled amort from first payment date post-commitment termination (~Jan-27; Sch 2.08 percentages redacted) plus 100% excess-cash sweep until loans ≤ \$1.3B ; remainder bullet at maturity. Make-whole yr 1, then 2%/1%.	Sweep-to-half inside the contract term; the retained \$1.3B tail is the lenders' only re-contracting exposure — priced at S+550.	\$2.08(a); \$2.09(b)(i)(B); Sch. 2.08 (omitted per Item 601(a)(5)); "Minimum DDTL Amount" def. (\$1.3B); "Applicable Premium" def.
Contract coverage	Projected Contract Value Ratio ≥ 2.40x (contracted value / loans). Breach = Cash Trap; 3 consecutive months = Cash Sweep forcing prepayment above 2.40x.	Coverage tested against contract value, not asset value: the collateral-facing capital takes zero GPU residual-value risk. Equity holds all of it.	"Projected Contract Value Ratio" def.; "Cash Trap Event" def. §(b); "Cash Sweep Event" def.; \$2.09(b)(i)(A)
DSCR	≥ 1.35x maintenance from first full month after commitment termination. Projected DSCR for uncontracted periods uses borrower good-faith assumptions "reasonably consistent with the Base Case Model."	The merchant tail is marked to management's model — the flat-book problem (\$5B) codified inside the covenant itself.	\$6.12(a); "Debt Service Coverage Ratio" def.; "Projected Debt Service Coverage Ratio" def.; "Debt Service" def.
Renewal protection	Maturing MSA Non-Replacement: contract expiry without eligible renewal by Renewal Deadline → mandatory prepay within 5 business days to restore 1.35x DSCR and 2.40x PCVR.	The 2027–28 renewal wall converted into a dated prepayment trigger (Breakpoint 3): renewal failure deleverages the SPV at equity's expense.	\$2.09(b)(iii); "Renewal Deadline" def.; "MSA Replacement Commitment" def.
Replacement quality	Eligibility Criteria: ≥6-mo tenor, USD, collaterally assignable, "not materially worse." Qualified Customer = borrower self-certification (deemed lender approval after 5 days' silence).	Collateral-quality migration in black and white: no IG-counterparty test, vs DDTL 4.0's Meta take-or-pay wrap. The DDTL-series deterioration the thesis maps.	"Eligibility Criteria" def.; "Qualified Customer" def.
Liquidity & leakage	Funded reserve = max(10% of loans, \$112.5M), L/C-fundable. Distributions blocked until no default, amort current, reserve funded and loans ≤ \$1.3B. 95% notional IR hedge required.	Cash ring-fenced at the SPV until the facility halves; restricted-cash step-ups at subsidiaries are the Breakpoint 4 print to watch quarterly.	"Liquidity Requirement" def.; "Distribution Conditions" def.; \$2.20(b) (waterfall); \$5.23 (IR Protection); \$6.12(b) (Min. Liquidity)

SHEEPHILL READ

The document supports the thesis line for line: lenders underwrite contracted cash flow only, amortize and sweep inside it, force prepayment on renewal failure, and price the retained \$1.3B tail at S+550. Every risk they declined to hold — re-contracting economics, model-marked merchant periods, self-certified replacement counterparties — sits with the converts, the unsecureds, and the equity.

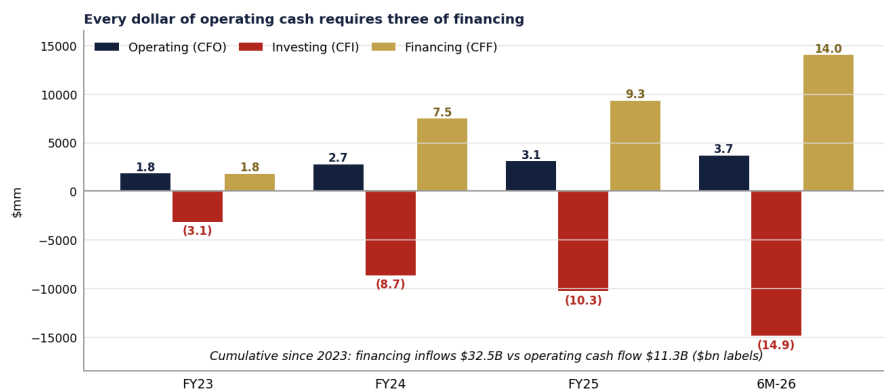
Historical Financial Overview, Part 1: Growth Without Profits, Financed Not Earned.

6 · THE INCOME STATEMENT, AS REPORTED FY23–FY25 10-K; 6M-26 10-Q, annualized²⁵. D&A sits inside opex lines and is restored from the cash flow statement

\$MM	FY23	FY24	FY25	ANN-26
Revenue	229	1,915	5,131	9,306
EBITDA (op. income + D&A)	89	1,187	2,408	4,694
Operating income	(14)	324	(46)	(386)
Interest expense, net	28	361	1,229	2,352
Net loss	(594)	(863)	(1,167)	(2,732)
EBITDA / interest, as reported	3.2x	3.3x	2.0x	2.0x
Debt, period end	1,300	8,000	21,373	35,068
EBITDA / interest, coupon run-rate	—	—	—	1.6x

GROWTH WITHOUT PROFITS

- Revenue grew 40x in three years while operating income never exceeded FY24's \$324M: each incremental revenue dollar arrived with more depreciation and interest attached (\$5). FY24, on a young fleet and a quarter of today's leverage, was the profitability peak.

6 (CONT.) · CASH FLOWS, AS REPORTED every subtotal ties to the filed statements to the dollar²⁵

\$MM	FY23	FY24	FY25	6M-26
Operating cash flow (CFO)	1,833	2,749	3,058	3,663
of which deferred revenue (prepayments)	1,986	2,049	4,174	1,365
Investing cash flow (CFI)	(3,148)	(8,658)	(10,271)	(14,874)
Financing cash flow (CFF)	1,788	7,464	9,308	13,985
Debt issued, net proceeds	1,404	7,018	11,829	16,747
Debt repayments	(2)	(589)	(3,399)	(5,219)
Equity and preferred issued	438	1,175	1,511	2,982
Ending cash (incl. restricted)	480	2,035	4,130	6,904

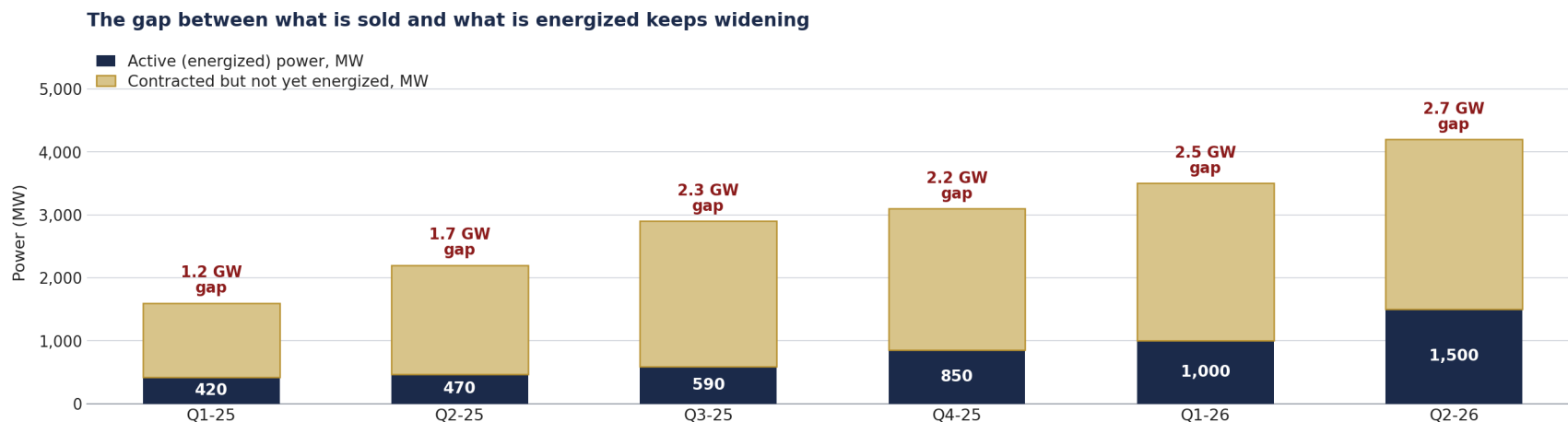
FINANCED, NOT EARNED

- Borrowing funds the buildout, not operations.** Financing inflows exceed operating cash flow in every period: \$32.5B cumulative vs \$11.3B since 2023. Operations cover roughly a quarter of investing, \$9.2B of repayments were themselves refinanced, and deferred revenue exceeded all of FY25's CFO.
- Each raise has to exceed the one before it.** Every year's capex is funded by a larger debt round than the last, so borrowings have to keep growing for output to stay on plan.
- Terms are tightening while that happens.** Advance rates now sit at the bottom of the 70–85% range while spreads have walked S+225 → S+400 → S+450 → S+550 across the DDTL series: rising cost and shrinking proceeds per dollar of collateral, together.

Historical Financial Overview, Part 2: The Scale-Up, Quarterly.

6 (CONT.) · POWER, BACKLOG AND LEVERAGE BY QUARTER

operating metrics per company earnings releases and calls; all balance-sheet items per the filed Form 10-Q / 10-K for each period end



	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26
Backlog (\$B)	25.9	30.1	55.6	66.8	99.4	104.2
Revenue (\$M)	982	1,213	1,365	1,572	2,078	2,575
Total debt (\$B)	8.7	11.1	14.0	21.4	24.9	35.1
Debt / assets	40%	42%	43%	43%	45%	46%
Adj. EBITDA, annualized (\$B)	2.4	3.0	3.4	3.6	4.6	5.7
Debt / ann. adj. EBITDA	3.6x	3.7x	4.2x	5.9x	5.4x	6.1x
Debt / assets (incl. leases)	54%	55%	57%	60%	63%	67%

All balance-sheet figures per the filed Form 10-Q / 10-K for each period end. Debt = "Debt, current" + "Debt, non-current," net of unamortized discount and issuance costs; leases = ASC 842 operating lease liabilities, current + non-current. EBITDA basis is the company's adjusted (SBC added back); the implied-EBITDA basis on p.5 runs higher.

THE BACKLOG IS SOLD; THE POWER IS NOT BUILT

- **The gap is the backlog.** Contracted power has run 3–4x ahead of energized power every quarter, widening from 1.2 GW to 2.7 GW: revenue sold but not yet deliverable, because the megawatts behind it are not built.
- **A slip in power is not just a slip in timing.** Delivery depends on interconnection, substation capacity and shells the company does not control. Where power slips, contracts can be renegotiated, deferred or cancelled — taking the revenue and the collateral value with them.
- **Leverage is rising on every measure.** Debt / assets 40% → 46%, debt / adjusted EBITDA 3.6x → 6.1x despite revenue tripling, and debt including leases 54% → 67% of assets. The 2.7 GW shortfall is itself unfunded capex, so a power delay tightens financing and revenue at once.

What Breaks It: A Dated Catalyst Map, Not an AI Bear Case

7 · THE BREAKPOINTS, RANKED BY HOW HARD THEY ARE TO NARRATIVE AWAY the market prices funding events, not economics. Each breakpoint below is a document, a date, or a disclosure

BREAKPOINT	WHEN	MECHANISM	THE PRINT TO WATCH
1 · The borrowing base	Every new financing 8-K; ongoing	Every facility advances 70–85% against depreciable cost, and spreads have already walked S+225 → S+450 → S+550 as contract coverage shortened ^{11 13} . The first cut to an advance rate, or a shift from depreciated cost to market value, reprices everything behind it.	DDTL 6.0 credit agreement exhibits: advance rate, collateral definition, spread, tenor. Flows to the unsecureds within two quarters.
2 · The offtaker funding cycle	Quarterly; each major AI-lab raise	The rating is the offtaker, and the book has rotated toward counterparties whose compute commitments exceed their funded capital ⁸ . NVIDIA can finance chips but not end-customer cash; the chain breaks wherever someone must raise outside money.	Deferred revenue growth (prepayments were the whole of FY25 operating cash flow ²⁵); RPO burn vs net adds; the 10-Q concentration note; any disclosed contract amendment or deferral.
3 · The 2027–28 renewal wall	Jun-2027 onward; dated	The 2023–24 H100 vintages (~\$13B gross) roll off ~4-yr contracts in 2027–28, as Rubin ramps and DDTL 4.0's commitment terminates (Jun-27) and amortization begins ^{12 25} . The first at-scale renewal print in the asset class, and it sets what the next borrowing base advances.	Disclosed renewal pricing vs legacy rates; reserved-rate indices (SAH100SC) ³ ; the model's DSCR trough sits in FY27–28 for this reason.
4 · Forced recognition	Any quarter after 3 fires	Repriced renewals force auditors to test \$46.7B of PP&E and agencies to revisit GPU useful lives. An SPV-level DSCR breach traps cash before it reaches the parent. This is where an asset-value story becomes a dated GAAP event.	Useful-life changes; impairment charges; restricted cash step-ups; agency criteria publications and DDTL rating actions.

SHEEPHILL POSITIONING PERSPECTIVE

- **Sponsor support is expected:** neoclouds are essential to NVIDIA's growth, and support has many forms: the \$500B financing platforms with an optional 25% / \$125B backstop¹⁵, residual value guarantees, direct equity.
- **Support arrives as dilution:** every form protects the enterprise and the lenders while diluting equity and subordinating unsupported creditors. The \$3.0B of 1H-26 private placements and \$6.6B of converts are support-as-dilution already on the balance sheet²⁵.
- **Support prices the tail:** a guarantor writing first-loss on the re-contracting tail is not evidence the tail is safe; it is the first institutional price on it. Each visible support action is itself a catalyst, printed in public documents.
- **What proves the bulls right:** renewal rates at or above legacy for two more years, printed in disclosures rather than commentary⁹; inference demand holding 5-yr-old silicon at frontier-adjacent rates; DDTL 6.0 pricing inside 5.0 with unchanged advance rates; or neocloud cost of capital compressed below the decay rate.
- **Expression:** long or indifferent the supported paper (DDTL 4.0-class senior secured, amortizing inside investment-grade take-or-pay¹²); short equity and the 2% converts as the AI-agnostic core; short the 2031/32 unsecured notes, repricing on the first borrowing-base event rather than on default.
- **Sizing:** keyed off the dated catalysts above rather than the narrative cycle. Jun-2027 is a fixed date, which limits what it costs to be early.

Appendix A-1: Cross-Provider Pricing by GPU Generation

A4 · POSTED ON-DEMAND PRICING BY GPU GENERATION median posted on-demand rates across providers, August 2026 snapshot²⁹. Posted cards are the LAST place decay appears; reserved and marketplace tiers (\$3–5) clear lower

GPU FAMILY	LAUNCH	AGE (YRS)	CRWV	NBIS	LAMBDA	ORCL	DOCN	AWS	AZURE
B300	2H 2025	~1.0	–	\$7.85	–	\$15.00	–	\$17.80	–
GB200	Early 2025	~1.5	\$10.50	–	–	\$16.00	–	–	\$27.04
B200	Late 2024	~1.8	\$8.60	\$7.15	\$6.89	\$14.00	–	\$14.24	–
H200	1H 2024	~2.3	\$6.30	\$4.50	–	\$10.00	\$3.44	\$7.91	\$13.78
H100	Late 2022	~3.8	\$6.16†	\$3.85	\$4.04	\$10.00	\$3.39	\$6.88	\$7.44
MI300X (AMD)	Dec 2023	~2.7	–	–	–	\$6.00	\$1.99	–	\$7.86
L40S	2023	~3.0	\$2.25	\$1.69	–	\$3.50	\$1.57	\$3.19	–
RTX Pro 6000	2025	~1.0	\$2.50	\$1.80	–	\$4.50	–	\$7.27	\$5.72

- **The tier hierarchy holds on identical silicon.** Hyperscaler list runs 1.5–2.5x neocloud on-demand for the same H100: AWS \$6.88 / Azure \$7.44 / Oracle \$10.00 against Nebius \$3.85 — the administered-pricing structure described in §3–4.
- **The generational step-down shows up on the market-reflective column.** Nebius runs B300 \$7.85 → H100 \$3.85 (~50% off at age ~4) → L40S \$1.69.
- **Per-watt, the generations converge.** Normalized by TDP, Nebius B300 (~1,400W) and H100 (~700W) both clear ≈\$5.5/kW-hr, so the market is already pricing GPU-hours as power-hours — the mechanism behind the §3 displacement argument.
- **CoreWeave's posted H100 card is not a clearing rate.** At \$6.16, 72% of its own B200, it is an administered price on residual inventory of a ~96%-committed fleet. Nebius and the marketplace boards (\$1.50–2.50) are where the same silicon clears.

SOURCES & REFERENCES · S-1

Numbered Footnotes — Full Citations and Links (superscripts throughout the report refer to this table)

#	DATAPoint	CITATION	SOURCE TYPE
1	Power wall: GT capacity 39.4 GW/yr sold out thru 2030; queue conversion 9.8%; 4–8 yr waits; BTM economics	Sheephill Group, <i>AI Infrastructure Power Analysis</i> (1Q 2026) — https://sheephillgroup.com/research-ai-infrastructure	Primary (own research)
2	68 GW US DC power demand / 38 GW raw shortfall, 2026–28	Morgan Stanley Research, Exhibits 7–8 (Aug 2026) — viewed via X/@MelvinInvests screenshots; primary report not independently obtained	Publication (secondary access)
3	Reserved 1-yr H100 contract: \$1.70 (Oct-25) → \$2.35 (Mar-26) → ~\$2.65 (current)	SemiAnalysis, SAH100SC 1-yr H100 rental contract index (Bloomberg-listed), index commentary Apr 2026	Credible publication / index
4	Neocloud on-demand H100 index: \$3.06 (Sep-24) → \$2.36 (Jun-25) → \$2.13 (Sep-25) → ~\$2.53 (current)	Silicon Data, SDH100RT H100 rental index — https://www.silicondata.com/products/silicon-index	Index provider
5	2023 shortage-era contract/on-demand rates \$7–12/hr; A100 peak ~\$3+/hr	Silicon Data H100 rental market commentary (2023–25 retrospective). Pre-index period; range is as reported by the provider, not an index series	Index provider (retrospective)
6	Marketplace/spot floors \$0.30–1.94; prior-gen and B200 on-demand ranges	Provider live pricing boards (Vast.ai, SF Compute, Spheron and peers), observed Aug 2026 — self-reported vendor data, not independently verified	Self-reported (flagged)
7	AWS P5 (H100) on-demand list ~\$6.88/GPU-hr after ~44% reduction effective 1-Jun-25	AWS EC2 GPU instance price-reduction announcement (Jun 2025); current list per AWS published pricing	Primary (company)
8	~96% of revenue contracted; backlog \$104.2B (Q2-26) → ~\$129B incl. post-quarter adds; MSFT ~67% of FY25 revenue; OpenAI forward commitments ~1/3 of book	CoreWeave, Inc.: Form S-1 (SEC EDGAR, CIK 1769628) — https://www.sec.gov/Archives/edgar/data/1769628/000119312525044231/d899798ds1.htm ; Form 10-Q, period ended 6/30/26 — https://www.sec.gov/Archives/edgar/data/00011769628/0001176962826000366/crww-20260630.htm ; 4Q25 earnings release (EDGAR-filed); Q2-26 earnings release & call	Primary (SEC filings)
9	95% rebook of off-contract H100s; A100 contracts to 2029; "prior-gen pricing at or above years-ago levels"	M. Intrator (CoreWeave CEO), CNBC interview (Nov 2025); Q2-26 earnings call — management statements, not verified against filings	Company-reported (flagged)
10	Nebius unit economics: ~\$12M/MW base 2026 capacity; \$20–25M/MW new long-term; \$40–50M/MW short-term; capacity auction +15% above prior Blackwell print	Nebius Group N.V., Q2-2026 shareholder letter and earnings call (Aug 2026) — management disclosures	Primary (company) / mgmt-reported
11	DDTL 1.0: \$2.3B, ~15% all-in (Aug-23); DDTL 3.0: \$2.6B, S+400 (Jul-25)	CoreWeave financing press releases and Forms 8-K — index at https://investors.coreweave.com/financials/sec-filings/default.aspx ; early-facility terms per contemporaneous coverage, to be confirmed against 8-K exhibits	Primary (company) / pending exhibit check
12	DDTL 4.0: \$8.5B, S+225 / ~5.9% fixed, A3 / A(low) / A-sf, Meta take-or-pay support, 1.15x DSCR, IP-license feature	CoreWeave IR press release, "CoreWeave Closes Landmark \$8.5 Billion Financing Facility..." (Mar 2026) — https://investors.coreweave.com/news ; Moody's / DBRS Morningstar / Fitch rating actions	Primary (company) + rating agencies
13	DDTL 5.0: \$3.1B, S+450, Ba2/BB+ (May-26); DDTL 5.5: \$2.6B, S+550, Ba2/BB+, ~3-yr avg contracts vs ~5-yr maturity (Aug-26)	CoreWeave financing announcements / Forms 8-K (May, Aug 2026); Moody's and S&P rating actions — tenor-vs-contract detail per rating agency reports	Primary (company) + rating agencies
14	CRWW parent: >\$35B total debt (\$31.4B recourse + \$3.7B non-recourse); ~\$640M/qtr interest; parent B+	CoreWeave Form 10-Q, period ended 6/30/26 (SEC EDGAR, link at #8); S&P issuer credit rating	Primary (SEC filing)
15	Nebius \$775M asset-backed facility, S+250, vs IG-offtaker contracted cash flows (Jul-26)	Nebius Group announcement (Jul 2026)	Primary (company)
16	NVDA financing platforms >\$500B with Apollo, BlackRock, Blackstone, Brookfield, Goldman Sachs, KKR; optional residual-value backstop up to 25% (~\$125B)	J. Huang announcement — https://x.com/JensenHuang/status/2086934705207959965 ; CNBC, "Nvidia, Wall Street asset managers launch \$500 billion AI push" (10-Aug-26) — https://www.cnbc.com/2026/08/10/nvidia-wall-street-asset-managers-500-billion-ai-push.html	Primary (company) + publication
17	Fink: "next future for financial engineering... akin to MBS in the 1970s"; Goldman: "create a market for credit backed by Nvidia compute"	CNBC joint interview with NVDA and partner-firm executives (10-Aug-26), link at #16	Credible publication
18	SDLLMTK: 2.07 (28-May-26) → 1.02 (18-Aug-26), ~51%; Dec-25 low 1.0153; series avg 1.53	Bloomberg terminal, SDLLMTK Index (Silicon Data LLM Token Expenditure Index), print 18-Aug-26 12:33 ET — user-supplied terminal screenshot on file	Bloomberg (terminal print)
19	Hyperscaler commitment stack: \$248B lease liabilities + \$356B LTD on-BS; \$904B leases not commenced + \$1.52T purchase commitments off-BS; per-company detail incl. Alphabet \$811B	WSJ analysis of company filings, "Select commitments, on-balance sheet vs. off" (Aug 2026) — chart on file; underlying data: each company's most recent Form 10-Q commitment footnotes (SEC EDGAR)	WSJ (from primary filings)
20	Microsoft ~\$12B unexercised CoreWeave capacity option (Mar-25); OpenAI backfill	Semafor (Mar 2025); consistent with subsequent CoreWeave disclosures on customer mix	Credible publication
21	US 10Y 4.653% (18-Aug-26) vs 4.23% (12-Jan-26); 30Y sovereigns: US ~5.3%, France ~4.9%, Japan ~4.1%, Germany ~3.8%	Tradeweb US10Y via CNBC (18-Aug-26, 9:25am EDT) — screenshot on file; Tullett Prebon 30-yr government bond yield series via WSJ (Aug 2026) — chart on file	Tradeweb / Tullett Prebon
22	\$5B chart construction — complete data basis	Disclosed prints (• markers, solid segments): SAH100SC — \$1.70 (Oct-25), \$2.35 (Mar-26), ~\$2.65 (current), per fn 3; SDH100RT — \$3.06 (Sep-24), \$2.36 (Jun-25), \$2.13 (Sep-25), ~\$2.53 (current), per fn 4; AWS P5 list — \$12.29 to Jun-25, \$6.88 thereafter, per fn 7. Indicative (dashed): reserved-tier 2023 → Oct-25 path drawn to connect the reported 2023 \$7–12 range (fn 5) to the first SAH100SC print — shape is illustrative, endpoints are sourced; neocloud on-demand pre-Sep-24 drawn analogously; marketplace/spot line drawn through self-reported board levels (fn 6) — entirely indicative, no index exists. No dashed segment should be quoted as data.	Methodology disclosure
23	GPU thermal design power: A100 SXM 400 W; H100 SXM 700 W; B200 ~1,000 W (GB200 NVL72 rack-scale higher per-GPU envelope)	NVIDIA published product specifications / datasheets (V100, A100, H100, B200/GB200)	Primary (company specs)
24	V100 cycle: AWS P3 launched Oct-2017 at \$3.06/GPU-hr, list unchanged as of Aug-2026; current V100 boards \$0.45–0.79 on-demand (spot to \$0.07, 18 providers); cohort median \$1.84 (Jul-24) → \$1.29 (Jul-26). Launch anchor is hyperscaler list because hyperscalers were effectively the entire rental market in 2017–18; marketplaces did not yet exist, so the V100 cycle mixes tiers at the start by necessity	AWS published EC2 P3 pricing (primary, company); provider trackers and marketplace boards, Aug 2026 (self-reported, not independently verified); AIMultiple GPU rental index (index provider)	Primary (company) + self-reported (flagged)
25	Sheephill CRWW debt & coverage model: facility-by-facility capital structure, recovery waterfall, cash flow tie-out, and 2H-26–FY30 vintage forecast. Built from CRWW 10-Q (6/30/26) Note 10 debt table, disclosed future-principal schedule (2H-26 \$4,413 / 2027 \$6,184 / 2028 \$4,416 / 2029 \$2,421 / 2030 \$3,221; face \$35,551), balance sheet, and FY23–6M-26 statements of cash flows (all subtotals tie to reported figures); FY26 revenue and capex guidance per Q2-26 earnings call. Cohort asset base reconciled to balance-sheet PP&E (\$52.7B gross less \$6.0B accumulated D&A = \$46.7B net). Model available on request	Primary (SEC filings; company guidance) + Sheephill assumptions as labeled in model	Primary + own model
26	Contract structure and duration: committed contracts fixed-price for duration on a \$ per GPU-hour basis per S-1; weighted-average duration ~4 yrs at 12/31/24, ~5 yrs for new capacity per Q4-25 and Q1-26 calls; ~36% of backlog recognized within 2 yrs and ~75% within 4, per management	CRWW S-1 and earnings calls (company-reported)	Company
27	Buy-side small-group meeting notes (2025): contracts SKU-locked and non-cancellable; ~85% loan-to-cost via SPV structures amortizing within contract; debt repaid by year 3; equity upside in years 5–6+ through re-contracting	Third-party investor notes, not independently verified	Channel-check tier (flagged)
28	Quarterly KPI series: active power, contracted power, revenue backlog, revenue, and adjusted EBITDA per CoreWeave quarterly earnings releases and call transcripts, Q1-25 through Q2-26 (company-reported). PP&E, total assets, and total debt exact at 12/31/25 and 6/30/26 per filed balance sheets; intra-year quarters estimated from disclosed issuance, capex, and interest run-rates, marked "e"	Company earnings releases and calls; SEC filings for anchored quarters; Sheephill estimates as marked	Company + estimates (flagged)
29	Median posted on-demand GPU pricing by provider and family, August 2026 snapshot; launch timing per NVIDIA/AMD product announcements (H100 shipping late 2022; H200 1H-24; B200 late 2024; GB200 racks early 2025; B300 2H-25; MI300X Dec-23; L40S 2023). Posted on-demand cards are provider-administered and lag clearing rates on reserved and marketplace tiers	Third-party pricing tracker snapshot (provider-published rates); vendor launch announcements	Indices / published (posted, not clearing)

Citation hierarchy: primary sources (SEC filings, company releases, own research) are cited first, then credible publications and index providers (WSJ, Bloomberg, CNBC, SemiAnalysis, Semafor); items resting on management statements or self-reported vendor boards are flagged in the Source Type column and have not been independently verified. The \$5B chart plots disclosed prints only (markers), joined by straight lines; no pre-print history is reconstructed. Aggregator, vendor-blog, and tracker links have been removed. Items marked "pending exhibit check" should be confirmed against the underlying 8-K exhibits before external circulation. This report is for discussion purposes only and is not investment advice.