Valuing US Neoclouds: Contracted GPU Revenue versus Hardware Depreciation

A Contract, Cohort and Capital Structure Framework for AI Infrastructure Valuation

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Abstract

US neoclouds combine long-dated customer commitments with short-cycle computing equipment, large power and data-centre obligations, complex financing and rapid technology change. Contracted revenue can improve visibility, support procurement and finance assets. It does not equal cash, enterprise value or debt capacity. Revenue may remain conditional on delivery, commissioning, service availability, customer acceptance and continuing performance. The equipment required to earn that revenue may depreciate faster than the contract, require a mid-term refresh, carry limited resale value or remain financed after its commercial competitiveness has weakened.

This paper develops a valuation framework that reconciles contracted GPU revenue with equipment cohorts, utilisation, price evolution, power availability, lease commitments, customer concentration, debt and refresh capital. The framework separates remaining performance obligations, wider company-defined backlog, signed capacity, delivered capacity, accepted service, recognised revenue and collected cash. Each state receives an evidence standard, timing assumption and probability or scenario treatment. Contract duration is aligned with the useful life, financing term, maintenance burden and residual value of the GPUs, servers, networking and supporting infrastructure that generate the service.

Public disclosures show why this reconciliation matters. CoreWeave reported USD 60.7 billion of remaining performance obligations at 31 December 2025, a weighted-average committed-contract duration of about five years and USD 21.6 billion of total indebtedness. Its 2025 depreciation and amortisation increased to USD 2.3 billion, and its filing describes the need to estimate equipment lives and redeploy infrastructure after contracted use. At 30 June 2026, CoreWeave reported USD 35.6 billion of indebtedness and USD 15.6 billion of liquidity, while its earnings materials reported approximately USD 104 billion of revenue backlog. The company defines backlog more broadly than remaining performance obligations and states that recognition depends on delivery and service availability. These are company-specific reported facts and should not be transferred to another operator without evidence. [1][2][3]

Other disclosures show different business models and funding paths. Nebius distinguishes contracted, connected and active power and describes multi-year dedicated-capacity orders. IREN reported customer prepayments and GPU financings linked to specific deployments, while also recording material impairment charges associated principally with decommissioned mining equipment during its transition to AI cloud services. Public hosting and data-centre companies describe long-dated capacity contracts, lease obligations, construction schedules and customer concentration. NVIDIA disclosures illustrate continuing architectural change and large supply commitments across current and future systems. The comparison supports a cohort-based valuation rather than a single revenue multiple. [6][7][8][9][13][14]

The worked case is wholly hypothetical. It values a US neocloud with four GPU cohorts, a USD 12.0 billion stated contracted-revenue schedule, USD 5.4 billion of gross deployment capital, USD 3.2 billion

of equipment and project debt, USD 1.1 billion of lease liabilities and USD 0.7 billion of unrestricted cash. The central case converts the stated contract value into USD 9.4 billion of risk-adjusted scheduled revenue after delivery, acceptance, concentration and service-performance adjustments. It assumes 78 per cent billable utilisation, a 38 per cent steady-state EBITDA margin, funded refresh and an enterprise value of USD 8.7 billion from weighted discounted-cash-flow, capacity and market-reference methods. After USD 3.6 billion of adjusted net debt and debt-like obligations, illustrative equity value is USD 5.1 billion. The combined downside assumes a nine-month delivery delay, 58 per cent utilisation, a 20 per cent price reduction, accelerated cohort obsolescence, a 5 per cent hardware residual and higher refinancing cost. It produces an enterprise value of USD 3.6 billion, below adjusted net debt. None of these figures describes an identified company, security, lender, customer or transaction.

The central conclusion is that neocloud valuation requires two linked ledgers. The contract ledger tests customer credit, enforceability, conditions, acceptance, price, performance, termination and collection. The asset ledger tests installed equipment, generation, commissioning, utilisation, power, maintenance, useful life, refresh, portability, financing and residual value. A credible valuation reconciles both ledgers monthly, recognises debt and lease claims before equity, and tests the value impact when revenue outlives hardware, hardware arrives before revenue, or financing matures before either.

JEL Classification: G31, G32, G34, L86, M41, O32

Keywords: neocloud, GPU cloud, valuation, contracted revenue, hardware depreciation, AI infrastructure, remaining performance obligations, capital structure

1. Define the valuation decision

The valuation must state whether it supports an acquisition, financing, equity raise, impairment review or internal capital allocation. [1][2][22][25] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include valuation date, ownership perimeter, security class, transaction purpose, accounting basis, currency and decision rights. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that one headline multiple is used for every decision. The practical response is to set the perimeter and valuation standard before selecting assumptions. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

2. Define the neocloud perimeter

A neocloud may own GPUs, lease data-centre space, contract for power, finance equipment through special-purpose entities and sell managed or bare-metal services. [1][6][7][9] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include legal-entity chart, asset register, contracts, leases, guarantees, debt, software, employees and shared services. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that the operating brand is treated as one unencumbered enterprise. The practical response is to map assets, cash flows and claims by legal entity. The model should record each revision

and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

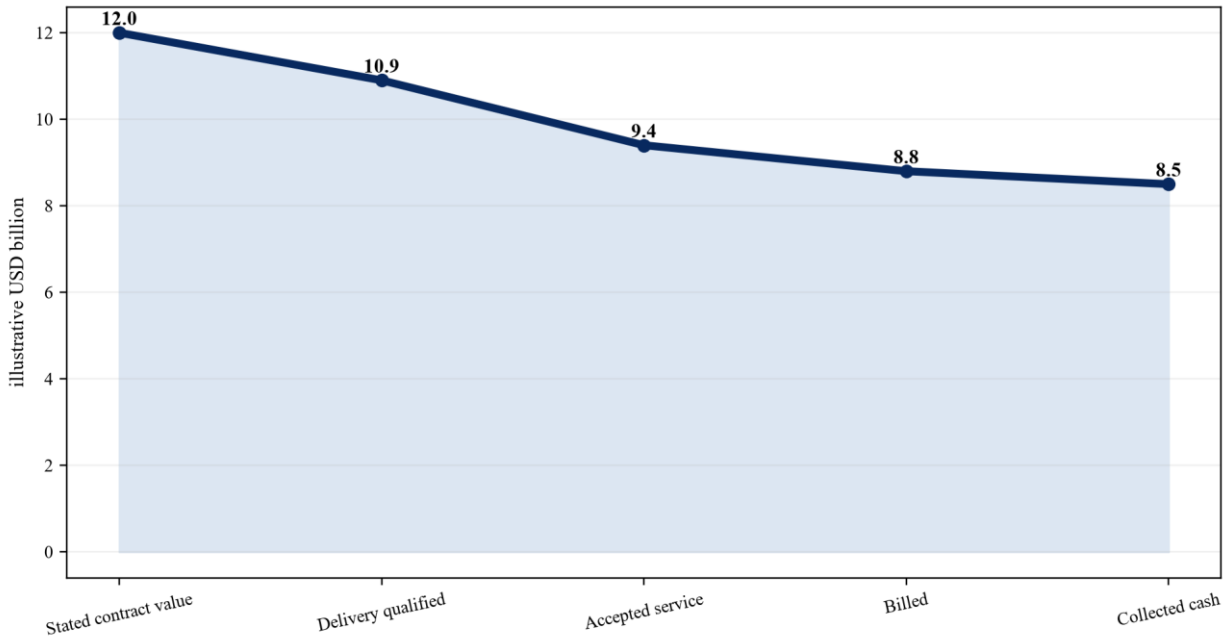
3. Separate contract states

Remaining performance obligations, backlog, reservations, orders, capacity options and customer forecasts carry different conditions and accounting meaning. [1][2][3][24] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include signed agreements, order forms, cancellation rights, termination, delivery dependencies, acceptance, performance obligations and collection. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that company-defined backlog is valued as unconditional receivables. The practical response is to build a contract-state waterfall and value each state by evidence. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

Figure 1. Contract state to collected cash



Proposed evidence waterfall; quantities are illustrative and do not describe an identified company.

Table 1. Contract evidence ladder

State	Evidence	Valuation treatment
commercial pipeline	customer dialogue	excluded from contracted case
signed order	executed order and pricing	condition-adjusted schedule
RPO	accounting-policy definition	reconcile timing and exclusions
delivered service	commissioning and availability	eligible for acceptance test
accepted and billed	acceptance and invoice	credit and collection analysis
collected cash	bank receipt	cash-flow evidence

Proposed framework; governing documents and accounting policy determine treatment.

4. Reconcile customer concentration

A large anchor contract may support financing and create correlated delivery, credit, renewal and bargaining risk. [1][6][10][12] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include revenue, backlog, RPO, receivables, prepayments, credit support, parent obligations, termination and renewal by customer. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that contract scale is credited without a concentration adjustment. The practical response is to model customer-level cash and explicit replacement time. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

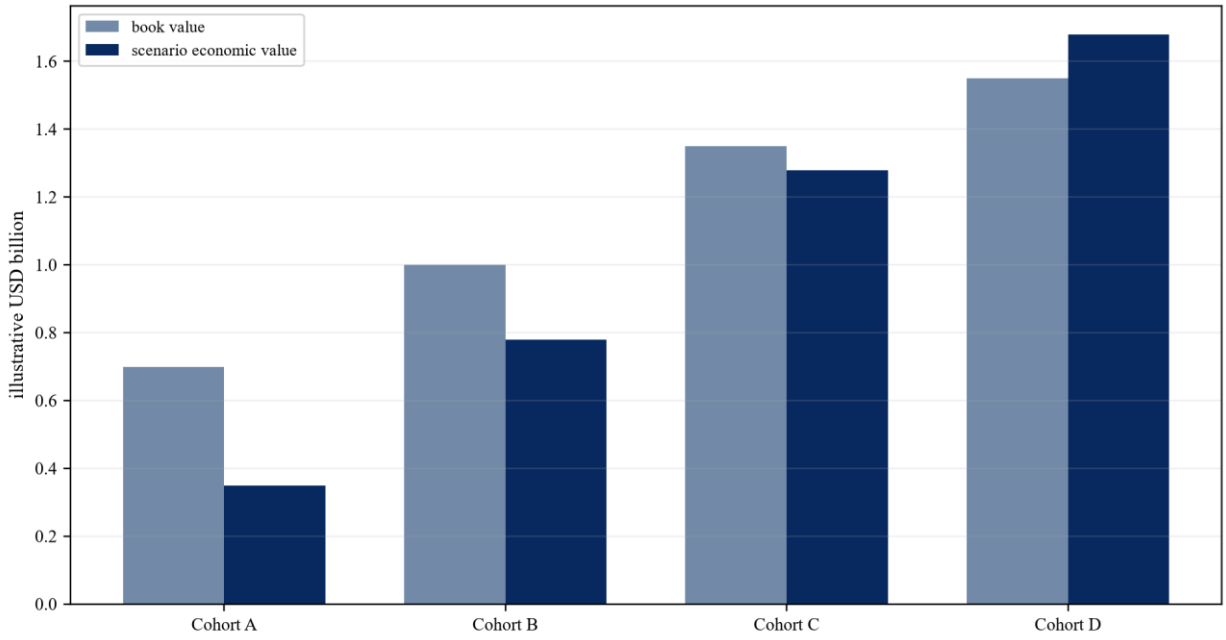
5. Build the GPU cohort ledger

Every GPU, server and network cohort has a generation, delivery date, cost, financing, warranty, useful life, workload fit and residual value. [1][13][14][15] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include serialised asset register, bill of materials, commissioning, location, title, lien, warranty, benchmark and retirement plan. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that all computing equipment receives one average life and value. The practical response is to forecast each material cohort separately. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

Figure 2. Hypothetical GPU cohort book value and economic value



Wholly hypothetical; economic value is scenario-based and distinct from accounting carrying amount.

Table 2. GPU cohort ledger

Field	Operating question	Valuation effect
generation and configuration	which workloads remain competitive	price and utilisation
placed in service	when depreciation and revenue begin	timing
useful life	how long benefits are expected	accounting and DCF
refresh plan	when replacement capital is needed	free cash flow
title and lien	who can sell or refinance	recovery and debt
residual evidence	where equipment can redeploy	terminal value

Proposed minimum fields; asset-level evidence remains required.

6. Distinguish accounting depreciation from economic decay

Reported depreciation allocates cost under an accounting estimate, while economic value changes with performance, energy efficiency, software support, supply and customer preference. [1][25][26][28] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include accounting policy, useful-life estimate, residual value, impairment testing, market benchmarks, maintenance and observed resale data. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that book value is treated as recoverable value. The practical response is to run separate accounting, operating and market-value schedules. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

7. Map revenue to physical delivery

Contracted service becomes revenue only after the required cluster, power, network, software and operational support are available and accepted. [2][3][6][9] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include delivery schedule, data-centre ready date, energisation, installation, burn-in, acceptance certificate, SLA and invoice trigger. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that signature date becomes the revenue commencement date. The practical response is to link every contract tranche to a commissioned asset cohort. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

8. Measure utilisation by workload

Training, fine-tuning, inference and specialised computing use different cluster sizes, scheduling, memory, network and continuity. [1][6][7][13] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include reserved and on-demand hours, billable utilisation, idle time, failed jobs, maintenance, queue, workload mix and customer tier. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that fleet-wide utilisation hides stranded or oversubscribed cohorts. The practical response is to measure utilisation by generation, site, customer and workload. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

9. Forecast price and performance

Nominal price per GPU-hour is incomplete because successive systems can change throughput, energy use and customer cost per completed workload. [13][14][15][16] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include contracted price, indexation, effective discount, benchmark throughput, software stack, token or job economics and switching cost. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that constant nominal pricing is carried beyond the competitive life of the cohort. The practical response is to forecast effective price per delivered outcome and migration path. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

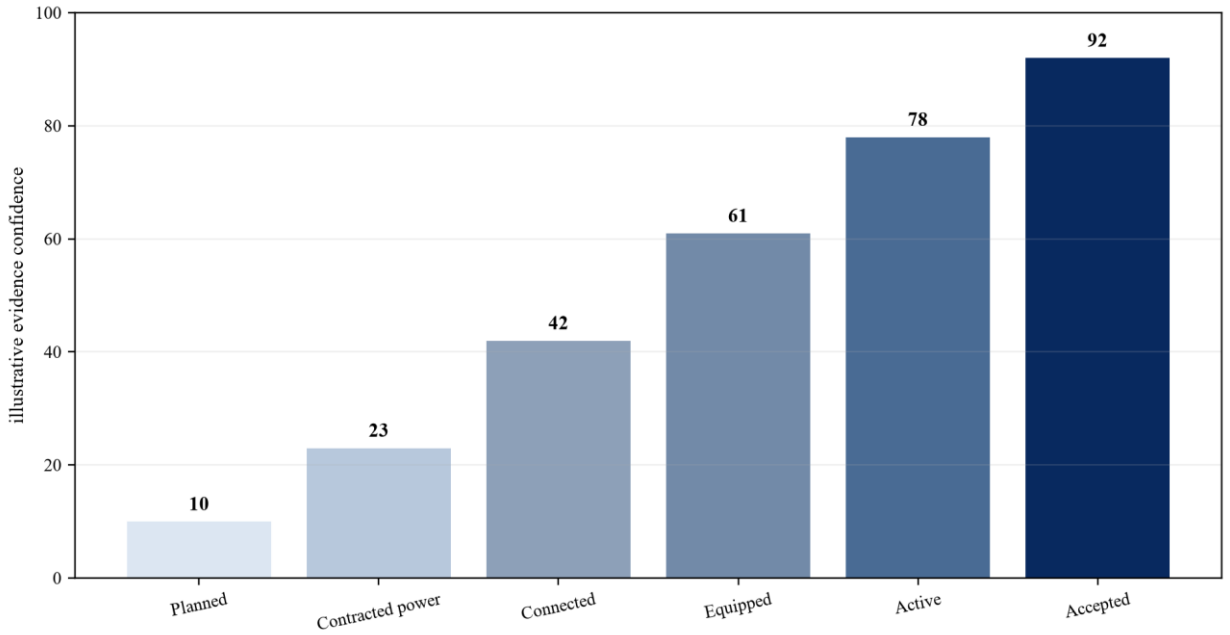
10. Value power and data-centre access

Contracted power is not equivalent to connected or active power, and a lease does not establish that IT capacity is commissioned. [6][9][11][29] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include site, power state, utility agreement, lease, construction, cooling, network, redundancy, energisation and acceptance. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that announced megawatts are valued as operating capacity. The practical response is to apply evidence-weighted values to each capacity state. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

Figure 3. Capacity state and valuation confidence



Proposed framework; confidence rises as rights and operations become observable.

Table 3. Capacity state matrix

State	Required evidence	Common overstatement
planned	site concept and schedule	treated as controlled capacity
contracted power	executed rights and conditions	treated as energised
connected	utility delivery and infrastructure	treated as revenue ready
equipped	installed hardware and network	treated as accepted service
active	operating IT load	treated as fully utilised
accepted	customer test and billing start	treated as collected cash

Proposed framework; capacity labels require consistent definitions.

11. Model service performance

Availability, job completion, network performance and support affect credits, renewals, margins and termination rights. [1][24][32] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include SLA, telemetry, outage history, credits, incident reports, support cost, customer acceptance and remedies. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that gross contract value ignores performance leakage. The practical response is to deduct expected credits, downtime and retention cost from contract cash. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

12. Reconcile prepayments and financing

Customer prepayments can fund equipment and reduce risk, while creating delivery obligations, refund exposure and restricted cash. [7][8][24] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include prepayment agreement, milestone, refund, security, permitted use, escrow, accounting and interaction with lender collateral. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that prepayments are counted as free cash and full contract value. The practical response is to model cash timing and the related obligation together. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

13. Map debt to assets and contracts

Equipment facilities, delayed-draw loans, notes, revolvers, leases and vendor finance may have different borrowers, collateral and recourse. [1][2][4][7] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include principal, draw conditions, interest, maturity, amortisation, collateral, guarantees, covenants, reserves and cash sweeps. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that gross debt is netted against enterprise value without claim analysis. The practical response is to build a legal-entity debt and collateral schedule. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

Table 4. Capital structure map

Claim	Typical linkage	Valuation question
equipment debt	financed GPU cohort	amortisation versus cohort life
project debt	site and customer cash	delivery and concentration
lease liability	data-centre capacity	unavoidable fixed payment
customer prepayment	delivery obligation	refund and restricted use
vendor finance	hardware or software	lien and maturity
corporate debt	consolidated cash	structural priority and guarantees

Proposed diligence; actual priority follows governing documents.

14. Test lease and purchase commitments

Data-centre leases, power commitments, equipment orders and software obligations may create fixed cash needs before revenue begins. [1][6][27] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include contracted payments, commencement, escalation, minimums, termination, assignment, guarantees and accounting treatment. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that off-balance-sheet or future commitments are omitted from valuation. The practical response is to include unavoidable obligations and associated capacity rights. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

15. Estimate maintenance and refresh capital

Keeping a cohort commercially useful requires repairs, spares, networking, software, liquid cooling, memory and periodic replacement. [1][7][13][15] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include maintenance history, vendor support, failure rates, spares, upgrade path, refresh policy, lead time and capital approval. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that reported EBITDA is converted to cash without maintenance and refresh. The practical response is to deduct cohort-specific sustaining and refresh capital. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

16. Measure residual value

Residual value depends on generation, configuration, title, liens, export controls, software support, removal cost and the market for redeployment. [1][14][25][33] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include broker quotes, auction data, vendor trade-in, alternate workloads, removal, shipping, tax, sanctions and time to sell. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that a fixed percentage of original cost is assumed across cohorts. The practical response is to use observable ranges net of recovery cost and delay. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

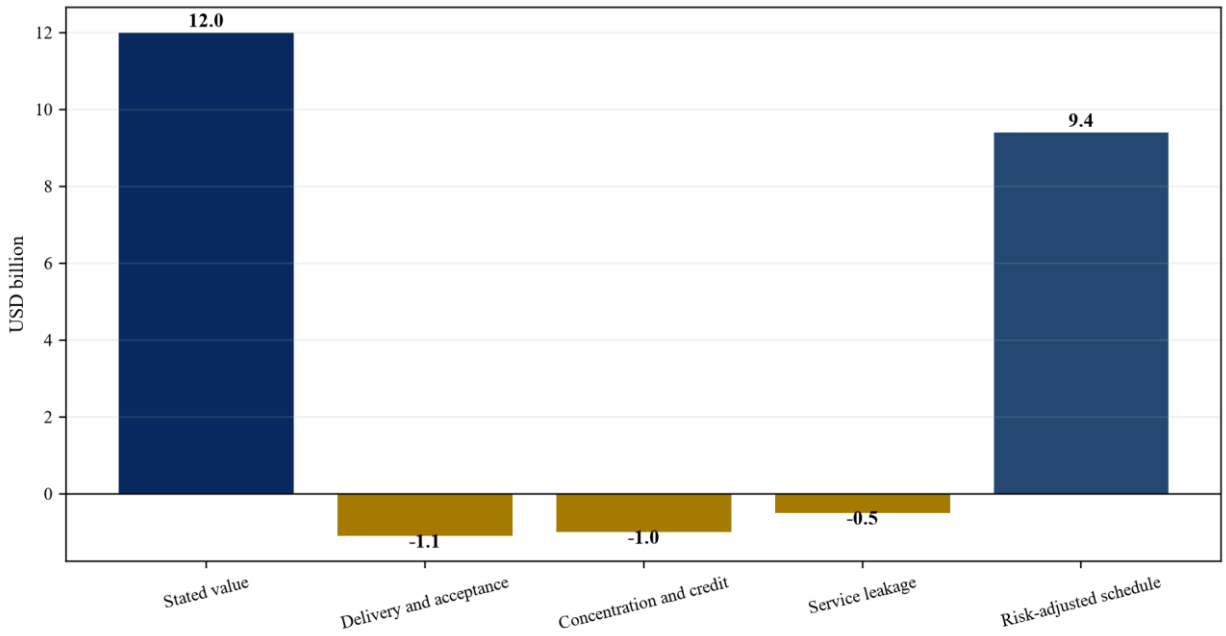
17. Build the contract to cash bridge

The USD 12.0 billion hypothetical schedule must pass delivery, acceptance, credit, performance, billing and collection gates. [1][3][24] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include monthly contracted schedule, conditions, probability or scenario, service credits, invoices, receivables and cash receipts. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that a long-dated total is multiplied by an EBITDA margin. The practical response is to translate every contract tranche into dated cash. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

Figure 4. Hypothetical contract value adjustment bridge



Wholly hypothetical; USD billion.

Table 5. Hypothetical contract and asset case

Metric	Central case	Combined downside
stated contracted revenue	USD 12.0bn	USD 12.0bn

Metric	Central case	Combined downside
risk-adjusted scheduled revenue	USD 9.4bn	USD 6.5bn
billable utilisation	78%	58%
steady-state EBITDA margin	38%	20%
hardware residual	16% of cost	5% of cost
delivery delay	plan	9 months

Wholly hypothetical; figures do not describe an identified business.

18. Build the asset cash bridge

The USD 5.4 billion hypothetical deployment must reconcile procurement, commissioning, depreciation, financing, operation, refresh and disposal. [1][7][25][26] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include cohort cost, delivery, placed-in-service date, useful life, interest, maintenance, refresh and residual. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that capital expenditure is treated as a one-time opening amount. The practical response is to model cash by cohort through retirement. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

19. Use discounted cash flow carefully

DCF requires contract timing, operating costs, taxes, working capital, refresh, terminal assets and a discount rate consistent with leverage and risk. [22][23][25] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include monthly or quarterly forecast, tax, capex, working capital, terminal assumptions and discount-rate build-up. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that reported EBITDA or backlog determines value without cash conversion. The practical response is to discount unlevered cash after cohort and contract reconciliation. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

20. Use capacity valuation carefully

Value per active megawatt or GPU can test results where capacity states, density, location and contract quality are comparable. [6][9][11] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include active power, equipment generation, utilisation, contract, margin, lease, capex and useful life. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that contracted or planned capacity receives the value of active capacity. The practical response is to apply different values to planned, connected and active capacity. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

21. Use market references carefully

Public-company multiples reflect different leverage, accounting, customer mix, owned assets, growth and contract quality. [1][2][6][7] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include enterprise value date, diluted shares, debt, leases, cash, revenue, EBITDA, capex, growth, concentration and accounting policy. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that an observed multiple is applied to an unmatched metric. The practical response is to normalise both numerator and denominator before comparison. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

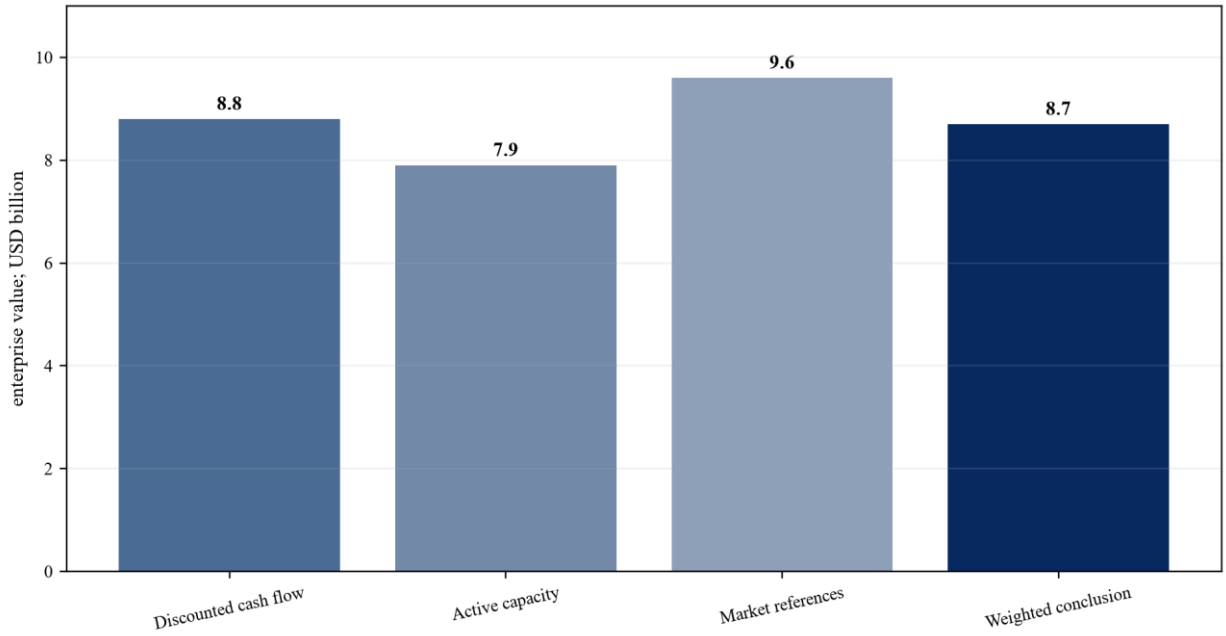
22. Triangulate the central valuation

The hypothetical central case weights DCF, capacity and market-reference methods after reconciling their assumptions. [19][20][21] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include method outputs, weights, cross-checks, sensitivity and reasons for differences. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that three methods are averaged although they rely on inconsistent cash and capacity assumptions. The practical response is to use one reconciled operating model beneath every method. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

Figure 5. Hypothetical valuation triangulation



Wholly hypothetical; USD billion of enterprise value.

Table 6. Hypothetical valuation bridge

Item	Central case	Combined downside
weighted enterprise value	8.7	3.6
equipment and project debt	3.2	3.2
lease and debt-like adjustments	1.1	1.1
unrestricted cash	0.7	0.5
adjusted net debt	3.6	3.8
illustrative equity value	5.1	0.0

Wholly hypothetical; USD billion.

23. Deduct debt and debt-like claims

Equity value follows senior and secured claims, leases, equipment obligations, restricted cash and other unavoidable commitments. [1][2][4][27] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include debt by entity, accrued interest, make-wholes, leases, guarantees, vendor obligations, restricted cash and minority interests. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that headline enterprise value is presented as equity value. The practical response is to bridge enterprise value to each security class. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

24. Stress contract and cohort mismatch

Revenue may outlive hardware, equipment may arrive before revenue, or debt may mature before contracted cash is earned. [1][2][7][13] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include contract tenor, cohort life, delivery date, acceptance, debt maturity, refresh date, residual and refinancing. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that base-case timing is assumed to remain aligned. The practical response is to test timing mismatches explicitly and preserve liquidity. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

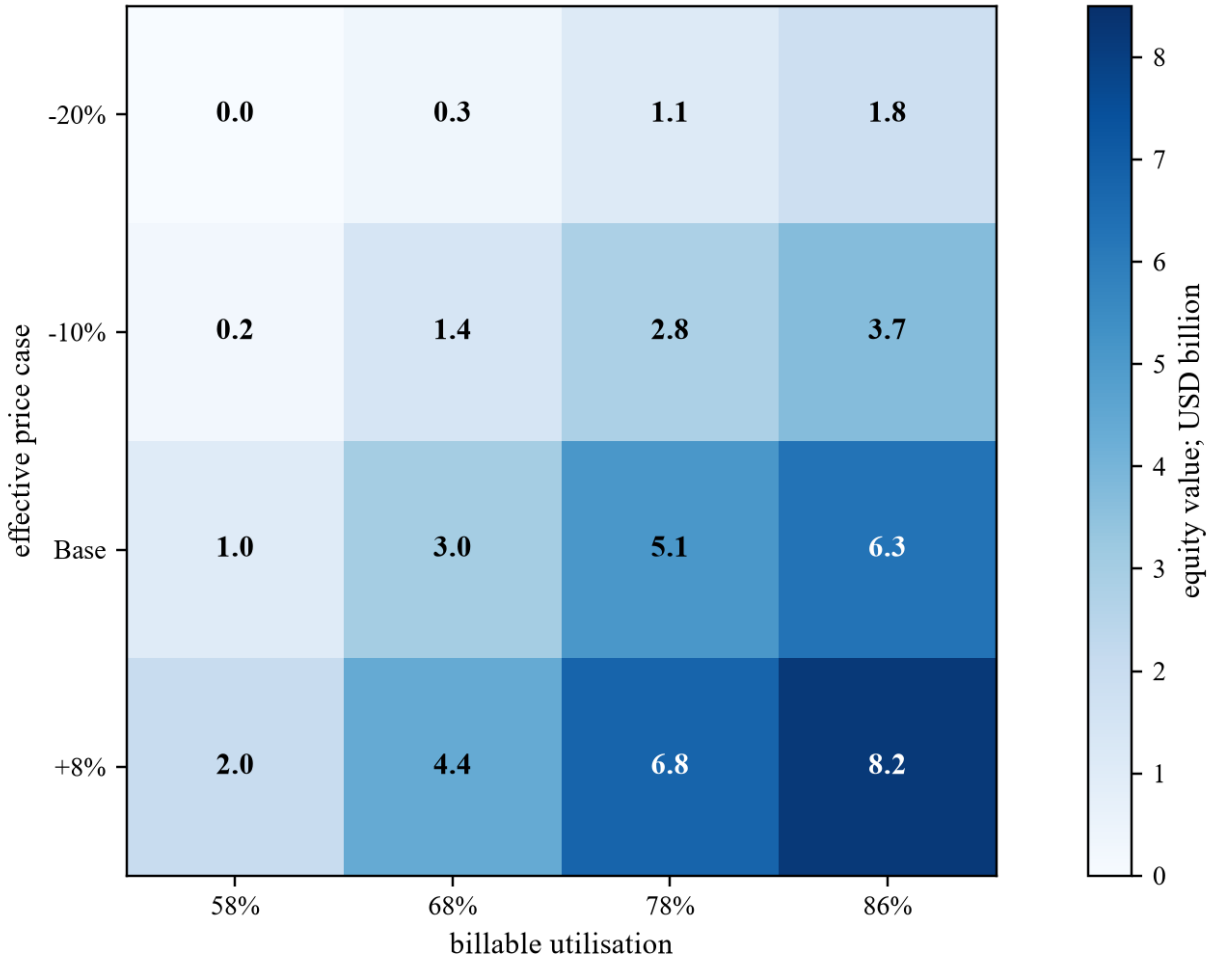
25. Apply the combined downside

The hypothetical downside combines delay, lower utilisation, price pressure, accelerated obsolescence, lower residual and higher refinancing cost. [2][7][14][30] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include integrated monthly model, covenant headroom, minimum cash, refresh, customer remedies and recovery value. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that single-variable sensitivities understate correlated stress. The practical response is to run an internally consistent downside and identify the first cash failure. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

Figure 6. Hypothetical equity value sensitivity



Wholly hypothetical; USD billion after adjusted net debt.

26. Design diligence and evidence controls

A valuation should identify source, owner, date, definition, evidence quality and expiry for every material operating input. [22][24][31] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include data room, contract abstraction, asset ledger, telemetry, model version, source log, approval and exception register. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that management labels and presentation metrics enter the model without reconciliation. The practical response is to maintain an evidence ledger linked to the model. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

27. Define transaction protections

Price adjustments, earn-outs, escrow, debt paydown, capex commitments, customer consents and representations can allocate valuation uncertainty. [22][23][24] The work should identify the affected

legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include purchase agreement, financing, closing conditions, leakage, working capital, debt, capex, consent, indemnity and earn-out metrics. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that valuation uncertainty is left entirely in the headline price. The practical response is to convert unresolved risks into defined transaction terms. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

28. Reach the valuation conclusion

A supportable conclusion reconciles contracts, assets, operations, financing and downside before assigning equity value. [1][2][6][7] The work should identify the affected legal entity, customer, asset cohort, financing claim and decision owner. Public disclosures provide context. Company-specific terms, condition and performance require direct evidence.

The evidence package should include contract ledger, cohort ledger, capacity map, cash model, debt bridge, sensitivities, evidence register and approval record. Each input should retain its definition, date, source, owner and expiry. Reported metrics require reconciliation to filed measures where available. Estimates should remain visible until contracts, telemetry, commissioning records, invoices or cash receipts replace them.

The principal failure is that growth in AI demand substitutes for company-specific evidence. The practical response is to approve a range with explicit conditions and update triggers. The model should record each revision and its effect on enterprise value, adjusted net debt and equity value. A conclusion remains conditional where material evidence is unavailable.

Table 7. Valuation approval record

Decision	Minimum evidence	Update trigger
contract value	signed terms and conditions	amendment or cancellation
cohort value	register, benchmarks and life	new generation or impairment
capacity value	connected and active evidence	delay or energisation
debt adjustment	facility and collateral schedule	draw, refinance or covenant breach
equity conclusion	reconciled methods and downside	material operating variance

Proposed governance; each conclusion retains evidence and update triggers.

Appendix A. Integrated monthly model

The integrated model should operate at a monthly level until delivery, acceptance, utilisation and financing have stabilised. Each customer order is divided into tranches with a named site, equipment cohort, scheduled delivery, acceptance test, billing start, minimum commitment, price, escalation, service-credit mechanism, termination right and payment date. The contract schedule should preserve the difference between an enforceable minimum, expected on-demand use and management's wider opportunity estimate. Revenue recognition, invoice issuance and cash collection should remain separate fields. A delay in one field should not automatically move every later field without checking the governing contract.

The asset schedule should connect each contract tranche to specific GPU, server, network, storage and cooling assets. It should record purchase price, delivery, placed-in-service date, useful life, accounting depreciation, maintenance, warranty, refresh date, financing, lien and expected recovery route. A cohort can support more than one workload or customer, but its total scheduled use cannot exceed tested capacity after maintenance, redundancy and operating headroom. Where a contract permits migration to new hardware, the model should include the replacement cost, transition downtime and acceptance obligations. Where migration is absent or disputed, the existing cohort remains the service constraint.

The operating schedule should reconcile reserved capacity, delivered jobs, billable utilisation, failed or repeated jobs, service credits, power consumption, data-centre payments, network cost, software licences, support and customer-specific engineering. Gross margin should be calculated after the costs required to deliver the contracted service. EBITDA should not substitute for cash available to investors. The cash schedule should deduct taxes, working capital, maintenance, refresh, lease payments, interest, mandatory amortisation and restricted reserve movements before distributions.

The valuation schedule should use the same operating case for discounted cash flow, capacity references and market references. The DCF should discount unlevered cash flows and apply a terminal value only to capacity and assets expected to remain competitive after the explicit forecast. Capacity references should use active or accepted capacity with comparable density, rights and customer quality. Public-market references should use a consistent enterprise-value date and adjust debt, leases, restricted cash and diluted securities. The bridge to equity should deduct claims according to their legal and economic priority.

The downside should change related assumptions together. A nine-month site delay can postpone customer acceptance, extend interest during construction, increase lease and labour cost, reduce contract life available after acceptance and force a newer equipment purchase. Lower utilisation can weaken pricing and reduce the value of older cohorts. A new GPU generation can increase refresh capital and reduce resale proceeds. The model should identify the first month in which minimum liquidity, debt service, covenant headroom or refresh funding fails. The investment committee can then decide whether price, capital structure, customer protection, delivery sequencing or transaction terms provide an adequate remedy.

Frequently asked questions

Q: Is contracted GPU revenue the same as remaining performance obligations? A: No. Remaining performance obligations follow the reporting company's accounting policy. Company-defined backlog may include additional committed amounts. Both require reconciliation to delivery, availability, acceptance, billing and collection conditions before valuation.

Q: Should valuation use book depreciation or economic depreciation? A: Both schedules serve different purposes. Accounting depreciation allocates cost under an estimated useful life. Economic depreciation considers competitiveness, performance per unit of cost, energy efficiency, customer demand, portability and expected resale or redeployment proceeds.

Q: How should a five-year customer contract be valued when GPUs may refresh sooner? A: Map the contract to the equipment cohorts that will serve it. Include the cost, downtime, financing and acceptance risk of a mid-contract refresh. Test whether the customer must accept replacement technology and whether price or performance terms reset.

Q: Can customer prepayments be added to equity value as cash? A: Only after analysing restrictions and the related delivery obligation. A prepayment may be restricted, refundable or secured and may fund assets required to perform the contract. Cash and the associated liability should be modelled together.

Q: How should planned and contracted power enter valuation? A: Use an evidence-weighted capacity waterfall. Planned, contracted, connected, equipped, active and customer-accepted capacity have different

cost, timing and risk. Active accepted capacity deserves a different valuation treatment from an announced development pipeline.

Q: What is the most important concentration adjustment? A: The answer depends on the operator. Customer, GPU supplier, data-centre provider, utility, site, software stack and financing can each create common-cause exposure. The model should identify cash and enterprise value affected by each dependency.

Q: Which valuation method is most reliable for a neocloud? A: No single method is sufficient. Discounted cash flow, active-capacity references and public-market references should use the same contract, cohort, capacity and capital-structure assumptions. Divergence between methods should be explained rather than averaged mechanically.

Q: What should an investment committee require before accepting the valuation? A: It should require a contract-state ledger, GPU cohort ledger, capacity map, customer concentration analysis, monthly cash forecast, debt and lease bridge, refresh plan, residual-value evidence, combined downside and a record of unverified inputs and update triggers.

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