

Nebius Group N.V.

Institutional Equity Research
November 6, 2025

Observations From Nebius' UK Data Center Launch

Following our attendance of Nebius' UK Data Center launch today and discussions with members of management including CEO Arkady Volozh in London, we come away increasingly more positive surrounding the core business and its outlook over the next couple of years. Below, we detail some of our thoughts and takeaways on the business and its ability to scale over the next couple of years, with more details available for interested investors. We reiterate our **BUY** rating and raise our price target to \$150 from \$125.

The latest Surrey data center will be deployed in two stages totaling roughly 16MW. The first phase of capacity that came online today is 4,000 NVIDIA HGX B300s, with the second phase adding roughly 3,000 more B300s. Furthermore, capacity at this UK data center location is already sold out, and we'd expect that future capacity being brought online in the near-future to be pre-sold as well.

It has become clear that Nebius is determined to increase capacity beyond the 1GW indicated in the medium-term guidance. We believe that capacity at the company's New Jersey data center can expand well beyond 300MW and to at least several hundred MWs if not more, enabling the housing of an additional few hundred MWs of capacity excluding the Microsoft contract. On top of a potential Alabama data center location we are now increasingly more positive will be announced soon, we believe Nebius will be capable of reaching the 1GW guidance with relative ease, and would expect the company to announce their intention to scale beyond that.

We are increasingly confident that Nebius is likely to sign at least one to two more large-scale contracts from either a frontier AI lab or hyperscaler. While these deals have become a focal-point for investors as of late, management reiterated to use that they expect their future core revenue to be split evenly between large-scale deals with hyperscalers/labs and enterprise customers that make up their "core" customer demographic. It has become clear that Nebius does not want to position themselves similar to competitors such as CoreWeave, and is likely to only take a couple more large deals with financially healthy customers such as Microsoft. Additionally, despite increasing conversation around Bitcoin-miners converted neoclouds and recent deals with hyperscalers, the company does not seem concerned with competing for demand, which also leads us to believe only a couple more large deals will occur and may be already in the pipeline.

We continue to view NBIS as one of our top picks and believe investors should remain confident in the story along with the company's ability to scale over the next few years. At this point, we believe investors are largely looking past upcoming earnings which will be reported next Tuesday, November 11th, and are primarily focused on potential future deals and scaling over the medium-term time frame. And following our conversations with management that gave us additional clarity over the business including many investor hot-topics, we walk away confident that the company is pragmatically positioning themselves for success as a leading neocloud.

We reiterate our BUY rating and raise our price target to \$150 from \$125 on NBIS, valuing shares at 12x CY2026E revenue.

BUY

NBIS - NASDAQ

Price Target **↑150.00**

Price (11/6/25) \$109.44

Industry TECHNOLOGY

Valuation & Performance

Total Debt/Total Capital 0.0%

Cash per share (6/30/25) 10.40

BV Per Share (6/30/25) n.a.

Dividend \$0.00 (0.0%)

Return on Equity (T-T-M) (13.3%)

Trading Data

Shares Outstanding (M) 238.7

Market Capitalization (\$M) 22,849

52-week range 14.09 - 98.68

Avg. Volume (3-mth.) (K) 13,816.0

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Company Description

Amsterdam, Netherlands – Nebius Group is a cloud computing and AI infrastructure company providing scalable, high-performance compute solutions tailored for AI workloads. Spun out from Yandex in 2023 and relisted on NASDAQ in 2024, Nebius operates independently, offering dedicated AI cloud services designed to meet the growing demand for cost-efficient, specialized compute. With a focus on innovation and efficiency, Nebius aims to be a leading neocloud provider, delivering infrastructure optimized for AI training, inference, and enterprise-scale deployment.

DaVinci Overview

D.A. Davidson's DaVinci initiative focuses our technical-oriented research, data-driven insights, and prescient think pieces under one unified framework. We note that for our DaVinci coverage of deep tech businesses, we employ an early-stage venture approach focusing on technical foundations, disruptive potential, and long-term strategic value, rather than near-term financial and valuation metrics given the unique growth trajectories of pre-inflection markets.

Price Performance

NASDAQ: NBIS



FY (Dec)		2024A	2025E	Previous	Cons.	2026E	Previous	Cons.
EBITDA (M)	Q1 (Mar)	(74.0)	(80.3)A	-	n.a.	188.0E	NC	51.5
	Q2 (Jun)	(110.9)	(21.0)A	-	n.a.	287.3E	NC	74.1
	Q3 (Sep)	(63.5)	(13.7)E	NC	(7.8)	403.4E	NC	113.2
	Q4 (Dec)	(115.0)	15.7E	NC	47.4	502.2E	NC	144.2
			(363.4)	(114.3)E	NC	(54.1)	1,380.9E	NC
Revenue (\$M)	Q1 (Mar)	\$11.4	\$55.3A	-	n.a.	\$553.0E	NC	\$306.6
	Q2 (Jun)	\$24.9	\$105.1A	-	n.a.	\$709.4E	NC	\$333.5
	Q3 (Sep)	\$43.3	\$171.0E	NC	\$157.1	\$906.5E	NC	\$383.8
	Q4 (Dec)	\$37.9	\$261.5E	NC	\$262.4	\$1,080E	NC	\$455.6
			\$117.5	\$592.9E	NC	\$567.4	\$3,249E	NC

Please refer to pages 5 - 6 of this report for detailed disclosure and certification information.

D.A. Davidson & Co. Member SIPC



D.A. Davidson Institutional Research
Nebius Group N.V.
 Fiscal Year Ends December 31
 Source: NBIS filings and D.A. Davidson estimates

Consolidated Statements of Operations, GAAP (in millions)	1Q24	2Q24	3Q24	4Q24	FY2024	1Q25	2Q25	3Q25E	4Q25E	FY2025E	1Q26E	2Q26E	3Q26E	4Q26E	FY2026E
	31-Mar-24	30-Jun-24	30-Sep-24	31-Dec-24		31-Mar-25	30-Jun-25	30-Sep-25	31-Dec-25		31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	
Total revenue	\$ 11.4	\$ 24.9	\$ 43.3	\$ 37.9	\$ 117.5	\$ 55.3	\$ 105.1	\$ 171.0	\$ 261.5	\$ 592.9	\$ 553.0	\$ 709.4	\$ 906.5	\$ 1,080.0	\$ 3,248.9
Y/Y growth %	153.3%	429.8%	766.0%	465.7%	462.2%	385.1%	322.1%	295.0%	590.0%	404.6%	900.0%	575.0%	430.0%	313.0%	447.9%
Total cost of revenue	8.9	18.1	18.9	27.5	73.4	29.5	30.1	49.6	75.8	185.0	160.4	198.6	253.8	302.4	915.2
Gross profit	2.5	6.8	24.4	10.4	44.1	25.8	75.0	121.4	185.7	407.9	392.6	510.8	652.7	777.6	2,333.7
Gross margin %	22%	27%	56%	27%	38%	47%	71%	71%	71%	69%	71%	72%	72%	72%	72%
Operating expenses:															
Product development	25.2	34.7	34.4	35.4	129.7	40.0	42.8	59.9	70.6	213.3	102.3	117.1	136.0	156.6	511.9
% of total revenue	221%	139%	79%	93%	110%	72%	41%	35%	27%	36%	19%	17%	15%	15%	16%
Sales, general and administrative	51.3	83.0	53.5	90.0	277.8	66.1	68.2	75.3	99.4	308.9	102.3	106.4	113.3	118.8	440.8
% of total revenue	450%	333%	124%	237%	236%	120%	65%	44%	38%	52%	19%	15%	13%	11%	14%
Depreciation and amortization	6.1	11.5	23.5	36.2	77.3	49.2	75.2	94.1	115.1	333.5	248.9	319.2	407.9	486.0	1,462.0
% of total revenue	54%	46%	54%	96%	66%	89%	72%	55%	44%	56%	45%	45%	45%	45%	45%
Income (loss) from operations	(80.1)	(122.4)	(87.0)	(151.2)	(440.7)	(129.5)	(111.2)	(107.8)	(99.4)	(447.8)	(60.8)	(31.9)	(4.5)	16.2	(81.1)
Operating margin %	-703%	-492%	-201%	-399%	-375%	-234%	-106%	-63%	-38%	-76%	-11%	-5%	0%	2%	-2%
Interest income	0.4	12.7	28.6	21.9	63.6	8.6	3.6	3.6	3.6	19.4	3.6	3.6	3.6	3.6	14.4
Income from equity method investments	(88.7)	88.7	0.4	-	0.4	0.1	(4.8)	(4.8)	(4.8)	(14.3)	(4.8)	(4.8)	(4.8)	(4.8)	(19.2)
Gain from revaluation of investment in equity securities	-	-	-	-	-	-	597.4	-	-	597.4	-	-	-	-	-
Loss from equity method investments	-	-	-	-	-	-	(6.3)	-	-	(6.3)	-	-	-	-	-
Other income, net	(1.0)	(14.7)	6.8	(8.4)	(17.3)	8.1	24.6	24.6	24.6	81.9	24.6	24.6	24.6	24.6	98.4
Income (loss) before income taxes	(169.4)	(35.7)	(51.2)	(137.7)	(394.0)	(112.7)	503.3	(84.4)	(76.0)	230.3	(37.4)	(8.5)	18.9	39.6	12.5
Pre-tax margin %	-1486%	-143%	-118%	-363%	-335%	-204%	479%	-49%	-29%	39%	-7%	-1%	2%	4%	0%
Income tax expense	(3.6)	3.6	0.6	(1.1)	(0.5)	0.9	0.8	(0.8)	(0.8)	0.1	(0.4)	(0.2)	0.9	3.6	4.0
Effective tax rate	2%	-10%	-1%	1%	0%	-1%	0%	1%	1%	0%	1%	2%	5%	9%	32%
Net income (loss)	(165.8)	(39.3)	(51.8)	(136.6)	(393.5)	(113.6)	584.4	(83.5)	(75.2)	230.4	(37.1)	(8.4)	17.9	36.0	16.5
Net margin %	-1454%	-158%	-120%	-360%	-335%	-205%	556%	-49%	-29%	39%	-7%	-1%	2%	3%	1%
GAAP diluted EPS	(1.40)	(0.48)	2.43	(0.34)	(0.31)	0.95	(0.15)	(0.03)	0.07	0.14	0.07	0.14	0.14	0.14	0.07
Weighted average shares: diluted	281.0	238.1	240.5	242.9	245.3	241.7	247.8	250.3	252.8	255.3	251.5	251.5	251.5	251.5	251.5



Consolidated Balance Sheets (in millions)	1Q24 31-Mar-24	2Q24 30-Jun-24	3Q24 30-Sep-24	4Q24 31-Dec-24	FY2024	1Q25 31-Mar-25	2Q25E 30-Jun-25	3Q25E 30-Sep-25	4Q25E 31-Dec-25	FY2025E	1Q26E 31-Mar-26	2Q26E 30-Jun-26	3Q26E 30-Sep-26	4Q26E 31-Dec-26	FY2026E
Assets															
Current assets															
Cash and cash equivalents	\$ 2,325.5	\$ 2,288.2	\$ 2,449.6	\$ 2,449.6	\$ 2,449.6	\$ 1,447.0	\$ 1,679.3								
Accounts receivable	12.4	19.0	13.1	13.1	13.1	24.3	54.7								
Prepaid expenses	0.0	22.1	22.9	22.9	22.9	22.4	28.3								
Restricted cash						80.6	74.5								
Interest receivable	33.1	27.5	21.6	21.6	21.6										
VAT reclaimable	5.9	5.7	8.1	8.1	8.1	84.4	158.3								
Other current assets	19.7	19.4	18.0	18.0	18.0	24.6	34.5								
Total current assets	3,965.8	2,381.9	2,533.3	2,533.3	2,533.3	1,683.3	2,029.6								
Property and equipment	328.3	475.3	847.0	847.0	847.0	1,334.1	1,789.4								
Intangible assets	4.7	8.7	4.9	4.9	4.9	17.4	15.6								
Operating lease right-of-use assets	9.9	31.7	45.0	45.0	45.0	250.3	277.3								
Equity method investments	6.4	6.4	6.4	6.4	6.4	6.4	32.3								
Investments in non-marketable equity securities	90.7	90.7	90.7	90.7	90.7	90.7	835.1								
Deferred tax assets			7.8	7.8	7.8	8.9	8.8								
Other non-current assets	8.3	10.5	13.5	13.5	13.5	45.4	108.5								
Total assets	4,414.1	3,005.2	3,548.6	3,548.6	3,548.6	3,436.5	5,096.6								
Liabilities and Stockholders' Equity															
Current liabilities															
Accounts payable, accrued and other liabilities	47.6	69.5	234.3	234.3	234.3	61.4	103.6								
Debt, current portion	6.5	6.2	6.1	6.1	6.1	6.2	8.0								
Income and non-income taxes payable	8.7	14.0	5.9	5.9	5.9	6.9	7.2								
Deferred revenue	13.8	17.4	16.5	16.5	16.5	19.0	19.3								
Total current liabilities	76.6	107.1	262.8	262.8	262.8	93.5	138.1								
Debt, non-current							978.2								
Operating lease liabilities	3.8	21.6	31.5	31.5	31.5	181.6	204.5								
Other accrued liabilities	0.1	2.6	0.6	0.6	0.6	0.1	0.3								
Total liabilities	80.5	131.3	294.9	294.9	294.9	275.2	1,321.1								
Stockholders' Equity	4,333.6	2,873.9	3,253.7	3,253.7	3,253.7	3,161.3	3,775.5								
Total liabilities and stockholders' equity	4,414.1	3,005.2	3,548.6	3,548.6	3,548.6	3,436.5	5,096.6								



Consolidated Statements of Cash Flows, YTD (in millions)	1Q24 31-Mar-24	2Q24 30-Jun-24	3Q24 30-Sep-24	4Q24 31-Dec-24	FY2024	1Q25 31-Mar-25	2Q25E 30-Jun-25	3Q25E 30-Sep-25	4Q25E 31-Dec-25	FY2025E	1Q26E 31-Mar-26	2Q26E 30-Jun-26	3Q26E 30-Sep-26	4Q26E 31-Dec-26	FY2026E
Cash flows from operating activities:															
Net income (loss)					\$ (393.5)										
Adjustments to reconcile...:															
Depreciation of property and equipment					75.4										
Amortization of intangible assets					1.9										
Operating lease right-of-use assets amortization and the lease liability accretion					9.0										
Share-based compensation expense					56.6										
Deferred income tax benefit					(2.9)										
Foreign exchange (gains) / losses					17.5										
Loss/(income) from equity method investments					(0.4)										
Provision for expected credit losses					0.3										
Other					(0.4)										
Changes in assets and liabilities:															
Accounts receivable					(9.1)										
Prepaid expenses					(12.9)										
Accounts payable, accrued and other liabilities and non-income taxes payable					(31.3)										
Deferred revenue					9.6										
Other assets					(3.7)										
VAT reclaimable					(2.2)										
Interest receivable					(21.6)										
Net cash provided by operating activities					245.6										
Cash flows from investing activities:															
Purchases of property and equipment and intangible assets					(807.7)										
Proceeds from Divestment, net of cash of discontinued operations sold					1,283.2										
Proceeds from the sale of the remaining equity interest in Divested businesses					184.2										
Investments in debt securities					-										
Proceeds from maturity of debt securities					10.0										
Proceeds from sale of property and equipment					1.6										
Other investing activities					0.5										
Net cash provided by investing activities					311.6										
Cash flows from financing activities:															
Proceeds from sale of equity securities					700.0										
Treasury shares issuance costs					(32.5)										
Repayment of debt					(0.7)										
Repurchase of equity classified awards					(10.0)										
Net cash provided by financing activities					825.5										
Cash effect of foreign exchange rates					(23.6)										
Net increase (decrease) in cash, equivalents, and restricted					1,358.4										
Balance, beginning of period					1,091.2										
Balance, end of period					2,449.6										



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Potential Risks

Hyperscaler Competitive Pressures: While Nebius benefits from the AI compute unbundling trend, hyperscalers like AWS, Azure, and GCP have deep resources and could adjust pricing, expand AI-specific offerings, or bundle services in ways that make it harder for Nebius to compete long-term.

Capital Intensity and Scaling Challenges: Expanding AI infrastructure requires significant upfront capital for data centers, GPUs, and networking. If Nebius cannot secure sufficient funding or optimize its cost structure, it may struggle to scale profitably.

Enterprise Adoption Uncertainty: While AI-native startups are early adopters, Nebius needs enterprise customers for long-term stability. Winning over traditional companies that are deeply embedded with hyperscalers could be challenging.

Geopolitical & Regulatory Risks: As a company spun out of Yandex, Nebius may face heightened regulatory scrutiny or geopolitical risks, particularly in regions where ties to its former parent company are viewed as a liability.

Required Disclosures

D.A. Davidson & Co. makes a market in Nebius Group N.V..

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Rating Information

D.A. Davidson & Co.’s Institutional Research Rating Scale Definitions (maintained since October 10, 2017); information regarding our previous definitions is available upon request:

BUY: Expected to produce a total return of over 15% on a risk adjusted basis over the next 12-18 months

NEUTRAL: Expected to produce a total return of -15% to +15% on a risk adjusted basis over the next 12-18 months

UNDERPERFORM: Expected to lose value of over 15% on a risk adjusted basis over the next 12-18 months

Rating Distribution (as of 9/30/25)	Coverage Universe Distribution			Investment Banking Distribution		
	IR	WMR	Combined	IR	WMR	Combined
BUY (Buy)	59%	85%	62%	8%	0%	7%
NEUTRAL (Hold)	40%	13%	37%	4%	0%	3%
UNDERPERFORM (Sell)	1%	2%	1%	0%	0%	0%

IR denotes Institutional Research; WMR denotes Wealth Management Research whose rating scale is Buy/Add, Neutral, Sell/Reduce. Investment Banking Distribution denotes companies from whom D.A. Davidson & Co. has received compensation in the last 12 months. Best-of-Breed: Expected to outperform on a risk adjusted basis over a five-year time horizon.



Target prices are our Institutional Research Department’s evaluation of price potential over the next 12 months, based upon our assessment of future earnings and cash flow, comparable company valuations, growth prospects and other financial criteria. Certain risks may impede achievement of these price targets including, but not limited to, broader market and macroeconomic fluctuations and unforeseen changes in the subject company’s fundamentals or business trends.

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While the Best-of-Breed designation does not contain a separate rating and/or price target from that of the standard ratings system referenced above, the expectation is that the security, based on the 12 criteria utilized in assessing the “Best-of-Breed” designation, will outperform over a five-year time horizon, not the standard 12-18 month time horizon.

Other Disclosures

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Other Companies Mentioned in this Report

Company Name	Ticker	Rating	Price
Amazon.com, Inc.	AMZN	BUY	\$250.20
CoreWeave, Inc.	CRWV	UNDERPERFORM	\$114.42
Alphabet Inc.	GOOGL	NEUTRAL	\$284.31
Meta Platforms, Inc.	META	BUY	\$635.95
Microsoft Corporation	MSFT	BUY	\$507.16
NVIDIA Corporation	NVDA	BUY	\$195.21
Oracle Corporation	ORCL	NEUTRAL	\$250.31
Nebius Group N.V.	NBIS	BUY	\$109.44

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