COREWEAVE · QUARTER ENDED SEPTEMBER 30, 2026

CoreWeave's AI boom now produces operating profit, but financing the build still turns growth into loss

Demand is becoming revenue as new infrastructure comes online. Yet the build and its interest bill are still running far ahead of the cash generated by the business.

Analysis based on CoreWeave's Q3 2026 earnings release (8-K, Exhibit 99.1) · Notes at the end

CoreWeave delivered two realities at once. The cloud provider converted its rapid infrastructure expansion into much more business: quarterly revenue rose to $3.7 billion from $1.4 billion, while operating income increased to $207 million from $52 million.[1] Yet the net loss widened to $709 million from $110 million. The contradiction defines the quarter. Demand is not the immediate problem. CoreWeave is making money from operations, but the cost of financing its expansion still overwhelms that progress. The results are therefore better than the net loss alone suggests, but less self-sustaining than the revenue surge makes them look.

THE BASICS

CoreWeave rents specialized cloud computing built for artificial intelligence. It secures power and data center space, installs large clusters of advanced chips, and sells that capacity under customer contracts. New infrastructure can become revenue quickly once it is active, but it requires enormous upfront spending. Much of the money must be raised before customers use the capacity.

THE LOSS CAME AFTER THE BUSINESS MADE MONEY

The larger loss does not mean CoreWeave's service became less viable. The company earned $207 million after the direct cost of providing the service and its other operating expenses. Its reported operating margin reached 6%, up from 4% a year earlier.[1] That is a modest margin, but it shows the underlying operation crossed further into profitability as revenue expanded.

The financing bill then erased that operating profit several times over. Net interest expense reached $846 million, up from $310 million a year earlier, helping push the company to a $709 million net loss.[1] This is the quarter's central divide: CoreWeave's cloud operation improved, while the cost of funding the assets behind it grew even faster.

The company's preferred adjustments do not remove the tension. Excluding items such as share-based compensation and acquired-intangible amortization, operating income was $379 million. But the adjusted operating margin fell to 10% from 16% a year earlier.[2] CoreWeave earned more adjusted operating profit in dollars, yet each dollar of revenue produced less of it. Scale is arriving, but clean operating leverage is not assured.

THE REVENUE SURGE HAS A PHYSICAL FOUNDATION

CoreWeave's growth is tied to infrastructure that is actually entering service. The company added more than 200 megawatts of active power during the quarter, taking its active footprint above 1.7 gigawatts. That footprint has doubled since the start of the year.[3] Management also said revenue increased by more than $1 billion from the preceding quarter. The pace shows how quickly newly available computing capacity can be absorbed by AI customers.

Demand also extends well beyond the current quarter, although the headline number needs care. CoreWeave estimated its revenue backlog at approximately $132.5 billion.[3] This represents contracted business the company expects to recognize in future periods, but only if it delivers the infrastructure and keeps the service available. The backlog is a strong signal of customer commitments, not revenue already earned or cash automatically secured.

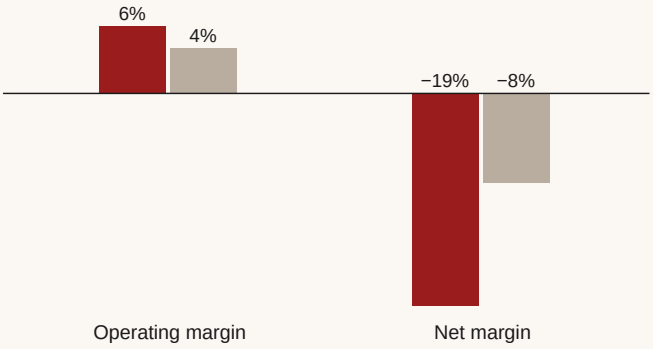
> *"This was a breakout quarter for CoreWeave, with revenue increasing by more than $1 billion sequentially and adjusted operating margins reaching double digits a quarter ahead of plan."*
>
> Michael Intrator, co-founder, chairman and chief executive officer · Q3 2026 earnings release

BACKLOG COMES WITH WORK ATTACHED

CoreWeave includes committed customer contracts in backlog, but recognition depends on satisfying delivery and service-availability requirements. The contracts support the expansion plan; they do not eliminate the construction and execution risk.

Where did the operating profit disappear?

Reported operating and net income as a percent of revenue



The net margin includes interest, taxes and other items below operating income. Source: CoreWeave Q3 2026 earnings release (8-K, Exhibit 99.1)

THE BUILD STILL OUTRUNS CASH FROM OPERATIONS

CoreWeave generated substantial cash from its operations, but not nearly enough to cover the infrastructure being installed. Operations provided almost $2.0 billion during the quarter, while purchases of property and equipment consumed $9.4 billion. After that investment, the gap was about $7.5 billion.[4] This is why operating profitability does not yet make the expansion self-funding.

Even the operating cash figure depended heavily on when customers paid. An increase in revenue collected before the related service was fully recognized added $2.1 billion to quarterly cash flow. At the same time, growth in customer receivables absorbed $1.7 billion.[4] These movements went in opposite directions, but together they show that cash generation can shift sharply as large contracts are billed and collected.

External financing filled the investment gap. CoreWeave brought in $7.4 billion of net financing cash during the quarter. At the end of September, its current and long-term borrowings totaled approximately $46.9 billion across debt for which the company is directly responsible and debt tied to specific structures.[4] The interest bill is therefore not a side issue. It is the price of putting capacity in place before that capacity has generated enough cash to pay for itself.

THE OUTLOOK MAKES THE TRADE-OFF SHARPER

Management expects demand and operating performance to keep advancing. It raised full-year revenue guidance to between $13.0 billion and $13.3 billion. It also increased the midpoint of its adjusted operating-income guidance by 26%.[5] That combination says the company expects the new capacity to contribute quickly, rather than sit unused after deployment.

But faster delivery requires still more money upfront. CoreWeave now expects full-year investment of $37 billion to $39 billion because it plans to put infrastructure into customer service sooner than previously planned. It also expects fourth-quarter interest expense of $1.05 billion to $1.15 billion.[5] The outlook therefore reinforces both sides of the story: contracted demand is pulling construction forward, and the financing cost of meeting that demand is rising with it.

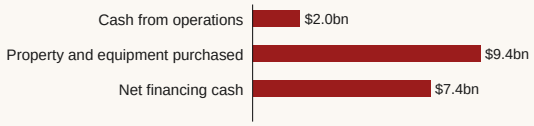
CUSTOMERS ARE HELPING FUND THE EXPANSION, BUT THEY CANNOT BUILD IT

CoreWeave is not relying on conventional borrowing alone. Management expects approximately $9 billion of customer prepayments and deposits during the three months following the results announcement.[3] That money could reduce how much near-term construction must be financed elsewhere. But it also arrives with an obligation: CoreWeave still has to deploy the promised infrastructure and provide the contracted service.

The distance between contracted and active power makes that delivery challenge visible. Total contracted power exceeded 4.6 gigawatts after increasing by more than 900 megawatts during the quarter, while the active footprint remained above 1.7 gigawatts.[3] The difference is both an opportunity and a workload. Contracted capacity can support future growth, but only active capacity can serve customers now.

Can cash from the business keep up with the build?

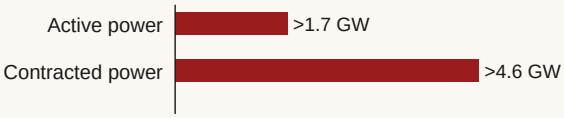
Quarterly cash flows and infrastructure purchases, billions of dollars



Infrastructure purchases are shown as a positive outlay. The three categories are not a complete bridge in the change in cash. Source: CoreWeave Q3 2026 earnings release (8-K, Exhibit 99.1)

How much contracted power still has to become active?

Global power capacity at September 30, 2026, gigawatts



Contracted power includes capacity that is not yet active. Both values are reported as more than the amounts shown. Source: CoreWeave Q3 2026 earnings release (8-K, Exhibit 99.1)

WHAT IT ALL MEANS · EARNINGS EXPLAINED INTERPRETATION

The quarter was better than the net loss suggests, but less financially settled than the revenue surge makes it appear.

DEMAND IS BECOMING REAL BUSINESS.
Newly active infrastructure is being absorbed quickly, and the contract pipeline points to substantial demand beyond the current quarter.

FINANCING REMAINS THE CONSTRAINT.
Infrastructure spending still exceeds cash from operations by a wide margin, while interest more than consumes the operating gain.

THE CLOUD OPERATION IMPROVED.
CoreWeave produced reported operating profit, showing that the service can earn money before financing costs.

EXECUTION NOW MATTERS AS MUCH AS DEMAND.
The company must turn contracted power into reliable, active capacity without allowing construction and financing costs to outrun the resulting profit.

Three questions for next quarter

1 Can CoreWeave bring contracted capacity into service on schedule?

The contract pipeline only becomes useful when the infrastructure is active and available to customers.

2 Will operating margins improve as more capacity fills?

That will show whether greater scale can absorb the cost of running the infrastructure.

3 Does interest keep growing faster than operating profit?

Financing, rather than weak demand, is what turned an operating gain into a large net loss this quarter.

1 Q3 2026 earnings release (8-K, Exhibit 99.1), consolidated statements of operations and quarterly financial highlights. Reported figures are presented under US GAAP.

2 Q3 2026 earnings release (8-K, Exhibit 99.1), non-GAAP reconciliations. Adjusted operating income excludes share-based compensation, acquired-intangible amortization and certain other adjustments.

3 Q3 2026 earnings release (8-K, Exhibit 99.1), operating highlights, backlog disclosure and management commentary. Backlog includes contracted amounts whose recognition remains subject to delivery and service-availability requirements.

4 Q3 2026 earnings release (8-K, Exhibit 99.1), cash-flow statement and balance sheet. The post-investment cash gap combines operating cash with property-and-equipment purchases. Total debt sums current and long-term recourse and non-recourse borrowings.

5 Q3 2026 earnings release (8-K, Exhibit 99.1), full-year and fourth-quarter outlook. Adjusted operating-income guidance is a company-defined non-GAAP measure.