Anthropic, PBC

Index to Consolidated Financial Statements

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Report Of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Anthropic, PBC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Anthropic, PBC (the Company) as of December 31, 2025, the related consolidated statement of operations, comprehensive loss, redeemable convertible preferred stock and stockholders' deficit and cash flows for the year then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2025, and the results of its operations and its cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Loss Contingencies

Description of the Matter

As further described in Note 13 to the consolidated financial statements, the Company is involved in various legal claims, proceedings and other regulatory and administrative proceedings, certain of which may include claims for substantial or indeterminate amounts of damages. The Company's assessment of loss contingency matters requires significant judgment in determining both the likelihood and estimated amount of potential losses.

Auditing the Company's accounting for and disclosure of certain loss contingencies was especially challenging due to the significant judgment required to evaluate management's assessments of the probability of loss and its estimate of the potential amounts or range of such losses.

How We Addressed the Matter in Our Audit

We performed audit procedures that included, among others, obtaining an understanding of the identification and evaluation of loss contingencies, including the Company's assessment of the likelihood that a loss will be incurred and its ability to reasonably estimate the loss or range of possible losses. We read the Company's board minutes, requested and received legal counsel confirmation letters, met with legal counsel to discuss the nature of certain matters and obtained representations from management on these matters. We also evaluated the appropriateness of the related disclosures included in the consolidated financial statements.

Fair Value of Convertible Notes

Description of the Matter

The Company accounts for its convertible promissory notes at fair value. As discussed in Note 4 to the consolidated financial statements, the estimated fair value of convertible promissory notes as of December 31, 2025, was $41.7 billion and the recognized loss for the change in the fair value of the convertible promissory notes for the year ended December 31, 2025, was $34.5 billion. The Company estimated the fair value of the convertible promissory notes using a hybrid approach comprising a contingent claims analysis method and a common stock equivalent method which involved the use of complex and subjective estimates, judgments and assumptions.

Auditing the Company's estimated fair value of convertible notes was especially challenging due to the significant judgment required to assess management's selection of the valuation methodology, determination of the relative weight applied to the contingent claims analysis and the common stock equivalent methods, which involved key judgments and assumptions, including the Company's stage of development, likelihood of an initial public offering (IPO), need for and terms of financings, and secondary and other market transactions. The estimated fair value of the convertible notes is particularly sensitive to changes in the relative weight applied to the two valuation methods.

How We Addressed the Matter in Our Audit

We performed audit procedures that included, among others, evaluating the Company's selection of the valuation methodology, evaluating the key judgments and assumptions noted above used by the Company's valuation specialist, and evaluating the completeness and accuracy of the underlying data supporting the key judgments and assumptions. We involved our valuation specialists to assist with our evaluation of the methodology used by the Company and the key judgments and assumptions. Specifically, we focused on the Company's determination of the relative weight applied to the contingent claims analysis and common stock equivalent methods and the key judgments and assumptions that affected the weighting. For example, we evaluated the stage of the Company's development, inspected the Company's written plans and internal presentations relating to an IPO process, and evaluated secondary and other market transactions during the period and their impact on the relative weight applied to the two valuation methods by the Company.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2025.

San Jose, California
June 1, 2026, except for the effects of the stock split described in Note 1, which is as of September 30, 2026

Report Of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Anthropic, PBC

Opinion on the financial statements

We have audited the accompanying consolidated balance sheet of Anthropic, PBC (a Delaware public benefit corporation) and subsidiaries (the "Company") as of December 31, 2024, the related consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock and stockholders' deficit, and cash flows for each of the years ended December 31, 2024 and 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the years ended December 31, 2024 and 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor from 2023 to 2025.

San Francisco, California
June 1, 2026 (except for the effects of the stock split described in Note 1, as to which the date is September 30, 2026)

Anthropic, PBC
Consolidated Balance Sheets
(In millions, except share amounts which are in thousands, and per share data)

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Assets			
Current assets:			
Cash and cash equivalents	$ 3,141	$ 17,388	$ 95,562
Short-term investments	—	2,889	36,283
Accounts receivable, net	95	909	7,892
Prepaid expenses and other current assets	2,076	2,560	1,283
Total current assets	5,312	23,746	141,020
Restricted cash	13	13	2,540
Property and equipment, net	19	146	3,061
Operating lease right-of-use assets	35	126	2,839
Goodwill	—	154	595
Other assets, noncurrent	2,373	476	4,265
Total assets	$ 7,752	$ 24,661	$ 154,320
Liabilities, Redeemable Convertible Preferred Stock, and Stockholders' Deficit			
Current liabilities:			
Accounts payable, accrued expenses, and other current liabilities	$ 333	$ 2,511	$ 9,426
Operating lease liabilities, current	13	37	274
Deferred revenue	28	269	1,971
Total current liabilities	374	2,817	11,671
Operating lease liabilities, noncurrent	39	80	2,536
Convertible notes payable	14,116	41,677	130,502
Other noncurrent liabilities	150	823	1,974
Total liabilities	14,679	45,397	146,683
Commitments and contingencies (Note 13)			
Redeemable convertible preferred stock, $0.00001 par value; 360,995, 728,289, and 1,040,441 shares authorized as of December 31, 2024 and 2025 and September 30, 2026 (unaudited), respectively; 220,219, 544,322, and 853,394 shares issued and outstanding as of December 31, 2024 and 2025 and September 30, 2026 (unaudited), respectively; aggregate liquidation preference of $2,874, $24,646, and $136,286 as of December 31, 2024 and 2025 and September 30, 2026 (unaudited), respectively	2,874	29,769	157,510
Stockholders' deficit:			
Class A common stock, $0.00001 par value; 6,319,705, 8,162,757, and 10,906,112 shares authorized as of December 31, 2024 and 2025 and September 30, 2026 (unaudited), respectively; 1,779,060, 1,901,267, and 2,168,788 shares issued and outstanding as of December 31, 2024 and 2025 and September 30, 2026 (unaudited), respectively	—	—	—
Class N common stock, $0.00001 par value; 2,148,900, 5,547,243, and 7,128,888 shares authorized as of December	—	—	—

Anthropic, PBC
Consolidated Balance Sheets (continued)
(In millions, except share amounts which are in thousands, and per share data)

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
31, 2024 and 2025 and September 30, 2026 (unaudited), respectively; no shares issued and outstanding as of December 31, 2024 and 2025, and 30,643 shares issued and outstanding as of September 30, 2026 (unaudited)			
Class T common stock, $0.00001 par value; 0 shares authorized and issued as of December 31, 2024 and 2025 and September 30, 2026 (unaudited)	—	—	—
Additional paid-in capital	239	1,644	6,481
Accumulated other comprehensive income (loss)	—	5	(161)
Accumulated deficit	(10,040)	(52,154)	(156,193)
Total stockholders' deficit	(9,801)	(50,505)	(149,873)
Total liabilities, redeemable convertible preferred stock, and stockholders' deficit	$ 7,752	$ 24,661	$ 154,320

The accompanying notes are an integral part of these consolidated financial statements.

Anthropic, PBC
Consolidated Statements of Operations
(In millions, except share amounts which are in thousands, and per share data)

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Revenue	$ 41	$ 386	$ 4,585	$ 2,545	$ 33,242
Operating expenses:					
Compute and infrastructure	433	2,522	7,326	4,381	18,808
Personnel	95	454	1,839	1,027	4,863
Bartz settlement	—	—	1,500	1,500	—
Sales, marketing, and partnerships	2	43	568	322	5,529
Other operating and administrative	62	347	1,412	539	5,302
Total operating expenses	592	3,366	12,645	7,769	34,502
Operating loss	(551)	(2,980)	(8,060)	(5,224)	(1,260)
Interest income	69	106	431	239	2,359
Change in fair value of convertible notes, derivative liabilities, and SAFEs	(1,045)	(5,434)	(34,308)	(20,107)	(94,324)
Other income (expense), net	(2)	—	(8)	(3)	(10,397)
Total other income (expense), net	(978)	(5,328)	(33,885)	(19,871)	(102,362)
Loss before provision for income taxes	(1,529)	(8,308)	(41,945)	(25,095)	(103,622)
Provision for income taxes	2	1	20	12	417
Net loss	$ (1,531)	$ (8,309)	$ (41,965)	$ (25,107)	$ (104,039)
Net loss per share attributable to common stockholders, basic and diluted	$ (1.42)	$ (5.43)	$ (23.04)	$ (13.90)	$ (50.10)
Weighted-average shares outstanding, basic and diluted	1,076,881	1,528,995	1,821,085	1,806,803	2,076,810

The accompanying notes are an integral part of these consolidated financial statements.

Anthropic, PBC
Consolidated Statements of Comprehensive Loss
(In millions)

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Net loss	$ (1,531)	$ (8,309)	$ (41,965)	$ (25,107)	$ (104,039)
Other comprehensive income (loss):					
Net unrealized gain (loss) on available-for-sale securities, net of tax	—	—	4	3	(155)
Foreign currency translation adjustments	—	—	1	1	(11)
Other comprehensive income (loss)	—	—	5	4	(166)
Comprehensive loss	$ (1,531)	$ (8,309)	$ (41,960)	$ (25,103)	$ (104,205)

The accompanying notes are an integral part of these consolidated financial statements.

Anthropic, PBC

Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit

(In millions, except share amounts which are in thousands)

	Redeemable convertible preferred stock		Class A common stock		Class N common stock		Class T common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2022	136,005	$ 1,106	1,738,823	$ —	—	$ —	—	$ —	$ 5	$ —	$ (200)	$ (195)
Issuance of redeemable convertible preferred stock, net of issuance costs	39,670	445	—	—	—	—	—	—	—	—	—	—
Conversion of SAFE note into redeemable convertible preferred stock	89	1	—	—	—	—	—	—	—	—	—	—
Issuance of Class T common stock	—	—	—	—	—	—	0	—	—	—	—	—
Issuance of Class A common stock upon exercise of stock options	—	—	15,330	—	—	—	—	—	3	—	—	3
Stock-based compensation expense	—	—	—	—	—	—	—	—	29	—	—	29
Net loss	—	—	—	—	—	—	—	—	—	—	(1,531)	(1,531)
Balance as of December 31, 2023	175,764	1,552	1,754,153	—	—	—	0	—	37	—	(1,731)	(1,694)
Issuance of redeemable convertible preferred stock, net of issuance costs	39,979	1,188	—	—	—	—	—	—	—	—	—	—
Conversion of SAFE notes into redeemable convertible preferred stock	4,476	134	—	—	—	—	—	—	—	—	—	—
Issuance of Class A common stock upon exercise of stock options	—	—	24,907	—	—	—	—	—	10	—	—	10
Stock-based compensation expense	—	—	—	—	—	—	—	—	192	—	—	192
Net loss	—	—	—	—	—	—	—	—	—	—	(8,309)	(8,309)
Balance as of December 31, 2024	220,219	2,874	1,779,060	—	—	—	0	—	239	—	(10,040)	(9,801)
Issuance of redeemable convertible preferred stock, net of issuance costs	155,830	16,548	—	—	—	—	—	—	—	—	—	—
Conversion of convertible notes into redeemable convertible preferred stock	168,273	10,347	—	—	—	—	—	—	—	—	—	—
Issuance of Class A common stock upon exercise of stock options and grants of restricted stock	—	—	141,542	—	—	—	—	—	111	—	—	111
Repurchase of outstanding common stock	—	—	(27,942)	—	—	—	—	—	—	—	(149)	(149)
Stock-based compensation expense	—	—	—	—	—	—	—	—	1,158	—	—	1,158
Equity issued in connection with business acquisition	—	—	8,607	—	—	—	—	—	136	—	—	136
Foreign currency translation adjustments	—	—	—	—	—	—	—	—	—	1	—	1
Net unrealized gains on available-for-sale securities	—	—	—	—	—	—	—	—	—	4	—	4
Net loss	—	—	—	—	—	—	—	—	—	—	(41,965)	(41,965)
Balance as of December 31, 2025	544,322	$ 29,769	1,901,267	$ —	—	$ —	0	$ —	$ 1,644	$ 5	$ (52,154)	$ (50,505)

The accompanying notes are an integral part of these consolidated financial statements.

Anthropic, PBC

Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit

(In millions, except share amounts which are in thousands)

	Redeemable convertible preferred stock		Class A common stock		Class N common stock		Class T common stock		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total stockholders' deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2024	220,219	$ 2,874	1,779,060	$ —	—	$ —	0	$ —	$ 239	$ —	$ (10,040)	$ (9,801)
Issuance of redeemable convertible preferred stock, net of issuance costs (unaudited)	155,830	16,548	—	—	—	—	—	—	—	—	—	—
Conversion of convertible notes into redeemable convertible preferred stock (unaudited)	168,273	10,347	—	—	—	—	—	—	—	—	—	—
Issuance of Class A common stock upon exercise of stock options and grants of restricted stock (unaudited)	—	—	94,285	—	—	—	—	—	59	—	—	59
Repurchase of outstanding common stock (unaudited)	—	—	(27,942)	—	—	—	—	—	—	—	(149)	(149)
Stock-based compensation expense (unaudited)	—	—	—	—	—	—	—	—	584	—	—	584
Foreign currency translation adjustments (unaudited)	—	—	—	—	—	—	—	—	—	1	—	1
Net unrealized gain on available-for-sale securities (unaudited)	—	—	—	—	—	—	—	—	—	3	—	3
Net loss (unaudited)	—	—	—	—	—	—	—	—	—	—	(25,107)	(25,107)
Balance as of September 30, 2025 (unaudited)	544,322	$ 29,769	1,845,403	$ —	—	$ —	0	$ —	$ 882	$ 4	$ (35,296)	$ (34,410)

The accompanying notes are an integral part of these consolidated financial statements.

Anthropic, PBC

Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit

(In millions, except share amounts which are in thousands)

	Redeemable convertible preferred stock		Class A common stock		Class N common stock		Class T common stock		Additional paid-in capital	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stockholders' deficit
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2025	544,322	$ 29,769	1,901,267	$ —	—	$ —	0	$ —	$ 1,644	$ 5	$ (52,154)	$ (50,505)
Issuance of redeemable convertible preferred stock, net of issuance costs (unaudited)	285,187	122,242	—	—	—	—	—	—	—	—	—	—
Conversion of convertible notes into redeemable convertible preferred stock (unaudited)	23,885	5,499	—	—	—	—	—	—	—	—	—	—
Issuance of Class A common stock upon exercise of stock options, grants of restricted stock, and sales of common stock for cash (unaudited)	—	—	240,808	—	—	—	—	—	407	—	—	407
Issuance of Class A common stock in connection with acquisitions (unaudited)	—	—	26,713	—	—	—	—	—	557	—	—	557
Issuance of Class N common stock upon settlement of donation matching program liability (unaudited)	—	—	—	—	30,643	—	—	—	667	—	—	667
Stock-based compensation expense (unaudited)	—	—	—	—	—	—	—	—	3,255	—	—	3,255
Foreign currency translation adjustments (unaudited)	—	—	—	—	—	—	—	—	—	(11)	—	(11)
Net unrealized loss on available-for-sale securities (unaudited)	—	—	—	—	—	—	—	—	—	(155)	—	(155)
Net loss (unaudited)	—	—	—	—	—	—	—	—	—	—	(104,039)	(104,039)
Other (unaudited)	—	—	—	—	—	—	—	—	(49)	—	—	(49)
Balance as of September 30, 2026 (unaudited)	853,394	$ 157,510	2,168,788	$ —	30,643	$ —	0	$ —	$ 6,481	$ (161)	$ (156,193)	$ (149,873)

The accompanying notes are an integral part of these consolidated financial statements.

Anthropic, PBC
Consolidated Statements of Cash Flows
(In millions)

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Cash flows from operating activities:					
Net loss	$ (1,531)	$ (8,309)	$ (41,965)	$ (25,107)	$ (104,039)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:					
Stock-based compensation expense	29	192	1,158	584	3,255
Depreciation and amortization	3	21	40	24	250
Change in fair value of convertible notes, derivative liabilities, and SAFEs	1,045	5,434	34,308	20,107	94,324
Donation matching program liability	—	—	541	—	2,086
Recognition and change in fair value of other financial instruments	—	—	—	—	10,277
Other	—	7	11	4	(11)
Changes in operating assets and liabilities:					
Accounts receivable, net	(10)	(90)	(834)	(500)	(7,076)
Prepaid expenses and other assets	(1,253)	(3,190)	1,771	779	1,435
Accounts payable, accrued expenses, and other liabilities	84	222	2,079	1,867	4,377
Lease liabilities	(1)	—	13	24	(11)
Deferred revenue	7	21	241	194	1,702
Net cash provided by (used in) operating activities	(1,627)	(5,692)	(2,637)	(2,024)	6,569
Cash flows from investing activities:					
Purchases of property and equipment	(2)	(15)	(131)	(111)	(925)
Prepayments for leased assets and equipment	—	—	(54)	(51)	(1,955)
Purchases of short-term investments	—	—	(3,082)	(1,831)	(40,318)
Sales and maturities of short-term investments	—	—	213	9	6,900
Other investing activities	—	(7)	(23)	(23)	(248)
Net cash used in investing activities	(2)	(22)	(3,077)	(2,007)	(36,546)
Cash flows from financing activities:					
Proceeds from issuance of redeemable convertible preferred stock, net of issuance costs	445	1,188	16,548	16,548	110,432
Principal payments for finance leases	—	—	—	—	(88)
Issuance of convertible notes for cash	1,750	6,050	3,450	2,050	—
Proceeds from issuance of common stock	3	10	111	59	407
Repurchase of common stock	—	—	(149)	(149)	—
Issuance of SAFEs for cash	122	—	—	—	—
Payment of deferred offering costs	—	—	—	—	(16)

Anthropic, PBC
Consolidated Statements of Cash Flows (continued)
(In millions)

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Net cash provided by financing activities	2,320	7,248	19,960	18,508	110,735
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	—	—	1	1	(7)
Net increase in cash, cash equivalents, and restricted cash	691	1,534	14,247	14,478	80,751
Cash, cash equivalents, and restricted cash at beginning of period	929	1,620	3,154	3,154	17,401
Cash, cash equivalents, and restricted cash at end of period	$ 1,620	$ 3,154	$ 17,401	$ 17,632	$ 98,152

The accompanying notes are an integral part of these consolidated financial statements.

1. Description of Business and Summary of Significant Accounting Policies

Anthropic, PBC (the "Company") is a public benefit corporation ("PBC") incorporated under Delaware law in January 2021. The Company develops and maintains advanced artificial intelligence ("AI") models and provides its intelligence service through its platform and applications to customers. The Company's public benefit purpose is to responsibly develop and maintain advanced AI for the long-term benefit of humanity. The Company is headquartered in San Francisco, California.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Company consolidates its wholly owned subsidiaries over which it exercises control, as well as variable interest entities ("VIEs") where the Company is deemed to be the primary beneficiary. All intercompany balances and transactions between consolidated entities have been eliminated in consolidation.

Change in Presentation and Reclassification of Prior Periods

Certain amounts reported in the Company's prior period consolidated financial statements have been reclassified to conform to the current period presentation. During the year ended December 31, 2025, the Company changed its presentation of operating expenses from a functional classification under which cost of revenue, gross profit (loss), research and development, sales and marketing, and general and administrative were presented as separate line items, to a classification based on the nature of expenses. As a result of this change in presentation, cost of revenue, gross profit (loss), research and development, sales and marketing, and general and administrative are no longer presented as separate line items in the consolidated statements of operations.

Under the new presentation, expenses are presented by major categories, including compute and infrastructure; personnel; sales, marketing, and partnerships; Bartz settlement; and other operating and administrative. In addition, the Company combined or separately presented certain captions on its consolidated balance sheets and consolidated statements of cash flows. These reclassifications and certain other prior period amounts have been recast for all prior periods presented to conform to the current period presentation. These reclassifications affect presentation only and did not impact total assets, total liabilities, total stockholders' equity (deficit), total operating loss, net loss, or net cash provided by (used in) operating, investing, or financing activities.

Unaudited Interim Consolidated Financial Information

The accompanying interim consolidated balance sheet as of September 30, 2026 and the interim consolidated statements of operations, comprehensive loss, redeemable convertible preferred stock and stockholders' deficit, and cash flows for the nine months ended September 30, 2025 and 2026 and the related notes to such interim consolidated financial statements are unaudited. These unaudited interim consolidated financial statements are presented in accordance with the rules and regulations of the U.S. Securities and Exchange Commission and do not include all disclosures normally required in annual consolidated financial statements prepared in accordance with GAAP. In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements and reflect all normal and recurring adjustments necessary for the fair statement of the Company's financial position as of September 30, 2026 and the Company's consolidated results of operations and cash flows for the nine months ended September 30, 2025 and 2026. The results of operations for the nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for the full year or any other future interim or annual period.

Stock Split

On September 17, 2026, the Company effected a 10-for-1 stock split of its authorized, issued, and outstanding shares of Class A common stock and Class N common stock. The conversion rate of the Company's redeemable convertible preferred stock was proportionately adjusted to factor in the stock split. On the same date, the Company also effected a 1-for-1,000 reverse stock split of its authorized and issued shares of Class T common stock. All share and per share information has been retroactively adjusted to reflect the stock split and reverse stock split for all periods presented.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities in the consolidated financial statements and accompanying notes. Actual results could differ materially from those estimates. Significant items subject to such estimates and assumptions include the determination of the fair value of common stock, valuation of deferred tax assets and the related valuation allowance, the potential outcome of uncertain tax positions that have been recognized in the consolidated financial statements or tax returns, valuation of the simple agreements for future equity ("SAFEs"), valuation of convertible notes, valuation of goodwill, stock-based compensation, the assessment of useful lives of long-lived assets and intangible assets, contingencies, the valuation of financial instruments, and incremental borrowing rates for operating and finance leases.

Concentrations of Risk

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents, restricted cash, accounts receivable, and short-term investments. The Company maintains cash with financial institutions of high credit quality and does not believe it is exposed to any unusual credit risk beyond the normal credit risk associated with commercial banking relationships. Deposits held with these financial institutions are in excess of the amount of Federal Deposit Insurance Corporation insured limits provided on such deposits. The Company has not experienced any losses related to these concentrations during the periods presented. The Company's short-term investments are primarily intended to facilitate liquidity and capital preservation and consist predominantly of highly liquid investment-grade fixed-income securities, diversified among industries and individual issuers. The Company's investment policy is designed to limit exposure from any particular issuer or institution.

Significant Customers

The table below sets forth concentrations of credit risk with respect to accounts receivable from major customers that accounted for 10% or more of the Company's total accounts receivable:

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Customer A	*	13%	*
Customer E	*	*	13%

* Less than 10% of total

The table below sets forth concentrations of revenue from customers that accounted for 10% or more of the Company's total revenue:

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Customer A	*	*	12%	11%	*
Customer B	*	*	12%	14%	*
Customer C	43%	*	*	*	*
Customer D	11%	*	*	*	*

* Less than 10% of total

Other Concentrations

Prior to 2026, the Company obtained substantially all of its compute infrastructure from three cloud service providers ("CSPs"). During the nine months ended September 30, 2026 (unaudited), the Company obtained a substantial majority of its compute infrastructure from a limited number of CSPs and other suppliers under long-term hosting and lease agreements. This created dependencies and potential vulnerabilities, in that a disruption affecting these counterparties could have adversely affected the Company's operations. While the Company is expanding its relationships with its existing CSPs, it is also expanding its compute capacity through commitments with additional CSPs and through compute procured from other sources, including leased infrastructure operated on its behalf.

The Company also provides access to its intelligence service through CSP marketplaces, with CSPs acting as collection agents for the Company in these transactions. During the years ended December 31, 2023, 2024, and 2025, revenue generated from sales through CSP marketplaces to customers represented approximately 11%, 32%, and 47% of total revenue, respectively. During the nine months ended September 30, 2025 and 2026 (unaudited), revenue generated from sales through CSP marketplaces to customers represented approximately 48% and 44% of total revenue, respectively. As of December 31, 2024 and 2025 and September 30, 2026 (unaudited), net accounts receivable from sales through CSP marketplaces to customers represented 42%, 60%, and 52% of the Company's net accounts receivable, respectively.

Certain of the CSPs also hold the Company's non-voting redeemable convertible preferred stock and convertible notes. See Notes 9 and 10 for further information.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking and interest-bearing accounts as well as investments in money market funds and highly liquid investments with original maturities of three months or less from the date of purchase.

Restricted Cash

The Company's restricted cash is classified as current or noncurrent based on the contractual or estimated term of the remaining restriction and consists of amounts pledged as collateral for the Company's lease and other contractual obligations. These amounts are restricted from general corporate use and will be released or applied against the related obligations as the underlying conditions are satisfied.

Short-Term Investments

The Company's short-term investments primarily consist of debt securities, including: U.S. Treasury and agency securities, corporate debt securities, and commercial paper. The Company determines the appropriate

classification of its short-term investments at the time of purchase and reevaluates such designation at each balance sheet date. The Company has classified and accounted for its short-term investments as available-for-sale securities as the Company may sell these securities at any time for use in its current operations or for other purposes, even prior to maturity. As a result, short-term investments, including securities with stated maturities beyond 12 months, are classified within current assets in the consolidated balance sheets.

Available-for-sale securities are recorded at fair value each reporting period and are periodically evaluated for impairment at the individual security level. For unrealized losses in securities that the Company intends to hold and will not-more-likely-than-not be required to sell before recovery, the Company further evaluates whether declines in fair value below amortized cost are due to credit or non-credit related factors.

The Company considers credit-related impairments to be changes in value that are driven by a change in the creditor's ability to meet its payment obligations and records an allowance and recognizes a corresponding loss in other income (expense), net when the impairment is incurred. Unrealized non-credit related losses and unrealized gains are reported as a separate component of accumulated other comprehensive income (loss) in the consolidated balance sheets until realized. Realized gains and losses are determined based on the specific identification method and are reported in other income (expense), net in the consolidated statements of operations.

Variable Interest Entities

The Company evaluates its ownership, contractual, and other interests in entities to determine if it has a variable interest in an entity. These evaluations are complex, involve judgment, and use estimates and assumptions based on available historical and prospective information, among other factors. If the Company determines that an entity for which it holds a contractual or ownership interest is a VIE and that the Company is the primary beneficiary, the Company consolidates such entity in its consolidated financial statements. An enterprise having a controlling financial interest in a VIE must consolidate the VIE if it is considered the primary beneficiary, which is described as having both (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (2) the right to receive benefits or the obligation to absorb losses of the VIE that potentially could be significant to the VIE. The Company consolidates certain VIEs formed to finance and deploy compute and infrastructure capacity. Refer to Note 7 for further information.

Long-Term Benefit Trust

In 2023, the Company established the Long-Term Benefit Trust ("LTBT"). The LTBT is intended to operate as an independent body of financially disinterested trustees with expertise in AI safety, national security, public policy, and social enterprise. In connection with establishing the LTBT, the Company created a class of common stock (the "Class T common stock") that is held exclusively by the LTBT and gives the LTBT authority to elect and remove certain of the Company's directors.

The LTBT is considered a consolidated VIE as it relies on the Company for financial support. The Company is the primary beneficiary of the VIE as it has the power to direct the activities that most significantly impact the LTBT's economic performance, provides financial support to the LTBT, and would receive the LTBT's financial assets (other than the Class T common stock) in the event that the LTBT terminates. The Company consolidated the VIE at inception and will perform on-going reassessments of the VIE based on any reconsideration events to reevaluate whether a change to the consolidation conclusion is required each reporting period. The consolidated balance sheets as of December 31, 2024 and 2025 and September 30, 2026 (unaudited) include assets of the LTBT, which can only be used to settle obligations and liabilities of the LTBT. As of December 31, 2024 and 2025 and September 30, 2026 (unaudited), total assets and liabilities of the LTBT were not material.

Fair Value Measurements and Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with Accounting Standards Codification ("ASC") 820, *Fair Value Measurement* ("ASC 820"), the Company uses the fair value hierarchy, which prioritizes the inputs used to measure fair value. The hierarchy, as defined below, gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three levels of the fair value hierarchy are set forth below:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active or inputs other than the quoted prices that are observable either directly or indirectly for the full term of the assets or liabilities.

Level 3: Unobservable inputs in which there is little or no market data and that are significant to the fair value of the assets or liabilities.

The Company's financial instruments include accounts receivable, short-term investments, prepaid expenses and other current assets, other assets, accounts payable, accrued expenses, and other current liabilities, convertible notes payable, SAFE liabilities, and certain derivative contracts. The estimated fair value of other financial instruments, including cash and restricted cash, are stated at their carrying value which approximates fair value due to the short time to the expected receipt or payment date. Additionally, the carrying amounts of accounts receivable, prepaid expenses and other current assets, accounts payable, accrued expenses, and other current liabilities approximate fair value due to their short-term nature.

Accounts Receivable and Allowances

Accounts receivable represent uncollected payments from customers and payments collected by channel partners from customers on the Company's behalf which have not yet been remitted to the Company. Accounts receivable are recorded at the invoiced amount net of the allowance for credit losses and do not bear interest. The Company's accounts receivable balances as of December 31, 2023, 2024, and 2025 and September 30, 2026 (unaudited) were $10 million, $95 million, $909 million, and $7.9 billion, respectively.

The Company regularly monitors collections and payments from customers and maintains an allowance for credit losses for estimated losses resulting from the inability of customers or channel partners to make or remit required payments. Management estimates the Company's allowance for credit losses by considering factors such as historical credit loss experience and current conditions, the length of time accounts receivable are past due, customer payment histories, any specific customer collection issues identified, and current market conditions which may affect customer financial condition. This assessment is performed on an aggregate basis when similar characteristics exist within a customer group and on an individual basis when specific customers with collectability risks are identified. The Company writes off accounts receivable against the allowance when management determines a balance is uncollectible and no longer actively pursues collection of the receivable.

Changes in the allowance for credit losses were as follows (in millions):

	Year Ended December 31,		Nine Months Ended September 30,
	2024	2025	2026
			(unaudited)
Balance at beginning of period	$ —	$ 5	$ 17
Change in allowance for credit losses	5	20	94
Write-off of uncollectible accounts receivable	—	(8)	(2)
Balance at end of period	$ 5	$ 17	$ 109

Property and Equipment, Net

Property and equipment is stated at cost less accumulated depreciation. Depreciation is recorded using the straight-line method over the estimated useful lives of the related asset, ranging from three to five years. Leasehold improvements are amortized over the shorter of estimated useful life or the remaining lease term.

The Company estimates the useful lives of property and equipment upon initial recognition and periodically evaluates the useful lives and whether events or changes in circumstances warrant a revision to the useful lives.

Maintenance and repair costs that do not extend the useful life of the assets are expensed as incurred.

When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the consolidated statements of operations in the period realized.

Software Development Costs

Software development costs include costs to develop advanced AI models and related software solutions used to deliver the Company's services to external users. Software development costs also include costs to develop software solely for internal use and applications used to support the Company's operations. Model development costs are generally expensed as incurred due to the significant development uncertainty inherent in the development process.

The Company capitalizes qualifying software development costs when (i) management, with relevant authority, has authorized and committed to fund the software project and (ii) it is probable that the project will be completed and the software will be used to perform its intended function. Capitalization ceases when the software is substantially complete and ready for its intended use, including the completion of all significant testing. Software development costs capitalized were not significant for the periods presented.

Evaluation of Long-Lived Assets for Impairment

Long-lived assets, such as property and equipment, right-of-use ("ROU") assets, and finite-lived intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group (collectively, the "asset group") may not be recoverable. Recoverability of asset groups to be held and used is measured by comparing the carrying amount to the estimated undiscounted future cash flows expected to be generated. If the carrying amount exceeds the undiscounted cash flows, the asset groups are determined to be impaired, and an impairment charge is recognized as the amount by which the carrying amount exceeds its fair value.

Intangible Assets, Net

Intangible assets which are subject to amortization are amortized on a straight-line basis over their estimated useful lives, which range from one to six years. The Company reviews intangible assets which are subject to amortization for impairment under the long-lived asset model.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill is not subject to amortization but is tested for impairment on an annual basis, performed in the fourth quarter of each year, or whenever events or changes in circumstances indicate the carrying value of the reporting unit may be in excess of the reporting unit's fair value.

Goodwill is tested for impairment at the reporting unit level by first assessing the qualitative factors to determine whether it is more likely than not that the fair value of the Company's single reporting unit is less than its carrying amount. Qualitative indicators assessed include consideration of macroeconomic, industry, and market conditions, the Company's overall financial performance, and personnel or strategy changes. Based on the qualitative assessment, if the Company determines that it is more likely than not that the Company's single reporting unit's fair value is less than its carrying amount, a quantitative analysis is performed by comparing the fair value of the Company's single reporting unit to its carrying value. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss is recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to the reporting unit. The Company did not recognize any goodwill during the years ended December 31, 2023 and 2024. No impairment losses related to goodwill were recognized during the year ended December 31, 2025 or the nine months ended September 30, 2026 (unaudited).

Acquisitions

The Company accounts for acquisitions of entities or asset groups that qualify as businesses in accordance with ASC 805, *Business Combinations* ("ASC 805"). The purchase price of the acquisition is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recorded as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in the consolidated statements of operations.

Leases

The Company determines if an arrangement is a lease at inception. The Company evaluates the classification of leases at commencement and, as necessary, at modification. The Company, as the lessee, classifies leases with lease terms longer than 12 months as either operating or finance. A lease is classified as a finance lease if it meets any of the finance lease classification criteria in ASC 842 at lease commencement; all other leases are classified as operating leases. The Company's finance leases are generally those leases that allow the Company to utilize the asset for a major part of its estimated economic life, that have discounted lease payments that are substantially all the estimated fair value of the asset, or that include a purchase option which the Company is reasonably certain to exercise.

The Company leases facilities and equipment under operating and finance leases. The Company determines whether an arrangement is or contains a lease at inception and records lease liabilities and right-of-use assets on its consolidated balance sheets at lease commencement. Where the Company's leases do not provide an implicit rate, the Company determines its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The determination of the incremental

borrowing rate is based on an estimate of the Company's unsecured borrowing rate, adjusted for tenor and collateralized security features. Lease liabilities are recognized at the present value of the future lease payments at the lease commencement date. ROU assets are measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) tenant incentives received, incurred or payable under the lease. The Company does not assume renewals or early terminations of its leases unless it is reasonably certain to exercise these options at commencement.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the estimated useful life of the underlying asset or, where title does not transfer at the end of the lease term and the Company is not reasonably certain to exercise a purchase option, the lease term, and are recognized within operating expenses based on the nature of the leased asset. The interest component of a finance lease is recognized using the effective interest method over the lease term and is presented separately from the amortization of the related ROU asset.

Operating lease ROU assets and operating lease liabilities are presented separately on the consolidated balance sheets. Finance lease ROU assets are included in property and equipment, net. Finance lease liabilities are included in accounts payable, accrued expenses, and other current liabilities, and in other noncurrent liabilities.

The Company's lease agreements may contain lease and non-lease components. Non-lease components related to the asset being leased are not separated from the lease components and are accounted for as a single lease component for all existing classes of assets.

The Company made an accounting policy election for lease agreements with a term of 12 months or less and does not recognize ROU assets and lease liabilities in respect of those agreements. Any payments related to short-term leases are expensed as incurred.

Variable lease payments are expensed as incurred and are mainly composed of utilities, common area maintenance, and other operating expenses.

Similar to other long-lived assets discussed above, management assesses ROU assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Finance lease ROU assets are assessed for impairment together with the Company's other property and equipment. For leased assets, such circumstances would include the decision to enter into a sublease for which estimated cash flows do not fully cover the costs of the associated lease.

Revenue Recognition

The Company generates revenue from customers, including enterprises and prosumers, utilizing its intelligence service, which enables customers to submit text, documents, and other materials ("Prompts"), and receive AI-generated results ("Results") from its proprietary Claude model family. Prompts and Results are measured in the number of tokens consumed. The Company provides the intelligence service through its web, mobile, and desktop interfaces and APIs as well as through CSP marketplaces that distribute the intelligence service to the Company's customers. The intelligence service is not available for on-premise download or hosting by customers.

The Company accounts for revenue under ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized based on the amount of consideration the Company expects to receive when the Company provides its intelligence service to customers. Revenue excludes amounts collected on behalf of third parties, such as sales and indirect taxes, as well as estimated concessions, credits, and refunds.

The Company's intelligence service is provided on a consumption or subscription basis. Revenue is recognized when customers use the Company's intelligence service, based on the quantity of tokens consumed. Intelligence service provided on a subscription basis is subject to usage limits that reset over short periods, which results in revenue being recognized ratably over the subscription period, which is generally 12 months or less. Payment

terms vary by customer and sales channel but are generally less than 60 days. Subscription fees are generally prepaid. Certain enterprise contracts may include minimum spend commitments.

When the Company utilizes CSP marketplaces that distribute the intelligence service to customers, the customer receives the same intelligence service as is available through its web, mobile, and desktop interfaces and APIs, and the intelligence service represents a single promise in customer contracts. In these arrangements, the Company is the principal and recognizes revenue on a gross basis because the Company has a direct contractual relationship with customers, is primarily responsible for providing the intelligence service to customers, and establishes pricing. The CSPs in these arrangements do not obtain control of the Company's intelligence service at any point prior to transfer to the customer.

Deferred Revenue

Deferred revenue consists of amounts billed or received in advance of the Company satisfying its performance obligations, and is recognized as revenue as services are delivered to customers. Deferred revenue relates primarily to subscriptions that are subject to usage limits that reset over short periods, which results in revenue being recognized ratably over the subscription period, which is generally 12 months or less.

Compute and Infrastructure

Compute and infrastructure expenses primarily consist of costs attributable to operating the Company's technology infrastructure, which supports the full range of workloads for the Company's models, including research, model development, serving customers, and internal usage of Claude. These costs primarily consist of cloud compute fees paid to CSPs under committed and on-demand arrangements, including storage, networking and connectivity, and related support costs, infrastructure costs associated with serving customer workloads through partner channels, colocation facility costs, equipment leases and committed power costs associated with the Company's data center operations, and third-party application infrastructure software costs directly related to the Company's compute operations.

Personnel

Personnel expenses primarily consist of stock-based compensation, including expense related to stock options, restricted stock units ("RSUs"), and restricted stock awards, cash compensation, including base salaries and bonuses, employee benefits, including health and welfare benefits, and employer payroll taxes.

Bartz Settlement

Bartz settlement consists of the charge the Company recorded in 2025 to settle the Bartz copyright infringement suit. Refer to Note 13 for further information.

Sales, Marketing, and Partnerships

Sales, marketing, and partnerships expenses primarily consist of channel partner costs and marketing and advertising costs, including media and public relations spend.

Advertising costs are expensed as incurred. Advertising expenses were $33 million and $147 million for the years ended December 31, 2024 and 2025, respectively. Advertising expenses incurred in 2023 were not material.

Other Operating and Administrative

Other operating and administrative expenses primarily consist of charitable donations expense related to the Company's donation matching program, vendor costs related to data quality and performance evaluation services, information technology and cloud software costs, payment processing and platform fees, facility and

occupancy costs, non-income taxes, professional services costs, bad debt expense, and depreciation and amortization related to non-data center assets.

Stock-Based Compensation

The Company's equity incentive plan provides for the granting of stock options, RSUs, and restricted stock awards to employees, consultants, officers, and directors. The Company measures compensation cost for stock-based awards at grant-date fair value and recognizes it over the requisite service period. The Company accounts for forfeitures when they occur. The fair value of stock-based awards, granted or modified, is determined on the grant date (or modification or acquisition dates, if applicable) using appropriate valuation techniques. Stock-based compensation is included within personnel expenses in the consolidated statements of operations. The Company incurred stock-based compensation expense of $29 million, $192 million, and $1.2 billion for the years ended December 31, 2023, 2024, and 2025, respectively. The Company incurred stock-based compensation expense of $591 million and $3.3 billion for the nine months ended September 30, 2025 and 2026 (unaudited), respectively. The tax benefits recognized in the consolidated statements of operations for stock-based compensation arrangements were not material during the years ended December 31, 2023, 2024, and 2025. During the nine months ended September 30, 2025 and 2026 (unaudited), tax benefits were $2 million and $276 million, respectively.

Stock Options

Stock-based compensation expense is recognized on a straight-line basis over the period during which an employee is required to provide services in exchange for the award (generally the vesting period of the award). The Company determines the fair value of stock options on the date of grant using the Black-Scholes-Merton option pricing model which is impacted by the estimated fair value of the Company's common stock, as well as changes in assumptions regarding a number of highly complex and subjective variables. These variables are summarized as follows:

- *Fair value of common stock* – Until the Company's common stock is publicly traded, the Company must estimate the fair value of common stock. The Company's board of directors (the "Board") considers numerous objective and subjective factors to determine the fair value of the Company's common stock including: contemporaneous third-party valuations of the Company's common stock, price paid by investors for the Company's common and redeemable convertible preferred stock, actual and forecasted operating and financial performance, market conditions, performance of comparable publicly traded companies, developments and milestones within the Company, the rights, preferences, and privileges of the Company's common and redeemable convertible preferred stock, and the likelihood and timing of achieving a liquidity event, among other factors.

- *Expected volatility* – Expected volatility is a measure of the amount by which the stock price is expected to fluctuate. Since the Company has no trading history of its common stock, it estimates the expected volatility of its underlying common stock as of the grant date of its stock options by taking the weighted-average historical volatility of a group of comparable publicly traded companies over a period equal to the expected life of the options.

- *Expected term* – Expected term represents the period over which the Company anticipates stock-based awards to be outstanding. The Company estimates the expected term based on the options' vesting term and contractual terms, such that the expected life is equal to the average of the stock-based award's weighted-average vesting period and its contractual term.

- *Risk-free interest rate* – The risk-free interest rate used is based on the implied yield in effect at the time of grant of U.S. Treasury securities with maturities similar to the expected term of the stock options.

- *Expected dividend yield* – The expected dividend yield is zero, as the Company has never declared or paid any dividends and has no current plans to do so.

Restricted Stock Units

The Company measures and recognizes stock-based compensation expense for RSUs based on the estimated fair value of the underlying common stock on the date of grant. The Company's RSUs vest upon the satisfaction of both service and performance conditions. The service condition for these awards is generally satisfied over a four-year vesting period. The performance condition is satisfied upon the occurrence of either (i) a qualifying change in control of the Company or (ii) a listing of the Company's equity securities on an established securities market (including through a traditional public offering, direct listing, or business combination with a special purpose acquisition company), in each case, on or before the seventh anniversary of the grant date, as further defined in such RSU agreements. If the performance condition is not satisfied within seven years of the grant date, all unvested RSUs are forfeited. Compensation cost related to these RSUs must be recognized over the requisite service period using the accelerated attribution method, if it is probable that the performance-based vesting condition will be satisfied. The performance-based vesting condition will be deemed probable of being satisfied upon either the consummation of an acquisition or change in control or the Company's initial public offering. As of December 31, 2025 and September 30, 2026 (unaudited), no stock-based compensation expense had been recognized for the RSUs because management determined that it is not probable that the performance condition will be achieved.

Redeemable Convertible Preferred Stock

The Company records shares of redeemable convertible preferred stock at their respective fair values on the dates of issuance, net of issuance costs. The redeemable convertible preferred stock is recorded outside of permanent equity because it is not mandatorily redeemable and redemption is contingent upon the occurrence of certain deemed liquidation events that are not solely within the Company's control. The Company has not adjusted the carrying values of the redeemable convertible preferred stock to the liquidation preferences of such shares because it is not probable that a deemed liquidation event would occur that would obligate the Company to pay the liquidation preferences to holders of shares of redeemable convertible preferred stock. Subsequent adjustments of the carrying values to the liquidation preferences will be made only when it becomes probable that such a deemed liquidation event will occur.

Foreign Currency

The functional currencies of the Company's foreign subsidiaries are the local currency or the U.S. dollar depending on the nature of the subsidiaries' activities. Monetary assets and liabilities, and transactions denominated in currencies other than the functional currency are remeasured to the functional currency at the exchange rate in effect at the end of the period and are recorded in the current period consolidated statements of operations. Gains and losses resulting from remeasurement are recorded in foreign exchange gains (losses), net within other income (expense), net in the consolidated statements of operations. Subsidiary assets and liabilities with non-U.S. dollar functional currencies are translated at the month-end rate, retained earnings and other equity items are translated at historical rates, and revenue and expenses are translated at average exchange rates during the year. Cumulative translation adjustments are recorded within accumulated other comprehensive income (loss), a separate component of total stockholders' deficit in the Company's consolidated balance sheets.

Loss Contingencies

The Company is periodically involved in various legal claims, proceedings and other regulatory and administrative proceedings that may arise in the ordinary course of business. Certain of these matters may include speculative claims for substantial or indeterminate amounts of damages. The Company routinely reviews the status of each significant matter and assesses its potential financial exposure. The Company records a liability

when it believes that it is both probable that a loss has been incurred and the amount can be reasonably estimated. If the Company determines that a loss is reasonably possible and the loss or range of loss can be reasonably estimated, the Company discloses the possible loss in the consolidated financial statements.

Because of inherent uncertainties related to these legal matters, significant judgment is required to determine both the probability and the estimated amount of loss. These estimates have been based on the Company's assessment of the facts and circumstances at each balance sheet date and are subject to change based on new information and future events. As additional information becomes available, the Company reassesses its potential liability and may revise its estimates. If one or more matters were resolved against the Company for amounts in excess of management's expectations, the Company's results of operations and financial condition, including in a particular reporting period in which any such outcome becomes probable and estimable, could be materially adversely affected.

Share Repurchase

Share repurchases are recorded on the trade date. When shares are immediately retired, the value of repurchased shares is deducted from stockholders' deficit through common stock with the excess over par value recorded to accumulated deficit.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Current income tax expense or benefit represents the amount of income taxes expected to be payable or refundable for the current year. Under this method, deferred income tax assets and liabilities are determined based on differences between the financial statement reporting and tax bases of assets and liabilities and net operating loss and credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are more-likely-than-not expected to be realized based on the weighting of positive and negative evidence. Future realization of deferred tax assets ultimately depends on the existence of sufficient taxable income of the appropriate character (for example, ordinary income or capital gain) within the carryback or carryforward periods available under the applicable tax law. The Company regularly reviews the deferred tax assets for recoverability based on historical taxable income, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. The Company's judgment regarding future profitability may change due to many factors, including future market conditions and the ability to successfully execute the business plans and/or tax planning strategies. Should there be a change in the ability to recover deferred tax assets, the Company's income tax provision would increase or decrease in the period in which the assessment is changed. The Company treats Net CFC Tested Income (formerly referred to as Global Intangible Low-Taxed Income or "GILTI") as a period cost.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. The Company recognizes the tax effects of an uncertain tax position only if such position is more likely than not to be sustained based solely on its technical merits as of the reporting date and only in an amount more likely than not to be sustained upon review by the tax authorities. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes in the consolidated statements of operations.

Net Loss per Share

Basic and diluted net loss per share attributable to common stockholders is computed in conformity with the two-class method required for participating securities. The two-class method requires income available to common stockholders for the period to be allocated between common stock and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The Company considers all series of its redeemable convertible preferred stock to be participating securities as the holders of such stock have the right to participate on a pari passu basis in any distributions to common stockholders.

The holders of the redeemable convertible preferred stock would be entitled to dividends in preference to common stockholders, at specified rates, if declared. Any remaining dividend amounts would then be distributed to the holders of common stock, restricted common stock, and the holders of the redeemable convertible preferred stock on a pro-rata basis assuming conversion of all redeemable convertible preferred stock into common stock. These participating securities do not contractually require the holders of such shares to participate in the Company's losses. As such, net losses for the periods presented were not allocated to the Company's participating securities.

Basic net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, less shares subject to repurchase. The diluted net loss per share is computed by giving effect to all potentially dilutive securities outstanding for the period using the treasury stock method or the if-converted method if the effect is dilutive. For periods in which the Company reports net losses, diluted net loss per share is the same as basic net loss per share, because all potentially dilutive securities are anti-dilutive.

Recently Adopted Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which requires disclosure of incremental segment information on an annual and interim basis, primarily through enhanced disclosures of segment expenses. This guidance is effective for the annual periods beginning after December 15, 2023, and for interim periods beginning after December 15, 2024 with early adoption permitted. The Company adopted ASU 2023-07, effective on January 1, 2024, applying the guidance on a retrospective basis. Refer to Note 14 for further information.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). ASU 2023-09 requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The updates in this ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company adopted ASU 2023-09, effective on January 1, 2025, applying guidance on a prospective basis. Refer to Note 11 for further information.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"). ASU 2025-05 provides all entities with a practical expedient when estimating expected credit losses for current accounts receivable and current contract assets arising from transactions accounted for under ASC 606. All entities may elect a practical expedient that assumes that current conditions as of the balance sheet date do not change for the remaining life of the asset. The amendments in this ASU will be effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Company early adopted ASU 2025-05, effective January 1, 2025, electing the practical expedient and applying the guidance prospectively. This ASU did not have a significant impact to the Company's consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"). ASU 2025-06 modernizes the guidance for costs incurred in connection with internal-use software by removing references to prescriptive development stages. Under ASU 2025-06, an entity may begin capitalizing internal-

use software costs when (a) management, with the relevant authority, implicitly or explicitly authorizes and commits to funding a computer software project and (b) it is probable that the project will be completed and the software will be used to perform the function intended (the "probable-to-complete recognition threshold"). ASU 2025-06 is effective for annual reporting periods beginning after December 15, 2027, and interim periods within those annual reporting periods; early adoption is permitted. The ASU may be adopted prospectively, retrospectively, or via a modified prospective transition. The Company early adopted ASU 2025-06, effective January 1, 2025, applying the guidance on a prospective basis. This ASU did not have a significant impact to the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses (Subtopic 220-40)* ("ASU 2024-03"), and in January 2025, the FASB issued ASU 2025-01, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Clarifying the Effective Date* ("ASU 2025-01"). ASU 2024-03 requires enhanced disclosure in the notes to the financial statements regarding the disaggregation of certain costs and expenses. ASU 2024-03, as clarified by ASU 2025-01, is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. Upon adoption, the guidance can be applied either prospectively or retrospectively. The Company is currently evaluating the impact of the new standard on the Company's consolidated financial statements.

There are other new accounting pronouncements issued by the FASB that the Company has adopted or will adopt, as applicable, and the Company does not believe any of these accounting pronouncements have had, or will have, a material impact on its consolidated financial statements or disclosures.

2. Revenue

The following table presents revenue by geographical region, determined by the billing address of the customer (in millions):

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
United States	$ 34	$ 263	$ 3,362	$ 1,810	$ 23,470
International	7	123	1,223	735	9,772
Total	$ 41	$ 386	$ 4,585	$ 2,545	$ 33,242

The following table presents consumption-based and subscription-based revenue (in millions):

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Consumption-based	$ 39	$ 288	$ 3,796	$ 2,125	$ 26,306
Subscription-based	2	98	789	420	6,936
Total	$ 41	$ 386	$ 4,585	$ 2,545	$ 33,242

Deferred Revenue

Significant changes in the deferred revenue balance are as follows (in millions):

	Total
Balance as of December 31, 2023	$ 7
Revenue recognized from deferred revenue at the beginning of the period	(7)
Amounts billed or received in advance and not recognized as revenue and other	28
Balance as of December 31, 2024	28
Revenue recognized from deferred revenue at the beginning of the period	(28)
Amounts billed or received in advance and not recognized as revenue and other	269
Balance as of December 31, 2025	269
Revenue recognized from deferred revenue at the beginning of the period (unaudited)	(236)
Amounts billed or received in advance and not recognized as revenue and other (unaudited)	1,938
Balance as of September 30, 2026 (unaudited)	$ 1,971

Remaining Performance Obligations

Remaining performance obligations represent deferred revenue and amounts that will be recognized as revenue in future periods for arrangements with non-cancelable commitments. As of September 30, 2026 (unaudited), remaining performance obligations amounted to $13.8 billion. The Company expects to recognize approximately 75% (unaudited) of this amount as revenue over the next 12 months and the remainder thereafter. The amount and timing of revenue recognition is driven by customer usage and the Company's performance in accordance with contractual terms.

3. Investments

Cash Equivalents and Short-Term Investments

The amortized cost, gross unrealized gains and losses, and fair value of the Company's cash equivalents and short-term investments by major security type as of December 31, 2024 and 2025 and September 30, 2026 (unaudited) consisted of the following (in millions):

	As of December 31, 2024			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	$ 3,029	$ —	$ —	$ 3,029
Total cash equivalents	$ 3,029	$ —	$ —	$ 3,029

	As of December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	$ 16,455	$ —	$ —	$ 16,455
Corporate debt securities	4	—	—	4
Total cash equivalents	$ 16,459	$ —	$ —	$ 16,459
Short-term investments:				
Commercial paper	$ 123	$ —	$ —	$ 123
U.S. Treasury and agency securities	2,111	3	—	2,114
Corporate debt securities	651	1	—	652
Total short-term investments	$ 2,885	$ 4	$ —	$ 2,889

	As of September 30, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
		(unaudited)		
Cash equivalents:				
Money market funds	$ 87,675	$ —	$ —	$ 87,675
U.S. Treasury and agency securities	2,822	—	(1)	2,821
Total cash equivalents	$ 90,497	$ —	$ (1)	$ 90,496
Short-term investments:				
Commercial paper	$ 1,423	$ —	$ (4)	$ 1,419
U.S. Treasury and agency securities	32,328	1	(121)	32,208
Corporate debt securities	2,681	—	(25)	2,656
Total short-term investments	$ 36,432	$ 1	$ (150)	$ 36,283

Amortized cost and fair value balances exclude accrued interest receivable of $16 million and $222 million as of December 31, 2025 and September 30, 2026 (unaudited), respectively, which was included in prepaid expenses and other current assets on the consolidated balance sheets. The Company did not have an accrued interest receivable as of December 31, 2024. The Company does not measure an allowance for credit losses on accrued interest receivable, as any uncollectible accrued interest is written off in a timely manner.

The contractual maturities of cash equivalents and short-term investments are as follows (in millions):

	As of December 31, 2025		As of September 30, 2026	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
			(unaudited)	
Due within one year	$ 18,632	$ 18,634	$ 115,969	$ 115,917
Due after one year through five years	712	714	10,960	10,862
Total	$ 19,344	$ 19,348	$ 126,929	$ 126,779

Actual maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

As of December 31, 2025 and September 30, 2026 (unaudited), the Company did not recognize any allowance for credit losses or impairment charges on its investments.

The following table summarizes the fair value and gross unrealized losses of cash equivalents and short-term investments that are in an unrealized loss position aggregated by major security type (in millions):

	As of September 30, 2026	
	Fair Value	Unrealized Loss[1]
	(unaudited)	
Commercial paper	$ 1,293	$ (4)
U.S. Treasury and agency securities	31,537	(122)
Corporate debt securities	2,500	(25)
Total	$ 35,330	$ (151)

(1) All cash equivalents and short-term investments in an unrealized loss position have been in a continuous unrealized loss position for less than 12 months.

The Company does not intend to sell, nor is it more-likely-than-not that the Company will be required to sell, cash equivalents and short-term investments with unrealized losses prior to the recovery of its amortized cost bases, which may be at maturity.

As of December 31, 2025, the Company did not have cash equivalents and short-term investments in an unrealized loss position.

For the year ended December 31, 2025 and the nine months ended September 30, 2025 and 2026 (unaudited), there were no material realized gains or losses from cash equivalents and short-term investments that were reclassified out of accumulated other comprehensive income (loss).

Equity Method Investments

The Company holds investments accounted for under the equity method of accounting where the Company can exercise significant influence, but not control, over an investee. Equity method investments are included within other assets, noncurrent, on the Company's consolidated balance sheets, and the Company's share of the income or losses of the equity method investees are recognized in other income (expense), net, in the Company's consolidated statements of operations. As of September 30, 2026 (unaudited), the Company's carrying value of such investments was not material. The Company has made additional funding commitments of up to $325 million, of which $265 million remained unfunded as of September 30, 2026 (unaudited).

4. Fair Value Measurements

The following table presents information about the Company's financial assets and liabilities measured at fair value on a recurring basis based on the fair value hierarchy as follows (in millions):

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 3,029	$ —	$ —	$ 3,029
Total fair value assets	$ 3,029	$ —	$ —	$ 3,029
Liabilities:				
Convertible notes[1]	$ —	$ —	$ 14,116	$ 14,116
Other noncurrent liabilities:				
Derivative liability	—	—	150	150
Total fair value liabilities	$ —	$ —	$ 14,266	$ 14,266

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 16,455	$ —	$ —	$ 16,455
Corporate debt securities	—	4	—	4
Short-term investments:				
Commercial paper	—	123	—	123
U.S. Treasury and agency securities	—	2,114	—	2,114
Corporate debt securities	—	652	—	652
Other assets:				
Warrant rights	—	—	345	345
Total fair value assets	$ 16,455	$ 2,893	$ 345	$ 19,693
Liabilities:				
Accounts payable, accrued expenses, and other current liabilities:				
Donation matching program liability[2]	$ —	$ —	$ 541	$ 541
Convertible notes[1]	—	—	41,677	41,677
Other noncurrent liabilities:				
Holdback liability[3]	—	—	28	28
Total fair value liabilities	$ —	$ —	$ 42,246	$ 42,246

	As of September 30, 2026			
	Level 1	Level 2	Level 3	Total
	(unaudited)			
Assets:				
Cash equivalents:				
Money market funds	$ 87,675	$ —	$ —	$ 87,675
U.S. Treasury and agency securities	—	2,821	—	2,821
Short-term investments:				
Commercial paper	—	1,419	—	1,419
U.S. Treasury and agency securities	—	32,208	—	32,208
Corporate debt securities	—	2,656	—	2,656
Other assets:				
Warrant rights	—	—	1,128	1,128
Partner financing arrangements	—	—	894	894
Total fair value assets	$ 87,675	$ 39,104	$ 2,022	$ 128,801
Liabilities:				
Accounts payable, accrued expenses, and other current liabilities:				
Holdback liability(3)	$ —	$ —	$ 71	$ 71
Donation matching program liability(2)	—	—	1,960	1,960
Convertible notes(1)	—	—	130,502	130,502
Total fair value liabilities	$ —	$ —	$ 132,533	$ 132,533

(1) Recorded at fair value with changes in fair value recorded in earnings due to the election of the fair value option of accounting for financial instruments. Refer to Note 9 for further information.
(2) Refer to Note 10 for further information.
(3) Refer to Note 15 for further information.

During the years ended December 31, 2024 and 2025 and the nine months ended September 30, 2025 and 2026 (unaudited), the Company had no transfers between levels of the fair value hierarchy of its assets measured at fair value.

The Company measures cash equivalents and short-term investments at fair value. Level 1 instrument valuations are based on quoted market prices of the identical underlying security. Level 2 instrument valuations are obtained from readily available pricing sources for comparable instruments, identical instruments in less active markets, or models using market observable inputs.

Level 3 Assets

During the year ended December 31, 2025, the Company entered into a contract to receive warrant rights to acquire common shares of a privately-held company as consideration under an agreement entered into but not yet commenced. The warrant rights are freestanding financial instruments that meet the definition of a derivative as they contain a net settlement feature. The warrants have not been designated as hedging instruments and will be granted and recognized as lease incentives upon commencement of the related arrangements and recognized as a reduction of the related ROU assets. The Company estimated the fair value of the warrant rights using a probability-weighted expected return method. In applying this method, the Company utilized Level 3 valuation inputs based on information available, including terms and features of the warrant rights and other outstanding classes of the issuer's equity securities, observable transactions in the issuer's securities such as its most recent

financing round, estimates of equity volatility, and expected time to a liquidity event. The initial fair value of the warrant rights was recognized as a derivative asset classified within other assets on the consolidated balance sheets, with a corresponding deferred liability classified within other noncurrent liabilities.

In March 2026 (unaudited), the Company entered into a note purchase agreement (the "Google 2026 NPA") with Google LLC ("Google"), which included a commitment to sell 38.6 million shares of the Company's Series G-2 redeemable convertible preferred stock at $259.1364 per share. In April 2026 (unaudited), the Company entered into a note purchase agreement (the "Amazon 2026 NPA") with Amazon Web Services, Inc. ("Amazon"), which included a commitment to sell 19.3 million shares of the Company's Series G-2 redeemable convertible preferred stock at $259.1364 per share. Refer to Note 9 and Note 16 for further information. These agreements are marked-to-market each period. Changes in fair value are recognized in other income (expense), net on the consolidated statements of operations. Assets under these note purchase agreements are recorded at fair value within other assets, noncurrent on the consolidated balance sheet.

In July 2026 (unaudited), the Company entered into a hardware supply framework agreement (the "Hardware Supply Agreement") with Advanced Micro Devices, Inc. ("AMD") to secure AMD-based compute and infrastructure capacity. Pursuant to the terms of the Hardware Supply Agreement, AMD committed to purchase, at the Company's election, up to $5.0 billion of the Company's Class N common stock, if certain conditions are achieved (the "purchased put option"). The purchased put option is recorded at fair value within other assets, noncurrent. Changes in fair value are recognized in other income (expense), net.

The estimated fair value of the note purchase agreements and the purchased put option (collectively, the "partner financing arrangements") was determined by using a probability-weighted expected return method. The fair value of the underlying equity securities was determined by using a hybrid approach comprising a contingent claims analysis ("CCA") and a common stock equivalent ("CSE") method. Assumptions included assumed future liquidity and financing events, the terms and features of the partner financing arrangements, weights applied to each scenario, discount rates, applicable risk free rates, the fair value of the underlying equity securities, and a discount for lack of marketability.

Level 3 Liabilities

Level 3 liabilities consist of the SAFE liabilities (Note 9), convertible notes (Note 9), derivative liabilities (Note 9), donation matching program liability (Note 10), and a holdback liability for a portion of shares issuable in the acquisition of Codeblog Corp. ("Bun") (Note 15). There is no current market for these liabilities such that determination of fair value requires significant judgment or estimation. Changes in fair value measurements categorized within Level 3 of the fair value hierarchy are analyzed each period based on changes in estimates or assumptions and recorded as appropriate. The Company recorded a $3 million change in fair value of the holdback liability during the year ended December 31, 2025 in other income (expense), net in the consolidated statements of operations.

The SAFE liabilities are recorded at fair value, which is determined based on a third-party valuation utilizing a scenario-based analysis and a CCA, that considers specific scenarios that factor in timing, probability, and financing size. This model takes into account the contract terms as well as multiple inputs, such as the Company's redeemable convertible preferred stock price, risk free interest rates, and expected volatility, some of which the Company could not corroborate with observable market data. The assumptions used in valuing the SAFE liability upon conversion on December 31, 2023 and on January 30, 2024, include volatility, risk free interest rate, and term to liquidity. Changes in the fair value measurement of the SAFE liabilities relate to the conversion scenarios and are recorded as change in fair value of convertible notes, derivative liabilities, and SAFEs in the consolidated statements of operations. All SAFEs have been converted as of December 31, 2024.

The estimated fair value of the convertible notes is determined by using a hybrid approach comprising a CCA and a CSE method. The analysis estimates the fair value of the convertible notes based on the probability-weighted

expected future investment returns, considering possible outcomes available to the note holder, including conversions to redeemable convertible preferred stock, Class N common stock, and maturity. Assumptions include weight applied to the CCA and CSE methods, assumed volatility, time to a liquidity event, need for and terms of financings or expected financings, and the risk free interest rate. Changes in fair value of the convertible notes are recorded as change in fair value of convertible notes, derivative liabilities, and SAFEs in the consolidated statements of operations.

The following table presents a summary of the changes in the fair value of the Company's Level 3 financial instruments (in millions):

	Warrant Rights	Partner Financing Arrangements	Donation Matching Program Liability	Holdback Liability	SAFEs	Convertible Notes Payable	Derivative Liability
Balance as of December 31, 2023	$ —	$ —	$ —	$ —	$ 128	$ 1,678	$ 1,110
Additions	—	—	—	—	—	5,900	150
Conversion	—	—	—	—	(134)	—	—
Change in fair value and settlement of derivative liability	—	—	—	—	6	6,538	(1,110)
Balance as of December 31, 2024	—	—	—	—	—	14,116	150
Additions	345	—	541	25	—	3,450	—
Conversion	—	—	—	—	—	(10,347)	—
Change in fair value and settlement of derivative liability	—	—	—	3	—	34,458	(150)
Balance as of December 31, 2025	345	—	541	28	—	41,677	—
Additions (unaudited)	—	2,440	1,808	—	—	—	—
Conversion (unaudited)	—	—	—	—	—	(5,499)	—
Change in fair value (unaudited)	783	(13,356)	278	43	—	94,324	—
Settlement (unaudited)	—	11,810	(667)	—	—	—	—
Balance as of September 30, 2026 (unaudited)	$ 1,128	$ 894	$ 1,960	$ 71	$ —	$ 130,502	$ —

Fair value measurements categorized within Level 3 are sensitive to changes in the assumptions or methodology used to determine fair value and such changes could result in a significant increase or decrease in the fair value.

5. Goodwill and Intangible Assets

Goodwill

The following table presents goodwill activity (in millions):

	Total
Balance, as of December 31, 2024	$ —
Acquisition	154
Balance, as of December 31, 2025	154
Acquisitions and other (unaudited)	441
Balance, as of September 30, 2026 (unaudited)	$ 595

Intangible Assets

Intangible assets consisted of the following (in millions, except years):

	As of December 31, 2024			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Useful Life (in years)
Technology-related	$ 3	$ —	$ 3	4.5
Contract-related	5	(3)	2	0.5
Total	$ 8	$ (3)	$ 5	

	As of December 31, 2025			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Useful Life (in years)
Technology-related	$ 7	$ (1)	$ 6	4.7
Contract-related	24	(10)	14	0.6
Total	$ 31	$ (11)	$ 20	

	As of September 30, 2026			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Useful Life (in years)
		(unaudited)		
Technology-related	$ 108	$ (29)	$ 79	1.7
Contract-related	31	(16)	15	1.2
Total	$ 139	$ (45)	$ 94	

The Company recognized amortization expense related to intangible assets of $0 million, $3 million, and $13 million for the years ended December 31, 2023, 2024, and 2025, respectively, and $8 million and $50 million for the nine months ended September 30, 2025 and 2026 (unaudited), respectively.

The estimated aggregate future amortization expense for intangible assets subject to amortization as of December 31, 2025, is summarized below (in millions):

Fiscal Year	Estimated Future Amortization Expense
2026	$ 15
2027	2
2028	1
2029	1
2030	1
Total	$ 20

6. Property and Equipment, Net

Property and equipment, net consisted of the following (in millions):

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Leasehold improvements	$ 16	$ 51	$ 70
Servers, networking, and infrastructure equipment	—	34	2,216
Construction in progress	4	63	877
Other assets	3	10	30
Total property and equipment, gross	23	158	3,193
Less: Accumulated depreciation	(4)	(12)	(132)
Total property and equipment, net	$ 19	$ 146	$ 3,061

Depreciation expense was $1 million, $3 million, and $10 million for the years ended December 31, 2023, 2024, and 2025, and $6 million and $121 million for the nine months ended September 30, 2025 and 2026 (unaudited), respectively.

7. Leases

The Company has operating and finance leases for corporate offices and infrastructure equipment with various expiration dates. The leases have non-cancelable remaining terms of less than one year to 20 years, some of which include options to extend for up to 14 years.

The components of the Company's lease expense were as follows (in millions):

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Operating lease cost	$ 3	$ 17	$ 22	$ 13	$ 128
Finance lease cost:					
Amortization of lease assets	—	—	—	—	81
Interest on lease liabilities	—	—	—	—	27
Finance lease cost	—	—	—	—	108
Short-term lease cost	—	—	—	—	11
Variable lease cost	—	—	—	—	15
Total lease cost	$ 3	$ 17	$ 22	$ 13	$ 262

Weighted-average remaining lease term and discount rate for the Company's leases were as follows:

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Weighted-average remaining lease term - operating leases	3.3 years	7.7 years	10.3 years
Weighted-average remaining lease term - finance leases	*	*	4.8 years
Weighted-average discount rate - operating leases	10.4 %	8.1 %	7.2 %
Weighted-average discount rate - finance leases	*	*	6.6 %

* The Company did not have finance leases as of December 31, 2024 and 2025.

Supplemental balance sheet information for finance leases[1] were as follows (in millions):

	As of September 30, 2026
	(unaudited)
Property and equipment, at cost	$ 1,759
Accumulated depreciation	(81)
Property and equipment, net	$ 1,678
Accounts payable, accrued expenses, and other current liabilities	$ 349
Other noncurrent liabilities	1,325
Total finance lease liabilities	$ 1,674

(1) The Company did not have finance leases as of December 31, 2025.

Maturities of lease liabilities were as follows (in millions):

	As of December 31, 2025	As of September 30, 2026	
	Operating Leases	Operating Leases	Finance Leases[1]
		(unaudited)	
2026	$ 45	$ 57	$ 121
2027	35	303	438
2028	22	462	422
2029	4	445	406
2030	4	466	390
Thereafter	39	2,491	173
Total undiscounted lease payments	149	4,224	1,950
Less: imputed interest	(32)	(1,414)	(276)
Present value of lease liabilities	$ 117	$ 2,810	$ 1,674

(1) The Company did not have finance leases as of December 31, 2025.

Leases Not Yet Commenced

As of December 31, 2025 and September 30, 2026 (unaudited), the Company had entered into lease agreements primarily related to compute and infrastructure capacity that had not yet commenced, with total estimated future undiscounted lease obligations of approximately $50.2 billion and $451.2 billion, respectively, some of which are subject to either exercisable termination rights or contingent conditions prior to commencement, such as the counterparty's ability to secure financing, facilities, or regulatory approvals, as applicable. If those conditions are not met, the arrangement may be terminated. Generally, these lease obligations will commence between 2026 and 2028, with lease terms ranging from less than one year to 20 years. The Company may elect to satisfy a portion of its obligations by issuing convertible promissory notes. Refer to Note 9 for further information.

Variable Interest Entities

The Company consolidates certain VIEs formed to finance and deploy compute and infrastructure capacity. As of September 30, 2026 (unaudited), assets that are not, except as may be expressly provided in any contract or instrument entered into by these VIEs, generally available to satisfy the obligations of any person other than these VIEs were $2.7 billion, primarily included in property and equipment, net, and operating lease right-of-use assets.

The Company guarantees certain consolidated VIE obligations; as a result, these VIEs' creditors have recourse to the general credit of the Company. As of September 30, 2026 (unaudited), liabilities related to these consolidated VIEs were $2.8 billion, which primarily included $1.3 billion and $178 million of noncurrent and current operating lease liabilities, respectively, and $989 million of finance lease liabilities included in other noncurrent liabilities. In certain instances, these consolidated VIEs have variable interests in the non-consolidated lessor VIEs described below. As of September 30, 2026 (unaudited), this includes all of the operating lease liabilities within the consolidated VIEs and the related right-of-use assets, which approximates those liabilities. The Company may satisfy certain VIE rent obligations through the issuance of convertible promissory notes in lieu of cash. These VIEs guarantee the Company's obligations under the convertible promissory note and grant the lessor a security interest in the leased assets to secure them, up to the amount of notes outstanding to the lessor. As of September 30, 2026 (unaudited), no convertible promissory notes had been issued. Refer to Note 9 for further information. As of December 31, 2025, the assets and liabilities of these consolidated VIEs were not material.

Certain data center and power developers with which the Company has leases and cost reimbursement arrangements are VIEs. Judgment is required to identify the activities that most significantly impact the economic performance of these VIEs based on their purpose and design. This judgment includes, but is not limited to, consideration of the expected economic life of the leased assets relative to the term of the Company's leases, estimated fair value of the facilities, and each entity's ability to generate cash flows during and after the lease term. Decisions pertaining to the remarketing of the assets, including but not limited to, negotiating with future lessees and sales of the assets, were determined to have the most significant impact on the economic performance of the VIEs. Because the Company has determined that it does not have the power to direct the activities that most significantly impact the economic performance of these entities, it is not the primary beneficiary.

As of September 30, 2026 (unaudited), the Company's maximum exposure to loss primarily consisted of leases and cost reimbursement arrangements and guarantees described in Note 13. Exposure from leases is limited to the net carrying value of commenced operating lease liabilities described above plus the undiscounted future obligations for leases that have not yet commenced of $156.2 billion.

8. Supplemental Financial Information

Cash, Cash Equivalents, and Restricted Cash

The following table reconciles cash, cash equivalents, and restricted cash reported on the Company's consolidated balance sheets to the total amount presented in the consolidated statements of cash flows (in millions):

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Cash and cash equivalents	$ 3,141	$ 17,388	$ 95,562
Restricted cash included in prepaid expenses and other current assets	—	—	50
Restricted cash[1]	13	13	2,540
Cash, cash equivalents, and restricted cash at end of period	$ 3,154	$ 17,401	$ 98,152

(1) The Company may be required to restrict up to an additional $10.0 billion for future amounts due, under certain arrangements. As of September 30, 2026, no such requirements were in effect.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in millions):

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Prepaid expenses	$ 2,073	$ 2,537	$ 790
Other	3	23	493
Total	$ 2,076	$ 2,560	$ 1,283

Other Assets, Noncurrent

Other assets, noncurrent consisted of the following (in millions):

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Prepaid expenses	$ 2,364	$ 104	$ 684
Other	9	372	3,581
Total	$ 2,373	$ 476	$ 4,265

Accounts Payable, Accrued Expenses, and Other Current Liabilities

Accounts payable, accrued expenses, and other current liabilities consisted of the following (in millions):

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Cloud service provider payables	$ 302	$ 947	$ 4,231
Accrued legal expenses	2	775	552
Accrued taxes	14	82	907
Donation matching program liability	—	541	1,960
Other	15	166	1,776
Total	$ 333	$ 2,511	$ 9,426

Of the total accounts payable, accrued expenses, and other current liabilities presented above, accounts payable consisted of $313 million, $284 million, and $1.5 billion as of December 31, 2024 and 2025 and September 30, 2026 (unaudited), respectively.

Other Income (Expense), Net

Other income (expense), net consisted of the following (in millions):

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Recognition and change in fair value of partner financing arrangements[1]	$ —	$ —	$ —	$ —	$ (11,008)
Change in fair value of holdback liability	—	—	(3)	—	(52)
Change in fair value of warrant rights	—	—	—	—	783
Other	(2)	—	(5)	(3)	(120)
Total	$ (2)	$ —	$ (8)	$ (3)	$ (10,397)

(1) Refer to Note 4 for further information.

Supplemental Cash Flow Information

The following table shows supplemental cash flow information (in millions):

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Supplemental disclosure of cash flow information:					
Cash paid for income taxes, net of refunds	$ —	$ —	$ 8	$ 7	$ 46
Noncash investing and financing activities:					
Increase in property and equipment acquired but not yet paid	$ —	$ 1	$ 10	$ 2	$ 345
Conversion of convertible notes into Series E-2, Series E-3, Series E-4, Series E-5 and Series F-2 non-voting redeemable convertible preferred stock	$ —	$ —	$ 10,347	$ 10,347	$ —
Conversion of convertible notes into Series G-3 and Series G-4 redeemable convertible preferred stock	$ —	$ —	$ —	$ —	$ 5,499
Conversion of partner financing arrangements into Series G-2 redeemable convertible preferred stock	$ —	$ —	$ —	$ —	$ 11,810
Conversion of SAFE notes into Series C-1, Series D-1, and Series D-2 redeemable convertible preferred stock	$ 1	$ 134	$ —	$ —	$ —
Issuance of Class N common stock upon settlement of donation matching program	$ —	$ —	$ —	$ —	$ 667
Warrant rights	$ —	$ —	$ 345	$ —	$ —
Equity issued in connection with business acquisition	$ —	$ —	$ 136	$ —	$ 557
Right-of-use assets obtained in exchange for operating lease liabilities	$ 38	$ 8	$ 82	$ 24	$ 2,700
Right-of-use assets obtained in exchange for finance lease liabilities	$ —	$ —	$ —	$ —	$ 1,759

Supplemental Operating Expense Information

The following table presents the Company's operating expenses grouped by function (in millions):

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Cost of revenue[1]	$ 26	$ 752	$ 2,773	$ 1,796	$ 4,812
Research and development[2]	422	2,275	6,338	3,594	19,240
Sales and marketing[3]	76	163	911	530	6,619
Bartz settlement	—	—	1,500	1,500	—
General and administrative[4]	68	176	1,123	349	3,831
Total operating expenses	$ 592	$ 3,366	$ 12,645	$ 7,769	$ 34,502

(1) Substantially all of cost of revenue consists of compute and infrastructure costs associated with customer-serving workloads. Additionally, cost of revenue includes certain personnel-related costs, and allocated overhead costs.

(2) Research and development expenses primarily consist of compute and infrastructure costs associated with model development, research, and internal usage workloads, personnel-related costs, software expenses, and allocated overhead costs.

(3) Sales and marketing expenses primarily consist of channel partner costs, marketing and advertising, personnel-related costs, compute and infrastructure costs associated with providing free access to the Company's intelligence service, and allocated overhead costs.

(4) General and administrative expenses primarily consist of the Company's donation matching obligation, personnel-related costs, facility costs, allocated overhead costs, legal fees, and non-income-based taxes.

9. Convertible Notes, Revolving Credit Agreement and SAFEs

Convertible Notes

The Company has entered into note purchase agreements which provide for the issuance of one or more convertible notes. To the extent that the note purchase agreements create an obligation to issue notes in the future, these obligations are accounted for as derivative liabilities on the consolidated balance sheets until the related note is issued.

Google

Google 2023 Note Purchase Agreement

In September 2023, the Company entered into a note purchase agreement ("Google 2023 NPA") with Google LLC ("Google"), for the issuance of convertible promissory notes in an aggregate principal amount of up to $2.0 billion, issuable in three tranches. The Company issued the first tranche of notes in an aggregate principal amount of $500 million in September 2023, the second tranche of notes in an aggregate principal amount of $750 million in September 2024, and the third tranche of notes in an aggregate principal amount of $750 million in September 2025.

The notes issued under Google 2023 NPA bore interest at a rate of 10.0% per annum, compounded annually, and payable upon maturity, 48 months after the respective issuance date. The Company also has a commercial agreement with Google for the provision of intelligence service.

In connection with the Company's Series E-1 redeemable convertible preferred stock financing in 2025, the first and second tranches of notes issued under Google 2023 NPA converted in full into an aggregate of 12.7 million shares of the Company's Series E-3 non-voting redeemable convertible preferred stock at a conversion price of $44.8692 per share and an aggregate of 15.3 million shares of Series E-4 non-voting redeemable convertible

preferred stock at a conversion price of $50.4779 per share, respectively. The conversion prices reflect the contractual discounts to the Series E-1 original issuance price of $56.0865 per share. As of December 31, 2025, $750 million aggregate principal amount remained outstanding under the third tranche of notes issued under Google 2023 NPA.

In January 2026, in connection with the initial closing of the Series G-1 financing, the third tranche of notes issued under Google 2023 NPA converted in full into 3.3 million shares of Series G-4 non-voting redeemable convertible preferred stock at a conversion price of $233.2228 per share. The conversion price reflects the contractual discounts to the Series G-1 price of $259.1364 per share. As of September 30, 2026 (unaudited), no amounts remain outstanding under Google 2023 NPA.

Google 2024 Note Purchase Agreement

In August 2024, the Company entered into an additional note purchase agreement ("Google 2024 NPA") with Google for the issuance of a convertible promissory note in an aggregate principal amount of approximately $1.3 billion. Such note bore interest at a rate of 8.5% per annum compounded annually, and, unless earlier converted or repaid, was payable upon maturity in August 2030.

In connection with the Series E-1 redeemable convertible preferred stock financing in 2025, the note issued under Google 2024 NPA was converted in full into an aggregate of 24.2 million shares of Series E-5 non-voting redeemable convertible preferred stock at a conversion price of $53.2822 per share, reflecting a contractual discount to the Series E-1 original issuance price of $56.0865 per share. As of December 31, 2025 and September 30, 2026 (unaudited), no amounts remain outstanding under Google 2024 NPA.

Google 2026 Note Purchase Agreement (Unaudited)

In March 2026 (unaudited), the Company entered into a note purchase agreement ("Google 2026 NPA") under which, subject to certain conditions, up to $30.0 billion of convertible promissory notes or non-voting common stock through December 31, 2030 may be issued. Non-voting common stock would be issued at the 30-day trailing volume-weighted average price and, to the extent issued, the notes will bear interest at 9.0% per annum compounded annually, payable at maturity, and mature six years after issuance, unless earlier repaid or converted pursuant to the terms of the agreement.

In May 2026 (unaudited), Google invested $10.0 billion in the Company's Series H redeemable convertible preferred stock financing, which reduced the amount available for issuance under the Google 2026 NPA to $20.0 billion. As of September 30, 2026, no non-voting common stock or notes had been issued under the Google 2026 NPA.

Amazon

Amazon 2023 and 2024 Note Purchase Agreements

In September 2023, the Company entered into a note purchase agreement ("Amazon 2023 NPA") with Amazon for the issuance of convertible promissory notes in an aggregate principal amount of up to $4.0 billion issuable in two tranches. The Company issued the first tranche of notes in an aggregate principal amount of $1.2 billion in September 2023, and the second tranche of notes in an aggregate principal amount of $3.4 billion in March 2024, reflecting an issuance premium to the $2.8 billion in proceeds received for the second tranche of notes.

In November 2024, the Company entered into an additional note purchase agreement ("Amazon 2024 NPA") with Amazon for the issuance of convertible promissory notes in an aggregate principal amount of up to $4.0 billion, issuable in three tranches. The Company issued the first tranche of notes in an aggregate principal amount

of $1.3 billion in November 2024, the second tranche of notes in an aggregate principal amount of $1.3 billion in May 2025, and the third tranche of notes in an aggregate principal amount of $1.4 billion in November 2025.

The notes issued under Amazon 2023 NPA bear interest at a rate of 8.0% per annum compounded annually and payable upon maturity, and mature 10 years after the respective issuance date, unless earlier repaid or converted. The first tranche of notes issued under Amazon 2024 NPA bears interest at a rate of 8.5% per annum, compounded annually and payable at maturity, and matures in November 2034, unless earlier repaid or converted. The second and third tranche of notes issued under Amazon 2024 NPA are each non-interest bearing and mature in May 2035 and November 2035, respectively, unless earlier repaid or converted.

The notes issued under Amazon 2023 NPA and Amazon 2024 NPA are convertible into non-voting redeemable convertible preferred stock at a conversion price equal to the lesser of (i) $20.9280 per share (in the case of notes issued under Amazon 2023 NPA), or $50.4779 per share (in the case of notes issued under Amazon 2024 NPA), and (ii) the price per share in the Company's most recent (1) preferred stock equity financing (in the case of the notes issued under Amazon 2023 NPA) or (2) qualified equity financing (in the case of the notes issued under Amazon 2024 NPA), subject, in each case, to Amazon's ownership cap, as described below.

In connection with certain liquidation transactions, Amazon may, in lieu of converting such notes at the applicable conversion price, elect to receive cash in an amount equal to the outstanding principal amount and accrued but unpaid interest thereon. Pursuant to the terms of Amazon 2024 NPA, the Company may be required to make additional cash payments to Amazon calculated as set forth in Amazon 2024 NPA in connection with certain liquidation transactions. In addition, in connection with an initial public offering, direct listing, or special purpose acquisition company transaction, any outstanding principal amount and accrued but unpaid interest thereon under the applicable Amazon NPA will automatically convert into shares of the Company's Class N common stock at a conversion price equal to the lower of (i) $2.0928 per share, in the case of Amazon 2023 NPA, or $5.0478 per share, in the case of Amazon 2024 NPA, and (ii) the price per share of the common stock offered to the public in such transaction. Any portion of Amazon's notes that cannot convert due to Amazon's ownership cap will automatically convert, subject to Amazon's ownership cap, into shares of Class N common stock at the close of each fiscal quarter following an initial public offering at a conversion price equal to the lowest of (i) the applicable conversion price set forth above, (ii) the price per share of the common stock offered to the public in connection with such initial public offering, and (iii) the then-current market price of the Company's common stock based on a 10-day volume-weighted trailing average trading price. The notes issued under an Amazon NPA may also be settled in cash at maturity or, at Amazon's election, by set-off against amounts Amazon owes the Company under certain commercial agreements with Amazon.

Any conversion of the notes issued under an Amazon NPA is subject to Amazon's aggregate ownership cap, which is waivable at Amazon's option. If any portion of the notes issued under an Amazon NPA cannot be converted without exceeding the ownership cap, the portion that could not be so converted will be re-issued as a non-interest bearing convertible rollover note, with a maturity date that is 10 years from the issuance date of such rollover note. Upon the occurrence of certain events of default as specified in the applicable Amazon NPA, the Company may be required, depending on the nature of the event of default, to repay in cash the then-outstanding principal amount that has not been converted either (i) in full upon demand of the holder or (ii) in equal installments over a four-year period.

In connection with the Series E-1 redeemable convertible preferred stock financing in 2025, the first and second tranches of notes issued under Amazon 2023 NPA were converted into an aggregate of 95.3 million shares of Series E-2 non-voting redeemable convertible preferred stock at a conversion price of $20.9280 per share. A portion of the notes issued under Amazon 2023 NPA did not convert pursuant to Amazon's ownership cap, and were re-issued as a non-interest bearing rollover note with an aggregate principal amount of $3.1 billion, maturing in March 2034. The rollover note has substantially identical conversion and repayment terms as set forth above, in each case, subject to Amazon's ownership cap. In connection with the Series E-1 redeemable

convertible preferred stock financing, the conversion provisions of the notes issued under Amazon 2024 NPA were triggered. However, due to Amazon's ownership cap, none of the notes issued under Amazon 2024 NPA converted. As a result, the first tranche was re-issued as a non-interest bearing rollover note with an aggregate principal amount of $1.3 billion maturing in January 2035 and the second and third tranches remained outstanding. Such rollover note has substantially identical conversion and repayment terms as set forth above, in each case, and converts subject to Amazon's ownership cap.

Subsequently, in connection with the Company's Series F-1 redeemable convertible preferred stock financing in 2025, a portion of the rollover note issued under Amazon 2023 NPA converted into an aggregate of 20.7 million shares of Series F-2 non-voting redeemable convertible preferred stock at a conversion price of $20.9280 per share. The remaining balance of such rollover note was re-issued as a non-interest bearing amended and restated rollover note with a principal amount of approximately $2.6 billion, maturing in March 2034. The notes issued under Amazon 2024 NPA did not convert in connection with the Series F-1 redeemable convertible preferred stock financing due to Amazon's ownership cap.

As of December 31, 2025, $2.6 billion aggregate principal amount of the amended and restated rollover note issued under Amazon 2023 NPA remains outstanding and all three tranches of notes issued under Amazon 2024 NPA, with the first tranche re-issued as a non-interest bearing rollover note, remain outstanding with an aggregate principal balance of $4.0 billion.

In January and February 2026, in connection with the Company's Series G-1 financing, a portion of the second amended and restated non-interest bearing rollover note issued under Amazon 2023 NPA was converted into an aggregate of 20.6 million shares of the Company's Series G-3 non-voting redeemable convertible preferred stock at a price of $20.9280 per share. The remaining balance of such non-interest bearing rollover note was re-issued as a non-interest bearing amended and restated rollover note with a principal amount of approximately $2.2 billion, maturing in March 2034. The notes issued under Amazon 2024 NPA did not convert in connection with the Series G-1 redeemable convertible preferred stock financing due to Amazon's ownership cap.

As of September 30, 2026 (unaudited), the amended and restated rollover note issued under Amazon 2023 NPA remained outstanding with an aggregate principal amount of approximately $2.2 billion, and all notes issued under Amazon 2024 NPA remained outstanding with an aggregate principal balance of $4.0 billion.

Amazon 2026 Note Purchase Agreement (Unaudited)

In April 2026 (unaudited), the Company entered into a note purchase agreement ("Amazon 2026 NPA") under which the Company may issue, subject to certain conditions, up to $20.0 billion of non-voting common stock or convertible promissory notes. Non-voting common stock would be issued at the 30-day trailing volume-weighted average price and, to the extent issued, the notes will bear interest at 8.0% per annum compounded annually and payable at maturity, and mature ten years after issuance, unless earlier repaid or converted pursuant to the terms of the agreement.

In May 2026 (unaudited), Amazon invested $5.0 billion in the Company's Series H redeemable convertible preferred stock financing, which reduced the amount available for issuance under the Amazon 2026 NPA to $15.0 billion. As of September 30, 2026, no non-voting common stock or notes had been issued under the Amazon 2026 NPA.

Other Note Purchase Agreements

2025

In August 2025, the Company entered into a note purchase agreement under which the Company may issue, subject to certain conditions, up to $10.0 billion of convertible promissory notes solely to finance rent obligations

under a compute and infrastructure equipment lease agreement. Refer to Note 7 for further information. The Company's ability to issue notes will end upon an initial public offering of its common stock. As of December 31, 2025 and September 30, 2026 (unaudited), no amounts were outstanding under the note purchase agreement.

2026 (Unaudited)

In March 2026, the Company entered into a second note purchase agreement under which the Company may issue, subject to certain conditions, up to $42.0 billion of convertible promissory notes solely to finance rent obligations under a compute and infrastructure agreement. Refer to Note 7 for further information. The notes will bear interest at 9.0% per annum, payable in kind. The Company's ability to issue notes will end upon the fifth anniversary of the commencement of the draw period (which has not yet commenced and which begins once the first infrastructure equipment is ready for service pursuant to the compute and infrastructure agreement), subject to earlier termination. As of September 30, 2026, no amounts were outstanding under the note purchase agreement.

Issuance costs associated with convertible notes are expensed as incurred.

SAFEs

During the year ended December 31, 2023, the Company issued SAFEs with an aggregate purchase amount of $122 million that entitled investors to participate in future equity financings through share-settled redemption of the amount invested. Of this amount, $1 million converted into shares of Series C-1 convertible preferred stock during the year ended December 31, 2023, and $121 million converted into shares of Series D-1 and D-2 convertible preferred stock during the year ended December 31, 2024. Conversion prices were determined based on the purchase amount divided by the per-share price of the applicable series of preferred stock, multiplied by a stipulated discount rate, if applicable.

The Company determined that the SAFEs are not legal form debt (i.e., no creditors' rights). The monetary settlement amount of the SAFEs is based upon a fixed or determinable amount known at inception, and the number of equity shares received upon conversion is variable. In such circumstances, equity classification is not appropriate because such contracts that are settled based upon a fixed amount do not expose the holder to risks and rewards similar to those of an equity-holder, therefore, the SAFEs would have been classified as marked-to-market liabilities pursuant to ASC 480.

As of December 31, 2024 and 2025, as well as September 30, 2026 (unaudited), the Company had no outstanding SAFEs.

Fair Value Option

The Company elected to account for the SAFEs and the convertible notes using the fair value option pursuant to ASC 825 and changes in fair value related to the SAFEs and convertible notes are recorded in change in fair value of convertible notes, derivative liabilities, and SAFEs in the Company's consolidated statements of operations (Note 4). The Company elected to account for the convertible notes using the fair value option pursuant to ASC 825 to eliminate the accounting complexity that would otherwise result from separately accounting for the liability and equity components of the convertible notes under the traditional bifurcation model.

The estimated fair value of the convertible notes, derivative liabilities, and SAFEs is determined by using a scenario-based analysis that estimated the fair value of the convertible notes, derivative liabilities, and SAFEs based on the probability-weighted present value of expected future investment returns, considering possible outcomes available to the SAFE and convertible note holder, including conversions to redeemable convertible preferred stock, Class N common stock and maturity. Issuance costs were expensed as incurred and are reflected in other income (expense), net in the consolidated statements of operations. Changes in fair value of the SAFEs

and convertible notes and accrued interest are recorded as change in fair value of convertible notes, derivative liabilities, and SAFEs in the consolidated statements of operations.

There were no changes in fair value attributable to credit risk recognized as of December 31, 2023, 2024, and 2025, as well as September 30, 2026 (unaudited).

Derivative Liability

As of December 31, 2024, the Company had a derivative liability representing the subsequent note tranche rights on Amazon 2024 NPA. The Company applied the terms of the subsequent note tranche rights for a written call option and purchased put option scenarios and calculated a derivative liability. The changes in the fair value of the derivative liability were recorded as change in fair value of convertible notes, derivative liabilities, and SAFEs in the consolidated statements of operations. Upon the second closing and third closing of the Amazon 2024 NPA during 2025, the related tranche rights were exercised and thus the derivative liability was settled and derecognized in full through the issuance of the convertible notes, with no remaining tranche rights outstanding as of December 31, 2025.

Revolving Credit Agreement

On May 14, 2025, the Company entered into a credit agreement (the "Credit Agreement"), by and among the Company, the lenders from time to time party thereto (collectively the "Lenders"), and Morgan Stanley Senior Funding, Inc., as Administrative Agent and Collateral Agent for the Lenders. The Credit Agreement provides for a senior secured revolving credit facility in an aggregate principal amount of $2.5 billion, with a $400 million letter of credit sublimit. The obligations under the Credit Agreement mature on May 14, 2030, subject to an earlier springing maturity date that is contingent upon the outstanding amount of convertible notes issued by the Company on the date that is 91 days prior to the maturity of such notes. The proceeds of the credit facility may be used for working capital, general corporate purposes, and other lawful purposes. The Company may request borrowings in U.S. dollars or certain other agreed currencies, subject to the terms of the Credit Agreement. Borrowings under the Credit Agreement bear interest at rates based on either the Alternate Base Rate, Term SOFR or other applicable benchmarks, plus an applicable margin.

The Company is required to pay commitment fees on the unused portion of the credit facility and fees in connection with letters of credit. The obligations under the Credit Agreement are guaranteed by certain subsidiaries of the Company and are secured by substantially all of the assets of the Company and the subsidiary guarantors, subject to certain exceptions and exclusions set forth in the Credit Agreement. The Credit Agreement contains customary affirmative and negative covenants, including, but not limited to, restrictions on additional indebtedness, liens, asset sales, investments, mergers, and restricted payments. The Company is also subject to a financial covenant which requires the Company to maintain liquidity of at least $500 million as of the last day of each fiscal quarter. The agreement also includes customary events of default, which, if triggered, could result in the acceleration of amounts due under the credit facility.

In September 2025, the Company executed an amendment to the Credit Agreement increasing the aggregate principal amount of revolving credit commitments by $250 million to $2.8 billion.

In November 2025, the Company executed a second amendment to the Credit Agreement, providing incremental revolving commitments in an aggregate principal amount of $500 million. Following the second amendment, the aggregate principal amount of revolving commitments totals $3.3 billion.

In February 2026 (unaudited), the Company executed a third amendment to the Credit Agreement, increasing the letter of credit sublimit by $600 million to $1.0 billion.

In September 2026 (unaudited), the Company amended and restated the Credit Agreement, increasing the letter of credit sublimit to $15.0 billion, and providing incremental revolving commitments of $11.7 billion (as amended

and restated, the "A&R Credit Agreement"). Following the amendment and restatement, the aggregate principal amount of revolving commitments totals $15.0 billion. The A&R Credit Agreement also extended the maturity to September 2031, subject to an earlier springing maturity date under certain conditions, and increased the minimum liquidity required under the financial covenant to $5.0 billion, beginning with the fiscal quarter ending December 31, 2026.

As of December 31, 2025, the Company had no borrowings drawn under the revolving credit facility, and $4 million of standby letters of credit outstanding under the credit facility. The Company was in compliance with all covenants under the Credit Agreement as of December 31, 2025. The Company recognized $5 million in access fees during the year ended December 31, 2025, which are amortized as interest expense over the term of the credit facility. As of September 30, 2026 (unaudited), the Company had no borrowings drawn under the revolving credit facility and $205 million of standby letters of credit were outstanding under the credit facility. The Company was in compliance with all covenants under the A&R Credit Agreement as of September 30, 2026 (unaudited).

10. Redeemable Convertible Preferred Stock, Common Stock and Stockholders' Deficit

Redeemable Convertible Preferred Stock

Redeemable convertible preferred stock is carried at its issuance price, net of issuance costs, and comprises Series A redeemable convertible preferred stock, Series B redeemable convertible preferred stock, Series C-1 redeemable convertible preferred stock, Series C-2 redeemable convertible preferred stock, Series D-1 redeemable convertible preferred stock, Series D-2 redeemable convertible preferred stock, Series D-3 redeemable convertible preferred stock, Series E-1 redeemable convertible preferred stock, Series E-2 redeemable convertible preferred stock, Series E-3 redeemable convertible preferred stock, Series E-4 redeemable convertible preferred stock, Series E-5 redeemable convertible preferred stock, Series F-1 redeemable convertible preferred stock, Series F-2 redeemable convertible preferred stock, Series F-3 redeemable convertible preferred stock, Series F-4 redeemable convertible preferred stock, Series G-1 redeemable convertible preferred stock, Series G-2 redeemable convertible preferred stock, Series G-3 redeemable convertible preferred stock, Series G-4 redeemable convertible preferred stock, Series H-1 redeemable convertible preferred stock, Series H-2 redeemable convertible preferred stock, Series H-3 redeemable convertible preferred stock, and Series H-4 redeemable convertible preferred stock.

As of December 31, 2024, the Company's redeemable convertible preferred stock ("redeemable convertible preferred stock") consisted of the following (in millions, except share amounts which are reflected in thousands, and per share data):

Series	Shares Authorized	Shares Issued and Outstanding	Original Issue Price per Share	Net Carrying Value	Liquidation Preference
Series A	48,574	48,574	$ 2.57	$ 125	$ 125
Series B	87,430	87,430	$ 11.23	982	982
Series C-1	26,397	26,397	$ 11.23	296	296
Series C-2	13,362	13,362	$ 11.23	150	150
Series D-1	66,690	35,013	$ 30.00	1,042	1,051
Series D-2	4,444	4,444	$ 27.00	133	120
Series D-3	114,098	4,999	$ 30.00	146	150
Total	360,995	220,219		$ 2,874	$ 2,874

As of December 31, 2025, the Company's redeemable convertible preferred stock consisted of the following (in millions, except share amounts which are reflected in thousands, and per share data):

Series	Shares Authorized	Shares Issued and Outstanding	Original Issue Price per Share	Net Carrying Value	Liquidation Preference
Series A	48,574	48,574	$ 2.57	$ 125	$ 125
Series B	87,430	87,430	$ 11.23	982	982
Series C-1	26,397	26,397	$ 11.23	296	296
Series C-2	13,362	13,362	$ 11.23	150	150
Series D-1	35,013	35,013	$ 30.00	1,042	1,051
Series D-2	4,444	4,444	$ 27.00	133	120
Series D-3	4,999	4,999	$ 30.00	146	150
Series E-1	63,610	63,610	$ 56.09	3,549	3,568
Series E-2	95,282	95,282	$ 20.93	4,728	1,994
Series E-3	12,664	12,664	$ 56.09	856	710
Series E-4	15,343	15,343	$ 50.48	986	774
Series E-5	24,244	24,244	$ 53.28	1,598	1,292
Series F-1	92,220	92,220	$ 140.97	12,999	13,000
Series F-2	145,774	20,740	$ 20.93	2,179	434
Series F-3	51,839	—	$ 50.48	—	—
Series F-4	7,094	—	$ 140.97	—	—
Total	728,289	544,322		$ 29,769	$ 24,646

As of September 30, 2026 (unaudited), the Company's redeemable convertible preferred stock consisted of the following (in millions, except share amounts which are reflected in thousands, and per share data):

Series	Shares Authorized	Shares Issued and Outstanding	Original Issue Price per Share	Net Carrying Value	Liquidation Preference
			(unaudited)		
Series A	48,574	48,574	$ 2.57	$ 125	$ 125
Series B	87,430	87,430	$ 11.23	982	982
Series C-1	26,397	26,397	$ 11.23	296	296
Series C-2	13,362	13,362	$ 11.23	150	150
Series D-1	35,013	35,013	$ 30.00	1,042	1,051
Series D-2	4,444	4,444	$ 27.00	133	120
Series D-3	4,999	4,999	$ 30.00	146	150
Series E-1	63,610	63,610	$ 56.09	3,549	3,568
Series E-2	95,282	95,282	$ 20.93	4,728	1,994
Series E-3	12,664	12,664	$ 56.09	856	710
Series E-4	15,343	15,343	$ 50.48	986	774
Series E-5	24,244	24,244	$ 53.28	1,598	1,292
Series F-1	92,220	92,220	$ 140.97	12,999	13,000
Series F-2	20,740	20,740	$ 20.93	2,179	434
Series G-1	90,510	90,510	$ 259.14	23,454	23,455
Series G-2	83,929	83,929	$ 259.14	33,558	21,749
Series G-3	20,563	20,563	$ 20.93	4,571	430
Series G-4	3,322	3,322	$ 233.22	928	775
Series H-1	78,942	77,638	$ 589.01	45,728	45,729
Series H-2	34,808	33,110	$ 589.01	19,502	19,502
Series H-3	104,472	—	$ 20.93	—	—
Series H-4	79,573	—	$ 50.48	—	—
Total	1,040,441	853,394		$ 157,510	$ 136,286

Series G and Series H Financings (Unaudited)

In the first quarter of 2026, the Company completed the sale of an aggregate of 90.5 million shares of Series G-1 redeemable convertible preferred stock and an aggregate of 26.0 million shares of Series G-2 non-voting redeemable convertible preferred stock at a price of $259.1364 per share, for aggregate gross proceeds of $30.2 billion.

In the second quarter of 2026, the Company completed the sale of an aggregate of 57.9 million shares of Series G-2 non-voting redeemable convertible preferred stock at a price of $259.1364 per share, for aggregate proceeds of $15.0 billion. Refer to Note 4 for further information.

In the second quarter of 2026, the Company also completed the sale of an aggregate of 77.6 million shares of Series H-1 redeemable convertible preferred stock and an aggregate of 33.1 million shares of Series H-2 non-voting redeemable convertible preferred stock at a price of $589.0095 per share, for aggregate gross proceeds of $65.2 billion.

Dividend Rights

The holders of the outstanding shares of redeemable convertible preferred stock are entitled to receive, when and if declared by the Board, and prior and in preference to dividends on the Company's common stock, dividends at the per annum rate of 6% of the applicable original issue price per share ("OIP"). Such dividends shall not be cumulative. After payment of such dividends, any additional dividends shall be distributed among the holders of common stock and redeemable convertible preferred stock in proportion to the number of shares of common stock that would be held by each such holder if all shares of redeemable convertible preferred stock were converted to common stock calculated on the record date for determination of holders entitled to such dividends. No dividends have been declared or paid through December 31, 2025 and September 30, 2026 (unaudited).

Liquidation Preference

In the event of any Liquidation Transaction (defined, generally, as any voluntary or involuntary liquidation, dissolution or winding up of the Company or deemed liquidation event), the holders of redeemable convertible preferred stock shall be entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the holders of common stock, by reason of their ownership thereof, an amount per share equal to the OIP for each outstanding share of redeemable convertible preferred stock then held (as adjusted for stock splits, stock dividends, reclassifications and the like), plus any declared but unpaid dividends on such shares. If, upon the occurrence of such event, the assets and funds thus distributed among the holders of redeemable convertible preferred stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of redeemable convertible preferred stock in proportion to the preferential amount each such holder is otherwise entitled to receive, and provided that the holders of redeemable convertible preferred stock will be treated on an as-converted basis if, as a result of an actual conversion, such holder would receive, in the aggregate, an amount greater than the amount that would be distributed to such holder if such holder did not convert such series of preferred stock into shares of such series of common stock.

Conversion

Each share of redeemable convertible preferred stock is convertible into fully paid and non-assessable shares of Class A common stock, in the case of the Series A, Series C-1, Series D-1, Series D-2, Series E-1, Series F-1, Series G-1, and Series H-1 redeemable convertible preferred stock. Each share of non-voting redeemable convertible preferred stock is convertible into fully paid and non-assessable shares of Class N common stock (non-voting common stock), in the case of the Series B, Series C-2, Series D-3, Series E-2, Series E-3, Series E-4, Series E-5, Series F-2, Series F-3, Series F-4, Series G-2, Series G-3, Series G-4, Series H-2, Series H-3, and Series H-4 non-voting redeemable convertible preferred stock.

- *Optional conversion* – Each share of redeemable convertible preferred stock is convertible into Class A common stock or Class N common stock, as applicable, at any time after the issuance of shares at the option of the holder. The conversion rate is determined by dividing the applicable original issue price by the conversion price. As of December 31, 2024, the conversion ratio for all series of redeemable convertible preferred stock was 10:1. In connection with the Series E redeemable convertible preferred stock financing during the year ended December 31, 2025, the issuance of Series E-2 non-voting redeemable convertible preferred stock at $20.9280 per share triggered weighted-average antidilution adjustments to the conversion prices of the Series D-1, D-2, and D-3 redeemable convertible preferred stock. As of December 31, 2025, the conversion ratio for all series of redeemable convertible preferred stock was 10:1, except for the Series D-1, Series D-2, and Series D-3 redeemable convertible preferred stock, which were approximately 10.5, 10.4, and 10.5, respectively. As of September 30, 2026 (unaudited), the conversion ratio for all series of redeemable convertible preferred stock was 10:1, except for the Series D-1, Series D-2, and Series D-3, which were approximately 10.6:1, 10.4:1, and 10.6:1,

respectively. Upon conversion, no adjustments to the conversion price shall be made for any declared but unpaid dividends on the redeemable convertible preferred stock surrendered for conversion or on the common stock delivered upon conversion.

- *Mandatory conversion* – Each share of redeemable convertible preferred stock shall automatically convert to Class A common stock or Class N common stock, as applicable, at the applicable conversion rate upon the earlier of (i) the Company's sale of its common stock in a firm commitment underwritten public offering pursuant to a registration statement under the Securities Act of 1933, as amended, resulting in at least $100 million of aggregate cash gross proceeds to the Company, net of underwriting discounts and commissions, (ii) the Company's completion of a transaction or series of related transactions (by merger, or consolidation, share exchange or otherwise with a publicly traded "special purpose acquisition company" or its subsidiary), which does not qualify as a liquidation transaction, or (iii) the date, or upon the occurrence of an event, specified by vote or written consent of holders of each of (a) the majority of the then outstanding shares of Series A redeemable convertible preferred stock, Series C-1 redeemable convertible preferred stock, Series D-1 redeemable convertible preferred stock, Series D-2 redeemable convertible preferred stock, Series E-1 redeemable convertible preferred stock, Series F-1 redeemable convertible preferred stock, Series G-1 redeemable convertible preferred stock, and Series H-1 redeemable convertible preferred stock voting together as a single class on an as-converted basis, (b) the holders of a majority of the then outstanding shares of Series C-1 redeemable convertible preferred stock, voting separately as a class, which majority must include the vote or written consent, as applicable, of certain specified stockholders, (c) a majority of the Series D-1 redeemable convertible preferred stock and Series D-2 redeemable convertible preferred stock, voting together as a single class on an as-converted basis, (d) a majority of the Series E-1 redeemable convertible preferred stock, voting separately as a class on an as-converted basis, (e) with respect to the Series F redeemable convertible preferred stock only, a majority of the Series F-1 redeemable convertible preferred stock, voting separately as a class on an as-converted basis, (f) with respect to the Series G redeemable convertible preferred stock only, a majority of the Series G-1 redeemable convertible preferred stock, voting separately as a class on an as-converted basis, and (g) with respect to the Series H redeemable convertible preferred stock only, a majority of the Series H-1 redeemable convertible preferred stock, voting separately as a class on an as-converted basis.

Voting

The holders of Series A, Series C-1, Series D-1, Series D-2, Series E-1, Series F-1, Series G-1, and Series H-1 redeemable convertible preferred stock shall be entitled to the same voting rights and powers as the holders of the Class A common stock and to notice of any stockholders' meeting in accordance with the bylaws of the Company, and the holders of Class A common stock and the holders of Series A, Series C-1, Series D-1, Series D-2, Series E-1, Series F-1, Series G-1, and Series H-1 redeemable convertible preferred stock shall vote together as a single class on all matters. Each holder of Series A, Series C-1, Series D-1, Series D-2, Series E-1, Series F-1, Series G-1, and Series H-1 redeemable convertible preferred stock shall be entitled to the number of votes equal to the number of shares of Class A common stock into which such shares of Series A, Series C-1, Series D-1, Series D-2, Series E-1, Series F-1, Series G-1, and Series H-1 redeemable convertible preferred stock, respectively, could be converted.

The holders of Series B, Series C-2, Series D-3, Series E-2, Series E-3, Series E-4, Series E-5, Series F-2, Series F-3, Series F-4, Series G-2, Series G-3, Series G-4, Series H-2, Series H-3, and Series H-4 non-voting redeemable convertible preferred stock shall not be entitled to vote and shall have no voting rights, except as required by law or as specifically set forth in the certificate of incorporation, and shall have no right to vote in any election of the Board.

Redemption

The holders of the redeemable convertible preferred stock have no voluntary rights to redeem shares. The redeemable convertible preferred stockholders have liquidation preferences in the event of any Liquidation Transaction (defined, generally, as any voluntary or involuntary liquidation, dissolution or winding up of the Company or deemed liquidation event). Although the redeemable convertible preferred stock is not mandatorily or currently redeemable, a deemed liquidation event could constitute a redemption event outside the Company's control. Therefore, all shares of redeemable convertible preferred stock have been presented outside of permanent equity.

The Company recorded shares of redeemable convertible preferred stock issued for cash at their respective issuance price less issuance costs on the dates of issuance. Shares of redeemable convertible preferred stock issued upon conversion of convertible notes were recorded at the fair value of the respective convertible note immediately prior to conversion. The carrying values of the Company's redeemable convertible preferred stock have not been accreted to their redemption values as the liquidation event is not considered probable of occurring. Subsequent adjustments of the carrying values to redemption values will be made only if and when it becomes probable the convertible preferred stock will become redeemable.

Common Stock

The Company has one class of capital stock designated "participating common stock" and another class of capital stock designated "Class T common stock." The class of capital stock designated "participating common stock" is divided into two series, designated "Class A common stock" and "Class N common stock." The certificate of incorporation, as amended and restated August 27, 2025, authorized the Company to issue up to 8,162.8 million shares of Class A common stock, 5,547.2 million shares of Class N common stock, and 1 share of Class T common stock. The certificate of incorporation, as amended September 17, 2026 (unaudited), authorized the Company to issue up to 10,906.1 million shares of Class A common stock, 7,128.9 million shares of Class N common stock, and one share of Class T common stock. Holders of Class A common stock are entitled to one vote per share. The holders of Class N common stock shall have no right to vote, generally, except as required by law, including no right to vote in any election of the Board, except as required by law. The holders of Class T common stock have no right to vote generally, except as required by law or specifically set forth in the certificate of incorporation. The participating common stock is subordinate to the redeemable convertible preferred stock with respect to dividend rights and rights upon liquidation, winding up, and dissolution of the Company. The Class T common stock is not mandatorily redeemable and does not entitle the holder thereof to receive dividends or any distribution of assets upon the liquidation, winding up, or dissolution of the Company or the occurrence of a Liquidation Transaction (defined, generally, as any voluntary or involuntary liquidation, dissolution or winding up of the Company or deemed liquidation event).

The total shares of the Company's common stock reserved for future issuance, on an as-if converted basis are as follows (in thousands):

	As of December 31,		As of September 30,
	2024	2025	2026
			(unaudited)
Series A	485,744	485,744	485,744
Series B	874,304	874,304	874,304
Series C-1	263,972	263,972	263,972
Series C-2	133,617	133,617	133,617
Series D-1	350,128	368,311	370,299
Series D-2	44,438	46,132	46,314
Series D-3	49,993	52,589	52,873
Series E-1	—	636,101	636,101
Series E-2	—	952,819	952,819
Series E-3	—	126,646	126,646
Series E-4	—	153,429	153,429
Series E-5	—	242,436	242,436
Series F-1	—	922,197	922,197
Series F-2	—	207,399	207,399
Series F-3	—	—	—
Series F-4	—	—	—
Series G-1	—	—	905,104
Series G-2	—	—	839,288
Series G-3	—	—	205,629
Series G-4	—	—	33,216
Series H-1	—	—	776,379
Series H-2	—	—	331,103
Series H-3	—	—	—
Series H-4	—	—	—
Shares available under Donation Matching Plan	964,341	964,341	933,698
Stock options and restricted stock units outstanding	1,736,780	2,603,784	2,902,337
Shares available for future issuance	26,547	287,571	502,429
Total shares reserved for issuance	4,929,864	9,321,392	12,897,333

Equity Compensation Plan

In January 2021, the Board approved the 2021 Stock Plan (the "Plan"). The Plan allows for the award of incentive stock options, non-statutory stock options, restricted stock awards, and RSUs to employees, non-employee directors, and consultants of the Company. As of December 31, 2025 and September 30, 2026 (unaudited), there were 3,112.4 million shares and 3,864.8 million shares, respectively, of common stock reserved for issuance under the Plan, with 287.6 million shares and 502.4 million shares, respectively, available to be issued. Options issued under the Plan generally are exercisable for periods not to exceed 10 years and generally vest over either four years with 25% vesting after one year and with the remainder vesting monthly thereafter in equal installments, or over one year with 100% vesting after one year. Effective January 2026 (unaudited), options issued under the Plan generally are exercisable for periods not to exceed 10 years and generally vest over either four years with 12.5% vesting after six months and with the remainder vesting monthly thereafter in equal

installments, or over one year with 50% vesting after six months and with the remainder vesting monthly thereafter in equal installments.

Stock Options

A summary of stock option activity and related information was as follows:

	Number of Shares (in thousands)	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in millions)
Balance as of December 31, 2023	532,827	$ 0.52	9.3	$ 416
Granted	1,279,562	$ 1.30		
Exercised	(24,907)	$ 0.40		
Cancelled and forfeited	(50,702)	$ 0.98		
Balance as of December 31, 2024	1,736,780	$ 1.08	9.2	$ 2,248
Granted	550,591	$ 3.72		
Exercised	(141,478)	$ 0.79		
Cancelled and forfeited	(163,150)	$ 1.33		
Balance as of December 31, 2025	1,982,743	$ 1.81	8.6	$ 31,415
Granted (unaudited)	91,180	$ 22.43		
Exercised (unaudited)	(238,931)	$ 1.54		
Cancelled and forfeited (unaudited)	(60,649)	$ 1.94		
Balance as of September 30, 2026 (unaudited)	1,774,343	$ 2.91	8.0	$ 119,103
Vested and exercisable as of December 31, 2025	662,636	$ 1.12	8.1	$ 10,961
Vested and exercisable as of September 30, 2026 (unaudited)	1,081,672	$ 2.93	8.0	$ 72,576

The intrinsic value of a stock option is calculated as the difference between the per-share exercise price of the stock option and the estimated per-share fair value of the Company's common stock at the measurement date. The total intrinsic value of stock options exercised during the years ended December 31, 2023, 2024, and 2025 and during the nine months ended September 30, 2026 (unaudited) was $7 million, $31 million, $1.1 billion, and $7.5 billion, respectively.

The weighted-average grant-date fair value of stock options granted during the years ended December 31, 2023, 2024, and 2025 and during the nine months ended September 30, 2026 (unaudited) was $0.51 per share, $1.07 per share, $5.76 per share, and $20.11 per share, respectively. The total grant-date fair value of options vested during the years ended December 31, 2023, 2024, and 2025 and during the nine months ended September 30, 2026 (unaudited) was $12 million, $83 million, $733 million, and $3.5 billion, respectively.

As of December 31, 2025 and September 30, 2026 (unaudited), there was approximately $3.2 billion and $1.8 billion, respectively, of total unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted-average period of 1.5 years and 1.2 years, respectively.

The following weighted-average assumptions were used to calculate the fair value of option grants:

	Year Ended December 31,			Nine Months Ended September 30,
	2023	2024	2025	2026
				(unaudited)
Fair value of common stock	$0.51 - $1.08	$1.30 - $2.23	$3.45 - $16.69	$21.56 - $68.54
Expected volatility	71.6 %	67.6 %	66.4 %	65.7 %
Risk-free interest rate	4.3 %	4.1 %	3.9 %	3.8 %
Dividend yield	— %	— %	— %	— %
Expected term (in years)	6.0	6.1	5.6	5.3

Restricted Stock Units

The Company grants RSUs to employees and the RSUs vest upon the satisfaction of both a service condition and a performance condition. The service condition for these awards is generally satisfied over a four-year vesting period. The performance condition is satisfied upon the occurrence of an "initial event" which is defined as either (i) a qualifying change in control of the Company or (ii) a listing of the Company's equity securities on an established securities market (including through a traditional public offering, direct listing, or business combination with a special purpose acquisition company), in each case, on or before the seventh anniversary of the grant date, as further defined in such RSU agreements. If the performance condition is not satisfied within seven years of the grant date, all unvested RSUs are forfeited.

As of December 31, 2025 and September 30, 2026 (unaudited), no stock-based compensation expense had been recognized for the RSUs because management determined that it is not probable that the performance condition will be achieved. If management had determined the performance condition was probable of achievement as of December 31, 2025 and September 30, 2026 (unaudited), the Company would have recognized $671 million and $8.2 billion, respectively, of cumulative stock-based compensation expense as of the respective dates and would have had $5.2 billion and $24.1 billion, respectively, of unrecognized compensation cost that represents the RSUs that have not satisfied the service condition for vesting. As of September 30, 2026 (unaudited), unrecognized compensation cost is expected to be recognized over a weighted-average period of 2.0 years.

The following table summarizes RSU activity under the Plan during the year ended December 31, 2025 and nine months ended September 30, 2026 (unaudited):

	Number of Shares (in thousands)	Weighted-Average Grant-Date Fair Value per Share
Balance as of December 31, 2024	—	$ —
Granted	629,385	9.42
Vested	—	—
Forfeited or cancelled	(8,344)	6.07
Balance as of December 31, 2025	621,041	9.47
Granted (unaudited)	542,915	49.38
Vested (unaudited)	—	—
Forfeited or cancelled (unaudited)	(35,962)	16.14
Balance as of September 30, 2026 (unaudited)	1,127,994	$ 28.47

The total intrinsic value and fair value of RSUs vested during the year ended December 31, 2025 and nine months ended September 30, 2026 (unaudited) was zero.

Restricted Stock Awards ("RSAs")

In January and February 2021, the Company granted a total of 1,731.3 million RSAs to founders and early employees that vested based on the passage of time (i.e., a service condition). The Company also grants RSAs to certain non-employee service providers. The RSAs are shares of common stock that are issued and outstanding and are subject to repurchase by the Company (for a minimal amount) if the holder's service terminates before the restricted shares vest. Compensation cost is measured at the grant-date fair value of the underlying common stock and is recognized over the vesting period.

During the year ended December 31, 2024, 432.8 million RSAs vested and 36.1 million RSAs were subject to repurchase. During the year ended December 31, 2025, all remaining RSAs subject to repurchase as of the end of the prior year vested and additional RSAs granted and subject to repurchase were not material.

During the nine months ended September 30, 2026 (unaudited), the Company granted 10.6 million RSAs in connection with acquisitions, substantially all of which remain unvested as of September 30, 2026. As of September 30, 2026 (unaudited), there was approximately $304 million of total unrecognized compensation cost related to unvested RSAs, which is expected to be recognized over a weighted-average period of 2.5 years.

Share Repurchases

During the year ended December 31, 2025, the Company repurchased and immediately retired 27.9 million shares of common stock from certain former and current service providers at a purchase price of $5.61 per share, which was in excess of the then-current fair market value at the time of repurchase. The aggregate fair value of the shares repurchased was $149 million, which was recorded as an increase in accumulated deficit. The excess of the repurchase price over the fair market value of the shares at the date of repurchase was recognized as stock-based compensation expense of $7 million in the consolidated statement of operations.

In February 2026 (unaudited), the Company's Board of Directors approved an offer by a group of third-party buyers to purchase shares of the Company's Class A common stock at a price of $25.9136 per share from sellers that included current and former employees, non-employee service providers, and donor advised funds. The tender offer closed in April 2026, and an aggregate of 179.9 million shares were sold. Shares sold in the tender offer were sold at fair value, and accordingly, no stock-based compensation expense was recognized in connection with the transaction.

Donation Matching Plan

In November 2021, the Company adopted its donation matching plan ("Donation Matching Plan") whereby eligible employees of the Company can pledge to donate to eligible nonprofit organizations, including 501(c)(3) tax exempt organizations, and have the Company match such donation on the terms set forth in the Donation Matching Plan. The Company may elect, at its sole discretion and per the terms of the Donation Matching Plan, to match the donation in shares of Class N common stock or in cash in an equivalent value. As of December 31, 2024 and 2025, 964.3 million shares of common stock were reserved for issuance under the Donation Matching Plan, and no shares are issued or outstanding. As of September 30, 2026 (unaudited), 933.7 million shares of common stock were reserved for issuance under the Donation Matching Plan. During the nine months ended September 30, 2026 (unaudited), the Company recognized $2.1 billion within other operating and administrative expense in the consolidated statements of operations for the initial recognition and change in fair value of the donation matching program liability and issued 30.6 million shares of Class N common stock upon settlement of its donation matching obligation in the first quarter of 2026 (unaudited). As of December 31, 2024 and 2025 and September 30, 2026 (unaudited), the Company accrued zero, $541 million, and $2.0 billion, respectively, within

accounts payable, accrued expenses, and other current liabilities on the consolidated balance sheets, representing the estimated fair value of the current obligations to match employee donations under the donation matching program based on observable and unobservable inputs, specifically considering the price of the Company's common stock.

11. Income Taxes

The Company is subject to taxation in the United States and various other state and foreign jurisdictions. The domestic and foreign components of pre-tax loss were as follows (in millions):

	Year Ended December 31,		
	2023	2024	2025
Domestic	$ (1,529)	$ (8,302)	$ (41,881)
Foreign	—	(6)	(64)
Loss before provision for income taxes	$ (1,529)	$ (8,308)	$ (41,945)

The components of the provision for income taxes were as follows (in millions):

	Year Ended December 31,		
	2023	2024	2025
Current:			
Federal	$ —	$ —	$ —
State	—	—	—
Foreign	2	4	17
Total current provision for income taxes	2	4	17
Deferred:			
Federal	—	—	—
State	—	—	—
Foreign	—	(3)	3
Total deferred provision for (benefit from) income taxes	—	(3)	3
Total provision for income taxes	$ 2	$ 1	$ 20

The following is a reconciliation of the statutory federal income tax rate to the Company's effective tax rate:

	Year Ended December 31,	
	2023	2024
U.S. Federal statutory tax rate	21.0 %	21.0 %
State and local income taxes, net of Federal income tax effect	3.6 %	2.4 %
Foreign tax effects	(0.1)%	— %
Research and development credits	1.4 %	2.2 %
Changes in valuation allowances	(9.4)%	(12.2)%
Mark to market	(16.2)%	(13.6)%
Other	(0.4)%	0.2 %
Provision for income taxes	(0.1)%	— %

	Year Ended December 31, 2025	
	Amount	Percent
Pre-tax book income	$ (41,945)	
U.S. Federal statutory tax rate	(8,808)	21.0 %
State and local income taxes, net of Federal income tax effect[1]	(47)	0.1 %
Foreign tax effects	34	(0.1)%
Tax credits	(404)	1.0 %
Changes in valuation allowances	1,870	(4.5)%
Nontaxable or nondeductible items		
Mark to market	7,192	(17.1)%
Other nondeductible expenses (no item >5%)	5	— %
Changes in unrecognized tax benefits	165	(0.4)%
Other	13	— %
Provision for income taxes	$ 20	— %

(1) State taxes in California made up the majority (greater than 50%) of the tax effect in this category.

The tax effects of temporary differences and related deferred tax assets and liabilities were as follows (in millions):

	As of December 31,	
	2024	2025
Deferred tax assets:		
Stock-based compensation	$ 40	$ 279
Research and development capitalization	459	34
Net operating loss carryforwards	445	2,007
Research and development tax credit	260	656
Lease liability	10	25
Bad debt reserve	1	4
Depreciation and amortization	1	—
Contingency reserve	1	312
Other accruals	—	147
Valuation allowance	(1,206)	(3,422)
Total deferred tax asset, net	11	42
Deferred tax liabilities:		
ROU asset	(8)	(28)
Depreciation and amortization	—	(12)
Other deferred tax liabilities	—	(2)
Total deferred tax liabilities	(8)	(42)
Net deferred tax assets	$ 3	$ —

In determining the need for a valuation allowance, the Company reviewed both positive and negative evidence bearing upon its ability to realize the deferred tax assets. Management has considered the Company's history of cumulative net losses incurred since inception and has concluded that it is more likely than not that the Company will not realize the benefits of the deferred tax assets. Accordingly, a full valuation allowance was established

against the Company's U.S. and foreign net deferred tax assets as of December 31, 2025. Management reevaluates the positive and negative evidence at each reporting period.

A reconciliation of the beginning and ending amount of the Company's valuation allowance is as follows (in millions):

	Year Ended December 31,		
	2023	2024	2025
Valuation allowance, beginning of year	$ 56	$ 200	$ 1,206
Changes in related gross deferred tax asset	144	1,006	2,216
Valuation allowance, end of year	$ 200	$ 1,206	$ 3,422

As of December 31, 2025, the Company had U.S. federal net operating loss ("NOL") carryforwards of $8.2 billion, which do not expire, state NOL carryforwards of $4.2 billion, which begin to expire in 2033, and NOL carryforwards in Ireland of $85 million, which do not expire.

As of December 31, 2025, the Company had U.S. federal and California R&D tax credit carryforwards in the amount of $656 million and $343 million, respectively. The U.S. federal R&D tax credits begin to expire in 2042 while the California R&D tax credits can be carried forward indefinitely.

The Company's ability to utilize the NOL carryforwards and R&D credit carryforwards in the future may be subject to an annual limitation due to ownership changes that have occurred or that could occur in the future in accordance with Section 382 of the Internal Revenue Code of 1986, as amended ("Section 382"), as well as similar state provisions. These ownership changes may limit the amount of NOL and R&D tax credit carryforwards that can be utilized annually to offset future taxable income and future income tax, respectively. In general, an ownership change as defined by Section 382 results from transactions increasing the ownership of certain stockholders or public groups in the stock of a corporation by more than 50% over a three-year period. The Company last completed a Section 382 analysis as of December 31, 2023, and has determined that ownership changes have taken place in October 2021 and September 2023. However, no limitations on the utilization of tax attributes were identified as of that date. A Section 382 study has not been conducted subsequent to December 31, 2023. Ownership changes that may have occurred in 2024 and 2025 may therefore subject tax attributes to a yearly limitation.

A reconciliation of the beginning and ending amount of the Company's unrecognized tax benefits during the years ended December 31, 2024, and 2025 is as follows (in millions):

	Year Ended December 31,	
	2024	2025
Balance, beginning of year	$ 7	$ 101
Increases related to prior year tax positions	10	4
Increases related to current year tax positions	84	188
Balance, end of year	$ 101	$ 293

The Company files tax returns in the United States and various state and foreign jurisdictions in which the Company conducts business activities. The federal and state income tax returns are subject to examination for all tax years, the tax returns in the United Kingdom are open from 2023 onwards and the Ireland tax returns are open from 2024 onwards. To the extent the Company has tax attribute carryforwards, the tax years in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service ("IRS") or state tax authorities to the extent utilized in a future period. Additionally, the Company is subject to tax examinations

by tax authorities in foreign jurisdictions where it has business operations. There are currently no federal, state, or foreign audits in progress by the IRS or any other jurisdictions for any tax years.

Given the Company's full valuation allowance, none of the unrecognized tax benefits, if recognized, would affect the Company's effective tax rate. The Company's policy is to recognize interest and penalties related to income taxes as components of income tax expense. As of December 31, 2024 and 2025, the Company did not accrue interest and penalties related to unrecognized tax benefits.

The Company considers the earnings of its foreign subsidiaries to be indefinitely reinvested and, accordingly, has not provided U.S. federal or state income taxes or foreign withholding taxes on such earnings. The Company does not expect material taxes would be due upon repatriation of these earnings.

The amount of cash taxes paid by (refunded to) the Company during the year ended December 31, 2025 is as follows (in millions):

	Year Ended December 31, 2025
Federal	$ —
State	—
Foreign	
United Kingdom	10
South Korea	(2)
All Other Foreign	—
Cash taxes, net of amounts refunded	$ 8

In July 2025, the United States enacted tax legislation commonly referred to as the One Big Beautiful Bill Act (the "OBBB Act"). The OBBB Act, among other things, extends certain provisions of 2017 U.S. federal tax legislation relating to federal bonus depreciation. The OBBB Act permanently reverted to pre-Tax Cuts and Jobs Act rules allowing full deduction of domestic research and experimental expenses effective for tax years beginning after December 31, 2024, and provided transition relief permitting acceleration of previously capitalized domestic R&D costs from 2022 to 2024. While these provisions resulted in a significant favorable temporary difference in the Company's 2025 tax provision, they did not have a material effect on the Company's consolidated financial statements for the year ended December 31, 2025, due to the Company's full valuation allowance position on deferred tax assets. The Company will continue to monitor future developments, including regulatory guidance and interpretations, which could have a material impact as the Company's tax position evolves.

For the Nine Months Ended September 30, 2025 and 2026 (Unaudited)

A summary of the Company's provision for income taxes, loss before provision for income taxes, and effective tax rates is as follows (in millions, except percentages):

	Nine Months Ended September 30,	
	2025	2026
Provision for income taxes	$ 12	$ 417
Loss before provision for income taxes	$ (25,095)	$ (103,622)
Effective tax rate	— %	(0.4)%

The Company's provision for income taxes consists primarily of state taxes in the United States and foreign taxes in jurisdictions in which the Company conducts business. The Company recorded income tax expense of $12 million and $417 million for the nine months ended September 30, 2025 and 2026, respectively. The Company's

effective tax rate differs from the federal statutory rate primarily as a result of the valuation allowance against its deferred tax assets.

The Company regularly assesses the need for a valuation allowance on its deferred tax assets. In making this assessment, the Company considers all available evidence, both positive and negative, in determining whether its deferred tax assets are more-likely-than-not realizable in the future. The Company maintains a full valuation allowance against its net deferred tax assets in all jurisdictions other than Ireland, as it is more likely than not that these assets will not be realized.

12. Net Loss per Share

The Company computes net loss per share utilizing the two-class method required for participating securities. The rights, including the liquidation and dividend rights, of the holders of the Company's Class A common stock and Class N common stock are identical, except with respect to voting. As a result, the basic and diluted net loss per share of Class A common stock and Class N common stock are the same and therefore presented on a combined basis.

The following table sets forth the computation of basic and diluted net loss per share, net of tax attributable to the Company's common stockholders (in millions, except share amounts which are reflected in thousands, and per-share data):

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Numerator:					
Net loss	$ (1,531)	$ (8,309)	$ (41,965)	$ (25,107)	$ (104,039)
Denominator:					
Weighted-average shares of common stock outstanding, basic and diluted	1,076,881	1,528,995	1,821,085	1,806,803	2,076,810
Net loss per share attributable to common stockholders, basic and diluted	$ (1.42)	$ (5.43)	$ (23.04)	$ (13.90)	$ (50.10)

For the years ended December 31, 2023, 2024, and 2025 and the nine months ended September 30, 2025 and 2026 (unaudited), basic net loss per share is the same as diluted net loss per share as the inclusion of all potential shares of common stock outstanding would have been anti-dilutive.

Potentially dilutive securities that were not included in the diluted per-share calculations because they would have been anti-dilutive were as follows (in thousands):

	Year Ended December 31,			Nine Months Ended September 30,	
	2023	2024	2025	2025	2026
				(unaudited)	
Redeemable convertible preferred stock	1,757,637	2,202,194	5,465,695	5,465,695	8,558,869
Convertible notes	1,137,923	1,893,289	2,046,074	2,046,074	1,840,445
Derivative liabilities	3,062,061	450,000	—	—	—
RSAs	468,904	36,070	27	—	13,736
Stock options	532,827	1,736,780	1,982,743	1,877,399	1,774,343
Holdback liability	—	—	1,596	—	1,590
Donation matching program liability	—	—	30,643	—	27,992
Total	6,959,352	6,318,333	9,526,778	9,389,168	12,216,975

The SAFEs and certain convertible notes were excluded from the anti-dilutive securities as the potential common stock are contingently issuable and the number of shares issuable is contingent on the price at which future financing transactions occur. The table above does not include 621.0 million, 318.9 million, and 1,128.0 million RSUs outstanding as these awards are subject to a performance condition that was not considered probable for the year ended December 31, 2025 and nine months ended September 30, 2025 and 2026 (unaudited), respectively.

13. Commitments and Contingencies

Purchase Commitments

The Company routinely enters into non-cancelable agreements with third parties that contractually obligate the Company to purchase services. These contractual commitments primarily relate to CSP hosting and other third-party infrastructure services agreements.

Future minimum payments under the Company's non-cancelable purchase commitments with a remaining term in excess of one year as of December 31, 2025 were as follows (in millions):

Year Ended December 31,	Amount
2026	$ 7,059
2027	11,128
2028	10,832
2029	8,304
2030	5,428
Thereafter	11,808
Total non-cancelable contractual commitments	$ 54,559

As of September 30, 2026 (unaudited), expected future fixed or minimum guaranteed commitments under these agreements were approximately $313.8 billion with terms ranging from one to 20 years.

The Company has also entered into compute and infrastructure agreements that do not specify a fixed or minimum dollar commitment. Payments under these agreements will depend on the capacity made available and deployed, delivery timing, and pricing, and are not yet determinable. The Company does not include any estimated obligation for these agreements in the amount above; however, such payments are expected to be significant.

Cost Reimbursement Arrangements and Guarantees (unaudited)

In 2026, the Company entered into cost reimbursement arrangements with developers to support their data center capacity development, including their procurement of long-lead-time equipment and materials. The Company may be required to make payments to or on behalf of the counterparties if specified trigger events occur, including the non-execution of the definitive lease agreement or the developers' failure to obtain construction financing. These arrangements generally have remaining terms of less than one year. As of September 30, 2026, maximum potential payments under these arrangements were up to $4.2 billion, and amounts accrued under these arrangements were not material.

In 2026, the Company also guaranteed the payment obligations of a data center provider under a power purchase contract. The Company would be required to pay upon a written demand from the contract counterparty following the provider's failure to pay. The guaranty expires no later than December 31, 2038. As of September 30, 2026, maximum potential payments under the guaranty were $500 million.

Legal Matters

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

In August 2024, various authors filed suit against the Company alleging infringement of copyrighted books in the case of *Bartz, et al. v. Anthropic* in the U.S. District Court for the Northern District of California ("Bartz"). The complaint alleged, among other things, copyright infringement related to the use of literary works used in the training of the Company's large language models. The complaint sought certification as a class action, unspecified amounts of damages, injunctive relief, attorneys' fees, costs, and interest. The Company reached a settlement in the amount of $1.5 billion and the interest earned thereon, which was approved by the district court in July 2026. The Company paid $300 million during the year ended December 31, 2025 and recorded liabilities of $750 million in accounts payable, accrued expenses, and other current liabilities and $450 million in other noncurrent liabilities on the consolidated balance sheets as of December 31, 2025, and $450 million in accounts payable, accrued expenses, and other current liabilities as of September 30, 2026 (unaudited).

In October 2023, Concord Music Group et al. filed a complaint against the Company in the U.S. District Court for the Middle District of Tennessee ("Concord I"). The complaint alleges, among other things, that in the process of building and operating the Company models, the Company unlawfully copied and disseminated copyrighted lyrics controlled by the publishers. It also asserts a claim for unlawful removal of copyright management information. The complaint seeks unspecified amounts of damages, injunctive relief, attorneys' fees, costs, and interest. The case was later transferred to the Northern District of California. Both parties filed motions for summary judgment and the court held a hearing on October 21, 2026. The Company disputes the allegations of wrongdoing and intends to defend itself vigorously in this matter.

The Company is also subject to four copyright actions in Canada. In May and July 2025, two putative class actions were filed on behalf of purported classes of Canadian authors - one in British Columbia ("MacKinnon") on behalf of all Canadian authors, and one in Québec ("Grescoe") on behalf of all Québec authors - each alleging violations of Canada's Copyright Act based on the Company's copying and use of copyrighted books to train its large language models. Grescoe has been stayed pending a final judgment in MacKinnon. In July 2026, La Presse Inc., a Québec news publisher, filed a copyright infringement action against the Company in the Québec Superior Court alleging that the Company reproduced its journalistic works in the data used to train the Company's

models. In October 2026, a group of Canadian news publishers filed a claim against the Company in the Ontario Superior Court of Justice. The plaintiffs allege the Company copied their content from their websites to develop its Claude models. They further allege the Company breached the websites' terms of service and circumvented technological protection measures. The Company disputes the allegations of wrongdoing and intends to defend itself vigorously in these matters.

In June 2025, Reddit, Inc. filed suit against the Company in California state court alleging various claims, including breach of contract and trespass to chattels, stemming from allegations about the Company's use of Reddit data in building and operating its models. In September 2026, the state court narrowed the case to Reddit's breach of contract, interference with contract, and unfair competition claims. The Company disputes the allegations of wrongdoing and intends to defend itself vigorously in this matter.

Between January and October 2026, several complaints were filed against the Company in the U.S. District Court for the Northern District of California by various music publishers and their affiliated entities, including Concord Music Group, Universal Music Publishing Group, ABKCO Music, BMG Rights Management (US) LLC, Round Hill Music LP, Sony Music Publishing (US) LLC, Warner Chappell Music, Inc., and others (collectively, the "Music Publisher Matters"). The complaints allege, among other things, that the Company unlawfully copied the plaintiffs' copyrighted song lyrics and musical compositions, and assert claims for direct and indirect copyright infringement based on both the acquisition and use of copyrighted materials to train the Company's large language models and the outputs of those models, as well as claims for removal of copyright management information. Certain of the complaints also assert claims for unauthorized downloading and distribution of copyrighted works, circumvention of technological protection measures, and violations of the Digital Millennium Copyright Act, and certain of the complaints also name two Company executives as defendants. The complaints seek unspecified amounts of damages, injunctive relief, attorneys' fees, costs, and interest. These matters are in preliminary stages. The Company disputes the allegations of wrongdoing and intends to defend itself vigorously in these matters.

The Company is subject to several putative class action complaints alleging that it markets and sells subscription plans for Claude through false, misleading, and deceptive advertising practices. These matters are generally in the early stages. The Company disputes the allegations of wrongdoing and intends to defend itself vigorously in these actions.

Various authors and publishers have opted out of the class action and settlement reached in Bartz and filed individual suits against the Company, generally alleging claims of direct copyright infringement, contributory copyright infringement, and removal of copyright management information related to the use of literary works used in the training of the Company's large language models. The Company disputes the allegations of wrongdoing in these remaining opt-out actions and intends to defend itself vigorously in all matters. These proceedings remain in various stages.

The Company has received notices, demands, and other communications from several authors and individual rights-holders, publishers (including, but not limited to, book, news, and music publishers), platforms and website operators, and trade associations, in the United States and other jurisdictions (collectively, "Rights-Holders") alleging unauthorized acquisition or use of content, removal of copyright management information, violation of terms of service, and violation of copyrights. Some Rights-Holders have also sought to have their content removed from the Company's training corpus or sought more information on how their content was used in the development of the Company's models. Other Rights-Holders have argued that the mere crawling of their sites has harmed them. The Company expects to continue to receive similar notices from Rights-Holders, which may ultimately result in litigation against the Company. The Company disputes the allegations of wrongdoing and intends to defend itself vigorously in these matters.

From time to time, the Company is subject to inquiries, investigations, subpoenas and requests for information from federal, state, and foreign governmental authorities, including the U.S. Federal Trade Commission and state attorneys general, regarding, among other things, consumer protection, data protection and privacy, and the safety and security of the Company's products.

In addition, from time to time, the Company is subject to claims, litigation, and other proceedings, including potential regulatory proceedings, involving patent and other intellectual property matters, taxes, labor and employment, competition, privacy and data protection, consumer protection, commercial disputes, and services offered by the Company, and other matters. The outcomes of the Company's legal proceedings and other contingencies are inherently unpredictable, subject to significant uncertainties, and could be material to its operating results and cash flows for a particular period. The Company evaluates, on a regular basis, developments in its legal proceedings and other contingencies that could affect the amount of liability, including amounts in excess of any previous accruals and reasonably possible losses disclosed, and makes adjustments and changes to its accruals and disclosures as appropriate. For the matters the Company discloses that do not include an estimate of the amount of loss or range of losses, such an estimate is not possible or is immaterial, and the Company may be unable to estimate the possible loss or range of losses that could potentially result from the application of non-monetary remedies. Until the final resolution of such matters, if any of the Company's estimates and assumptions change or prove to have been incorrect, the Company may experience losses in excess of the amounts recorded, which could have a material effect on its business, consolidated financial position, results of operations, or cash flows.

Indemnification Agreements

The Company enters into standard indemnification agreements in the ordinary course of business. Pursuant to these arrangements, the Company indemnifies, holds harmless, and agrees to reimburse the indemnified parties for losses suffered or incurred by the indemnified party, in connection with any trade secret, copyright, patent, independent testing and evaluation of the Company's models, or other intellectual property infringement claim by any third party with respect to its technology. These indemnification obligations are not subject to a cap in certain instances. The term of these indemnification agreements is generally perpetual after the execution of the agreement. The maximum potential amount of future payments the Company could be required to make under these agreements is not determinable because it involves claims that may be made against the Company in the future but have not yet been made. The Company has not incurred costs to defend lawsuits or settle claims related to these indemnification agreements.

Employee Benefit Plan

The Company has a qualified defined contribution plan under Section 401(k) of the Internal Revenue Code covering eligible employees. A portion of employee contributions are matched up to a fixed maximum dollar amount per year per eligible employee. During the years ended December 31, 2023, 2024, and 2025, matching contributions related to the plan were $2 million, $7 million, and $15 million, respectively, and during the nine months ended September 30, 2025 and 2026 (unaudited), matching contributions were $11 million and $35 million, respectively.

14. Segment and Geographical Information

The Company's chief operating decision maker ("CODM") is the leadership team consisting of the Company's Chief Executive Officer and President. The Company operates its business in one operating segment and, therefore, has one reportable segment. The CODM utilizes financial information presented on a consolidated basis for purposes of making operating decisions, assessing financial performance, and allocating resources including, but not limited to, the Company's consolidated net loss.

The CODM uses consolidated net loss as the measure of segment profit or loss. The CODM uses consolidated net loss to evaluate overall financial performance, monitor budget-to-actual results, assess the return on the Company's investments in compute and infrastructure, personnel, and other operating activities to inform decisions regarding the allocation of capital and personnel resources across the Company's operations. There are no other expense categories regularly provided to the CODM that are not already included in the primary consolidated financial statements, except that stock-based compensation expense is separately provided to the CODM as a discrete component within the Personnel line item. Stock-based compensation expense was $29 million, $192 million, and $1.2 billion for the years ended December 31, 2023, 2024, and 2025, and $591 million and $3.3 billion for the nine months ended September 30, 2025 and 2026 (unaudited), respectively. The CODM does not evaluate operating segments using asset information.

Long-lived assets, which consist of property and equipment, net, and operating lease right-of-use assets, by geographic location are based on the physical location of the assets. As of December 31, 2024, December 31, 2025, and September 30, 2026 (unaudited), approximately 94%, 95%, and 98%, respectively, of the Company's long-lived assets were located in the United States.

15. Business Combinations

2026 Acquisition Activity (Unaudited)

On May 18, 2026, the Company acquired Stainless Software, Inc., to advance developer experience and agent connectivity. This acquisition was primarily funded by shares of the Company's Class A common stock with fair value of $295 million. The total purchase price of $306 million consisted of $12 million cash and cash equivalents, $65 million of intangible assets, $24 million of other net liabilities, and $253 million of goodwill. Goodwill primarily relates to expected synergies and assembled workforce and is not expected to be deductible for U.S. federal income tax purposes.

During the nine months ended September 30, 2026, the Company completed other acquisition activity for aggregate consideration of $283 million.

2025 Acquisition Activity

On December 2, 2025, the Company acquired 100% of the issued and outstanding equity interests of Bun. The acquisition primarily provides additional workforce to support the Company's developer ecosystem initiatives and has been accounted for as a business combination. The total consideration transferred of approximately $171 million consisted of: $136 million in equity issued, including replacement of equity awards attributable to pre-combination services; a $25 million holdback liability to be settled in shares of the Company's Class A common stock; and $10 million in cash.

The fair value of equity issued was determined based on the estimated fair value of the Company's Class A common stock immediately prior to the acquisition and includes 8.6 million shares of Class A common stock issued to Bun stockholders and a number of replacement options to purchase shares of the Company's Class A common stock issued to continuing employees that are subject to service-based vesting conditions over a three-year period, of which a portion was attributable to pre-combination services and therefore included within the total consideration noted above.

Equity issued excludes 1.6 million shares of Class A common stock held back and not legally issued, which serve as partial security for the sellers' general representation and warranty obligations. The holdback shares are subject to an 18-month holdback period, after which any remaining shares will be released to the former Bun stockholders, net of any shares necessary to satisfy breaches of the sellers' general representations and warranties or other post-closing adjustments.

The holdback shares were recorded at their acquisition date fair value and classified as a liability within Other noncurrent liabilities on the consolidated balance sheets. The holdback liability will be settled in shares of Class A common stock and is recorded at fair value through its settlement date, with changes in fair value recorded to other income (expense), net on the consolidated statements of operations. The estimate of fair value of the holdback liability used both observable and unobservable inputs, specifically considering the price of the Company's Class A common stock and the probability of payout at the end of the holdback period.

The purchase price was allocated on a preliminary basis to goodwill of $154 million and cash and cash equivalents of $17 million. Goodwill primarily relates to expected synergies and assembled workforce and is not expected to be deductible for U.S. federal income tax purposes.

Pro forma results of operations have not been presented because the effects of all acquisitions, individually and in the aggregate, were not material. Acquisition-related costs were expensed as incurred within other operating and administrative expenses on the consolidated statements of operations, and were not material.

16. Subsequent Events

The Company has evaluated subsequent events for recognition and measurement purposes through June 1, 2026, which is the date the consolidated financial statements were available to be issued.

Equity and Financing Transactions

- In January and February 2026, the Company completed the sale of an aggregate of 90.5 million shares of Series G-1 redeemable convertible preferred stock and an aggregate of 26.0 million shares of Series G-2 non-voting redeemable convertible preferred stock at a price of $259.1364 per share, for aggregate gross proceeds of $30.2 billion.

- In February 2026, the Board approved an offer made by a group of third-party buyers to purchase shares of the Company's Class A common stock at a price of $25.9136 per share from a group of sellers that included current and former employees, non-employee service providers, and donor advised funds. The transaction closed in April 2026, and an aggregate of 179.9 million shares were sold. There was no stock-based compensation expense related to this transaction.

- In February 2026, the Company settled its obligation accrued as of December 31, 2025 under the Donation Matching Plan through the issuance of 30.6 million shares of Class N common stock. The liability was remeasured to fair value through the settlement date, resulting in additional other operating and administrative expense of $126 million recognized in the first quarter of 2026.

- In March 2026, the Company entered into a financing arrangement, including a note purchase agreement ("Google 2026 NPA") with Google under which Google purchased 38.6 million shares of the Company's Series G-2 non-voting redeemable convertible preferred stock for approximately $10.0 billion and will provide up to $30.0 billion of debt and/or equity financing through December 31, 2030, subject to certain conditions.

- In April 2026, the Company entered into a stock purchase and convertible note facility agreement ("Amazon 2026 NPA") with Amazon under which Amazon purchased 19.3 million shares of the Company's Series G-2 non-voting redeemable convertible preferred stock for approximately $5.0 billion and will provide up to $20.0 billion of debt and/or equity financing in the future, subject to certain conditions.

- In May 2026, the Company completed the sale of an aggregate of 75.7 million shares of Series H-1 redeemable convertible preferred stock and an aggregate of 27.6 million shares of Series H-2 non-voting

redeemable convertible preferred stock at a price of $589.0095 per share, for aggregate gross proceeds of $60.8 billion, with additional sales expected in June 2026.

Compute and Infrastructure Transactions

- In March 2026, the Company entered into a lease agreement for a data center to be constructed. The lease is expected to commence in 2027 and is for a term of 20 years from the date the data center is delivered to the Company.
- In March 2026, in connection with an agreement to lease compute and infrastructure equipment, the Company entered into a note purchase agreement under which the Company may issue, subject to certain conditions, up to $42.0 billion of convertible promissory notes in the future solely to finance rent obligations under the lease.
- In March 2026, in connection with order forms executed under the Company's amended and restated colocation and services agreement with a data center provider for a facility in the United States, the Company entered into a guaranty of the provider's obligations under a power purchase contract in favor of the power counterparty in a maximum amount of up to $500 million.
- In April 2026, the Company deposited $2.5 billion into an escrow account in connection with a compute and infrastructure lease agreement.
- Subsequent to December 31, 2025, the Company entered into new, and amended existing, lease and commercial agreements primarily to secure additional compute and infrastructure capacity, with aggregate future minimum payment obligations of approximately $417 billion. These primarily consist of leases for compute equipment and data centers and purchase commitments with certain cloud providers, commencing between 2026 and 2027 with terms ranging from less than one year to 20 years. The Company also expanded certain existing commercial agreements under which it expects to secure additional compute and infrastructure capacity to be delivered between 2028 and 2031. As certain commercial terms have not yet been finalized, the Company estimates aggregate future payments under these agreements to be approximately $125 billion to $150 billion.

Strategic Transactions and Partnerships

- In April 2026, the Company completed the acquisition of Coefficient Bio, Inc., a developer of AI models for biological research applications. Aggregate merger consideration consisted of 15.4 million shares of the Company's Class A common stock, a portion of which is attributable to post-combination compensation under share revesting arrangements with continuing employees. The initial accounting for the acquisition was not complete as of the date these consolidated statements were available to be issued.
- In May 2026, the Company completed the acquisition of Stainless Software, Inc., a provider of developer tooling for the automated generation of software development kits and Model Context Protocol servers. Aggregate merger consideration consisted of 11.6 million shares of the Company's Class A common stock, a portion of which is attributable to post-combination compensation under share revesting arrangements with continuing employees. The initial accounting for the acquisition was not complete as of the date these consolidated statements were available to be issued.
- In May 2026, the Company entered into an agreement to invest $325 million in a newly formed entity that will help accelerate AI adoption across mid-sized companies. The Company is currently evaluating the impact of the accounting for this arrangement on its consolidated financial statements.

Other Matters

- In January 2026, the Company entered into a lease agreement for office space in San Francisco, California. The lease has a twelve-year initial term contractually commencing in January 2027. In March 2026, the lease was deemed to have commenced for accounting purposes when the landlord made the leased building available for use by the Company to begin tenant improvements. The Company recognized an operating lease right-of-use asset of $200 million and corresponding operating lease liability of $196 million.

- In January 2026, the Company modified all stock options outstanding for which the one-year cliff vesting period had not yet been achieved by adjusting the cliff vesting period to be equal to six months. The incremental expense recognized as a result of these stock option modifications was not material.

- A portion of the Company's revenue is derived from contracts with various agencies of the United States Government ("USG"). On February 27, 2026, the President of the United States ordered the USG to stop using the Company's models and the U.S. Department of War designated the Company as a Supply-Chain Risk to National Security (the "Risk Designation"). The Company may experience material revenue losses or business disruptions attributable to these events. On March 9, 2026, the Company filed a complaint in the U.S. District Court for the Northern District of California challenging the Risk Designation as unlawful and simultaneously filed a petition for review in the U.S. Court of Appeals for the D.C. Circuit. The U.S. District Court for the Northern District of California has largely granted summary judgment in the Company's favor, ruling that the Department of War's actions were retaliatory acts meant to punish the Company for speech protected under the First Amendment to the United States Constitution and violated the Company's rights under the Due Process Clause of the Fifth Amendment to the United States Constitution, and that the Secretary of War's Risk Designation, particularly with respect to 10 U.S.C. § 3252, violated the Administrative Procedure Act because they were in excess of statutory authority, contrary to law, and arbitrary and capricious. The defendants have filed a notice of appeal of the preliminary injunction. The D.C. Circuit Court of Appeals, however, in a 2-1 split decision, has denied the Company's petition for review, ruling that the Department of War's Risk Designation was proper under Federal Acquisition Supply Chain Security Act ("FASCSA") Section 4713, and that the Company's rights under the First Amendment and Due Process Clause of the Fifth Amendment were not violated. The Company is evaluating its next steps with respect to the D.C. Circuit's decision.

17. Subsequent Events (Unaudited)

The Company has evaluated subsequent events for recognition and measurement purposes through November 10, 2026, the date the unaudited interim consolidated financial statements were available to be issued.

Equity and Financing Transactions

- Subsequent to September 30, 2026, the Company's board of directors approved grants of approximately 47 million RSUs that vest based on a service-based condition only, generally over four years. The Company is in the process of determining the grant-date fair value of these awards.

- In October 2026, the Company issued 28.0 million shares of Class N common stock upon settlement of its donation matching obligation accrued as of September 30, 2026. The liability will be remeasured to fair value through the settlement date in the fourth quarter of 2026.

- In October 2026, the Company entered into amendments to the employment agreements of certain executive officers that provide for cash severance, continued health coverage and accelerated vesting of a number of outstanding equity awards upon certain conditions, modifying the executive officers' outstanding stock options and RSUs. Because the performance-based vesting condition of the RSUs was

not probable of being satisfied as of the modification date, the RSUs outstanding are expected to be remeasured at their modification-date fair value.

- In October 2026, the Company amended its certificate of incorporation to increase the number of authorized shares of Class N common stock to 7,975.7 million shares, and the Company's stockholders approved the issuance of up to 846.8 million shares of Class N common stock to a newly formed, wholly owned subsidiary of the Company in furtherance of the Company's public benefit purpose.

- In October 2026, the Company's board of directors adopted, and its stockholders approved, the 2026 Equity Incentive Plan and the 2026 Employee Stock Purchase Plan, each effective on the day prior to the effectiveness of the registration statement of which this prospectus forms a part, with up to 2,950.0 million and 160.0 million shares of Class A common stock, respectively, initially reserved for issuance, subject to annual increases.

- On November 9, 2026, the Company's board of directors modified the service-based vesting condition applicable to approximately 67 million RSUs that would otherwise have satisfied such condition on November 20, 2026, pursuant to their terms, such that the condition will instead be satisfied as of November 19, 2026. Because the performance-based vesting condition of the affected RSUs that have such a condition was not probable of being satisfied as of the modification date, those RSUs are expected to be remeasured at their modification-date fair value. The Company expects the incremental stock-based compensation expense from this modification to be material and is in the process of determining the amount of such expense.

- In November 2026, the Company entered into purchase agreements with certain strategic partners, including Google and AMD, to purchase an aggregate of $26.0 billion of the Company's Class N common stock in a private placement at a price per share equal to the initial public offering price. The purchases are contingent upon, and will occur immediately subsequent to, the closing of the Company's initial public offering. Google's $10.0 billion purchase will reduce the amount available under the Google 2026 NPA to $10.0 billion. AMD's $2.5 billion purchase will reduce its equity commitment under the Hardware Supply Agreement to $2.5 billion upon closing.

Compute and Infrastructure Transactions

- Subsequent to September 30, 2026, the Company entered into new, and amended existing, lease and commercial arrangements primarily to secure additional compute and infrastructure capacity, with aggregate future minimum payment obligations of approximately $106 billion, some of which are subject to contingent conditions prior to commencement, such as the counterparty's ability to secure financing, facilities, or regulatory approvals, as applicable. If those conditions are not met, the arrangement may be terminated. These arrangements generally will commence between 2026 and 2027 with terms greater than one year and up to 20 years. The Company also entered into certain agreements that are short term in nature with minimum non-cancelable payments under such contracts of approximately $7 billion.