EasyAssetMgmt

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Anthropic (ANT)

Assessing the Nasdaq listing of the company behind Claude

CONTENTS

—	Executive Summary	2
01	The Business: Building the Intelligence Layer of Enterprise Software	4
02	Financial Performance: Rapid Growth and Emerging Operating Leverage	11
03	The Structural Growth Opportunity	16
04	Principal Risks to the Investment Thesis	24
05	IPO Structure, Capitalisation and Governance	33
06	Valuation: Assessing the Earnings Required	36
07	Principal Areas Requiring Further Disclosure	41
08	Comparison with Anthropic's Private-Market Valuation	45
09	EAM's Investment Assessment	47

OVERVIEW

Executive Summary

Anthropic is emerging as one of the most significant businesses in artificial intelligence. Its Claude models have established a strong position in enterprise applications, particularly software development, while revenue growth is beginning to translate into meaningful improvements in operating profitability.

Easy Asset Management's assessment is positive on Anthropic's competitive position and underlying business economics, although the proposed IPO valuation raises important questions about prospective shareholder returns.

Anthropic is not a conventional high-margin software business. Developing and operating frontier AI models requires substantial computing infrastructure, continuous research expenditure and long-term financial commitments. The company's ability to generate attractive shareholder returns will ultimately depend on how much of the economic value created by its technology it retains after paying for the infrastructure required to sustain its competitive position.

Anthropic filed its original Form S-1 on 26 October 2026, followed by amendments, and launched its IPO roadshow on 10 November. The indicative offering price is $70–78 per Class A share, with an expected fully diluted equity valuation approaching $1.3 trillion. The proposed Nasdaq ticker is ANT.

EAM VIEW

Positive on the quality and strategic importance of the business, but cautious on the prospective returns implied by the indicated IPO valuation.

KEY FINANCIAL AND OFFERING MEASURES

$33.2bn	~$81bn	~$1.3tn	~$900.9bn
REVENUE, 9M 2026 (▲ +1,206% YoY)	OCT RUN RATE, ANNUALISED	INDICATIVE IPO VALUATION	COMPUTE COMMITMENTS

The October run rate is an annualised monthly measure rather than reported annual revenue. Similarly, the $900.9 billion infrastructure commitment represents contractual expenditure over multiple years, principally extending to 2045.

The investment case centres on whether Anthropic can maintain rapid growth, improve profitability and generate sufficient economic returns to justify its valuation while funding the substantial computing infrastructure required to remain competitive at the frontier of AI.

The evidence of enterprise adoption is compelling. Revenue has increased rapidly, large customers are expanding their usage, and operating efficiency has improved materially. The difficulty lies in determining how much of that progress is already reflected in the IPO valuation and whether the company's long-term earnings can support it.

SECTION 01

The Business: Building the Intelligence Layer of Enterprise Software

Anthropic's ambition extends beyond providing an AI chatbot. The company is positioning Claude as an intelligence layer that can be integrated into enterprise software and increasingly perform work that has traditionally required human intervention.

Its business comprises three interconnected components: foundation models, a developer platform and applications.

Foundation models

Anthropic develops the Claude model family, including Mythos/Fable, Opus, Sonnet and Haiku. These models offer different combinations of capability, speed and cost.

More capable models can undertake complex reasoning and coding tasks, while less expensive models can process simpler workloads. This distinction is important for profitability. Routing appropriate workloads towards more efficient models reduces computing requirements without necessarily reducing the value delivered to customers.

The preliminary prospectus indicates that more than 80% of Q3 revenue came from model versions released within the preceding six months.

This demonstrates the speed at which customers adopt improved models. It also illustrates the unusually short competitive life of AI technology. Model generations are being replaced far more rapidly than is typical of established enterprise software.

Claude Platform

Claude Platform allows developers and businesses to incorporate Anthropic's models into their own products, services and automated workflows.

Revenue is predominantly linked to token consumption, with pricing dependent on the model being used. As customers deploy additional applications, increase task complexity or allow AI agents to operate for longer periods, their consumption generally increases.

Anthropic distributes these services directly and through major cloud platforms. These relationships provide access to established enterprise distribution channels without restricting the company to a single provider.

Claude Code and Claude Cowork

Claude Code supports software development, debugging, testing and increasingly autonomous coding. Claude Cowork extends similar capabilities into research, document preparation, analysis and multistep professional workflows.

These applications are strategically important because they create a closer relationship between the underlying AI model and the work performed by customers.

A business purchasing tokens through an API can often switch between model providers with relatively little disruption. Switching becomes more difficult when an organisation has redesigned its software development, financial analysis, legal processes or operational workflows around a particular AI system.

Anthropic's long-term opportunity therefore lies in moving beyond the sale of model intelligence towards becoming embedded in enterprise workflows.

This transition is not yet complete. Consumption-based revenue remains dominant, and the existence of durable application-level switching costs has not been conclusively demonstrated.

Why remaining at the AI frontier matters

The frontier of AI refers to the leading edge of what models can reliably achieve, including complex reasoning, autonomous coding, scientific research, tool use and the completion of increasingly difficult tasks without human intervention.

For Anthropic, remaining at the frontier means Claude must continue to compete with the most capable systems developed by OpenAI, Google and other leading AI companies.

This introduces a different competitive dynamic from conventional enterprise software.

An established accounting system, for example, can retain customers even when a competitor offers a moderately better product. Replacement involves implementation expenses, retraining and operational disruption.

AI models are more exposed to rapid changes in relative performance. If a competing model completes an important software development task in one hour while Claude requires four, customers have a measurable economic incentive to switch. Businesses accessing models through APIs can also direct workloads towards whichever provider offers the best combination of performance, reliability and price.

Recent changes in model rankings illustrate this competitive pressure.

On 16 November 2026, the independent BenchLeader index placed Claude Fable 5.2 first, followed by Google's Gemini 4 Carbon, Claude Opus 5.5 and OpenAI's GPT-6 Astra. This represents a point-in-time ranking rather than an established historical sequence of leadership changes. Different models also lead on different tasks.

The significance lies less in the position of an individual model than in the speed at which competitive advantages can change. A substantial technological lead can diminish within one or two release cycles.

The risk of falling behind

Anthropic explicitly acknowledges in its S-1 that falling one or two model generations behind competitors could materially weaken its competitive position.

The consequences could extend beyond an immediate loss of customers.

A less competitive Claude could attract fewer new deployments, reducing revenue growth and limiting the resources available for computing infrastructure, research and recruitment. Lower investment could then slow future model development, allowing competitors to extend their advantage.

The resulting negative feedback loop is materially different from a conventional software company experiencing a temporary sales slowdown.

Anthropic also acknowledges that inadequate computing capacity can compromise model development even when researchers have promising ideas. The company has previously underestimated its computing requirements and experienced capacity constraints.

These risks have direct implications for valuation.

Although applications and enterprise integration can create switching costs, the intelligence underpinning those applications remains exposed to unusually rapid technological change.

Larger customers are also likely to be sophisticated buyers capable of continuously evaluating competing models.

Anthropic may therefore need to sustain exceptionally high research expenditure even after reaching substantial commercial scale.

Remaining at the frontier is not simply a means of charging premium prices. It is increasingly part of the cost of defending the revenue base the company has already established.

Recursive self-improvement: A potential competitive advantage

One of the more significant developments in AI is the increasing use of AI systems to improve the next generation of models.

Recursive self-improvement describes a process in which an AI system contributes to the development of a more capable successor.

Initially, this involves automating coding, analysing experimental results and assisting researchers with repetitive engineering work. As models become more capable, they can undertake increasingly sophisticated research tasks, potentially accelerating the development of subsequent models.

Anthropic refers to this process as closing the loop.

This does not mean Claude can independently design and train successor models without meaningful human involvement. Anthropic has not demonstrated fully autonomous recursive self-improvement. However, its published research indicates that AI is already materially changing the economics and speed of its development process.

Evidence of AI-assisted research productivity

Anthropic reports that Claude wrote more than 90% of contributions to its codebase during September 2026.

The average daily volume of code contributed per engineer was more than 45 times the level recorded in 2024.

This is a measure of code production rather than a verified 45-fold increase in overall research productivity. Nevertheless, it illustrates how significantly AI has changed the engineering process.

The company also reports that Claude Mythos Preview achieved approximately a 52-fold speed improvement in a bounded model-training-code optimisation experiment. The comparable improvement using Opus 4 in May 2025 was approximately threefold.

In a separate experiment, Claude agents recovered 97% of a defined model-supervision performance gap, compared with approximately 23% recovered by two human researchers over one week.

These experiments have limitations. Humans established the research objectives and evaluation criteria, and the results did not transfer directly to production-scale models.

Nevertheless, they suggest that AI systems are moving beyond conventional coding assistance and beginning to perform meaningful elements of AI research.

The potential economic advantage

The commercial implications could be substantial.

Consider a model that helps researchers identify training improvements delivering 20% greater capability for the same computing expenditure.

The improved successor could then automate more experiments, discover additional efficiencies and solve problems that previously depended on scarce human expertise.

Successive development cycles could become faster and less expensive, potentially allowing the leading developers to advance more rapidly than competitors using less capable research tools.

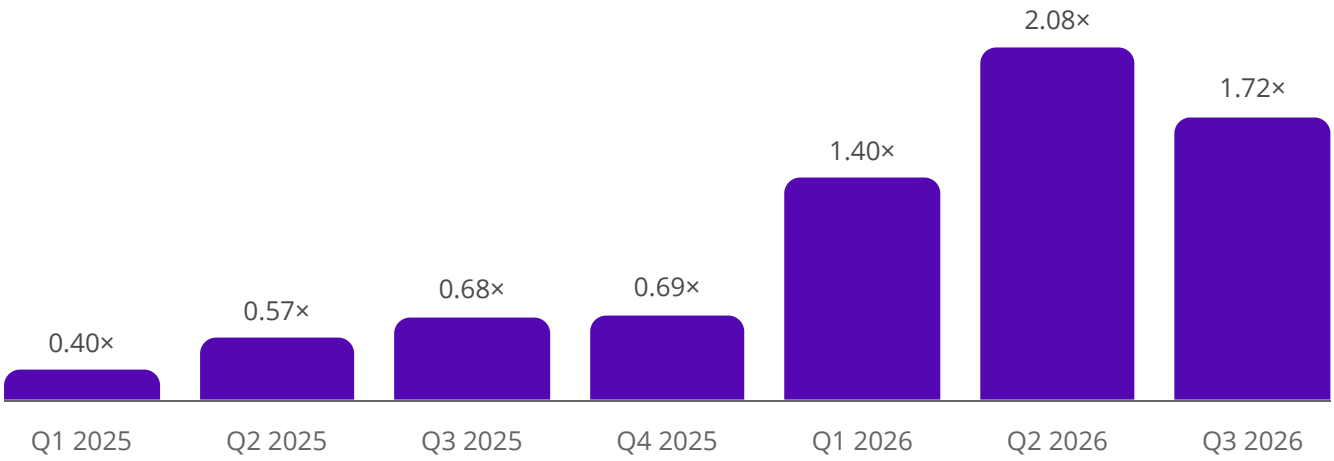
Anthropic identifies three potential benefits: more efficient training, lower inference costs and faster adoption of new computing architectures.

The company reports that revenue generated per dollar of computing expenditure has increased by approximately 4.3 times since Q1 2025.

This improvement cannot be attributed entirely to recursive self-improvement. Revenue growth, infrastructure utilisation, the timing of capacity additions and changes in workload composition also influence the measure.

Revenue generated per dollar of compute expenditure

Revenue / compute expense



Source: Anthropic S-1 financial-model exhibit, page 141. The decline in Q3 2026 partly reflects approximately $5 billion of relatively expensive short-term computing capacity. This ratio is not equivalent to a customer inference gross margin.

The longer-term improvement is substantial, although the decline in the latest quarter demonstrates that computing economics remain sensitive to capacity availability and procurement costs.

The risks associated with recursive improvement

Recursive improvement could become an important competitive advantage, but it is not unique to Anthropic.

OpenAI, Google and other frontier-model developers can use increasingly capable AI systems to accelerate their own research. A competitor with superior research agents could potentially improve its models more rapidly than Anthropic.

Greater autonomy in AI research also introduces technical and safety risks. Errors or biases introduced during one development cycle could influence subsequent generations. Capabilities might advance faster than the company's ability to evaluate and control them.

Anthropic acknowledges that its models remain more effective at executing clearly defined experiments than independently determining which research directions are most valuable.

Recursive improvement therefore has two possible consequences. It could reinforce a company's technological lead through faster research and lower development costs. Equally, it could amplify the consequences of falling behind a competitor.

The possibility of a self-reinforcing research advantage is among Anthropic's most significant strategic opportunities. The corresponding risk is that the same mechanism could accelerate a competitor's lead.

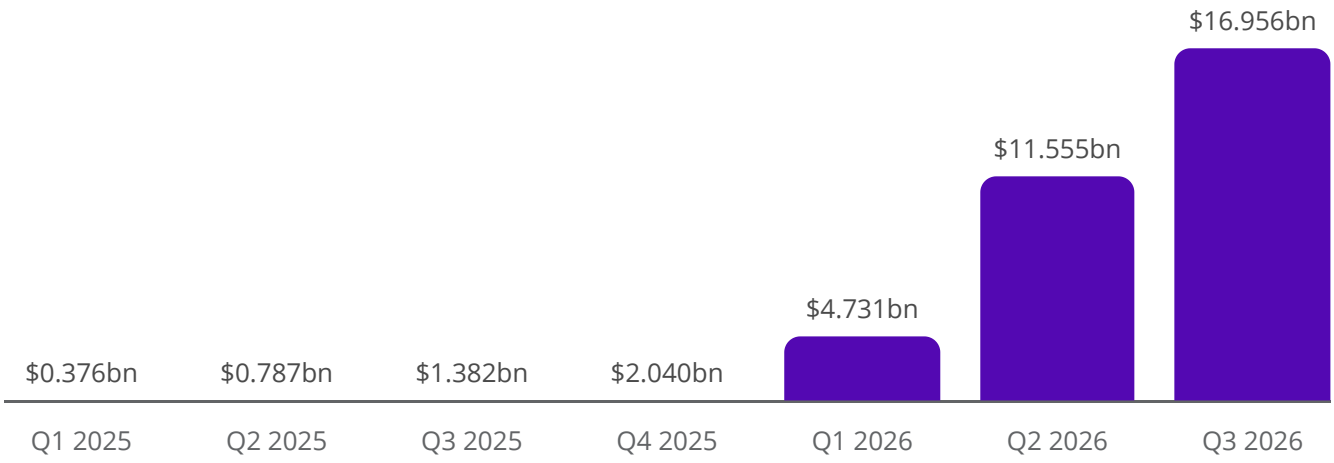
SECTION 02

Financial Performance: Rapid Growth and Emerging Operating Leverage

Anthropic's financial results show an unusually rapid expansion in commercial demand.

Quarterly revenue

Reported GAAP revenue



Source: Anthropic's 10 November preliminary prospectus, quarterly consolidated operating results. Figures represent reported revenue rather than annualised run rates.

Revenue increased from $4.6 billion for FY2025 to $33.2 billion during the first nine months of 2026.

Q3 revenue approached $17 billion, increasing approximately 47% sequentially and more than twelvefold year-on-year.

The pace of adoption is exceptional, although Anthropic cautions that growth rates of this magnitude are unlikely to continue indefinitely.

FINANCIAL SUMMARY

METRIC	FY2025	FIRST NINE MONTHS 2026
Revenue	$4.59bn	$33.24bn
Compute and infrastructure expense	$7.33bn	$18.81bn

METRIC	FY2025	FIRST NINE MONTHS 2026
Personnel expense	$1.84bn	$4.86bn
GAAP operating result	−$8.06bn	−$1.26bn
Adjusted operating result	−$4.85bn	+$4.08bn
Adjusted operating margin	−106%	+12%
GAAP net loss	−$41.97bn	−$104.04bn
Operating cash flow	−$2.64bn	+$6.57bn

FY2025 figures are audited and interim FY2026 figures unaudited. The periods cover different durations and should not be compared as equivalent annual periods.

Improving operating efficiency

The most encouraging financial development is that revenue has expanded substantially faster than computing expenditure.

During the first nine months of 2026, computing and infrastructure costs represented approximately 57% of revenue, compared with 172% during the corresponding 2025 period.

This suggests meaningful economies of scale as Anthropic spreads a large computing cost base across higher levels of commercial demand.

Improvements in model efficiency, training and inference processes, together with the use of different computing architectures, have also contributed to the economics of the business.

However, compute expenditure is not equivalent to the direct cost of servicing paying customers. It includes research, model training, customer inference and internal activity.

Subtracting total computing expenditure from revenue therefore does not provide a conventional software gross-margin calculation.

This distinction is important when assessing Anthropic's potential long-term profitability.

The latest quarter shows the limits of operating leverage

Although the nine-month trend is encouraging, the latest quarter was less impressive.

OPERATING MEASURE	Q2 2026	Q3 2026
Revenue	$11.56bn	$16.96bn
Compute expense	$5.56bn	$9.86bn
Compute expense / revenue	48%	58%
GAAP operating result	+$974m	−$567m
Adjusted operating margin	19%	15%

Computing costs increased approximately 77% sequentially, materially faster than revenue growth.

The prospectus attributes approximately $5 billion of Q3 computing costs to relatively expensive short-term commitments. Management expects some of this capacity to be replaced by more economical long-term infrastructure.

This provides a reasonable explanation for the deterioration, although it also highlights the sensitivity of margins to procurement timing and infrastructure availability.

Anthropic has demonstrated improving scale economics, but sustained operating margins of 20–30% have not yet been established.

Understanding the reported net loss

Anthropic reported a GAAP net loss of approximately $104 billion for the first nine months of 2026.

The headline figure substantially overstates the deterioration in the company's underlying operating performance.

Approximately $94.3 billion arose from changes in the fair value of convertible notes, derivative liabilities and future-equity instruments. These changes largely reflected the increase in Anthropic's valuation and represent financing-accounting effects rather than cash operating expenditure.

A further approximately $10.4 billion of other net expenses related principally to the initial recognition and revaluation of partner-financing arrangements.

These charges should not be treated as recurring operating expenses. They nevertheless remain relevant when assessing the capital structure, financing obligations and economic claims of existing investors and counterparties.

The more useful comparison for evaluating operating performance is the $1.26 billion GAAP operating loss against $4.08 billion of adjusted operating profit during the nine-month period.

Stock-based compensation and public-benefit expenditure

Stock-based compensation totalled approximately $3.3 billion during the first nine months of 2026.

Anthropic also disclosed approximately $32.3 billion of unrecognised restricted stock unit expense as of 30 September.

Certain awards will have vesting and accounting consequences following the IPO, while other expenses will be recognised over subsequent years.

This represents a meaningful future economic cost and potential source of shareholder dilution.

The company also recognised approximately $2.1 billion of non-cash charges associated with its employee charitable-donation matching programme.

These charges explain part of the difference between GAAP and adjusted earnings.

Unlike a conventional one-off restructuring charge, public-benefit and charitable commitments are integral to Anthropic's stated purpose. It would therefore be inappropriate to assume that all related expenditure will disappear simply because it is excluded from an adjusted earnings calculation.

Cash flow and future investment requirements

Operating cash flow improved from negative $2.0 billion during the first nine months of 2025 to positive $6.6 billion during the corresponding 2026 period.

This is an important milestone in the development of the business.

However, net investing cash flow was negative $36.5 billion during the first nine months of 2026.

That figure includes purchases of financial investments alongside infrastructure expenditure and advance equipment payments. It cannot be treated entirely as capital expenditure or used directly as a conventional free-cash-flow measure.

The more significant issue is how Anthropic's cash requirements evolve as it assumes greater responsibility for infrastructure ownership, equipment leasing and upfront payments.

The prospectus anticipates increased investment requirements and substantial cash outflows as the infrastructure build-out continues.

Anthropic's operating cash generation is improving, but the business has not yet established the free-cash-flow characteristics of a mature software company.

SECTION 03

The Structural Growth Opportunity

Enterprise adoption is already substantial

The strongest evidence supporting Anthropic's commercial prospects is the expansion in spending by existing enterprise customers.

Rather than relying solely on estimates of the potential size of the AI market, the S-1 provides evidence that businesses are already committing meaningful expenditure to Claude.

CUSTOMER MEASURE	NUMBER
Customers spending more than $100,000 annually	11,900+
Customers spending more than $1 million annually	1,900+
Customers spending more than $10 million annually	Approximately 250

Based on trailing twelve-month customer expenditure.

At the end of 2025, approximately 1,500 customers were spending more than $100,000 annually. By September 2026, that figure exceeded 11,900.

More than half of Fortune 500 companies and approximately 30% of Global 2000 companies met this spending threshold.

Customers spending over $100,000 annually accounted for approximately 74% of trailing revenue.

These figures demonstrate both widespread adoption and the emergence of financially significant enterprise relationships.

Anthropic does not maintain a separate formal enterprise-customer category. Instead, annual spending above $100,000 serves as a proxy for enterprise adoption, which is an important qualification when interpreting the figures.

Expansion within existing customers

The detailed business section of the S-1 and the IPO fact sheet disclose net revenue retention of approximately 900% as of September 2026.

This is an unusually high figure, although it reflects the early stage of enterprise AI adoption.

The measure captures revenue generated by customers who were already paying a year earlier, including those that began with very low expenditure. Consumer fixed-price subscriptions are excluded.

Consequently, the figure reflects rapid expansion from a relatively small initial spending base and should not be regarded as a sustainable long-term retention rate.

There is also an inconsistency in the preliminary prospectus. One summary passage refers to approximately 90% retention, while the detailed business section and IPO fact sheet indicate 900%.

The discrepancy requires clarification before the precise figure can be relied upon in a financial model.

The broader evidence of increasing enterprise adoption remains strong, independently supported by the rapid expansion in customers spending more than $100,000 and $1 million annually.

Becoming embedded in enterprise workflows

Anthropic's most significant long-term commercial opportunity may lie in the integration of Claude into the daily operations of businesses.

Claude Code demonstrates how a general-purpose model can evolve into an operational tool. Developers increasingly delegate coding, debugging and testing rather than simply requesting isolated suggestions.

Completing a task can require multiple autonomous steps, each consuming additional intelligence.

The same pattern is emerging in financial analysis, legal work, professional services and other knowledge-intensive activities.

As AI agents become capable of completing longer and more complex workflows, consumption could expand substantially faster than the number of human users.

This creates the possibility of Anthropic capturing part of the economic value of the work performed rather than relying solely on fixed monthly subscriptions.

However, greater commercial adoption could also alter pricing structures.

Customers may increasingly seek pricing based on completed outcomes rather than token consumption. Such an approach could support adoption but would require Anthropic to adapt its existing revenue model.

Multichip infrastructure as a competitive advantage

Anthropic operates across multiple computing architectures, including Nvidia GPUs, Google TPUs, Amazon Trainium and AMD GPUs.

This flexibility reduces dependence on a single chip supplier, provides access to alternative sources of computing capacity and allows different workloads to be matched with suitable hardware.

It may also improve Anthropic's negotiating position when purchasing infrastructure.

The company has developed a proprietary orchestration system to coordinate different computing platforms. Its S-1 indicates that this capability required years of development and would be difficult to replicate at scale.

Anthropic is also increasing its use of infrastructure it controls directly or leases through dedicated arrangements.

This approach, referred to as Anthropic Direct, is intended to reduce reliance on expensive short-term cloud capacity.

Replacing temporary computing arrangements with lower-cost long-term capacity could materially improve profitability.

However, the economics depend heavily on utilisation. Lower infrastructure costs provide limited benefit if the company commits to capacity that subsequently remains underused.

How Anthropic obtains its computing infrastructure

Anthropic does not rely solely on purchasing Nvidia GPUs and building proprietary data centres.

Its infrastructure strategy combines cloud-service agreements, dedicated equipment leases, direct hardware procurement and third-party financing.

The differences between these structures are financially important.

Under some arrangements, Anthropic purchases access to infrastructure operated by a cloud provider. In others, it assumes equipment-lease or financing obligations while third parties own or operate the physical facilities.

MAJOR INFRASTRUCTURE AGREEMENTS

PARTNER	COMPUTING ARRANGEMENT	DISCLOSED FINANCIAL TERMS
Amazon / AWS	Trainium accelerators and AWS infrastructure, including collaboration on future chip generations	At least $110bn of compute spending from May 2026 to April 2036
Google	TPU capacity through cloud hosting, with options to purchase or lease TPU systems	Minimum $121.3bn through July 2033; additional 2028–31 TPU procurement estimated at $125–150bn, depending on delivery and financing
Broadcom	TPU equipment leased for deployment in dedicated third-party-operated data centres	Approximately $161.2bn of equipment rent, excluding interest
Microsoft	Cloud capacity, including Nvidia-powered infrastructure	$47.2–49.2bn of contracted spending through June 2033
Nvidia / infrastructure providers	Nvidia GPU capacity accessed through SpaceXAI, Nscale, Lambda and other providers; direct chip-engineering collaboration	SpaceXAI up to $120.5bn; Nscale up to $44.6bn; Lambda approximately $41.3bn, subject to contractual conditions

PARTNER	COMPUTING ARRANGEMENT	DISCLOSED FINANCIAL TERMS
AMD	Instinct MI450 accelerators in Helios rack-scale systems, purchased or leased through approved manufacturers or providers	Initial 2027 capacity would require spending exceeding $20bn if fully procured, subject to deployment conditions

Source: Amended S-1, infrastructure service arrangements and equipment leases, pages 178–180. The figures represent different contractual structures, including minimum commitments and upper limits. They cannot simply be added together.

Amazon and Trainium

Amazon provides Anthropic with dedicated access to an alternative computing architecture.

Trainium is central to AWS's efforts to reduce the cost of AI computing and lessen dependence on Nvidia hardware.

If Claude can be trained and operated efficiently on Trainium, Anthropic could benefit from another major semiconductor supply chain and potentially lower computing costs.

The commercial benefit must be weighed against contractual minimum-spending requirements. Anthropic may remain obligated to make payments even when actual capacity utilisation falls short of expectations.

Google and TPU infrastructure

Google provides Anthropic with access to TPU computing capacity at considerable scale.

Its existing contractual commitments exceed $121 billion, while additional arrangements covering 2028–31 could become economically significant.

Anthropic may access this capacity through Google-hosted infrastructure or acquire equipment through purchases and leases supported by multiyear financing.

The arrangements create flexibility, although the ultimate financing costs depend on the structure used.

Broadcom and equipment financing

Broadcom's arrangements are particularly relevant because they alter how the infrastructure is financed.

Instead of purchasing every TPU system outright, Anthropic enters five-year finance leases for equipment installed in facilities operated by third parties.

The approximately $161 billion rent commitment excludes interest.

These arrangements can create substantial balance-sheet obligations, while Anthropic guarantees the commitments of its special-purpose subsidiaries.

They reduce the requirement to fund all equipment purchases immediately but do not eliminate the long-term economic exposure.

Nvidia and third-party infrastructure providers

Nvidia remains an important component of Anthropic's computing strategy.

The company accesses Nvidia capacity through several infrastructure providers rather than relying exclusively on direct chip purchases.

These arrangements include Grace Blackwell and Vera Rubin systems.

One unusual relationship is with SpaceXAI, a subsidiary of SpaceX associated with a competing AI ecosystem.

The arrangement illustrates the increasingly interconnected structure of the AI industry, where competitors in model development can simultaneously maintain significant infrastructure-supply relationships.

AMD as a fourth architecture

AMD's Helios arrangement offers another source of computing capacity through Instinct MI450 accelerators.

It provides potential supply diversification and another competitive alternative to Nvidia, although the economics and availability remain dependent on agreed deployment milestones.

The underlying semiconductor supply chain remains concentrated

Diversification among chip architectures does not eliminate concentration further upstream.

TSMC manufactures many advanced processors designed by Nvidia, AMD and other semiconductor companies.

High-bandwidth memory is supplied principally by manufacturers including SK hynix, Samsung and Micron.

Anthropic acknowledges that TSMC has previously been unable to meet market demand for advanced semiconductors.

Disruption to Taiwanese semiconductor manufacturing, advanced packaging or high-bandwidth memory production could therefore affect Anthropic despite its use of several chip architectures.

Four computing architectures do not necessarily provide four independent manufacturing supply chains.

Assessing the economic benefit

EAM regards Anthropic's multichip capability as a meaningful potential competitive advantage.

It reduces reliance on individual suppliers, broadens access to scarce capacity and offers greater flexibility in matching hardware to workloads.

The ultimate benefit, however, depends on the economic cost of producing useful AI intelligence rather than the number of chip suppliers.

The most relevant disclosures would include revenue and operating profit per dollar of computing expenditure across the principal architectures, supported by training and inference utilisation data.

Without that information, the extent to which hardware diversification improves returns to shareholders remains difficult to establish.

Safety and reliability as enterprise differentiators

Anthropic was founded with an emphasis on the responsible development of advanced AI.

The company argues that interpretability, alignment and reliability research strengthen its ability to serve enterprises deploying AI in sensitive or mission-critical environments.

These capabilities could be commercially valuable. Businesses allowing AI agents to interact with core operating systems require reliability, predictable behaviour and confidence that operational constraints will be respected.

However, safety and reliability are also competitive requirements.

OpenAI, Google and other leading developers are investing substantially in similar capabilities.

Safety research therefore represents a potential source of enterprise differentiation, but it has not yet been established as a permanent competitive advantage.

SECTION 04

Principal Risks to the Investment Thesis

Model intelligence could become less differentiated

Anthropic competes with other frontier-model developers, including OpenAI and Google, as well as increasingly capable open-weight models.

If several providers deliver comparable performance at materially lower prices, customers may switch suppliers or distribute workloads across multiple models.

Anthropic is exposed to this pressure because approximately 79% of revenue during the first nine months of 2026 was consumption-based, with subscriptions contributing the remaining 21%.

This differs from the contractual renewal economics of an established software-as-a-service business.

Increasing AI capabilities could generate substantial growth in consumption. However, if inference prices decline as quickly as usage expands, revenue growth could slow despite continued increases in the total amount of intelligence consumed.

Deeper application and workflow integration offers a stronger potential defence against this outcome than model quality alone.

The scale of infrastructure commitments

Anthropic's future computing obligations represent one of the most significant financial risks disclosed in the prospectus.

FUTURE COMPUTE AND INFRASTRUCTURE COMMITMENTS	AMOUNT
Next 12 months from 30 September 2026	$70.7bn
Expected through 2030	$451.6bn
Aggregate schedule, principally through 2045	$900.9bn

These amounts include purchase commitments and leases, some of which have not yet commenced. They are future contractual spending commitments, not existing balance-sheet debt or a single-year capital expenditure forecast.

Anthropic must secure substantial computing capacity in advance of the customer demand it expects to serve.

Although commitments are spread across many years and some arrangements are subject to delivery conditions or other contractual provisions, they remain economically significant.

If revenue growth slows, committed expenditure may not decline at the same rate.

This creates operating leverage in both directions.

Higher utilisation can allow revenue to expand much faster than the contracted cost base. Lower-than-expected utilisation can place considerable pressure on margins.

Anthropic therefore has a fundamentally different cost structure from a traditional asset-light software business.

How the infrastructure is financed

The headline $900.9 billion commitment encompasses several different financing structures.

Under cloud-hosted arrangements, providers such as Amazon, Google and Microsoft generally procure and operate infrastructure, while Anthropic purchases capacity through agreements that often include minimum payments.

Under dedicated equipment leases, financing partners acquire equipment and lease it to Anthropic for deployment in facilities built or operated by third parties.

Certain AMD arrangements allow Anthropic to acquire or lease rack-scale computing systems directly or through approved service providers.

These structures differ in their immediate cash requirements and long-term economic obligations.

Transferring the upfront capital expenditure to a partner does not necessarily transfer the economic risk.

When Anthropic guarantees equipment leases or commits to capacity regardless of utilisation, it retains exposure to financing costs and future demand.

Available financing resources

The S-1 discloses several important funding arrangements.

FUNDING SOURCE	DISCLOSED AMOUNT	QUALIFICATION
Existing cash and short-term investments	Approximately $131.8bn	Financial resources, not entirely surplus capital
IPO and concurrent private placement	Approximately $84.6bn expected net proceeds	Subject to offering completion and new share issuance
Secured revolving credit facility	$15bn	Undrawn at 30 September; subject to covenants
Google convertible-note facility	$20bn before IPO adjustment	Expected to reduce to $10bn following Google's IPO investment
Amazon financing facility	$15bn	Available in increments linked to computing milestones
Broadcom infrastructure financing facility	$42bn	Linked to equipment-lease rent obligations
AMD conditional equity commitment	Originally up to $5bn	Reduced by AMD's $2.5bn IPO investment; future availability depends on deployment milestones

The $77 billion aggregate Google, Amazon and Broadcom note capacity disclosed at 30 September does not represent unrestricted cash already received.

Google's planned private-placement investment reduces the associated facility, while future note issuance remains subject to contractual conditions.

The revolving credit facility also requires minimum quarterly liquidity of $5 billion beginning in Q4 2026.

Strategic investor private placement

Anthropic's concurrent private placement involves $26 billion of investment by major technology and semiconductor companies at the IPO price.

STRATEGIC INVESTOR	PLANNED INVESTMENT
Google	$10.0bn
Nvidia	$10.0bn
AMD	$2.5bn
Broadcom	$1.0bn
Micron	$1.0bn
Microsoft	$1.0bn
TSMC	$0.5bn
Total	**$26.0bn**

The participation of major cloud, semiconductor, memory and equipment suppliers strengthens Anthropic's strategic relationships and access to capital.

However, these investors have commercial interests extending beyond the appreciation of Anthropic shares.

A semiconductor supplier can earn revenue from expanding equipment sales even if the infrastructure ultimately produces disappointing returns for Anthropic shareholders.

The strategic investments therefore provide evidence of significant industry relationships and financing access, but do not independently establish the attractiveness of the IPO valuation.

Contractual and infrastructure risks

Several features of the infrastructure programme warrant particular attention.

First, commitments are substantial and partly inflexible. Of the approximately $900.9 billion aggregate figure, $70.7 billion is expected within twelve months of 30 September 2026 and $451.6 billion through 2030.

Approximately $186.2 billion relates to arrangements subject to termination rights or conditions before commencement.

The headline figure should not be confused with existing debt, but it nevertheless represents considerable potential financial exposure.

Second, capacity is frequently contracted 12–18 months before it becomes available.

This creates a risk that Anthropic secures insufficient capacity for demand that subsequently accelerates, or contracts excessive capacity if demand develops more slowly than expected.

Third, some infrastructure providers depend on obtaining financing themselves.

Nscale's commitments are partly dependent on securing qualifying funding for GPUs and facilities.

The S-1 also discloses that Lambda failed to secure a facility lease by a specified date under an agreement covering approximately $34.9 billion of commitments. This made the agreement terminable by either party, although neither had issued notice of termination.

The example illustrates why announced computing commitments should not automatically be treated as operational capacity.

Fourth, physical infrastructure creates additional constraints.

Data centres require electricity, cooling, networking, water access, commissioning and local approvals.

Delays in these areas, including at facilities operated by third parties, could prevent Anthropic from receiving contracted computing capacity on schedule.

Such delays can simultaneously affect model development and the company's ability to meet customer demand.

Finally, convertible financing and subsequent equity issuance create dilution risks.

Partner financing can reduce immediate cash requirements while transferring a portion of future shareholder ownership to creditors or new investors.

Amazon's existing notes alone had approximately $6.2 billion in outstanding principal at 30 September, with the associated conversion terms and ownership limitations disclosed in the prospectus.

The economic effect on public shareholders depends on the pricing and number of future shares issued rather than simply the nominal financing amount.

The interaction between technological competition and financing

The most important risk emerges when Anthropic's technological requirements are considered alongside its financing commitments.

A competing model could weaken Claude's relative performance and slow revenue growth.

Under those circumstances, Anthropic would have limited ability to protect margins by reducing research expenditure. Lower investment could further compromise its competitive position.

Instead, the company might need to increase training and research expenditure while revenue growth is slowing.

Existing computing commitments would remain, and the cost of obtaining additional capital could rise as investors reassess the company's growth prospects.

Anthropic could therefore experience weakening competitive momentum precisely when its need for capital is increasing.

The reverse is also possible.

Sustained frontier leadership could support stronger customer demand, better research efficiency, improved cash generation and continued access to financing.

This interaction between technology and capital requirements is central to understanding the company's economic prospects.

Why Anthropic differs from a mature software company

Established software businesses can often respond to slower growth by reducing hiring, discretionary development expenditure or expansion plans.

Anthropic has less flexibility because continued research expenditure may be essential to maintaining its technological competitiveness.

At the same time, long-term computing commitments may remain payable regardless of changes in customer demand.

The issue is therefore not simply whether Claude remains popular.

Anthropic must maintain sufficient technological differentiation to generate incremental economic returns that justify the capital committed to research and infrastructure.

The company has assembled substantial computing and financing partnerships, but these also introduce contractual complexity, counterparty dependence, dilution and potentially significant downside operating leverage.

Greater infrastructure control increases capital intensity

Anthropic Direct offers the possibility of lower long-term computing costs.

However, increasing direct responsibility for equipment and infrastructure changes the cash-flow characteristics of the company.

Instead of purchasing all computing capacity as a service, Anthropic increasingly assumes upfront obligations involving equipment, leases, facilities and associated infrastructure.

Its economics consequently resemble a hybrid of software development and computing-infrastructure operation.

The principal risk is technological obsolescence.

Semiconductor technology and model architectures are advancing rapidly. Infrastructure must generate sufficient economic returns during its useful life, even as more capable or efficient hardware becomes available.

Dependence on strategic financing partners

Anthropic's relationships with cloud providers, semiconductor manufacturers and institutional investors provide access to substantial financial resources.

Many of these relationships are multifaceted. A single company may simultaneously act as investor, supplier, distributor and competitor.

For example, a cloud provider may invest in Anthropic while selling it computing infrastructure financed partly by that investment.

These arrangements can be commercially rational for both parties, but they complicate an assessment of the economic independence of the funding.

Available partner financing should not be equated with unrestricted corporate cash.

Revenue-quality considerations

Anthropic disclosed that approximately 5–7% of revenue during the first nine months of 2026 came from customers subsequently identified as violating usage policies or commercial terms.

The company expects improved monitoring and enforcement to reduce this activity, potentially affecting reported revenue growth.

This does not mean the revenue was fictitious. Services were provided and the associated revenue was recognised.

However, some consumption may not recur as policies are enforced more effectively.

At a valuation dependent on sustained rapid growth, even a relatively modest reduction in recurring demand can have financial significance.

Legal, regulatory and model-safety risks

Copyright law relating to the use of intellectual property in AI training remains unsettled across several major jurisdictions.

Anthropic previously recognised a $1.5 billion settlement expense associated with the Bartz litigation. The prospectus also identifies continuing intellectual-property and other legal uncertainties.

Privacy obligations, model misuse, cybersecurity failures and evolving AI regulations represent additional risks.

Anthropic's own safety policies may also lead the company to delay or restrict the release of commercially valuable capabilities.

These decisions may be consistent with its stated public-benefit mission, but they could involve accepting lower short-term profitability.

This distinction is particularly relevant to the company's governance structure and the rights available to public shareholders.

SECTION 05

IPO Structure, Capitalisation and Governance

OFFERING TERMS

IPO MEASURE	DISCLOSED POSITION
Proposed exchange	Nasdaq Global Select Market
Proposed ticker	ANT
Indicative offer price	$70–78 per Class A share
Total public offering	825 million shares
New shares issued by Anthropic	801.35 million
Existing shareholder shares sold	23.65 million
Concurrent strategic private placement	$26bn
Estimated combined net company proceeds	Approximately $84.6bn at $74 per share
Anticipated final pricing	18 November 2026
Expected first trading day	19 November 2026

The offering timetable and final terms remain subject to regulatory clearance, pricing and completion.

The concurrent strategic placement is a distinctive element of the transaction.

Seven major technology and semiconductor companies have agreed to invest at the IPO price: AMD, Broadcom, Google, Micron, Microsoft, Nvidia and TSMC.

Their participation reflects the strategic importance of Anthropic within the AI computing supply chain.

However, the commercial incentives of these investors may differ from those of ordinary public shareholders, particularly where the same companies also benefit from Anthropic's infrastructure spending.

Liquidity and financing obligations

At 30 September 2026, Anthropic reported $95.6 billion of cash and $36.3 billion of short-term investments, giving it approximately $131.8 billion of liquid financial assets.

The S-1 estimates that the figure increases to approximately $212.7 billion on a pro forma basis following the offering, concurrent private placement and related proceeds adjustments.

However, the company also discloses substantial convertible-note obligations, with approximately $110.9 billion remaining on the stated pro forma basis.

Gross cash balances therefore overstate the amount of financial resources available after considering financing claims and future investment obligations.

Certain strategic financing arrangements are also conditional on contractual milestones, revenue thresholds and subsequent debt or equity issuance.

Anthropic's reported cash balance should not be interpreted as unrestricted surplus capital available for distribution to shareholders.

Governance and minority-shareholder rights

Anthropic's governance structure is unusual for a publicly listed company.

It involves multiple share classes, a founder-controlled voting arrangement and a Long-Term Benefit Trust.

A founder-controlled entity will hold a special Class F share carrying 50.1% of the general shareholder voting power, including elections of directors not elected by the Long-Term Benefit Trust.

The Long-Term Benefit Trust generally has authority to elect a majority of the board through the Class T structure.

Class N shares, held principally by strategic business partners, generally carry economic rights without voting rights until conversion into Class A shares under specified transfer conditions.

Consequently, public shareholders purchasing Class A shares will have limited practical influence over corporate governance.

Anthropic's public-benefit objectives may also influence capital allocation.

The company has committed financial and computing resources towards activities consistent with its stated mission, and management may prioritise these objectives over short-term profitability.

The governance structure reflects Anthropic's corporate purpose, but it also means that minority shareholders accept limited control over decisions affecting the deployment of capital and the balance between commercial and public-benefit objectives.

SECTION 06

Valuation: Assessing the Earnings Required

The proposed fully diluted equity valuation is approximately $1.2–1.3 trillion across the indicated IPO price range.

At the $74 midpoint, an indicative fully diluted share count of approximately 16.9 billion implies an equity valuation of roughly $1.25 trillion.

This is an approximation. Outstanding shares, options, restricted stock units, convertible instruments and the special share structure must be treated consistently.

The preliminary prospectus separately indicates approximately 13.09 billion shares outstanding across its share classes following the offering, before recognising all potential dilution.

The fully diluted valuation provides a more conservative basis for evaluating prospective shareholder economics.

VALUATION RELATIVE TO REVENUE

REVENUE MEASURE	ANNUALISED REVENUE	EQUITY VALUE / REVENUE
First nine months 2026, annualised	$44.3bn	28.3×
Q3 2026, annualised	$67.8bn	18.5×
October 2026 run rate	Approximately $81bn	15.5×

Calculations use an indicative fully diluted equity valuation of approximately $1.25 trillion. These represent different annualisation methods, not forecasts of FY2027 revenue.

The October run rate indicates continued commercial momentum, although it is calculated from a short recent measurement period.

It does not represent $81 billion of revenue already earned over twelve months, nor does it imply binding customer contracts guaranteeing that level of sales.

Anthropic explicitly cautions against treating run-rate revenue as reported GAAP revenue or a forecast.

What the proposed valuation implies

The relationship between the indicative equity value and future revenue can be illustrated using three hypothetical FY2027 outcomes.

ILLUSTRATIVE FY2027 REVENUE	EQUITY VALUE / SALES AT $1.25TN
$90bn	13.9×
$120bn	10.4×
$160bn	7.8×

EAM illustrative scenarios, not Anthropic guidance or independently verified analyst forecasts.

These scenarios demonstrate how rapid revenue growth could reduce the valuation multiple substantially even without a decline in the share price.

If annual revenue approaches $150–160 billion within a relatively short period, the current valuation would represent a considerably lower multiple of sales.

However, revenue growth alone is insufficient.

Anthropic must also demonstrate that additional revenue can be converted into sustainable earnings after funding model development, infrastructure and distribution.

Its revenue cannot automatically be assigned the same valuation as that of a mature, high-margin software business.

Reverse valuation: Earnings required by 2030

A more informative approach is to assess the amount of fully loaded net income Anthropic would need to generate after computing costs, stock compensation, financing expenses and tax.

The following scenarios illustrate a range of possible outcomes.

SCENARIO	2030 REVENUE	NET MARGIN	NET INCOME	EARNINGS MULTIPLE	IMPLIED EQUITY VALUE
Bear	$125bn	15%	$18.8bn	20×	$375bn
Base	$200bn	20%	$40bn	25×	$1.0tn
Bull	$300bn	25%	$75bn	30×	$2.25tn
Very bullish	$400bn	25%	$100bn	30×	$3.0tn

Independent illustrative valuation scenarios, not price targets or company forecasts. They exclude further dilution, changes in cash and debt, interim distributions and discounting to present value. Earnings multiples are scenario assumptions rather than independently established peer forecasts.

The exercise demonstrates the demands embedded in the proposed valuation.

Under the base scenario, Anthropic generates $200 billion of annual revenue by 2030, earns a 20% net margin and receives a 25-times earnings multiple.

That produces an equity value of approximately $1 trillion, below the proposed IPO valuation.

This illustrates an important distinction between the performance of a business and the return earned by its shareholders.

> Anthropic could become one of the world's most important AI companies and still generate disappointing shareholder returns if the initial valuation already incorporates much of that success.

The bullish scenario produces substantial potential equity appreciation, but requires exceptionally high revenue, strong profitability and a continuing premium valuation multiple.

At a $1.25 trillion starting valuation, a doubling of equity value by 2030 would require approximately $100 billion of annual net earnings at a 25-times multiple.

At a 25% net margin, that implies annual revenue of approximately $400 billion.

Such an outcome is conceivable in a sufficiently large AI market, but it represents a demanding earnings assumption.

EAM's valuation assessment

The proposed IPO valuation reflects expectations of substantial future commercial success.

Anthropic's competitive position, enterprise adoption and improving operating economics support a positive assessment of the underlying business.

The difficulty is establishing a sufficiently attractive margin of safety for prospective shareholders at the indicated valuation.

The distinction matters because the company is still developing the infrastructure and economic model required to support its long-term growth.

Three variables that determine long-term value

Anthropic's valuation is closely linked to three interdependent factors.

Frontier-model leadership determines demand and pricing

If Claude remains among the most capable systems for valuable enterprise work, Anthropic should be better positioned to expand consumption, capture new workflows and sustain competitive pricing.

Recursive improvement influences the cost of remaining competitive

If Claude materially accelerates Anthropic's own research, the company could improve models more quickly while reducing the computing expenditure required to achieve a given level of capability.

Infrastructure financing determines the economic value retained by shareholders

Revenue may grow rapidly, but shareholder returns will remain constrained if the cost of obtaining, operating and replacing computing infrastructure consumes most of the incremental economic benefit.

These factors reinforce one another.

Technological leadership can improve demand and access to financing. Better financing can support more capable models, which may accelerate the next development cycle.

The opposite feedback loop is equally important.

A loss of technological competitiveness could weaken revenue growth, increase financing pressure and restrict the resources available for future research.

The strongest strategic argument for Anthropic therefore also explains why its long-term capital requirements deserve close attention.

Financial and operating disclosures that would improve visibility

Further disclosure would help establish the relationship between technological capability, computing expenditure and shareholder returns.

Of particular importance is whether Anthropic can produce measurable model improvements without proportionate increases in training costs.

Customer inference profitability is equally important. The economics of serving paying customers should be distinguishable from research, training and other internal computing expenditure.

The ability to meet existing infrastructure obligations without continually increasing debt or dilution would provide further evidence of financial sustainability.

Competitive performance also needs to be assessed over successive model generations rather than through a single favourable benchmark immediately following a product launch.

A company does not need to lead every benchmark to remain commercially competitive. Repeated inability to match important new capabilities, however, could indicate that the expenditure required to remain competitive is increasing faster than the economic return.

The valuation assessment therefore remains positive on Anthropic's strategic position but cautious on the scale of success already incorporated in the proposed IPO price.

SECTION 07

Principal Areas Requiring Further Disclosure

As a prospective IPO issuer, Anthropic does not yet have the public quarterly earnings-call history normally available when evaluating established listed companies.

The following assessment is therefore based on disclosures in the S-1 rather than attributed analyst questions or management responses.

KEY DUE-DILIGENCE QUESTIONS

TOPIC	KEY QUESTION	WHAT THE S-1 ESTABLISHES	DISCLOSURE STATUS	EAM ASSESSMENT
Revenue durability	How much current growth is repeatable contractual revenue rather than rapidly expanding consumption?	79% of nine-month revenue is consumption-based and 21% subscription-based. Large-customer adoption is expanding rapidly.	Partial	Strong demand, but current run-rate revenue is not guaranteed recurring revenue.
Retention	What level of net revenue retention is sustainable after the initial adoption period?	Detailed disclosures and the fact sheet indicate approximately 900%, while another passage states 90%.	Partial	The inconsistency requires clarification, and the early-stage cohort definition limits extrapolation.
Inference profitability	What gross margin does Anthropic earn on paid customer inference after separating research and training compute?	Total compute expenditure is disclosed, but inference and research workloads are not presented as separate profit centres.	Not disclosed	The most significant missing unit-economics measure.
Compute utilisation	Can attractive margins be sustained if demand grows more slowly than contracted capacity?	Substantial infrastructure commitments generally remain payable irrespective of utilisation.	Partial	Material downside operating leverage.

TOPIC	KEY QUESTION	WHAT THE S-1 ESTABLISHES	DISCLOSURE STATUS	EAM ASSESSMENT
Enterprise switching costs	How many customers have deeply integrated Claude rather than simply purchasing the strongest available model?	More than half of qualifying large customers use both Claude Platform and an Anthropic application.	Partial	Evidence of integration is encouraging, but churn and switching economics are not yet established.
Distribution	How dependent is Anthropic on cloud providers that are also competitors?	Cloud marketplaces contributed 44% of nine-month revenue and represented 52% of net receivables at 30 September.	Partial	Distribution reach comes with negotiating and channel dependence.
Revenue concentration	How exposed is Anthropic to large AI customers reducing expenditure?	The five largest customers contributed approximately 25% of nine-month revenue; no individual customer exceeded 10%.	Disclosed	More diversified than some infrastructure suppliers, although consumption remains variable.
Funding	How much of the $900.9bn infrastructure commitment can be financed internally?	Cash, financing arrangements and expected IPO proceeds are disclosed, but future revenue and financing availability remain uncertain.	Partial	Access to financing is substantial, but future obligations are not necessarily fully funded.
Stock compensation	What dilution and expense will follow the IPO?	$32.3bn in unrecognised RSU expense at 30 September, with further IPO-period expense associated with award modifications.	Partial	Significant potential dilution and volatility in GAAP earnings.
Governance	What influence will public shareholders have over capital allocation and public-benefit decisions?	Founders retain majority general voting power, while the benefit trust controls designated board elections.	Disclosed	Minority shareholders have limited practical control.

TOPIC	KEY QUESTION	WHAT THE S-1 ESTABLISHES	DISCLOSURE STATUS	EAM ASSESSMENT
Shareholder returns	What level of sustainable earnings and reinvestment does management expect over the longer term?	Strong historical growth and improving adjusted margins, but no sufficiently specific long-term shareholder-return objective.	Not disclosed	The valuation is heavily dependent on assumptions about future profitability.

Three issues carry particular weight

Customer inference profitability

Anthropic has begun demonstrating operating leverage, but the prospectus does not provide sufficient information to isolate the profitability of customer inference from training and other computing costs.

Without that breakdown, it remains difficult to determine whether the company can eventually achieve margins comparable with mature software businesses or whether computing requirements will continue to consume a substantial share of revenue.

Long-term infrastructure commitments

The $900.9 billion commitment illustrates the scale of Anthropic's intended expansion.

It also introduces financial risk.

A highly valuable AI business can still generate disappointing shareholder returns if computing capacity is acquired at excessive cost or if utilisation, future hardware prices and customer demand develop differently from expectations.

Governance and dilution

Founders and the Long-Term Benefit Trust retain structural control, strategic investors hold different classes of shares, and substantial employee equity awards create future economic claims.

These arrangements reflect Anthropic's financing history and corporate objectives.

However, they also mean that public shareholders will provide capital to an exceptionally ambitious business while retaining limited influence over its capital allocation.

SECTION 08

Comparison with Anthropic's Private-Market Valuation

Anthropic's May 2026 Series H financing valued the company at approximately $965 billion post-money following a $65 billion capital raise.

The proposed IPO's fully diluted valuation is approximately 25–35% higher, depending on final pricing and the share-count methodology used.

The increase needs to be considered alongside the company's rapid commercial development.

Revenue has expanded considerably since the earlier financing, strengthening the evidence of demand and enterprise adoption.

However, the nature of the investment case has also changed.

At an earlier development stage, investors were financing a company seeking to establish a durable position in frontier AI.

At a valuation approaching $1.3 trillion, investors are paying for a substantial portion of that competitive success, together with expectations of further growth.

This raises the earnings and capital-efficiency requirements necessary to support the valuation.

Claude must not only remain technologically competitive. Anthropic also needs to demonstrate that enterprise relationships, pricing power and computing economics can generate sustainable returns on a very large capital base.

A disappointing quarter could therefore result in significant valuation compression even if revenue continues to grow rapidly.

There is not yet an established public-market consensus rating or post-IPO analyst price target.

The $70–78 indicative IPO range represents an underwritten offering range rather than an independent estimate of fair value.

SECTION 09

EAM's Investment Assessment

Anthropic has established a significant competitive position within the rapidly developing AI industry.

Its ability to convert frontier-model capabilities into substantial enterprise adoption is particularly encouraging.

Customer growth, increasing integration into business workflows and improving computing efficiency provide evidence that the company is building a commercially important platform.

The operating economics have also improved more rapidly than those of many young technology businesses, although a mature cash-generating model has not yet been established.

The principal uncertainty is valuation.

At approximately $1.25 trillion, the proposed IPO valuation already reflects expectations that Anthropic will become one of the world's largest and most profitable technology companies.

Achieving that outcome requires several conditions to hold simultaneously: continued frontier-model competitiveness, sustained enterprise adoption, attractive inference economics, disciplined infrastructure expenditure and manageable shareholder dilution.

The company's exposure to technological competition is also unusual.

Artificial intelligence could create enormous economic value for businesses and consumers while the companies supplying the underlying models retain a smaller proportion of that value than current valuations anticipate.

Competition and declining intelligence prices could transfer a significant share of the economic benefit to customers.

This possibility is central to the assessment of Anthropic's long-term earnings potential.

Conditions that would strengthen the valuation case

Three observable financial and operating developments would provide stronger evidence that Anthropic can justify its valuation.

AREA	EVIDENCE THAT WOULD STRENGTHEN THE ASSESSMENT
Sustainable growth	Quarterly reported revenue continuing to advance towards the October run rate without material deterioration in consumption-based revenue quality
Operating economics	Adjusted operating margins sustainably above 20%, with compute expenditure falling towards or below 50% of revenue, supported by transparent customer inference profitability
Valuation and financing	Equity valuation approaching or below 10× a credible sustainable annual revenue base, or stronger realised profitability and cash conversion supporting a higher multiple without excessive dilution

These are EAM's analytical thresholds, not company guidance, price targets or recommendations.

The financing of the next 12–24 months of computing commitments will also be important.

In particular, the balance between internally generated cash, new debt, equipment leases and further share issuance will help establish the capital required to sustain growth.

A meaningful improvement in the investment case would arise if Anthropic increased its adjusted operating margin while reducing the proportion of revenue absorbed by computing expenditure, even as model capability continued to improve.

Conversely, sustained revenue growth accompanied by rising computing costs, declining margins and increasing financing requirements would weaken the underlying economic case.

Final conclusion

Anthropic has the potential to become an exceptional business. At the proposed IPO valuation, however, the financial evidence does not yet establish an equally compelling prospective return for new shareholders.

The strongest element of the investment thesis is Claude's growing integration into valuable enterprise workflows.

The principal uncertainty is how much of the value generated by those workflows Anthropic can retain after funding model development, computing infrastructure, employees and financing obligations.

The speed of revenue growth makes the business particularly difficult to value. Rapid expansion can obscure the eventual economics of a mature company, especially where capacity must be contracted years in advance and technological leadership is continuously contested.

Those mature economics will ultimately determine shareholder returns.

The S-1 provides substantial evidence of extraordinary enterprise adoption, improving adjusted operating profitability and increasingly important strategic relationships.

What remains unresolved is whether these advantages will translate into sustainable returns on the exceptionally large amount of capital required to maintain Anthropic's position.

EAM's assessment is therefore positive on the quality and strategic importance of the business, but cautious on the prospective returns implied by the indicated IPO valuation.

The key evidence would be sustained revenue growth accompanied by adjusted operating margins above 20%, improving compute-cost efficiency and a valuation that does not already incorporate an exceptionally optimistic 2030 earnings outcome.

Past performance does not guarantee future results, different types of investments involve varying risk. Take time to do your own research on your investments in order to make informed decisions.