

Cerebras Systems Inc. **CBRS**

Causal Equity Research · IPO Initiation

IPO INITIATION OF COVERAGE

Cerebras Systems: Wafer-Scale AI at a Wafer-Scale Premium

Cerebras enters the public market with genuine architectural differentiation and 75.7% revenue growth, but the operating loss of \$145.9 million and gross margin of 39.0% reflect a cost profile that has not yet justified the 66.9× EV/Revenue multiple demanded by the final offering price of \$185.00. Our DCF analysis yields a fair value of \$49.30 per share, a significant discount to the IPO price. The bottom line: We initiate coverage with a fair value of \$49.30 and view the offering as RICH at the final offering price.

By the CausalTrader Research Desk · May 25, 2026 | Lead managers: Morgan Stanley · Citigroup · Barclays · UBS Investment Bank

Bookrunners: Mizuho, TD Cowen | Co-managers: Needham & Company, Craig-Hallum, Wedbush Securities, Rosenblatt, Academy Securities, Credit Agricole CIB, MUFG, First Citizens Capital Securities

IPO PRICE	POST-CLOSING MKT CAP	EV/REVENUE	LTM REVENUE	REV GROWTH (YOY)	EXCHANGE
\$185	\$40,627.9M	66.9×	\$510.0M	+75.7%	Nasdaq GSM

Cerebras Systems, Inc. has filed a 424B4 with the SEC seeking to list its common shares on the Nasdaq Global Select Market under the ticker CBRS, with the final offering price set at \$185.00 per share. The company occupies a singular position in AI infrastructure: it is the sole commercialized manufacturer of a wafer-scale AI processor, the Wafer-Scale Engine, which it claims runs AI inference at up to 15 times the speed of leading GPU-based alternatives. That claim, if it holds at scale across a broadening customer base, represents a legitimate architectural wedge in a market the company estimates at \$251 billion in 2025 and \$672 billion by 2029, implying a 28% CAGR. We view the S-1 filing with measured conviction on the business and material skepticism on valuation. Revenue of \$510.0 million for the most recent fiscal year, up 75.7% from \$290.3 million, confirms that the company is converting its technology advantage into commercial traction. However, an operating loss of \$145.9 million, a gross margin of 39.0%, and an FCF burn of \$32.7 million per month at the time of filing frame a cost structure that remains in heavy investment mode. At 66.9× EV/Revenue, the implied multiple sits far above the AI hardware peer range of 21.8–23.9× and our own DCF-derived fair value of \$49.30 per share.

	FY2025	FY2024
Revenue (\$M)	510.0	290.3
Gross Margin	39.0%	42.3%
Net Income (\$M)	237.8	(481.6)

Source: 424B4 final prospectus (accession 0001628280-26-035214). Figures in USD millions.

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IPO PRICE	SCENARIO DCF	VERDICT	LTM REVENUE	REV GROWTH
\$185	\$49.34	RICH	\$510M	+75.7%

QUICK REFERENCE**TL;DR — IPO Snapshot**

Cerebras Systems designs and manufactures the Wafer-Scale Engine, the only commercialized wafer-scale AI processor, and competes directly with GPU-based infrastructure by delivering inference speeds up to 15 times faster than leading GPU solutions, supporting a full-stack platform sold to hyperscalers, sovereign AI programs, and foundation model labs. Revenue grew 75.7% to \$510.0 million in the most recent fiscal year, but the operating loss of \$145.9 million and a gross margin of 39.0% underscore that the cost structure has not yet scaled to match the top line. At 66.9× EV/Revenue versus a broad peer median well below that figure and our DCF fair value of \$49.30 per share, we view the offering as RICH at the final offering price of \$185.00.

Key Metrics

LTM Revenue	\$510.0M	Revenue Growth (YoY)	+75.7%
Gross Margin	39.0%	FCF Burn/Month	\$32.7M
Pre-IPO Runway	21.4 mo.	Post-IPO Runway	199 mo.
IPO Price	\$185		

Top Risks

1. Growth sustainability and management capacity are uncertain.
2. History of net losses with uncertain path to profitability.
3. Limited operating history makes forecasting difficult.

RICHImplied EV/Rev: **66.9×** vs. peer median **11.9×** (excl. Cerebras) | DCF fair value: **\$49.3**

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THE NOTE**Cerebras Systems: Wafer-Scale AI at a Wafer-Scale Premium**

By the CausalTrader Research Desk · Quantitative Equity Research · May 25, 2026

Cerebras's core product is the Wafer-Scale Engine, a monolithic silicon die that is 58 times larger than NVIDIA's B200 chip. The architectural premise is that eliminating the inter-chip communication bottleneck inherent in multi-GPU clusters reduces latency and increases throughput for large-model inference workloads. The company layers software and AI model services on top of the hardware to deliver a full-stack platform, and it routes that platform through multiple channels: direct on-premises deployments, a proprietary cloud, and partner clouds including AWS and Microsoft Azure. This multi-channel architecture is important because it extends the addressable customer set beyond the handful of hyperscalers capable of purchasing and operating bare-metal clusters to include AI-native businesses, enterprises, and national Sovereign AI programs—each with distinct procurement cycles and price sensitivities.

“At 66.9× EV/Revenue, the IPO multiple is approximately three times the AI hardware peer range and our DCF yields \$49.30 per share.”

The financial profile of the most recent fiscal year reflects a company at an inflection between early commercialization and scaled operations. Revenue of \$510.0 million grew 75.7% year-over-year from \$290.3 million, a rate that significantly outpaces the broader AI infrastructure spending environment. Gross margin of 39.0% is, however, notably below the 50–70% range typical of mature semiconductor companies, and it signals that either wafer-scale manufacturing costs remain elevated relative to selling prices, or that the revenue mix currently skews toward lower-margin hardware rather than software and services. The operating loss of \$145.9 million represents a meaningful cash consumption rate alongside the reported FCF burn of \$32.7 million per month. We note that net income of \$237.8 million is a financial artifact of non-operating items—most likely mark-to-market gains on warrants or similar instruments—and carries no weight in our assessment of sustainable operating performance.

The growth thesis rests on three identifiable drivers. First, the company's market-size estimate of \$251 billion in 2025 rising to \$672 billion by 2029 at a 28% CAGR encompasses both AI training infrastructure and the inference segment the company targets most directly. Inference workloads are shifting rapidly from development to production deployment across foundation model operators and enterprise applications, and per-query cost and latency matter considerably more in production than in training. Second, the Sovereign AI vertical—national programs seeking domestically controlled AI infrastructure—represents a high-average-contract-value opportunity that is less exposed to the concentrated hyperscaler procurement risk the company itself identifies as a key risk factor. Third, the transition toward cloud-delivered consumption of the Wafer-Scale Engine, while still in early stages, carries the potential to shift the revenue mix toward higher-margin recurring streams over time.

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THE NOTE (CONT.)

On valuation, we compute an implied EV/Revenue multiple of 66.9× at the final offering price of \$185.00. For context, NVIDIA trades at 23.9× EV/Revenue against a market capitalization of \$5.22 trillion, and AMD trades at 21.8× against \$762.3 billion. The broad peer median including hyperscalers such as Amazon at 4.1× and Microsoft at 11.2× compresses the peer set further. Cerebras commands a multiple that is approximately three times the AI hardware peer range of NVDA and AMD and many multiples above the broad peer median. Our DCF analysis, which we calibrate to the company's disclosed financial trajectory, produces a fair value of \$49.30 per share—a substantial discount to the \$185.00 final offering price. The premium embedded in the IPO price requires investors to assume a path to margin expansion and revenue scaling that is not yet visible in the disclosed financials.

We identify five principal risk considerations. Customer concentration is the most acute: the company explicitly discloses that a substantial portion of revenue has been and is expected to continue to be derived from a limited number of customers. A reduction in demand, cancellation, or renegotiation from any one of those customers could produce a material revenue shortfall in a given period. Manufacturing complexity is the second: wafer-scale fabrication operates at the extreme boundary of semiconductor process yield management, and any sustained yield deterioration would compress margins that are already below peer benchmarks. Third, the cloud transition introduces execution risk; the company acknowledges it is in early stages of cloud-based offerings, and the revenue contribution from that channel is not yet sufficient to provide visibility into whether the model will achieve the margin profile implied by software-oriented comps. Fourth, the 180-day lock-up expiration will release a substantial portion of pre-IPO equity, and given the gap between the \$185.00 offering price and our \$49.30 fair value estimate, we expect the lock-up release to be a significant technical event. Fifth, competitive response from NVIDIA, which benefits from a vastly larger installed base and developer ecosystem, remains an ever-present structural overhang.

Coming up: We will watch three post-IPO milestones closely. First, the quarterly gross margin trajectory—any sustained move above 45% would indicate that wafer-scale manufacturing costs are scaling favorably and would prompt a revision to our DCF assumptions. Second, the pace of cloud revenue contribution; management has identified cloud-based offerings as an early-stage priority, and the first quarters of disclosed cloud revenue will provide unit-economics data that are currently absent from the S-1. Third, additional Sovereign AI contract announcements; given the customer-concentration risk, incremental large contract wins outside the existing concentrated customer base are the most direct counter-narrative to that risk factor.

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COMPANY PROFILE**Business Overview**

Cerebras Systems designs and manufactures the Wafer-Scale Engine, a monolithic semiconductor die it characterizes as 58 times larger than NVIDIA's B200 processor. The company derives revenue from three principal streams: hardware system sales, which have historically constituted the majority of revenue; cloud-based access to WSE capacity sold through a proprietary cloud and partner clouds including AWS and Microsoft Azure; and AI model services layered on top of the hardware platform. Customers include hyperscalers, foundation model operators such as OpenAI, AI-native businesses, traditional enterprises, and national Sovereign AI programs. The company operates its own cloud infrastructure and also sells on-premises deployments directly to end customers. Geographic and channel concentration details are not fully disclosed in the data available to us, though the S-1 identifies customer concentration as a primary risk factor, indicating that a small number of accounts drive a disproportionate share of the \$510.0 million in revenue reported for the most recent fiscal year. The company's durable competitive position, to the extent one exists, rests on manufacturing exclusivity in wafer-scale silicon, the performance differential in inference speed—up to 15 times faster than GPU-based alternatives by the company's own measure—and the friction cost of retraining workloads optimized for the WSE architecture on competing platforms.

Addressable Market

The combined market for AI training infrastructure and Cerebras's addressable market within AI inference is estimated to be \$251 billion in 2025 and is expected to grow to \$672 billion by 2029—a 28% CAGR, according to Bloomberg Intelligence.

Note: Market size estimates are cited from the 424b4 final prospectus and may reference third-party sources (e.g. Bloomberg Intelligence, Dell'Oro Group) as disclosed therein.

Management Team

Name	Title
Andrew D. Feldman	Chief Executive Officer and President
Robert Komin	Chief Financial Officer and Treasurer
Sean Lie	Chief Technology Officer
Dhiraj Mallick	Chief Operating Officer

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KEY RISKS**Risk Radar**

Market	Regulatory	Competitive	Financial	Execution
<ul style="list-style-type: none"> • AI adoption may not continue at expected pace. • No assurance of a liquid trading market post-IPO. • Stock price may be volatile regardless of fundamentals. 	<ul style="list-style-type: none"> • Regulatory compliance costs and penalties may increase. • Export controls may restrict international sales. 	<ul style="list-style-type: none"> • AI compute market is competitive and scale-dependent. • Our semiconductor and hardware system design and manufacturing processes. 	<ul style="list-style-type: none"> • History of net losses with uncertain path to profitability. • Internal control material weaknesses may persist. • Revenue depends on a limited number of customers. • Adverse economic conditions may harm business results. 	<ul style="list-style-type: none"> • Growth sustainability and management capacity are uncertain. • Limited operating history makes forecasting difficult. • Cloud expansion requires significant data center capital. • Cloud business is nascent and requires significant capital.

20 highlighted risk factors extracted; 15 shown in the Risk Radar above. Source: 424b4 final prospectus.

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INCOME STATEMENT & CASH FLOW**Financial Profile**

Revenue (USD millions)



Source: 424B4 final prospectus

Condensed Income Statement

	FY2025	FY2024
Revenue	510.0	290.3
Gross Profit	199.1	122.7
Gross Margin	39.0%	42.3%
R&D Expense	243.3	158.2
S&M Expense	70.6	21.0
G&A Expense	31.0	45.0
Operating Loss	(145.9)	(101.4)
Net Income	237.8	(481.6)

Cash Flow Summary

	FY2025	FY2024
Operating CF	(10.1)	452.0
CapEx	(382.7)	(23.4)
Free Cash Flow	(392.8)	428.6
Cash & Equivalents	701.7	—

All figures in USD millions. Parentheses denote losses. Source: 424B4 final prospectus.

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Cash Burn & Runway Analysis

Metric	Value	Notes
Cash at Filing	\$701.7M	Balance sheet
OCF Burn (monthly)	\$0.8M	Illustrative runway: 837.9 mo.
FCF Burn (monthly)	\$32.7M	Pre-IPO FCF runway: 21.4 mo.
Gross IPO Proceeds	\$6,382.5M	
Less: Underwriting Discount	\$-162.7M	2.5% of gross
Net IPO Proceeds	\$6,219.8M	
Less: RSU Tax Withholding	\$-416.1M	Required use
Usable Net Proceeds	\$5,803.7M	
Plus: Cash at Filing	\$701.7M	
Post-IPO Liquidity (before RSU)	\$6,921.5M	
Usable Liquidity (after RSU)	\$6,505.4M	Runway: 198.8 mo.

FCF = Operating Cash Flow – CapEx. Post-IPO liquidity (before RSU) = cash at filing + net proceeds; usable liquidity (after RSU) = cash + net proceeds – RSU withholding. Static runway assumes constant monthly burn and may overstate flexibility if growth capex rises.

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CAPITAL ALLOCATION**Use of Proceeds**

Pro Forma Post-Closing Allocation of Net Proceeds (USD millions)



Source: 424B4 final prospectus Use of Proceeds section.

Use	Amount (\$M)	% of Total
General corporate purposes	\$5,803.7M	93.3%
RSU tax withholding	\$416.1M	6.7%
Total net IPO proceeds	\$6,219.8M	100.0%

The IPO generates total net proceeds of \$6.22 billion. Of that, \$416 million is allocated to RSU tax withholding and remittance obligations—a committed near-term use of capital that reflects the magnitude of equity compensation embedded in the pre-IPO structure. The remaining \$5.804 billion is designated for general corporate purposes, encompassing working capital, operating expenses, and capital expenditures. The breadth of that designation is standard for a 424B4 filing and provides management with discretion to direct capital toward manufacturing capacity expansion, cloud infrastructure buildout, and customer acquisition at its own determination. Given the FCF burn of \$32.7 million per month at the time of filing, the unrestricted proceeds could sustain operations for an extended period even in the absence of any revenue growth, though the post-IPO usable liquidity runway of 199 months makes that scenario academic rather than operational.

Capital allocation philosophy post-IPO is not explicitly articulated in the S-1 data available to us, but the scale of the general corporate purposes allocation—\$5.804 billion—signals that management views capital deployment into growth as the primary objective rather than near-term return of capital to shareholders. There is no disclosed dividend policy and no share repurchase authorization referenced in the data. The absence of near-term capital return is consistent with the operating loss profile and the stage of the business. Investors accepting the \$185.00 per share final offering price are implicitly underwriting a multi-year capital deployment cycle with the expectation that operating scale, margin improvement, and cloud revenue diversification will collectively produce a return on that capital. Whether the magnitude of the capital base creates its own allocation challenges—deploying \$5.8 billion productively in a focused semiconductor and AI infrastructure company—is a governance question that post-IPO investor relations cadence will need to address.

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COMPARABLE MULTIPLES**Cerebras Systems Inc. — Peer Comparison**

Company	Ticker	Mkt Cap (\$B)	EV/Rev	Rev Growth	Gross Margin	Op Margin	FCF Margin
Cerebras Systems Inc. (IPO)	CBRS	\$40.6	66.9×	76%	39.0%	-28.6%	-77.0%
NVIDIA Corporation	NVDA	\$5215.5	23.9×	65%	71.1%	60.4%	44.8%
Advanced Micro Devices, Inc.	AMD	\$762.3	21.8×	34%	49.5%	10.7%	19.4%
Intel Corporation	INTC	\$602.3	11.9×	-0%	34.8%	-0.0%	-9.4%
Amazon.com, Inc.	AMZN	\$2864.8	4.1×	12%	50.3%	11.2%	1.1%
Microsoft Corporation	MSFT	\$3109.3	11.2×	15%	68.8%	45.6%	25.4%

Source: Financial Modeling Prep (TTM). Cerebras Systems Inc. metrics from 424B4 final prospectus. Market caps in \$B.

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INVESTMENT CASE**Bulls Say / Bears Say****BULLS SAY**

1. Revenue grew 75.7% to \$510.0 million, demonstrating accelerating commercial traction at a scale that validates the platform beyond early-adopter deployments.
2. Post-IPO usable liquidity runway of 199 months, supported by \$6.22 billion in total net IPO proceeds, eliminates near-term capital constraints and funds multi-year product development.
3. The addressable market is estimated at \$251 billion in 2025, growing to \$672 billion by 2029 at a 28% CAGR, driven by production inference demand.
4. The WSE's claimed 15× inference speed advantage over GPU-based solutions, if sustained, creates genuine switching costs as customers optimize workflows to the architecture.
5. Sovereign AI contracts and multi-cloud distribution via AWS and Microsoft extend the customer base beyond hyperscaler concentration and diversify procurement risk over time.

BEARS SAY

1. Operating loss of \$145.9 million against \$510.0 million in revenue, with gross margin at only 39.0%, indicates the cost structure has not yet reached a self-sustaining level.
2. Customer concentration is explicitly identified as a primary risk; revenue dependence on a limited number of accounts creates significant single-period downside vulnerability.
3. At 66.9× EV/Revenue versus NVIDIA at 23.9× and AMD at 21.8×, the IPO price implies a growth and margin trajectory that the current financial profile does not yet support.
4. Cloud-based offerings are in early stages with no disclosed revenue contribution, leaving the mix overwhelmingly dependent on lower-margin hardware sales for the foreseeable future.
5. The 180-day lock-up expiration represents a material technical overhang given the gap between the \$185.00 final offering price and our DCF fair value of \$49.30 per share.

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BUSINESS MODEL**Strategy & Outlook**

Cerebras's operating model is presently hardware-led and capital-intensive. Hardware system sales have historically generated the majority of \$510.0 million in revenue, and the 39.0% gross margin reflects the cost structure of a company still scaling wafer-scale fabrication to volume. The path to a sustainably profitable operating model runs through two parallel transitions: margin expansion in hardware as manufacturing yields improve and unit costs decline, and a revenue-mix shift toward higher-margin cloud and software-service streams. Neither transition is yet visible in the disclosed financials, but the total net IPO proceeds of \$6.22 billion, allocated primarily to general corporate purposes including working capital and capital expenditures, provide the financial latitude to pursue both without equity dilution pressure for an extended period. The post-IPO usable liquidity runway of 199 months is, in practical terms, indefinite on any reasonable planning horizon.

The addressable market framing is the strongest element of the strategic narrative. A combined AI training and inference market estimated at \$251 billion in 2025, rising to \$672 billion by 2029 at a 28% CAGR, is large enough that even modest share capture at improving margins would support a substantially higher revenue base than the current \$510.0 million. The inference segment is particularly relevant: as foundation models transition from training to production deployment, inference throughput and per-query cost matter more than peak training FLOPS, and the WSE's claimed speed advantage is directly relevant to that buying criterion. Sovereign AI represents an additional vector that is structurally insulated from the competitive dynamics of the commercial hyperscaler segment.

The competitive moat is architecture-dependent and therefore fragile in a specific way. NVIDIA's installed base, software ecosystem, and developer tooling represent compounding network effects that do not erode quickly. AMD at 21.8× EV/Revenue and a market capitalization of \$762.3 billion competes on GPU performance and price. Cerebras is not competing on GPU roadmap; it is competing on a fundamentally different silicon architecture. That differentiation is real but also binary: if NVIDIA or a new entrant closes the inference-speed gap through packaging technology or architectural iteration, the WSE premium disappears. The company's strategy must therefore sustain both the hardware performance lead and build sufficient software and services lock-in to retain customers through hardware refresh cycles.

Profitability timing is not disclosed in the S-1 data available to us. The operating loss of \$145.9 million on \$510.0 million in revenue implies an operating margin of approximately negative 29%, and the FCF burn of \$32.7 million per month at filing date reflects a company investing aggressively in manufacturing capacity, software development, and go-to-market infrastructure simultaneously. We project no path to operating profitability in the near term without either a significant increase in gross margin or a material deceleration in operating expense growth. The IPO proceeds provide time; the question is whether revenue scaling and mix improvement arrive before the competitive window narrows.

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VALUATION ANALYSIS**IPO Valuation vs. Comparable Companies****Comparable Public Companies**

Ticker	Name	EV/Rev (TTM)	P/E (TTM)	Rev Growth
NVDA	NVIDIA Corporation	23.9×	33.0×	—
AMD	Advanced Micro Devices, I	21.8×	156.4×	—
INTC	Intel Corporation	11.9×	77.8×	—
AMZN	Amazon.com, Inc.	4.1×	31.6×	—
MSFT	Microsoft Corporation	11.2×	24.9×	—

IPO Implied Multiples

Metric	Value	Notes
IPO Price	\$185.00	Final IPO price
Post-Closing Shares (incl. greenshoe)	219,610,345	Includes 4,500,000 overallotment
Post-Offering Market Cap	\$40,627.9M	
Enterprise Value	\$34,122.5M	Mkt cap + debt – usable post-IPO cash
EV/Revenue (LTM)	66.9×	LTM rev: \$510.0M
DCF Fair Value / Share	\$49.3	CausalTrader scenario DCF
Verdict	RICH	vs. comps median

Comparable multiples sourced from Financial Modeling Prep (TTM). IPO implied multiples calculated at the final offering price. Scenario DCF uses CausalTrader's two-stage high-growth revenue model.

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VALUATION**Scenario Valuation**

High-growth scenario DCF fair value: **\$49.34/share** vs. IPO price \$185.00

DCF Assumptions (High-Growth Scenario)

Parameter	Value
WACC (discount rate)	14.0%
Terminal growth rate	3.0%
Stage 1 revenue growth	75.7%
Stage 1 years	5
Stage 2 years (fade)	5
Base revenue (\$M)	\$510.0
Current FCF margin	-77.0%
Target FCF margin (terminal)	18.0%
Shares outstanding (M)	219.6
Net cash, post-IPO after RSU (\$M)	\$6,505.4
Basis of Presentation	
Valuation basis	Post-closing / post-greenhoe
IPO price	\$185
Shares included	219.6M
Cash basis	Post-IPO after RSU withholding
Peer data source	FMP API as of May 25, 2026

Fair value composition: Operating enterprise value contributes \$4,329M (40% of equity value) and post-IPO net cash contributes \$6,505M (60%). Fair value per share: \$49.34.

This is a scenario-based valuation, not a precise fair value estimate. Results are highly sensitive to growth and margin assumptions. See sensitivity grid in the DCF appendix.

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FINANCIAL MODEL**Valuation Model Summary**

	FY2025	FY2024
Revenue (\$M)	510.0	290.3
Gross Profit (\$M)	199.1	122.7
Gross Margin (%)	39.0%	42.3%
R&D (\$M)	243.3	158.2
Operating Loss (\$M)	(145.9)	(101.4)
Net Income (\$M)	237.8	(481.6)

Source: 424B4 final prospectus. Parentheses denote losses. All figures USD millions.

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RISK ASSESSMENT**Risk & Uncertainty**

The operational risk profile of Cerebras is concentrated in two interdependent areas: manufacturing and customer dependency. Wafer-scale semiconductor fabrication is a process operating at the extreme boundary of semiconductor yield management. Any sustained deterioration in die yield directly compresses the 39.0% gross margin, which already sits below the levels achieved by NVIDIA and AMD in their respective mature product cycles. The company's limited operating history at its current scale, as noted in the S-1, means that historical yield data does not provide a reliable basis for projecting forward cost of goods sold. Separately, the company explicitly discloses that a substantial portion of revenue has been and is expected to continue to be derived from a limited number of customers. The absence of disclosed customer names or precise revenue concentrations in the data available to us makes it impossible to quantify the single-customer downside scenario, but the risk is structural and will persist until the cloud and enterprise channels contribute a materially larger share of the revenue base. The company is also in early stages of cloud-based offerings, meaning that the revenue diversification thesis is aspirational rather than demonstrated.

The financial risk profile is dominated by the gap between the IPO price and intrinsic value, operating losses, and the lock-up expiration dynamic. Our DCF fair value of \$49.30 per share implies a 73% discount to the \$185.00 final offering price. That gap is not a rounding error; it reflects a fundamental disagreement between market pricing and discounted cash flow discipline. The FCF burn of \$32.7 million per month at the pre-IPO filing date is neutralized post-offering by \$6.22 billion in net proceeds, so liquidity is not the constraint. The constraint is whether operating leverage emerges at a pace that validates a multiple three times that of NVIDIA. Macro risk is non-trivial: AI infrastructure spending is partly a function of hyperscaler capital expenditure cycles, which have historically been pro-cyclical. A broad-based deceleration in AI infrastructure investment would disproportionately affect a single-product company at the early stage of customer diversification, and the 180-day lock-up release will create additional price discovery pressure at precisely the point when early fundamental results become visible.

20 highlighted risk factors extracted from 424B4 final prospectus.

Market: 4 risk factors

Regulatory: 2 risk factors

Competitive: 2 risk factors

Financial: 4 risk factors

Execution: 8 risk factors

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CAPITAL STRUCTURE**Capital Allocation**

The IPO generates total net proceeds of \$6.22 billion. Of that, \$416 million is allocated to RSU tax withholding and remittance obligations—a committed near-term use of capital that reflects the magnitude of equity compensation embedded in the pre-IPO structure. The remaining \$5.804 billion is designated for general corporate purposes, encompassing working capital, operating expenses, and capital expenditures. The breadth of that designation is standard for a 424B4 filing and provides management with discretion to direct capital toward manufacturing capacity expansion, cloud infrastructure buildout, and customer acquisition at its own determination. Given the FCF burn of \$32.7 million per month at the time of filing, the unrestricted proceeds could sustain operations for an extended period even in the absence of any revenue growth, though the post-IPO usable liquidity runway of 199 months makes that scenario academic rather than operational.

Capital allocation philosophy post-IPO is not explicitly articulated in the S-1 data available to us, but the scale of the general corporate purposes allocation—\$5.804 billion—signals that management views capital deployment into growth as the primary objective rather than near-term return of capital to shareholders. There is no disclosed dividend policy and no share repurchase authorization referenced in the data. The absence of near-term capital return is consistent with the operating loss profile and the stage of the business. Investors accepting the \$185.00 per share final offering price are implicitly underwriting a multi-year capital deployment cycle with the expectation that operating scale, margin improvement, and cloud revenue diversification will collectively produce a return on that capital. Whether the magnitude of the capital base creates its own allocation challenges—deploying \$5.8 billion productively in a focused semiconductor and AI infrastructure company—is a governance question that post-IPO investor relations cadence will need to address.

Cerebras Systems Inc. CBRS

Causal Equity Research · IPO Initiation

IPO PRICE	SCENARIO DCF	VERDICT	LTM REVENUE	REV GROWTH
\$185	\$49.34	RICH	\$510M	+75.7%

POST-IPO STRUCTURE**Lock-Up & Insider Ownership**

Lock-Up Period	180 days
Lock-Up Expiry	2026-11-10
Shares Offered	30,000,000
Over-Allotment	4,500,000
Total Shares Sold	34,500,000
Pre-IPO Shares Outstanding	185,110,345

The 180-day lock-up expires in 169 days (2026-11-10). At expiry, pre-IPO shareholders and insiders become free to sell shares, which may create temporary supply pressure depending on the stock's performance.

Source: 424B4 final prospectus lock-up agreement disclosures and IPO closing release.

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VALUATION DETAIL**DCF Model — High-Growth Scenario**Fair value: **\$49.34/share** · WACC 14.0% · Terminal growth 3.0% · Post-closing / post-greenhoe basis**Revenue & FCF Projections**

Year	Revenue (\$M)	Rev Growth	FCF Margin	FCF (\$M)	Disc. FCF (\$M)
Y1	\$896	75.7%	-67.5%	\$-605	\$-531
Y2	\$1,574	75.7%	-58.0%	\$-913	\$-703
Y3	\$2,766	75.7%	-48.5%	\$-1,342	\$-906
Y4	\$4,861	75.7%	-39.0%	\$-1,896	\$-1,123
Y5	\$8,541	75.7%	-29.5%	\$-2,520	\$-1,309
Y6	\$11,235	31.5%	-20.0%	\$-2,247	\$-1,024
Y7	\$14,070	25.2%	-10.5%	\$-1,478	\$-591
Y8	\$16,733	18.9%	-1.0%	\$-168	\$-59
Y9	\$18,844	12.6%	8.5%	\$1,602	\$492
Y10	\$20,033	6.3%	18.0%	\$3,606	\$973

Equity Bridge

Component	Value (\$M)
PV of Stage 1 FCF	\$-4,570.6
PV of Stage 2 FCF	\$-208.1
PV of Terminal Value	\$9,108.0
Enterprise Value	\$4,329.2
Plus: Net Cash (post-closing, post-greenhoe, after RSU)	\$6,505.4
Equity Value	\$10,834.6
Shares Outstanding (M)	219.6
Fair Value per Share	\$49.34

Sensitivity: WACC × Terminal Growth (\$/share)

WACC \ g	2.50%	2.75%	3.00%	3.25%	3.50%
12.0%	\$63.92	\$65.61	\$67.38	\$69.26	\$71.25
13.0%	\$54.59	\$55.86	\$57.19	\$58.59	\$60.07
14.0%	\$47.34	\$48.32	\$49.34	\$50.40	\$51.52
15.0%	\$41.63	\$42.39	\$43.19	\$44.02	\$44.88
16.0%	\$37.10	\$37.70	\$38.33	\$38.98	\$39.66

Source: CausalTrader Scenario DCF. Base revenue \$510M. Post-offering shares 219.6M. Net cash = filing cash + net IPO proceeds – RSU withholding.