

## Investment Memo

# CoreWeave (NASDAQ: CRWV)

Trade: \$105 / \$140 call debit spread, Jan 15, 2027 expiry. Entry: 11/11/2025 @ \$8.60 debit. Prepared 5/7/2026 as a Q1 2026 thesis update.

**Bottom line.** Q1 2026 ratifies the long thesis on demand and capacity (revenue +112% YoY, backlog \$99.4B, active power above 1 GW, customer concentration meaningfully diversified) but flags exactly the two risks the entry memo named: gross-margin compression (65.5% vs 73.3% YoY) and interest expense (+103% YoY to \$536M). Sanity check: 8 green, 2 yellow, 0 red. Theoretical spread sits at ~\$15.91 (+0.85R), inside the "let it work / take partials" band but below the \$23.65 to \$25.80 take-profit zone.

### 1. Original thesis (recap, 11/11/2025)

Bought a defined-risk \$105 / \$140 call debit spread expiring 1/15/2027 at \$8.60 debit. Max value \$35. Max loss \$8.60. Breakeven \$113.60. The trade was sized for a one-year grind. Post-Q3 2025 selloff (down 16% on a data-center-timing guidance trim) had taken CRWV from the \$105 area to \$88. The underlying drivers pointed to multi-quarter revenue acceleration as backlog converts: Q3 revenue \$1.36B (+134% YoY) on ~73% gross margin, \$55.6B backlog, ramp from ~590 MW active toward ~2.9 GW contracted.

Known weak spots at entry: ~\$14B debt with ~\$311M quarterly interest, occasional timing-related guide trims, and customer concentration (MSFT ~62% of 2024 revenue). Plan: take profits at 1.75 to 2.0R (spread \$23.65 to \$25.80), risk-cut at minus 50% (\$4.30), 60 to 45 DTE active management, exit by 21 DTE.

### 2. What Q1 2026 said (released 5:00 PM ET on 5/7/2026)

Revenue \$2.08B vs \$1.97B consensus and \$1.9 to \$2.0B guide; +112% YoY. Net loss \$740M (-\$1.40 EPS). Adj. EBITDA \$1.16B (56% margin). Adj. operating income \$21M (1%), down from 17% in Q1'25 and the lowest of 2026 per management.

Backlog \$99.4B, strongest bookings quarter ever, up from \$66.8B at YE'25 and \$55.6B at trade entry. Largest individual disclosed adds: a new \$21B Meta commitment (March), a multi-year Anthropic agreement, Jane Street (\$6B), and expansions with Cohere and Mistral.

Capacity: active power crossed 1 GW (from ~850 MW at YE'25 and ~590 MW at entry). Total contracted +400 MW to above 3.5 GW. Reaffirmed above 1.7 GW active by YE'26 and above 8 GW by 2030.

Capital structure: closed \$8.5B DDTL 4.0 (non-recourse, IG-rated, SOFR+2.25% floating or ~5.9% fixed) and the \$2B NVIDIA Class A equity investment. Cash + restricted \$3.3B. Operating cash flow \$3.0B (vs \$61M Q1'25). Q1 capex \$7.7B within guide. Total debt ~\$24.9B.

Customer mix: no single customer is now above 35% of backlog (vs MSFT 62% of 2024 revenue). The cleanest read on what we wanted to see.

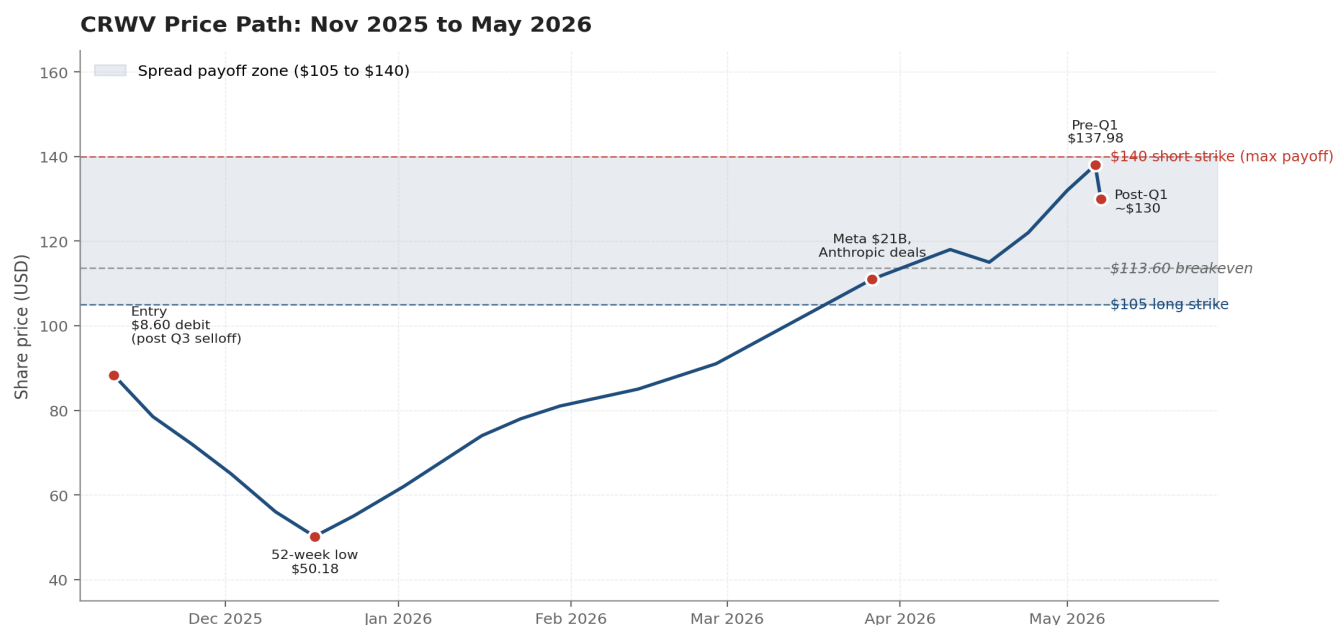
Tape: stock closed 5/6 at \$137.98 (+7.89%) on pre-earnings positioning. Initial after-hours reaction +\$10, faded back through \$130 as the call detailed continued capex intensity.

### 3. Theoretical position economics (Black-Scholes, defined-risk spread)

Snapshot	CRWV	DTE	IV (long / short)	Theo. spread	P/L vs \$8.60
Entry, 11/11/2025	\$88.30	430	70% / 70%	\$7.70 (model) / \$8.60 (fill)	n/a
Pre-earnings 5/6/26	\$137.98	254	62% / 65%	\$16.16	+\$7.56 (+88%, +0.88R)
Post-earnings 5/7/26	~\$130	253	50% / 53%	\$15.91	+\$7.31 (+85%, +0.85R)

Note: theoretical values use Black-Scholes with  $r = 4.5\%$ . IVs reflect the elevated event-vol regime ahead of earnings (longer-dated options crush less than weeklies, and the IV crush is modest because the spread is several months out). Sensitivity at 5/7 (IV 50% / 53%):  $S = \$120$  implies spread \$13.46;  $S = \$130$  implies \$15.91;  $S = \$140$  implies \$18.20. Actual fills would be close to these bands but subject to bid-ask spreads (CRWV options are liquid but wide on long-dated strikes).

#### 4. Price path, Nov 11, 2025 to May 7, 2026



Annotations mark the entry on the post-Q3 selloff, the 52-week low in the December drawdown, the Meta and Anthropic catalyst window, the pre- and post-Q1 earnings prints. The spread payoff zone runs from the \$105 long strike to the \$140 short strike. The trade traded above the \$140 short strike intraday on 5/6/2026.

The trade was entered into the post-Q3 selloff at ~\$88, sat through a continued drawdown to the ~\$50 area by mid-December (52-week low \$50.18), well into the "minus 50% on the spread" risk zone, and recovered through Q1 2026 as the Anthropic, Meta, and Jane Street disclosures rebuilt the visibility argument. CRWV traded back above the \$113.60 breakeven by mid-April and above the \$140 short strike intraday on 5/6 before pulling back into earnings.

#### 5. 10-point sanity check vs. current data

#	Check	Status	Reading from Q1 2026 print
1	Backlog to revenue conversion	GREEN	Backlog \$99.4B (vs \$66.8B Q4'25, \$55.6B at entry). Q1 revenue \$2.08B beat \$1.97B consensus and guide of \$1.9 to \$2.0B. Strongest bookings quarter in company history.
2	Capacity on-line vs contracted	GREEN	Active power crossed 1 GW (vs ~590 MW at entry). Contracted power +400 MW to above 3.5 GW. Management reaffirmed above 1.7 GW active by YE'26 and 8 GW by 2030.
3	Gross margin trajectory	YELLOW	GM 65.5% vs 73.3% Q1'25 (down 7.8 pts). Adj operating margin 1% vs 17% Q1'25. Mgmt explicitly flagged Q1 as the 2026 trough; needs to be proved out by Q2 / Q3.
4	Interest burden	YELLOW	Interest expense \$536M, +103% YoY. Ratio to gross profit 39% vs 37%. Offset: new \$8.5B DDTL 4.0 facility at IG-rated SOFR+2.25% or ~5.9% fixed. Weighted-avg rate trending lower.

5	Capex & cash runway	GREEN	Q1 capex \$7.7B within guide. Operating cash flow \$3.0B (vs \$61M Q1'25). Cash + restricted \$3.3B. \$8.5B DDTL + \$2B NVIDIA equity closed. Funding paired with milestone deals, not surprise dilution.
6	Customer mix / concentration	GREEN	No single customer above 35% of backlog (vs MSFT 62% of 2024 revenue at entry). New named wins: Anthropic multi-year, Meta +\$21B, Jane Street \$6B, Cohere/Mistral expansions.
7	Competitive tape	GREEN	No reported pricing cuts or lost deals. Reaffirmed NVIDIA Exemplar Cloud for GB200 NVL72 inference. CRWV / Nebius increasingly viewed as the neocloud duopoly.
8	Guidance quality	GREEN	Beat Q1 revenue guide. Capacity milestones on track. No walkback of dated targets since the Q3'25 timing-related trim that defined the entry point.
9	Price trend / RS	GREEN	Stock +80% YTD. Cleared \$114.50 January resistance. Trading well above 200-day MA. Relative strength positive vs neocloud peers (NBIS, IREN trading in sympathy).
10	Macro / GPU supply	GREEN	Rates stable to lower. GPU supply on track: NVIDIA partnership expanded to 5+ GW build by 2030 and an additional \$2B equity stake. Exemplar Cloud designation reinforces priority allocation.

**Tally:** 8 green / 2 yellow / 0 red. Per the original framework: *let the spread work, take partials on strength.*

## 6. What would change my view (forward-looking framework)

**Reduce or exit (move to red):** (a) Q2 2026 gross margin sequentially flat or down without a clean timing explanation, breaking the "Q1 was the trough" claim. (b) Any non-timing guide cut on FY26 revenue or active-power milestones. (c) A top-customer renegotiation or visible slowdown. (d) A surprise equity raise not paired with a milestone deal.

**Re-add or press (move to bright green):** (a) Q2 print showing Adj. operating margin stepping up from the 1% Q1 trough on plan. (b) The \$99.4B backlog converting cleanly with no AR deterioration. (c) Further IG-rated financing extending the runway without dilution.

Personal investment research. Not investment advice. Not affiliated with any registered investment firm. Theoretical option values are Black-Scholes estimates with assumed IVs and may differ from live mid-prices. Q1 2026 figures from CoreWeave press release; the 10-Q and earnings-call commentary may refine the two yellows on margin and interest. Sources: CoreWeave investor relations and SEC filings (Q3 2025, Q1 2026), earnings call transcripts, NVIDIA partnership disclosures, public market data.