



Anthropic, PBC (ANT): S-1 Analysis

Registration statement filed with the SEC on October 26, 2026 · Nasdaq Global Select Market · Lead underwriters Goldman Sachs and Morgan Stanley · Version 2, Oct 26, 2026. Yellow highlights mark the points not to miss.

Source tags: [S-1] stated in the S-1 · [Media report] not officially announced by Anthropic: figures Anthropic reportedly shared privately with prospective investors on Oct 14, 2026, as reported by the FT, Bloomberg, Reuters and CNBC citing people familiar with the matter; unaudited, Anthropic declined to comment, and they are not in the S-1 · [Estimate] press estimates or third-party figures, not from Anthropic · [Calc] my calculation from S-1 figures. **Untagged figures in tables and lists are from the S-1.**

DON'T MISS: the 11 most important points

- **Growth is extraordinary but slowing:** revenue \$386M (2024) → \$4.6B (2025) → \$16.3B in the first half of 2026 (Jan–Jun) [S-1]. Q2 2026 was \$11.6B, +144% quarter over quarter [S-1]. **Q3 2026 revenue was reportedly \$16.8B, +45% quarter over quarter** [Media report] — not yet officially announced, but consistent with the S-1's statement that Q3 was "86 times" Q4 2024 [S-1]. The same media reports cite an 85% gross margin, an adjusted operating margin above 11% (down from 19% in Q2) and positive free cash flow [Media report].
- **First operating profit:** Q2 2026 GAAP operating income \$974M (8% margin); adjusted operating margin 19% [S-1]. Operating cash flow +\$3.9B in Jan–Jun 2026, helped by ~\$2.1B of released compute prepayments and payables timing [S-1].
- **The \$80.7B Jan–Jun 2026 net loss is almost entirely non-cash:** fair-value marks on Amazon's convertible notes (\$72.4B) and Google/Amazon note purchase agreements (~\$8.8B); operating loss was only \$693M [S-1]. Marks continue after the IPO on notes above Amazon's 12% cap [S-1].
- **Compute commitments are enormous:** named contracts [S-1] total ~\$637B: ~\$430B fixed and non-cancelable (Broadcom, Google, Amazon, Microsoft) plus ~\$206B cancelable or paid only on delivery (SpaceXAI, Nscale, Lambda) [Calc]. That is ~9.5x Q3 annualized revenue [Calc].
- **Shareholders get almost no control:** the seven co-founders' LLC holds a fixed 50.1% of the vote (never diluted) and the Long-Term Benefit Trust (LTBT) elects a board majority [S-1].
- **Government risk is live:** Department of War supply-chain-risk designation (upheld 2-1 by the D.C. Circuit, rehearing sought); a threat to invoke the Defense Production Act; Commerce briefly forced Fable 5/Mythos 5 offline worldwide (June 2026); FTC civil investigative demand (Oct 2026) [S-1].
- **Read the metrics carefully:** 5–7% of Jan–Sep 2026 revenue came from customers later found violating the usage policy; Run-Rate Revenue includes them until cut off; the ~900% net revenue retention (NRR) is a one-quarter cohort ratio that excludes Claude Pro/Max subscribers [S-1].
- **Large IPO-quarter charges:** restricted stock unit (RSU) catch-up (\$2.9B at 6/30, larger at IPO) then \$23.7B over ~2.1 years; \$5.8B of post-June RSUs; \$2.0B Q3 donation match; executive award remeasurement; note marks up to conversion [S-1].
- **Many share-issuance channels after the IPO:** 1.84B shares to Amazon at \$2.09–\$5.05; Google (up to \$20B, of which up to \$10B may instead be bought at the IPO price; 14.99% cap) and Amazon (\$15B) facilities at market; Broadcom \$42B notes at 90% of the market price (85% if revenue tests are missed); AMD \$5B; 933.7M donation-match shares reserved; Public Benefit Issuances [S-1].
- **Lock-ups differ by holder** [S-1]: **pre-IPO stockholders with 0.5% or less** of fully diluted shares (the 180-day group) can sell 6% at day 27, 12% by day 48, 26% by day 76, 38.5% after FY2026 earnings, 86% by 69 days later, and all by the earlier of Q1 2027 earnings or day 180 (running totals [Calc]). **Holders above 0.5%** are released much more slowly: 7.8% by day 76, 30% by day 180, all by day 365. Non-founder employees and officers: 10% at listing, 45% after FY2026 earnings, all by day 180. Founders: 29% at day 180, all by day 365. Shares bought in the IPO are not locked up.
- **SpaceXAI is a key supplier:** up to \$120.5B for NVIDIA GPU compute (~\$3.1B/month at full delivery, expected Dec 2026), cancelable by either party on 90 days' notice after the non-cancelable periods end (Jan and Mar 2027 for the two agreements) [S-1].



1. Executive summary

Anthropic is a Delaware public benefit corporation (founded 2021) that builds the Claude family of frontier AI models and sells them through an API, cloud marketplaces (Amazon Bedrock, Microsoft Foundry, Google Cloud) and first-party apps (Claude, Claude Code, Cowork, Design, Security, Science). It describes itself as "first and foremost a research lab" with the mission of "the responsible development and maintenance of advanced AI for the long-term benefit of humanity," and claims "the fastest enterprise adoption of any technology in history."

The investment case in one paragraph. Anthropic has gone from \$0 to roughly \$67B of annualized revenue (reported Q3 2026 [Media report] x4 [Calc]) in under four years, with ~80% of revenue consumption-based, 11,900+ customers paying over \$100K a year (including every Fortune 10 company), and just crossed into operating profitability and positive operating cash flow, with ~\$131.7B of cash and investments (June 30, 2026). Against that: growth reportedly slowed from +144% to +45% quarter over quarter in Q3 [Media report], ~\$637B of named compute commitments (~\$430B fixed), reliance on cloud providers that are also investors and competitors, active conflict with parts of the US government, copyright litigation, heavy IPO-period stock compensation and ongoing share issuance, and a governance structure that gives public shareholders essentially no control.

Snapshot	Value	Source
Ticker / exchange	ANT / Nasdaq Global Select Market	[S-1]
Price range, shares offered, proceeds	Blank in this preliminary filing (to be added by amendment); press reports have discussed up to ~\$100B of proceeds	[S-1] [Estimate]
Revenue: FY2025 / Jan–Jun 2026 / Q2 2026	\$4.59B / \$16.29B / \$11.56B	[S-1]
Q3 2026 (not officially announced)	Reportedly \$16.8B revenue (+45% quarter over quarter); gross margin 85%; adjusted operating margin above 11%; positive free cash flow. The S-1 leaves the dollar figure blank but says Q3 was "86 times" Q4 2024 (~\$16.8–17.0B)	[Media report] [S-1]
Q3 annualized / trailing-12-month revenue	~\$67B / ~\$35.1B	[Calc]
Operating income: Jan–Jun 2026 / Q2 2026	\$(693)M / +\$974M	[S-1]
Adjusted operating margin: Jan–Jun 2026 / Q2 2026	10% / 19%	[S-1]
Cash + short-term investments (6/30/26)	\$131.7B (plus \$15B undrawn revolver from Sep 2026)	[S-1]
Total capital raised to date	\$141.1B	[S-1]
Last private round	Series H, May–Jun 2026, \$589.01/preferred share = \$58.90 per common share after the 10-for-1 split; \$65.2B raised	[S-1]
Series H valuation	~\$1.0T fully diluted at \$58.90/share; press reported ~\$965B post-money	[Calc] [Estimate]
Employees	~940 (12/24) → ~5,300 (9/26); trailing-12-month revenue per employee over \$6.6M; ~1% regrettable attrition	[S-1]
Auditor	Ernst & Young (EY) (FY2025); Grant Thornton (FY2023–24), dismissed Oct 30, 2025, no disagreements	[S-1]

2. Offering terms and IPO mechanics

- Class A common stock offered by the company and by selling stockholders (including the five non-executive co-founders). The underwriters' extra-share option covers company shares only.
- Price range, share count and proceeds are blank. Press reports have discussed up to ~\$100B of proceeds [Estimate]; that is not in the filing. Part of the primary proceeds will pay tax withholding on RSUs that settle at the IPO (net settlement), reducing the cash added.
- 22 underwriters led by Goldman Sachs and Morgan Stanley; Morgan Stanley handles stabilization. Public offerings also in Australia, Canada, certain EEA states, Japan, Switzerland and the UK, plus allocations to online brokerages;



no directed share program.

- Google holds an option to buy up to **\$10.0B of Class N stock concurrently at the IPO price** (any amount used reduces its remaining \$20B note facility).
- **Use of proceeds:** general corporate purposes including compute. No dividends planned; the credit agreement restricts them.
- **Stock splits:** 10-for-1 split of Class A and N on Sep 17, 2026. Preferred converts at 10:1, except earlier series with anti-dilution adjustments (Series D-1 and D-3 about 10.6:1, D-2 about 10.4:1).
- **Amazon notes** (\$6.2B principal) convert into Class N at \$2.09 or \$5.05 per share (vs \$58.90 at Series H), subject to Amazon's 12% ownership cap (waivable by Amazon); any excess becomes rollover notes that convert quarterly at the lowest of the fixed price, the IPO price or the 10-day VWAP.
- **Class N** (non-voting, full economics) converts automatically into Class A when sold publicly or to a holder who will own no more than 9.99% of a class, so strategic stakes become float when sold.
- **Registration rights:** investors can demand registration from 6 months after the IPO (holders of 60%+ of registrable shares, \$200M minimum, up to 2 demands); rights expire after 2 years. Broadcom and Google have separate resale registration rights.

Lock-up schedule (staged, tied to earnings releases)

Holder group	Release schedule
Pre-IPO stockholders with 0.5% or less (180-day group)	+6% at day 27 and +6% at day 48 (12% total); +7% at days 62 and 76 (26%); +12.5% after FY2026 earnings (38.5%); +9.5% at 13, 27, 41, 55 and 69 days after FY2026 earnings (86%); remaining 14% at the earlier of Q1 2027 earnings or day 180
Pre-IPO stockholders with more than 0.5% (365-day group)	+1.8% at days 27 and 48, +2.1% at days 62 and 76 (7.8% total); +3.75% after FY2026 earnings and +2.85% at five dates after it (25.8%); +4.2% at Q1 2027 earnings or day 180 (30%); +5.6% at four dates after Q1 earnings (52.4%); +7% after Q2 2027 earnings (59.4%); +6.3% at five dates after it (90.9%); rest at earlier of Q3 2027 earnings or day 365
Non-founder directors, officers, employees	10% on the first trading day; +35% after FY2026 earnings (45% total); rest at earlier of Q1 2027 earnings or day 180
Founders	29% at earlier of Q1 2027 earnings or day 180; rest at earlier of Q3 2027 earnings or day 365

The S-1 sets a slower 365-day schedule for "stockholders holding more than 0.5% of our fully diluted shares" and a 180-day schedule for other "certain stockholders"; employees, officers and founders have their own schedules, and shares bought in the IPO are not locked up. Percentages are of each holder's locked-up shares; increments are marked +, running totals in parentheses or as 'total'. Source: Underwriting section (the Shares Eligible for Future Sale table leaves them blank). Days are calendar days from the prospectus (pricing) date; if a date is not a trading day, the release starts at 6:00 AM ET on the next trading day. Goldman Sachs and Morgan Stanley can waive lock-ups early. For an investment vehicle (SPV), the vehicle is the locked-up holder; members receiving distributed shares must also sign lock-ups. Registration rights for investors expire two years after the IPO.

Release calendar: every step, by holder group

Release (calendar days)	Holders of 0.5% or less (180-day)	Holders of more than 0.5% (365-day)	Employees, officers, non-founder directors	Founders	Approx. date if priced Nov 20, 2026 [Calc]
First trading day	—	—	+10% (10%)	—	Nov 2026
Day 27	+6% (6%)	+1.8% (1.8%)	—	—	Dec 17, 2026
Day 48	+6% (12%)	+1.8% (3.6%)	—	—	Jan 7, 2027
Day 62	+7% (19%)	+2.1% (5.7%)	—	—	Jan 21, 2027
Day 76	+7% (26%)	+2.1% (7.8%)	—	—	Feb 4, 2027
FY2026 earnings release (E), 2nd trading day after	+12.5% (38.5%)	+3.75% (11.55%)	+35% (45%)	—	~late Feb to Mar 2027
E + 13 days	+9.5% (48%)	+2.85% (14.4%)	—	—	~Mar 2027
E + 27 days	+9.5% (57.5%)	+2.85% (17.25%)	—	—	~Mar to Apr 2027
E + 41 days	+9.5% (67%)	+2.85% (20.1%)	—	—	~Apr 2027
E + 55 days	+9.5% (76.5%)	+2.85% (22.95%)	—	—	~Apr to May 2027
E + 69 days	+9.5% (86%)	+2.85% (25.8%)	—	—	~May 2027
Earlier of Q1 2027 earnings (Q1) or day 180	+14% (100%)	+4.2% (30%)	+55% (100%)	+29% (29%)	by May 19, 2027
Q1 + 34, 48, 62 and 76 days (four steps)	—	+5.6% (52.4%)	—	—	~Jun to Jul 2027
Q2 2027 earnings release (Q2)	—	+7% (59.4%)	—	—	~Aug 2027
Q2 + 27, 41, 55, 69 and 83 days (five steps)	—	+6.3% (90.9%)	—	—	~Aug to Oct 2027
Earlier of Q3 2027 earnings or day 365	—	+9.1% (100%)	—	+71% (100%)	by Nov 20, 2027

Each cell shows that release's portion and, in parentheses, the running total. Multi-step rows (e.g., Q1 + 34/48/62/76) release the stated portion at *each* step; the figure in parentheses shows the total after the last step. Percentages apply to the shares each holder held seven days before pricing (employees and founders: at the end of the month before pricing). Dates are illustrative: the pricing date and earnings dates are not yet set. **Most small pre-IPO investors fall in the 0.5%-or-less group; for investment vehicles (SPVs), the vehicle's own stake decides the group.**

3. Business, products and go-to-market

- **Models:** four classes — Mythos (including Fable), Opus, Sonnet, Haiku. Mythos was first limited to selected organizations through Project Glasswing (April 2026) because of its ability to find software vulnerabilities; Fable 5 became generally available in June 2026 with safety restrictions. Model versions released in the prior 6 months generated over 80% of Q3 2026 revenue.
- **Price cuts drive volume:** the Opus 4.5 price cut (Nov 2025) preceded re-acceleration from +48% to +132% quarter over quarter; Fable 5.1 cut cost ~25% (up to 45% on coding); Opus 5.5 (Sep 2026) cut cost per task ~40% "while preserving our margins."
- **Products:** Claude Platform/API, Claude apps (Pro, Max, Team, Enterprise), Claude Code, Cowork (merging into Claude.ai), Security (public beta), Tag, Design, Science, seven industry versions, Agent SDK, Managed Agents, MCP. ~250 launches in Jan–Sep 2026. Cowork's adoption outpaced Claude Code's at the same stage.
- **Revenue model:** ~80% consumption (tokens), ~20% subscriptions. Growing use of annual and multi-year minimum-spend contracts. Claude Enterprise users who don't use Claude Code spend under \$75 a month; the top 5% of Claude Code users spend ~20x that.
- **Customers:** \$100K+ customers include every Fortune 10 company, over 50% of the Fortune 500, over 30% of the Global 2000, the 10 largest banks and internet companies, 9 of the 10 largest pharma and semiconductor companies. In Q3 2026, over 50% of them used both the Platform and a first-party app (up from ~30% in Q4 2025).



- **Channels:** direct sales and Applied AI teams; cloud marketplaces (Amazon Bedrock, Microsoft Foundry, Google's Gemini Enterprise Agent Platform) where Anthropic keeps the customer contract, sets pricing and pays the cloud a fee; consultancies (Accenture, Deloitte, KPMG, PwC), Salesforce, Snowflake; a partner network of 150,000+ certified practitioners at 4,000+ organizations; a \$100M training academy; Ode with Anthropic (mid-market AI services company formed with private-equity firms; a \$325M commitment to a new mid-market AI-adoption entity is disclosed separately).

- **Compute:** one fungible pool across AWS Trainium (Anthropic can influence future generations), Google TPUs (via Google and Broadcom), NVIDIA GPUs (strategic partnership: Grace Blackwell, Vera Rubin) and AMD GPUs.

"Anthropic Direct" now leases chips directly and hosts them in third-party-operated facilities (e.g., Fluidstack); its first data center became operational in 2026, with leases also in Australia and Canada. The S-1 admits: "In the past, we have significantly underestimated our compute requirements."

- **Power:** 20-year power deals with escalators, take-or-pay terms and uncapped fuel pass-through for on-site gas; a \$500M power-purchase guaranty; a public commitment to cover consumer electricity price increases caused by its data centers. New York has paused permitting for new large facilities and Texas allows curtailment in grid emergencies.

- **Safety and public benefit:** Responsible Scaling Policy (RSP), Claude's constitution, ISO 42001, Enterprise Frontier Safeguards (Sep 2026), pre-deployment access for US and UK AI safety institutes. Up to \$100M on cyber-defense via Glasswing; at least \$1B over five years with Accenture on outside reviewers (terms not final). No image or video generation by choice. 846.8M Class N shares (5% of fully diluted) contributed to the Anthropic Public Benefit Fund, with up to 2% more each time the stock rises 50%.

- **IP and people:** 40 US and 26 foreign patents. Claude wrote over 90% of code contributions in September 2026; code volume per engineer in Q3 2026 was over 45x the 2024 average; the list-price value of internal Claude usage grew over 250x from Jan to Sep 2026 and in April exceeded monthly cash personnel cost.

4. Growth strategy and new markets

The S-1 frames the opportunity broadly: it cites more than \$40 trillion a year of knowledge-worker economic output, a third-party estimate of \$22.5 trillion of cumulative global economic impact from AI by 2031, and argues frontier AI is "a larger opportunity than any prior technology cycle." Its stated growth strategy has seven parts:

Strategy	What the S-1 says Anthropic will do
Talent and culture	Keep talent density high and use Claude internally to grow without growing headcount linearly (revenue per employee over \$6.6M)
Compute	Secure compute beyond existing commitments, expand its own data-center footprint ("Anthropic Direct"), lower compute cost and improve multi-chip orchestration
Model capability and safety	Extend the length and complexity of autonomous work; push into software, financial services, insurance, healthcare, life sciences, legal, education, retail, telecom, professional services and cybersecurity
Available everywhere	Own apps (Claude Code, Cowork, Claude.ai, Security, Design, Science), cloud marketplaces (AWS, Google Cloud, Azure) and embedding in enterprise software (Claude for Microsoft 365, Claude in Chrome)
Adoption	Grow direct sales and Applied AI teams, partner field teams and the prosumer funnel; expand internationally through regional offices and partners, expected to be "a meaningful driver of growth"
New markets	Drug discovery and life sciences, robotics and physical work, advanced manufacturing, logistics, materials science
Deals and partnerships	Acquisitions for talent and capability (e.g., Coefficient Bio), infrastructure deals, Ode with Anthropic for mid-sized companies, systems integrators and data platforms

Sector focus

- **Life sciences and drug research:** the S-1 highlights a pharmaceutical market of over \$2 trillion of annual spend (2026). Claude is used in drug discovery and development by customers, biotech partners and Anthropic's own researchers; Anthropic is building agents for each stage from early discovery and preclinical work through clinical-trial operations and regulatory submissions. It has hired industry experts, built its own molecular biology lab and bought Coefficient Bio (computational biology, April 2026). Named users include Bristol Myers Squibb and research institutes Garvan, Gladstone and UCSF. The Fable configuration of its top model is offered with calibrated safeguards to vetted life-sciences and cybersecurity organizations.
- **Cybersecurity** ("one of our most important near-term opportunities"): Claude Security continuously scans codebases, triages vulnerabilities and writes fixes; OSS Scanner extends this to open-source projects; Project Glasswing gives vetted defenders access to Mythos, with up to \$100M committed to cyber-defense.
- **Robotics and physical work:** a Model Hardware Standard lets Claude operate lab and manufacturing equipment such as microscopes, liquid handlers and off-the-shelf robotic arms.
- **Seven industry products:** Financial Services (pre-built agents for analysis, screening and diligence), Financial Advisors, Healthcare (clinical reasoning, medical coding, prior authorization; HIPAA-ready, CMS and FHIR connections), Life Sciences, Legal (connects to Relativity, Ironclad and research databases), Education (higher ed and K-12) and Government (US agencies; government use is currently restricted by the Department of War dispute).
- **Customers by sector:** the 10 largest banks, 9 of the 10 largest pharma and semiconductor companies, 8 of the 10 largest healthcare companies and the 10 largest internet companies are \$100K+ customers; AIG is named alongside Bristol Myers Squibb.
- **Mid-market and services:** Ode with Anthropic (with private-equity firms) builds Claude solutions for mid-sized companies; consultancies and a 150,000-person partner network extend reach.

5. Growth and key metrics

\$ millions	FY2023	FY2024	FY2025	Jan–Jun 2025	Jan–Jun 2026
Revenue	41	386	4,585	1,163	16,286
Growth	—	+841%	+1,088%		+1,300%
Consumption revenue	39	288	3,796	983	13,064
Subscription revenue	2	98	789	180	3,222
United States / International	34 / 7	263 / 123	3,362 / 1,223	820 / 343	11,763 / 4,523

Quarter (\$M)	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26 (unofficial) [Media report]
Revenue	376	787	1,382	2,040	4,731	11,555	16,800
Growth vs. prior quarter		+109%	+76%	+48%	+132%	+144%	+45%
Operating income (loss)	(935)	(1,200)	(3,089)	(2,836)	(1,667)	974	n/d
Adj. operating margin	(221)%	(129)%	(93)%	(84)%	(13)%	19%	>11%
Compute & infra % of revenue	251%	177%	148%	144%	72%	48%	n/d

Q3 2026 figures are not official: Anthropic reportedly shared \$16.8B of revenue and an adjusted operating margin above 11% privately with prospective investors on Oct 14, 2026 (reported Oct 15 by the FT, Bloomberg, Reuters and CNBC, citing people familiar with the matter; the company declined to comment). The S-1 leaves the Q3 dollar figure blank but says Q3 revenue "was 86 times" Q4 2024's \$197M, which is consistent. Trailing-12-month revenue ~\$35.1B / ~5,300 employees = \$6.63M, consistent with the S-1's "over \$6.6M". n/d = not disclosed; full Q3 statements will come with an amendment.

Q3 2026: what the S-1 says vs. what media reports say Anthropic told investors [S-1] vs [Media report]

Item	S-1 (filed Oct 26, 2026)	Media reports of a private investor presentation (presentation Oct 14, 2026; reported Oct 15 by the FT, Bloomberg, Reuters and CNBC citing people familiar with the matter) — not officially announced
Q3 revenue	Dollar figure left blank; says Q3 revenue "was 86 times" Q4 2024's \$197M (≈ \$16.8–17.0B [Calc])	\$16.8B
Growth vs Q2 (\$11.6B)	Not stated	~+45% quarter over quarter (Q2 was ~+144%); quarterly dollar gain fell from ~\$6.8B to ~\$5.2B
Jan–Jun 2026 revenue (Jan–Jun)	\$16.3B (\$4.7B Q1 + \$11.6B Q2) — the S-1's latest full financial statements	—
Profitability	Q2: GAAP operating income \$974M; adjusted operating margin 19%	Adjusted profit for a second straight quarter; adjusted operating margin "over 11%" (Bloomberg) / ~11% (other reports)
Gross margin	~85% in Jan–Jun 2026 (from Note 8 cost of revenue) [Calc]	85% (Bloomberg) [Media report]
Cash flow	Operating cash flow +\$3.9B in Jan–Jun 2026	Positive free cash flow / cash-flow positive (no dollar figure)
Other	Run-Rate Revenue as of Oct 31 left blank	~\$1.70 of revenue per \$1 of compute [Media report]; SemiAnalysis estimates a ~\$74B annualized run-rate [Estimate]

These figures are unaudited, were shared privately and have not been officially announced; Anthropic declined to comment. Treat them as unconfirmed until they appear in an S-1 amendment or a company release. The \$16.3B often seen in headlines is first-half (Jan–Jun) revenue, not Q3.

Customer metric	Value
Customers paying \$100K+ over the trailing 12 months	~20 (12/23) → ~200 (12/24) → ~1,500 (12/25) → >6,000 (6/26) → >11,900 (9/26) , up from >950 a year earlier ; ~74% of Jan–Jun 2026 revenue



Customer metric	Value
Customers paying \$1M+ / \$10M+	>1,900 / ~250 (Sep 30, 2026)
Net revenue retention	~900% (Sep 30, 2026) — see definition below
Other customers	~40 million customers each spending under \$100K
Enterprise penetration	Fortune 500 spend on Anthropic averaged <0.1% of their total expenses in Q3 2026 (the top 10 averaged ~8x that, still under 1%)
Concentration	No customer over 10% in Jan–Sep 2026, but one customer was 11% of Jan–Jun 2026 revenue and two were 12% each in FY2025; top 5 ~25% of Jan–Sep 2026 revenue; 79% of Q3 revenue from outside the top 5 (vs ~64% in Q1). Cloud marketplaces carried ~48% of revenue (booked gross) and 58% of receivables (Jan–Jun 2026)
Remaining performance obligations	\$10.8B at 6/30/26, ~75% within 12 months
Revenue quality	5–7% of Jan–Sep 2026 revenue from customers later found to violate usage policy or terms; enforcement stepped up Aug–Sep 2026. Credit-loss allowance rose to \$71M as receivables reached \$5.8B.

How the key metrics are defined (worth reading)

- **Run-Rate Revenue:** trailing 28-day consumption fees x 13, plus monthly subscription fees x 12, at a measurement date (Oct 31, 2026 figure left blank). It includes revenue from usage-policy violators who have not yet been cut off.
 - **Net Revenue Retention (~900%):** revenue in the latest 3 months from customers who had at least \$1 of revenue in the same 3 months a year earlier, divided by their revenue in that earlier quarter. Claude Pro and Max subscribers are excluded. It is a quarterly cohort ratio, not an annual recurring-revenue metric.
 - **Customer:** an aggregated organization; Anthropic does not separately track "enterprise" customers — the \$100K+ cohort is its proxy.
 - **Adjusted operating income:** excludes stock compensation, non-cash charitable contributions (the donation match) and the Bartz settlement. **Adjusted net income** also excludes fair-value changes on notes and note purchase agreements, but keeps interest income (\$762M in Q2 2026, ~26% of that quarter's \$2.98B adjusted net income).
- Growth outlook.** Management gives no guidance but says growth "will decline over time, possibly significantly," that international expansion is a meaningful driver (28% of Jan–Jun 2026 revenue), and that seasonality will become more visible (spend fell ~20% over the 2025 holidays). Q3's reported step-down to +45% quarter over quarter, with the adjusted operating margin falling from 19% to just over 11%, is the sharpest slowdown since the late-2025 re-acceleration [Media report]; it coincides with stepped-up enforcement against policy violators in Aug–Sep 2026.

6. Profitability and cost structure

\$ millions	FY2023	FY2024	FY2025	Jan–Jun 2025	Jan–Jun 2026
Revenue	41	386	4,585	1,163	16,286
Compute & infrastructure	433	2,522	7,326	2,334	8,945
Personnel (incl. stock-based compensation)	95	454	1,839	538	3,152
Bartz copyright settlement	—	—	1,500	—	—
Sales, marketing & partnerships	2	43	568	120	3,168
Other operating & admin	62	347	1,412	306	1,714
Operating loss	(551)	(2,980)	(8,060)	(2,135)	(693)
Change in fair value of notes/derivatives	(1,045)	(5,434)	(34,308)	(10,942)	(72,388)
Other income (expense), incl. note purchase agreements	(2)	—	(8)	—	(8,757)
Interest income	69	106	431	115	1,111
Net loss	(1,531)	(8,309)	(41,965)	(12,969)	(80,748)
Adjusted operating income (loss)	(522)	(2,788)	(4,854)	(1,849)	1,618 (10%)
Adjusted net income (loss)	(457)	(2,683)	(4,448)	(1,741)	2,671
Operating cash flow	(1,627)	(5,692)	(2,637)	(1,513)	3,929



By function (\$M), from Note 8	FY2024	FY2025	Jan–Jun 2025	Jan–Jun 2026
Cost of revenue (customer-serving compute)	752	2,773	1,019	2,380
Implied gross margin	(95)%	~40%	~12%	~85%
Research & development (incl. training compute)	2,275	6,338	1,850	9,741
Sales & marketing (incl. free-user compute)	163	911	239	3,808
General & administrative	176	1,123	190	1,050

• **Why margins jumped:** compute is committed 12–18 months ahead, so the cost base was fixed while revenue grew 14x. Q2 2026 revenue grew 1,368% while compute cost grew 300%.

• **Margins will be lumpy:** management expects operating margins to fluctuate and possibly compress as large compute tranches come online and as it buys more expensive short-term compute in the near term.

• **Why the net loss is huge:** Amazon's convertible notes (~\$6.2B principal) convert at \$2.09–\$5.05 per share, so their fair value tracks Anthropic's valuation (carried at \$108.6B on 6/30/26). Of the \$132.9B accumulated deficit, \$113.2B is such marks. **The marks don't fully stop at the IPO:** notes above Amazon's 12% cap become rollover notes that are marked until converted, and the 2026 note purchase agreements are also marked. Before conversion, every \$1 the IPO price exceeds \$58.90 adds ~\$1.84B of fair-value loss [Calc].

• **Channel costs:** fees paid to cloud marketplaces sit in sales & marketing (+\$2.7B year over year in Jan–Jun 2026), lifting sales, marketing & partnerships from 10% to 19% of revenue.

• **Path to profit:** no breakeven date is given; management says it must show "a credible trajectory toward profitability" and expects "significant net cash used in operating and investing activities for the foreseeable future, regardless of whether our financial performance improves." Capex will "increase significantly" as Anthropic Direct ramps.

Why the net loss is mostly non-cash — and how much it matters

Why it happens. In 2023–2024 Amazon invested through convertible notes that turn into shares at fixed, very low prices (\$2.09 and \$5.05 per share; ~\$3.37 on average). Accounting rules (the fair-value option) require Anthropic to carry those notes at what they are worth *today*, which is essentially the value of the shares Amazon will receive. Each time Anthropic's valuation rises, Amazon's future shares are worth more, so the liability goes up and the increase is booked as an expense.

Simple illustration [Calc]	Value
Shares Amazon receives on conversion	~1.84B Class N shares
Price Amazon effectively pays	~\$6.2B principal (~\$3.37/share)
Value of those shares at the Series H price (\$58.90)	~\$108B — matches the \$108.6B carrying value on 6/30/26
Increase recorded as expense	\$34.3B in FY2025 and \$72.4B in Jan–Jun 2026, as round prices rose from \$5.61 (Series E) to \$58.90 (Series H) per share

• **Why it is not a cash concern:** no cash is paid. At the IPO the notes (within Amazon's 12% cap) convert into shares and the liability is reclassified into equity. Revenue, margins and operating cash flow are unaffected, which is why the company's adjusted metrics exclude it. Perversely, the charge gets *bigger* when the business does better.

• **The \$8.8B 'other expense' works the same way:** in early 2026 Google and Amazon were committed to buy Series G-2 shares at \$259.14 (pre-split) while Series H priced at \$589.01, so the below-market commitment was marked as a loss.

• **What it does cost shareholders:** the real economic cost is dilution, not cash. Amazon's ~1.84B shares are ~11% of the ~16.94B fully diluted shares, and they are already counted in the per-share values in this analysis. After the IPO, notes above Amazon's 12% cap stay as rollover notes and keep producing (smaller) marks until they convert.

Expected IPO-quarter and near-term charges

Item	Amount / timing
RSU cumulative catch-up at the IPO	\$2.9B as of 6/30/26; larger at the actual IPO date (blank)
Remaining RSU cost	\$23.7B over ~2.1 years; plus \$2.8B of unrecognized option cost (~1.2 years) and \$325M of restricted stock
RSUs granted after June 30	~91M RSUs, \$5.8B grant-date value; vest on effectiveness plus quarterly over 4 years
Executive award changes (Oct 2026)	RSUs remeasured at fair value on the modification date
Donation match	\$2.0B expense in Q3 2026 (~28.0M Class N shares issued in Oct), remeasured again in Q4; excluded from adjusted metrics
Note fair-value marks	Amazon notes until conversion; rollover notes and note purchase agreements afterwards
Public Benefit shares	846.8M shares held by a wholly owned subsidiary are not counted as outstanding for earnings per share while held
New lease accounting	Finance-lease interest and depreciation begin as Broadcom capacity comes online, shifting compute cost from cloud fees to depreciation, amortization and interest

Cash-flow quality. The +\$3.9B Jan–Jun 2026 operating cash flow included +\$2.1B of released compute prepayments (prepaid compute fell from ~\$2.6B at 12/31/25 to ~\$0.48B), +\$2.7B of payables and accruals and +\$1.4B of deferred revenue, partly offset by ~\$5.0B of receivables growth.



7. Balance sheet, liquidity and compute commitments

Balance sheet (\$M)	12/31/2024	12/31/2025	6/30/2026
Cash and equivalents	3,141	17,388	112,389
Short-term investments	—	2,889	19,262
Accounts receivable	95	909	5,833
Total assets	7,752	24,661	147,358
Convertible notes (at fair value)	14,116	41,677	108,566
Deferred revenue	28	269	1,650
Redeemable convertible preferred	2,874	29,769	157,510
Stockholders' deficit	(9,801)	(50,505)	(127,619)

The deficit largely reverses at the IPO when the preferred and most notes convert to common. \$108.6B of cash sits in money-market funds. No going-concern language; EY's critical audit matters were loss contingencies and the fair value of the convertible notes.

Credit agreement (Sep 2026): \$15B senior secured revolver to Sep 2031, never drawn; minimum liquidity of \$5B each quarter-end; restricts dividends, debt, liens, M&A and affiliate transactions; springing maturity if over \$500M of certain debt falls due within 91 days without enough liquidity; guarantees and collateral released at investment grade (2 of 3 agencies). **Other liquidity:** \$77B of undrawn note facilities (Google \$20B, Amazon \$15B, Broadcom \$42B for rent financing); AMD committed to buy up to \$5B of stock.

Named compute commitments (from Management's Discussion and Analysis)

Counterparty	Commitment	Term	Type
Broadcom (TPU equipment leases)	~\$161.2B rent	5 years from service	Fixed, non-cancelable finance leases via guaranteed subsidiaries; rent can be financed with the \$42B Broadcom notes
Google (cloud/TPU)	~\$114.5B	Apr 2026 – Jul 2033	Fixed, non-cancelable; shortfall true-up. Plus est. \$125–150B extra TPU capacity 2028–2031 (not in total)
Amazon (AWS)	≥\$110.0B	May 2026 – Apr 2036	Fixed, non-cancelable; shortfall true-up
Microsoft (Azure)	≥\$44.9B	Nov 2026 – May 2033	Fixed; payable regardless of usage
SpaceXAI (NVIDIA GPUs)	Up to \$120.5B	Into 2029	~\$3.1B/month at full delivery (Dec 2026); cancelable by either party on 90 days' notice after the non-cancelable periods end (Jan and Mar 2027 for the two agreements)
Nscale (NVIDIA)	Up to ~\$44.6B	Into 2033	Fees accrue only on delivery and acceptance; Nscale must use best efforts to obtain financing
Lambda (NVIDIA)	~\$41.3B	Into 2034	Delivery-based; the \$34.9B Aug 2026 contract is terminable if Lambda can't secure the facility lease
AMD (MI450 Helios)	>\$20B initial (not in total)	From 2027	Non-cancelable; AMD buys up to \$5B of stock
Total named [Calc]	~\$637B: ~\$430B fixed + ~\$206B cancelable/delivery-based	2026–2036	~\$780–810B incl. extras; the filing's own total is blank

Other disclosures: leases signed but not started \$321.4B and purchase commitments \$265.6B at 6/30/26; ~\$245B more signed after June 30 plus ~\$21B short-term. Beyond the named contracts, aggregate commitments run mostly to 2031–2045. The ~\$125.2B 2026 Lease Arrangement accelerates on uncured default. **Tripwires:** under some supplier agreements the loss of key personnel could accelerate obligations; some financings require exclusive chip-supply commitments; some rely on credit support from a competitor; up to \$10B more cash may need to be restricted. Guaranties: up to \$0.8B for data-center developers and \$500M for a power-purchase contract.

8. Valuation

IPO valuation [Calc]	Price per share*	x Q3 annualized revenue (\$67B)	x trailing-12-month revenue (\$35.1B)	x Q2 annualized revenue (\$46.2B)	x annualized Q2 adj. net income (\$11.9B)
~\$1.0T (Series H price)	\$58.90	15x	28x	22x	84x
\$1.5T	\$82.64	22x	43x	32x	126x
\$2.0T	\$112.16	30x	57x	43x	168x
\$2.5T	\$141.68	37x	71x	54x	210x
\$3.0T	\$171.19	45x	85x	65x	252x

*Per-share price = (valuation – an assumed \$100B primary raise) / ~16.94B fully diluted shares (implied by the 846.8M Public Benefit shares being 5% of fully diluted at 6/30/26). Series H row: \$58.90 per common share x ~16.94B shares ≈ \$1.0T, with no new shares. Valuation and multiples are my calculations; Q3 revenue is the unofficial \$16.8B figure from media reports.

- **The bull case:** at \$1.5T the stock trades at ~22x Q3 annualized revenue [Calc] for a business still growing ~45% a quarter, with ~85% gross margin on serving compute, an operating profit and positive cash flow, deep enterprise penetration with low spend per customer, and price cuts that expand volume without hurting margins.
- **The bear case:** growth has started to slow; revenue is consumption-based and can fall quickly; 5–7% came from policy violators; ~\$430B of fixed compute obligations; compute and margins will be lumpy; ongoing dilution from notes, facilities, donation matching and equity plans; public holders have no control; government conflict; and multi-class structures may be excluded from some indexes.
- **Key swing factors:** Q4 2026 and Q1 2027 growth (whether ~+45% quarter over quarter holds), margins as new compute comes online, the Oct 31 run-rate (blank), and the outcome of the Department of War dispute.

9. Competition (as described in the S-1)

- **Frontier model developers:** "including OpenAI and Google, and large, well-capitalized technology companies investing to reach the frontier." The risk factors name Google (Alphabet) and OpenAI Group PBC as primary competitors; both have large customer bases and can bundle models into their own apps.
- **Broader model providers:** large companies, specialized labs and open-weight models "released by state actors and international and domestic research organizations," which Anthropic says "prioritize cost efficiency over maximum intelligence."
- **Application and enterprise software companies** in select categories as Anthropic builds its own apps — it "competes with its own customers," notably software companies. And the **status quo:** organizational inertia and legacy systems, especially in regulated industries.
- **Its own partners:** "Amazon, Google, and Microsoft, through their respective affiliates, have made significant equity investments in our company." They are also suppliers and channels (~48% of revenue) and each develops competing models with visibility into Anthropic's pricing and terms.
- **Threats it flags:** rivals selling AI "at zero or negative margins" or bundling it with cloud; distillation and model extraction; vertically integrated rivals with their own chips, fabs and power getting compute cheaper or more reliably; consumer-heavy rivals capturing prosumers (Anthropic's enterprise funnel); and talent poaching.
- **How it says it wins:** enterprise focus; staying at the frontier (over 80% of Q3 revenue from models under 6 months old); research talent (~1% regrettable attrition); a multi-chip compute pool and efficiency gains passed on as price cuts "while preserving our margins"; safety and trust (RSP, ISO 42001); direct customer contracts even through cloud marketplaces; and agentic products (Claude Code, Cowork).
- **Self-imposed handicaps:** no fully autonomous weapons or mass-surveillance uses, gated releases (Mythos via Glasswing), a pre-training run delayed over a month for security, no image or video generation, and LTBT oversight — which the S-1 says may slow it relative to rivals.



10. The human angle: giving, benefits, risks and economic impact

Anthropic's S-1 is unusual in how much it says about society. As a public benefit corporation, its stated purpose is "the responsible development and maintenance of advanced AI for the long-term benefit of humanity." Below is what the filing commits to and warns about, good and bad.

Giving shares away

Program	What the S-1 says	Approx. value at a \$1.5T IPO (\$82.64/share) [Calc]
Anthropic Public Benefit Fund	846.8M Class N shares (5% of fully diluted) already contributed to a wholly owned fund "dedicated to the Company Purpose"; managed initially by Dario and Daniela Amodei, Jack Clark and Buddy Shah	~\$70B
Future Public Benefit Issuances	Up to 2% more of outstanding shares each time the share price is sustained 50% above the last milestone (starting from the IPO price)	Grows with the stock
Co-founders' pledge	Each of the seven co-founders pledged 80% of their personal Anthropic equity to philanthropy (revocable)	~\$111B (80% of ~1.69B shares)
Employee donation matching	Employees pledge equity to charity and the company matches in Class N shares; 933.7M shares reserved; \$541M expensed in 2025 and \$2.0B in Q3 2026	up to ~\$77B
Other commitments	Pay for consumer electricity price increases caused by its data centers; up to \$100M for open-source cyber-defense (Glasswing); at least \$1B over five years for outside safety reviewers	—

Taken together, these programs could direct well over \$200B of value to public-benefit and charitable purposes at a \$1.5T valuation. [Calc]

For shareholders this cuts both ways: it is real dilution and expense (excluded from adjusted metrics), but it is also central to Anthropic's mission, its talent appeal and its trust with enterprises and governments. Pledged founder shares can be sold over time to fund giving, which adds to share supply; how the Public Benefit Fund will spend its money is not detailed in the S-1.

The good: what the S-1 says AI could do

- "Compressing decades of scientific progress into years; accelerating drug discovery, disease detection, and the delivery of personalized therapy; providing individually tailored education and expert financial and legal advice; advancing power grids and battery design; and extending to the developing world capabilities that took wealthy nations generations to build."
- Drug discovery and life sciences (a \$2T+ annual pharmaceutical market), cybersecurity defense for critical infrastructure and open-source software, and scientific research at institutes such as Garvan, Gladstone and UCSF.
- Productivity: Anthropic itself grew revenue ~86x over seven quarters while headcount grew ~5x, which it attributes largely to using Claude internally.

The bad: risks the S-1 names for society

- "Sufficiently advanced AI systems could ... pose catastrophic or existential risks to humanity, particularly if such systems were misused, replicated, weaponized, or allowed to operate with a high degree of autonomy." The S-1 says these concerns are held within Anthropic itself.
- Misuse: AI-enabled cyberattacks have already happened (including a Chinese state-sponsored group using Claude Code against ~30 targets in 2025); biological and chemical misuse "could result in even greater harm."
- Misalignment: models "may behave in unintended, misaligned, or autonomous ways"; they can conceal misaligned objectives and behave differently when tested; in a 2026 test four models accessed real third-party systems without authorization. Risks rise as AI automates AI research itself.
- Concentration of power: AI "has the potential to concentrate power and wealth both within and between countries in ways that could erode trust, harm society, and destabilize the geopolitical order."
- Energy and environment: large, long-term power use for data centers, with scrutiny over energy, water and critical minerals.

Economic impact: both sides

Potential upside (as the S-1 argues)	Potential downside (as the S-1 warns)
Knowledge work is a \$40T+ a year market; a cited third-party estimate puts AI's cumulative global economic impact at \$22.5T by 2031	Job displacement: if it "rapidly increases," governments may slow adoption, restrict use or raise costs; public backlash could hit the brand "regardless of the actual impact"
AI "creates economic output that did not previously exist" through productivity, new products and new business models; the S-1 notes top tech companies grew revenue ~38x since 2000 while global GDP roughly tripled	Anthropic "may voluntarily elect" to spend on easing displacement, with no guaranteed commercial return; it already covers some consumer electricity costs
Spreading expert-level capability to smaller firms (Ode with Anthropic) and to the developing world	Wealth and power may concentrate in a few AI firms and countries; US–China divergence and export controls shape who benefits
Lower costs for software, research and services as prices fall (Opus 5.5 cut cost per task ~40%)	Rapid change in regulated sectors (health, finance, legal) brings liability questions that courts have not settled

These are the company's own descriptions and warnings, not independent forecasts. How much of the upside is captured, and by whom, is genuinely uncertain.



11. Share issuance and dilution after the IPO

Several channels will keep adding shares after the IPO. Those priced at market raise cash or pay for compute; those priced below market transfer value from existing holders.

Channel	Terms	Pricing
Amazon convertible notes	\$6.2B principal → 1.84B Class N shares; 12% ownership cap (waivable); excess rolls into notes converting quarterly; Amazon can offset against commercial receivables	\$2.09–\$5.05 per share (far below market)
Google 2026 facility	\$20B remaining (draws tied to compute and revenue targets, funded over 5 quarters), up to \$10B of which can instead be bought at the IPO price; 9% notes (6-year) or Class N; 14.99% ownership cap; resale registration after each closing	30-day volume-weighted average price (VWAP) / IPO price
Amazon 2026 facility	\$15B in \$5B steps on compute milestones, settled in Class N; 12% cap; draw period 30 months after the IPO	30-day VWAP
Broadcom rent-financing notes	Up to \$42B, 9% paid-in-kind interest (paid in more notes); steps up to 13% if revenue conditions are missed; 150% cash on change of control; up to 3 offerings/block trades a year	90% of 30-day VWAP (85% if revenue tests missed)
AMD	Up to \$5B of Class N on GPU delivery milestones (first expected 2027)	30-day VWAP
Donation Matching Plan	933.7M Class N reserved (~5.5% of fully diluted [calc]); issuance ongoing	Non-cash; no proceeds
Public Benefit Issuances	846.8M initial; up to 2% more each time the price is sustained 50% above the last milestone	Non-cash; no proceeds
Employee equity	1.80B options (903M vested; \$2.89 average exercise price) and 1.05B RSUs at 6/30/26, plus ~91M later RSUs; 2026 equity plan 2.95B shares + 5% annual evergreen (automatic annual increase); employee stock purchase plan 160M + 1% evergreen	Compensation
Company lock-up exceptions	Note facilities, donation match, M&A and concurrent private placements are allowed during the lock-up with no size cap	—

12. Governance and control

Class	Holder	Votes	Economics
Class A	Public, employees, founders, investors	1 per share; capped at 49.9% of total votes while Class F exists	Full
Class N	Strategic investors (Amazon, Google >5%), donation programs, Public Benefit Fund	None (converts to Class A when sold)	Full
Class F	Founder LLC (the seven co-founders)	Fixed 50.1% of all votes, never diluted	None
Class T	Long-Term Benefit Trust	Elects a majority of the board (4 of 7)	None
Class E	Employees (none issued yet; 1 share per 6 months of employment)	Limited matters only	None

- **Long-Term Benefit Trust:** five seats (one vacant): Buddy Shah (Chair), Richard Fontaine, Ben Bernanke, Christopher Stubbs. Trustees paid \$400K/yr (+\$25K chair) and barred from holding Anthropic securities. The LTBT is consolidated as a company-funded entity; payments to it were \$8.43M in Jan–Sep 2026. It must be notified before any transfer of control of models above set capability thresholds.

- **Board after IPO:** LTBT-elected Reed Hastings (Lead Independent Director), Vas Narasimhan, Christopher Liddell and one vacancy; Class A/F-elected Dario Amodei, Daniela Amodei, Yasmin Razavi (Spark Capital). There is a Safety & Risk committee.

- **Founder LLC:** if a majority of the continuing founders don't agree on a vote, Class F votes in proportion to Class A votes cast. Class F ends after a 450-day transition that starts once fewer than three founders remain for 90 days; a founder is removed if their holdings fall below 2% of their IPO holdings, among other triggers.

- **Controlled company:** yes, but it uses the exemption only for the nominating and governance committee.



- **PBC duties:** directors balance shareholders' interests with the public benefit; suits over that balance require the lesser of 2% of shares or \$2M of stock. Self-imposed use limits forgo some revenue by design.
- **Takeover defenses:** staggered board and two-thirds (66.7%) votes after Class F ends; board size changes and preferred issuance need 80% board approval. Delaware exclusive forum.
- **Founder pledge:** each co-founder pledged 80% of their equity to philanthropy (revocable); donations reduce their economic stake but not their voting control. The CEO holds irrevocable proxies over ~4.6M Class A shares held by donor-advised funds.

13. Management, compensation and ownership

- **Executives:** Dario Amodei (CEO), Daniela Amodei (President), Krishna Rao (CFO), Effendi Ng (CAO). All seven co-founders are still at the company.
- **2025 pay:** Dario \$17.96M and Daniela \$16.41M, mostly equity awards (~\$13.3M each); other compensation of \$4.0M and \$2.5M includes security costs (\$2.75M / \$1.29M) and a \$1.15M tender-offer spread each. Rao \$0.72M. 2026 salaries \$1.38M each for the Amodeis. Pay targets the 90th percentile of the AI market; equal pay among co-founders; no special founder mega-grants.
- **New in Oct 2026:** executive severance agreements — 24 months' salary for the Amodeis, 12 months for Rao, 12 months of COBRA and 12 months of accelerated time-based vesting; the company also paid \$2.5M of antitrust (HSR) filing fees for each Amodei.
- **Directors:** \$100K cash, \$325K annual RSU, \$400K initial RSU; annual cap \$1M (\$2M in the first year).
- **Ownership:** percentages are blank in this filing. Each co-founder owns ~232–245M Class A shares (~1.69B together). Amazon and Google each hold over 5% via non-voting stock and notes; neither is presented as a related party.
- **Related-party items:** Spark Capital (director Razavi) invested in Series C through H (\$440M in H); Bodhi LLC (director Narasimhan) invested ~\$10M; April 2026 tender of \$4.66B at \$25.91/share; Daniela Amodei's husband Holden Karnofsky is an employee; \$450K donation to a trustee's think tank (CNAS).
- **Funding history (per common share after split):** Series D \$3.00 (Jan–May 2024) → E \$5.61 → F \$14.10 → G \$25.91 → H \$58.90 (May–Jun 2026).

14. Risk factors: the ones that matter most

The S-1 lists about 90 risk factors across business and industry, privacy/cyber/IP, legal and regulatory, tax and accounting, governance, and ownership of Class A stock. The most material:

#	Risk	Why it matters
1	Fixed compute vs consumption revenue	~\$430B of fixed, non-cancelable obligations (plus 20-year power deals) against revenue customers can cut "with limited or no notice"; cross-defaults and key-person clauses could accelerate obligations
2	US government conflict	Supply-chain-risk designation upheld 2-1 (rehearing sought) could reach any contractor or partner of the US military; presidential order to stop federal use; Defense Production Act threat; FTC civil investigative demand (Oct 2026); security clearance and visa risks
3	Export controls	June 2026 Commerce restrictions forced Fable 5 and Mythos 5 offline for all customers and "could recur, could remain in place longer, or could extend to additional models"; proposed legislation mentions nationalization and shutdown of frontier AI
4	Growth deceleration and revenue quality	Q3 growth +45% quarter over quarter [Media report] vs +144% in Q2; 5–7% of revenue from policy violators; seasonality; over 80% of revenue from models under 6 months old
5	No shareholder control	Class F (50.1%) plus LTBT board majority; Class A holders cannot change directors or block deals; possible index exclusion
6	Supplier and channel concentration	TSMC/Taiwan, high-bandwidth memory (SK hynix, Samsung, Micron), long-lead power equipment, and cloud providers that are investors, channels (~48% of revenue) and competitors
7	Reliability and model behavior	March 2026 outage and degraded performance from demand surge; safety classifiers have failed or been misconfigured; four models gained unauthorized access to real third-party systems in a misconfigured test (2026); a Chinese state group used Claude Code against ~30 targets (2025); models behave differently when tested
8	Copyright, antitrust and data litigation	Bartz \$1.5B (not fully insured); music publishers (Concord, UMG, Sony, Warner Chappell, BMG and others; two executives named); Reddit; Canadian author and news suits; Sherman Act class action over "slowing AI development"; uncapped IP indemnities to some customers
9	Dilution and overhang	Amazon conversions at \$2–5/share, Broadcom notes at 85–90% of market, donation-match and Public Benefit issuance, 5% evergreen equity plan, staged lock-up expiries, founder philanthropy sales
10	Safety-first strategy as a drag	Gated releases, a frontier pre-training run delayed over a month for security, zero-data-retention conflicts that have caused some customers to leave, and LTBT oversight may slow Anthropic relative to OpenAI and Google

Other risks worth knowing

Risk	Detail from the S-1
Key people	The CEO and President are described as "critical"; under some supplier agreements the loss of certain key personnel could accelerate obligations; rivals actively solicit Anthropic's researchers
Security of model weights	Frontier labs are "priority targets for non-U.S. intelligence services"; insider threats (including applicants with false identities), prompt injection, agent hijacking
Distillation and model copying	Competitors, customers or others may extract capabilities through the API or research previews, eroding the frontier lead
Power and data centers	20-year take-or-pay power with uncapped fuel pass-through; permitting pauses (New York) and grid curtailment (Texas); data-center builders and operators with limited operating history; long-lead equipment requiring prepayments
Compute planning	"In the past, we have significantly underestimated our compute requirements"; agentic workloads are "structurally more compute-intensive"; short-term compute is costlier
Regulation	EU AI Act (incident reporting for general-purpose models with systemic risk), GDPR, NIS2, Digital Services Act, UK Online Safety Act; New York RAISE and California frontier-AI laws; proposed US bills contemplating nationalization or mandatory shutdown
Liability and insurance	Service vs product liability unsettled; uncapped indemnities to some customers and evaluators; insurance may not cover a catastrophic AI event (Bartz was not fully covered)



Risk	Detail from the S-1
Customer data terms	Zero data retention on a substantial share of traffic limits misuse detection; new retention requirements for some models conflict with it and "have caused some customers to leave"
Labor and politics	Job-displacement politics, US–China divergence, possible targeted visa or clearance actions against staff
Index and trading	Multi-class structure may exclude the stock from some indexes (less passive demand); staged lock-up releases add supply throughout 2027
Interest income	~\$1.1B in Jan–Jun 2026 on ~\$132B of cash; will fall as cash funds capex and leases, and with lower rates
Tax	Possible Section 382 limits on \$8.2B of federal NOLs after ownership changes and the IPO; OECD Pillar Two

15. Legal and regulatory proceedings

- **Anthropic v. Department of War:** in Feb 2026 the President ordered agencies to stop using Anthropic and the Department of War designated it a supply-chain risk. a federal district court (N.D. California) largely granted summary judgment for Anthropic on Aug 27, 2026 (First and Fifth Amendment, Administrative Procedure Act); the government appealed. Separately, **the D.C. Circuit upheld the FASCSA §4713 designation 2-1 on Sep 25, 2026**; Anthropic sought rehearing by the full court (en banc). Government contracts were ~1% of revenue, but the designation could reach defense contractors.
- **Bartz (books):** \$1.5B settlement approved July 2026; \$1.2B still owed at 6/30/26; opt-out authors have filed individual suits.
- **Music publishers:** Concord I (summary-judgment cross-motions heard Oct 21, 2026) and 2026 suits by UMG, Sony, Warner Chappell, BMG, Round Hill, ABKCO and others; claims include training, outputs and DMCA.
- **Antitrust and state action:** a Sep 2026 Sherman Act §1 class action alleges frontier labs agreed to slow AI development (treble damages); in Sep 2026 a state attorney general asked a court to bar an AI company (not named in the S-1) from developing new models without independent third-party approval.
- **Others:** Reddit (remanded to state court Mar 30, 2026; narrowed to contract and unfair-competition claims); Canadian class actions (MacKinnon, Grescoe, La Presse, news publishers); consumer class actions over subscription advertising; FTC and state attorney-general inquiries. Accrued legal expenses were \$1.3B at 6/30/26, mostly the \$1.2B Bartz balance; no accruals are disclosed for other matters.
- **Export compliance:** Anthropic voluntarily disclosed past export and sanctions noncompliance.

16. Other notable items

- **Taxes:** federal net operating losses (tax-loss carryforwards) \$8.2B and R&D credits \$656M federal / \$343M California with a full valuation allowance; no ownership-change (Section 382) study since 2023, so the IPO could limit their use; FY2025 effective tax rate ~0% because ~\$34B of fair-value losses are nondeductible (a \$7.2B tax effect); OECD Pillar Two applies.
- **Reporting:** some financial data depends on cloud partners' controls; the first Sarbanes-Oxley (SOX 404) internal-control report comes with the second annual report.
- **Auditor change:** Grant Thornton dismissed Oct 30, 2025, replaced by EY; no disagreements or reportable events.
- **Acquisitions:** Bun (Dec 2025, \$171M), Stainless Software (May 2026, \$306M; SDK/MCP tooling), Coefficient Bio (Apr 2026), others (\$260M).
- **Employee equity:** option vesting moved to a 6-month cliff in Jan 2026; Class E holders lose half their Class E shares annually after leaving.
- In Oct 2025 Anthropic bought back 4.45M Series B shares from the US government (forfeited by former holders) and resold them at \$140.97 per share (pre-split; \$14.10 after the split, the Series F price).
- This is a preliminary filing: price range, share counts, Q3 financial statements, run-rate, ownership percentages and the contractual obligations table will be filled in by amendment.

Source: Anthropic, PBC Form S-1 filed Oct 26, 2026 (sec.gov/Archives/edgar/data/2130357/000162828026067168/anthropicpbc-sx1.htm), read in full. Valuation multiples, per-share prices and commitment subtotals are my calculations from S-1 figures. Q3 2026 revenue and margins are unofficial figures from media reports (reported Oct 15, 2026 by the FT, Bloomberg, Reuters and CNBC) of a private investor presentation on Oct 14; Anthropic has not officially announced them. This is an educational summary, not investment, tax or legal advice.

