Oct 28, 2026

Q&A with Claude, Regarding Anthropic’s IPO

Question:

What are the prospects of investing in Anthropic's forthcoming IPO, is it a good idea and what are the risks associated with it? Be specific about Anthropic's investment risk, not a general risk analysis. Use current public information as of late October 2026. Do not invent numbers. Separate confirmed S-1 facts from press estimates. Lead with the conclusion. This is analysis, not personalized financial advice.

Response:

Conflict of interest: I'm Claude, and Anthropic makes me. Weigh my view with that in mind, and check every figure against the S-1 on SEC EDGAR. This is analysis, not personalised financial advice.

Bottom line

At the reported $1.5–2 trillion valuation, I would not buy at the IPO. I'd wait for the price range, audited Q3 results, and the first few insider lockup releases.

The business is real. Revenue grew more than tenfold, the company has started making an operating profit, and operating cash flow turned positive. The problem is price.

- A big premium already built in: $1.5T would be about 55% above the $965B private round from just five months ago.
- Slowing growth: quarter-on-quarter growth appears to be slowing sharply.
- Huge fixed costs ahead: non-cancelable compute contracts are about to land on the income statement.
- No say for buyers: public shareholders get almost no control.
- Early insider selling: insiders can start selling within weeks of listing, not after the usual 180 days.

What would change my view:

1. Price near the May mark. An IPO valued at roughly $1.0–1.2T would make it much more interesting. That's still about 15–25 times Q2 revenue on an annualised basis.

2. Q3 holds up once audited. The company told investors Q3 revenue was about $16.8B. If the audited figure confirms it and Q3 stays profitable on a GAAP basis, the slowdown looks like normalisation rather than a plateau.
3. Profit survives the new compute. Q4 2026 and Q1 2027 should still show an operating profit after the SpaceXAI capacity comes online.
4. Mostly new money. Most of the IPO should be new shares sold by Anthropic, with modest selling by existing holders. There should also be a concrete plan for spending the proceeds on the compute commitments.
5. Early lockup releases are small. The staggered releases should cover only a small share of insider stock.

What's confirmed (company and S-1 disclosure)

Filing status

- Anthropic, PBC filed a public S-1 on October 26, 2026 for Class A common stock, ticker "ANT" on Nasdaq Global Select.
- Share count and price range are blank, and the registration is not yet effective.
- Goldman Sachs and Morgan Stanley lead a syndicate of 22 banks.
- The company won't receive proceeds from shares sold by existing holders.
- Its stated reasons for the offering are generic: to increase capitalisation and financial flexibility, and to create a public market. I haven't confirmed exactly how the S-1 words its use of proceeds. Press summaries say general corporate purposes, including compute, so treat that detail as press reporting.
- The draft S-1 was confidentially submitted in June 2026. Anthropic disclosed the confidential filing in June; I haven't independently confirmed the June 1 date.

Revenue

Period	Revenue
2023	$41M
2024	$386M
2025	$4.585B
H1 2025	$1.163B

Period	Revenue
H1 2026	$16.286B
Q1 2026	$4.731B
Q2 2026	$11.555B

- Q2 2026 revenue was up 1,368% year on year.
- Net revenue retention was about 900% as of September 30, 2026, using the company's own definition.

Profitability

- Q2 2026 GAAP operating income was $974M, an 8% margin. It's the only profitable quarter of the six the S-1 shows.
- Q2 adjusted operating income was $2.235B; the difference is stock-based compensation.
- H1 2026 operating loss was $693M, against $2.135B in H1 2025.
- H1 2026 net loss was $80.7B, but $72.4B of that is a non-cash change in the fair value of convertible notes and SAFEs. These are early investor instruments that convert to stock; they get revalued as the company's valuation rises. There's also an $8.76B "other expense" line I couldn't verify the cause of, so check the notes.
- Operating cash flow was +$3.9B in H1 2026, versus −$1.5B a year earlier.
- Cumulative net losses since 2023 are about $132B, mostly from the same revaluations.

Gross margin

- Anthropic doesn't report a gross margin. The ~85% for H1 2026 is analysts' arithmetic from the cost-of-revenue note: ($16,286M − $2,380M) ÷ $16,286M.
- The same calculation gives about 40% for 2025.
- A separate compute-and-infrastructure line, which is the more useful measure, was $8.9B in H1 2026, about 55% of revenue.

Compute commitments

Minimums payable regardless of use:

Partner	Minimum	Period
Google	at least ~$114.5B	to July 2033
Amazon	at least $110.0B	to April 2036
Microsoft	at least $44.9B	to May 2033

- Other named contracts reportedly include Broadcom ($161.2B), SpaceXAI (up to $120.5B, about $3.1B a month once fully delivered, expected December 2026), Nscale and Lambda.
- Fixed or minimum commitments were reportedly about $265.6B as of June 30, 2026, with most payments falling in 2031–2045.
- The S-1's headline total for commitments is still blank.
- Per-contract figures come from press and analyst readings of the S-1, so confirm them in the filing's contractual obligations section.

Channel concentration

- Sales through the Amazon, Google and Microsoft cloud marketplaces made up 11% of revenue in 2023, 32% in 2024, 47% in 2025 and 48% in H1 2026 (about $7.8B).
- Those marketplaces account for 58% of net receivables.
- The top five customers are about 25% of revenue, with no single customer above 10%.

Governance

- Anthropic is a Delaware public benefit corporation. It must balance shareholder returns against its stated public benefit purpose.
- The Long-Term Benefit Trust holds Class T stock, which generally elects a majority of the board.
- The Founder LLC (Dario Amodei, Daniela Amodei and five other co-founders) holds one Class F share. It carries 50.1% of the vote on general matters and has no economic rights.
- Public investors buy Class A at one vote per share.

- Strategic partners hold non-voting Class N, and employees get limited-vote Class E.
- Anthropic will be a Nasdaq "controlled company," so some independence requirements don't apply.

Lockup

- There's a 180-day market standoff with exceptions. The company's own lockup can end early, after it releases results for the quarter ending March 31, 2027.
- CNBC reports staggered release windows at 27, 48, 62 and 76 days after the IPO, with some selling allowed on day one. The amounts aren't specified.

Press reporting and estimates (not company figures)

- IPO valuation: about $1.5T, down from roughly $2T after slower growth was disclosed at an investor event (Reuters). NPR cites $1.5–2T. This is unconfirmed.
- Secondary-market pricing: about $1.57T implied as of October 12 (AG Dillon, via PitchBook).
- Raise size: "as much as $100 billion" (Reuters). Unconfirmed.
- Q3 2026 revenue: about $16.8B, up roughly 45% from Q2, and profitable on an adjusted basis. This comes from the investor day (FT/Reuters), is unaudited, and is blank in the S-1.
- May 2026 round: about $65B raised at $965B post-money (Reuters).
- Ownership caps: Amazon reportedly capped at 12% and Google at 14.99%, both waivable. Bloomberg puts Amazon at about 9% now, plus about $6.2B of convertible notes.
- Future TPU spending: an estimated $125–150B more for Google and other TPU capacity in 2028–2031 (Bloomberg, citing the S-1).
- Prospectus details reported in press summaries:
    - a Public Benefit Fund receiving 5% of shares, with possible additional grants as the stock rises;
    - the Pentagon "supply-chain risk" designation, which an appeals court upheld 2–1;
    - the $1.5B Bartz copyright settlement and pending music-publisher litigation;
    - risk factors on unexpected self-preserving model behaviour.

Anthropic-specific risks

1. Price versus the May round. At $1.5T, buyers pay about 55% more than investors paid in May.

- H1 2026 annualised revenue is about $32.6B, so $1.5T is roughly 46 times that.
- Q2 annualised is about $46B, or roughly 32 times.
- The unaudited Q3 figure annualised is about $67B, or roughly 22 times.

These multiples are my arithmetic. All of them assume the extreme growth continues. Quarter-on-quarter growth went from about 144% in Q2 to a reported ~45% in Q3, and further slowing would hit the multiple hard.

2. The compute contracts get paid whether or not demand holds. H1 losses weren't paying for compute: operating cash flow was positive. The real question is whether profits survive the new compute coming online.

- Q2's 8% margin came before the big new contracts started.
- SpaceXAI alone at about $3.1B a month (~$9.3B a quarter) is roughly 1.7 times Q2's entire $5.6B compute-and-infrastructure cost.
- The S-1 itself warns margins may compress as large blocks of compute arrive.
- The Google, Amazon, Microsoft and Broadcom minimums are non-cancelable. If revenue growth stalls, those costs stay.

3. Amazon, Google and Microsoft play every role at once. They are investors, compute suppliers, the channel for 48% of revenue, and direct competitors with their own models.

- They set marketplace fees and how prominently Claude is shown.
- Their ownership caps can be waived.
- They hold non-voting Class N stock that can convert and be sold.
- Critics call the cash flowing both ways "circular deals."

4. Shareholders can't change the board or strategy.

- The Founder LLC's 50.1% plus the Trust's board-majority rights mean Class A holders can't replace the board or force a change of direction.
- As a public benefit corporation, the board may legally favour safety over profit. That could mean refusing customers or delaying a model release.
- Anthropic itself says this concentration will last "for the foreseeable future."

5. Insiders can sell early. Employees and early investors can sell in phases from day one through about day 76. The new convertible-note stock and the Class N holders add more potential supply.

6. Government and legal exposure.

- The reported Pentagon supply-chain-risk designation and the order for federal agencies to stop using Anthropic's technology are still being litigated.
- Copyright cases are still pending.

7. Unusual metrics that will look worse as growth slows.

- Net revenue retention of about 900% is company-defined, and 80% of revenue is pay-per-use, so retention can reverse quickly.
- Growth is heavily tied to Claude Code. The most active 5% of users reportedly pay about 20 times more than other enterprise users.

Before deciding

1. Price versus the May mark: wait for the price range in the amended S-1 and compare it with $965B.
2. Who's selling: check the split between new shares and existing holders' shares.
3. Q3 results: see whether they're audited and still profitable on a GAAP basis.
4. Commitments: read the full commitments table, especially the total and the amounts due in the next 12 months.
5. Lockups: check the exact share amounts released in each lockup window.