THE NVIDIA CHRONICLES · INSTALLMENT II · THE STORY SO FAR…

The Company Financing Its Own Boom

On Nvidia's record profits, billions in financial commitments, and the curious economics of helping build the market for your own products.

BY DAVID AMBROSE · NOVEMBER 18, 2026

On Tuesday, Nvidia announced quarterly revenue of $115.8 billion, more than double what it earned a year earlier. Net income reached $65.3 billion, its data center business generated $107.6 billion, and the company projected another $130 billion in revenue for the following quarter. By almost any conventional measure, the artificial intelligence revolution was doing rather well. There was, however, another set of numbers deserving attention. Nvidia has committed extraordinary sums to securing the infrastructure, supplies, and commercial arrangements supporting that revolution. Apparently, selling the equipment is only part of the business. Helping ensure that the market can continue purchasing it has become another.

It is a fascinating arrangement. Nvidia manufactures the processors powering the artificial intelligence boom, while its customers require enormous amounts of capital to purchase those processors, construct data centers, and operate the resulting infrastructure. Some are expanding faster than conventional financing can comfortably accommodate. Fortunately, Nvidia has money. Rather a lot of it. Through investments, guarantees, and commercial commitments, the company is helping support an ecosystem whose growth creates additional demand for its technology. In certain arrangements, Nvidia earns revenue from selling equipment while retaining an opportunity to participate in the revenue generated when that equipment is rented to others. There are evidently advantages to helping develop a market in which one happens to be the dominant supplier.

The $32 Billion Question

According to Nvidia's latest financial disclosures, commitments associated with agreements involving neocloud companies reached approximately $32 billion. These businesses rent computing capacity to artificial intelligence developers and other customers. Nvidia's obligations become effective only after the neoclouds secure financing, deploy the equipment, and satisfy other contractual requirements. The commitments are not loans already advanced, nor are they necessarily amounts the company will ultimately spend. Under these agreements, Nvidia earns revenue from the initial sale of its infrastructure and may also participate in rental revenue generated by the operators. It is a considerable commercial relationship to maintain with businesses whose expansion depends heavily on purchasing the technology Nvidia supplies.

The mechanics are revealing. Nvidia has described arrangements in which it commits to paying for a minimum amount of computing capacity, providing a revenue floor that can help a neocloud operator obtain financing. In return, Nvidia may receive a share of rental revenue above that minimum. If the operator attracts sufficient paying customers, the arrangement can benefit both parties. If demand disappoints, however, Nvidia may still face contractual payment obligations once the relevant conditions have been satisfied. The exact exposure depends on the agreements, and the public disclosures do not establish that such losses are inevitable. Nevertheless, the supplier is doing more than selling equipment. It is assuming a measure of risk associated with the customer's ability to turn that equipment into a profitable business.

Nvidia's other financial commitments are even larger, although they serve different purposes. The company disclosed $390 billion in future supply commitments, primarily involving multiyear memory procurement, and $102 billion in cloud-service agreements and data-center lease commitments supporting its own operations and development needs. These are not customer loans, and combining them with the neocloud arrangements as though they represented the same financial exposure would be misleading. Their significance is nevertheless substantial. Nvidia is securing the components, facilities, and capacity it expects to need for years of continued growth. It is an extraordinary demonstration of confidence in the future, accompanied by an equally extraordinary collection of financial obligations.

Everyone Is Making Money. Presumably.

There is nothing inherently improper about customer financing or supplier commitments. Manufacturers have supported customers, secured supplies, and invested in infrastructure for generations. Nvidia's arrangements may relieve genuine bottlenecks in an industry where demand for computing power remains substantial. The more interesting question is how investors should interpret the resulting growth. A customer expanding through independently secured financing presents one kind of commercial relationship. A customer whose expansion is supported partly by commitments from its principal equipment supplier presents another. Both may be entirely legitimate, but they do not necessarily offer identical evidence of the market's underlying strength.

There is a historical precedent worth remembering. During the telecommunications boom of the late 1990s, equipment manufacturers including Lucent and Nortel helped finance customers building the networks everyone expected to need. The demand appeared extraordinary, and the financial arrangements helped sustain it. When the market weakened, some customers failed, leaving suppliers with substantial credit losses. Nvidia's arrangements are not identical, and today's artificial intelligence market differs considerably from the telecommunications industry of that era. But the underlying lesson remains relevant: helping customers finance expansion can be commercially sensible without guaranteeing that the expansion will ultimately justify its cost. History does not necessarily repeat itself, although corporate finance has occasionally demonstrated a remarkable fondness for familiar arrangements.

Wall Street has developed an impressive ability to admire the sale of equipment without always appearing equally fascinated by the financial arrangements helping make the purchase possible. Apparently, the source of the customer's money becomes less interesting once it reaches the seller's income statement. That observation does not establish that Nvidia is manufacturing artificial demand or improperly recognizing revenue. Its disclosures support neither accusation. The more serious question is whether the businesses purchasing its technology will eventually generate sufficient independent economic value to justify the enormous capital being committed. It would be useful to establish that before congratulating everyone quite so enthusiastically.

Tuesday's earnings call was itself a demonstration of Nvidia's altered circumstances. Board chair Harvey Jones opened by saying the company would not reinstate Jensen Huang, who had indicated that he would be honored to return if asked, and that questions about his departure would not be taken. He then turned the call over to interim chief executive Colette Kress, who led Nvidia through its first earnings presentation without its founder. The symbolism was difficult to miss. The company built around one man was reporting the strongest quarter in its history while formally declining to bring him back.

Kress also described Nvidia's approach to supporting the development of artificial intelligence infrastructure. The company continues to evaluate where its investments

and commitments can most effectively support future growth, particularly as customers seek financing for the facilities and computing capacity they require. Nvidia has not announced an abandonment of these arrangements, nor do the disclosures establish that existing commitments are unsound. But even a company generating extraordinary profits must consider how much financial exposure it wishes to assume while helping an industry expand. Financial discipline is a reassuring concept, although it becomes a rather expensive subject of conversation when the commitments are measured in tens of billions.

The Bill Eventually Arrives

The artificial intelligence boom may ultimately justify these investments many times over. Nvidia's technology serves genuine commercial purposes, its customers include some of the world's strongest corporations, and demand for computing infrastructure remains substantial. But the profitability of selling equipment is not the same as the profitability of operating the businesses that purchase it. A supplier can enjoy extraordinary margins while some customers struggle to earn acceptable returns on their investments. Those customers may continue expanding for years, supported by financing and expectations of future demand, before the economics become fully apparent. Technological revolutions have produced enormous fortunes before. They have also produced some remarkably expensive infrastructure along the way.

That is what makes Nvidia's position so unusual. It is not merely supplying the technology behind the artificial intelligence revolution. It is helping secure the components, facilities, and commercial relationships required to sustain its expansion. Each arrangement may be defensible individually, and some may prove extraordinarily profitable. Collectively, however, they create an ecosystem in which suppliers, customers, investors, and infrastructure developers share an enormous interest in continued growth. When everyone benefits from expansion, questioning whether that expansion remains economically justified can become an increasingly unpopular exercise. Corporate optimism is considerably easier to maintain when the next quarterly report is expected to provide another hundred billion reasons for it.

Nvidia's financial performance is spectacular, and there is no basis for dismissing its achievements. But extraordinary results should invite more scrutiny, not less, particularly when the company producing them is also committing substantial resources to the market generating those results. A customer willing to purchase your product is encouraging. A customer capable of financing that purchase and earning a sustainable return is considerably more reassuring. And when the supplier is helping support the commercial arrangements that make the purchase possible, investors might reasonably ask whether they are witnessing the strength of an industry or the extraordinary determination of everyone involved to keep it growing.

And that, for now, is the story so far.