STRATEGIC INTELLIGENCE DIVISION

Your prepayment is Oracle's capex

Oracle expects customer prepayments and customer-provided hardware to cut the upfront cash it needs through its fiscal 2027 to fiscal 2030 investment cycle, it said on 28 October 2026. A $225bn target for fiscal 2030 now leans on capital from its own customers and suppliers, and the release states no amount for any of the three sources it names.

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In brief

- Oracle caps new capital raises at $20bn through fiscal 2030 on top of a $20bn at-the-market raise already completed, and puts its first positive free cash flow in the second half of fiscal 2028.
- The release names vendor financing, customer-provided hardware and customer prepayments and gives no amount for any of them, so a prepaying customer cannot see what secures it.
- Meta sold $12.5bn of 6.50% mandatory convertible preferred and 40,000,000 shares forward at $622.91875 with no initial proceeds, the equity cash arriving on or before 19 November 2027.
- Snowflake raised $3.75bn at a 0.00% coupon, then sent $383.5m to capped calls and $548.3m to retiring 2027 notes at close, 25.2% of net proceeds.
- A prepayment is an unsecured claim on a supplier whose first positive free cash flow is scheduled for the second half of fiscal 2028, so it belongs in the capital plan, not the cloud budget.

> *Vendor financing, customer-provided hardware and customer prepayments are expected to reduce upfront cash requirements through the transition to positive free cash flow.*

Oracle Form 8-K, Exhibit 99.1, filed 28 October 2026

Oracle's route to $225bn of revenue in fiscal 2030 runs through its customers' balance sheets, and the company put that in writing on 28 October 2026. The Investor Day release, filed as Exhibit 99.1 to a Form 8-K, names three ways the build gets paid for before operating cash flow covers it: vendor financing, customer-provided hardware and customer prepayments. Each moves capital onto a counterparty that does not own the capacity it funds. Oracle controls the capacity and sets its price, and puts its first positive free cash flow in the second half of fiscal 2028.

Revenue target, fiscal 2030	**$225bn or more**
Revenue floor, fiscal 2027	**$90bn**
Capital raises allowed through fiscal 2030	**$20bn**
Equity already raised at the market, Q1 fiscal 2027	**$20bn**

Source: Oracle Form 8-K, Exhibit 99.1, filed 28 October 2026

The supplier keeps the asset, the customer supplies the cash

The funding sentence is the line that changes how the balance sheet reads, and the only line in the release with no number attached. Oracle committed to limiting additional funding raised in the capital markets for its fiscal 2027 to fiscal 2030 investment cycle to $20bn, excluding refinancing, on top of the $20bn at-the-market equity raise completed in the first quarter of fiscal 2027. It expects capital expenditure to peak in fiscal 2027 and fiscal 2028. So $40bn of external capital, a capex peak and a fiscal 2030 target of $225bn or more are joined by three funding sources the release names in words and does not size in dollars.

The limit that makes the claim testable

Oracle committed to limiting additional funding to be raised in the capital markets for its FY27-FY30 investment cycle to $20 billion, currently expected to be $10 billion in equity and $10 billion in gross debt. Source: Oracle Form 8-K, Exhibit 99.1, filed 28 October 2026.

Take them one at a time. Vendor financing asks the chip supplier to carry the receivable. Customer prepayments ask the buyer to pay before delivery. Customer-provided hardware asks the buyer to buy the equipment. Only the first keeps the risk with a party that sells capital for a living. The release states the benefit to Oracle and says nothing about the price to the customer: nothing on a discount, nothing on allocation priority, nothing on security, nothing on a refund trigger. It also says nothing about how customer-provided hardware is held, where it sits or what happens at termination, because those are contract terms, not disclosure items. They are the terms to negotiate, not to read.

The shareholders fund it too, and their cash arrives late

Meta Platforms took the other channel on 26 October 2026, two days before Oracle's release. Its Form 8-K records 250,000,000 Series A depositary shares, each a 1/20th interest in a share of 6.50% Series A Mandatory Convertible Preferred Stock carrying a $1,000 liquidation preference, which is 12,500,000 preferred shares and $12.5bn of liquidation preference, closed on 29 October 2026. Meta also contracted forward sale agreements over 40,000,000 Class A shares at an initial forward sale price of $622.91875, about $24.9bn at that price, and will not initially receive any proceeds: each settles on a date of the company's choosing on or before 19 November 2027. Oracle lists a 6.50% Series D mandatory convertible preferred under ORCL-PRD. Two operators, the same instrument, the same coupon.

Snowflake shows the same deferral in the debt market. Its Form 8-K of 2 October 2026 records $2.0bn of 0.00% convertible senior notes due 2029 and $1.75bn due 2031, neither bearing regular interest, with principal that does not accrete. A zero coupon is not a zero cost. Net proceeds were about $3.70bn; $383.5m went to capped calls and $548.3m to repurchasing 2027 notes, so 25.2% of net proceeds went out at close. The initial conversion prices are $500.38 for the 2029 notes and $483.98 for the 2031 notes, against a capped call price of $820.30.

Instrument	Issuer and date	What the counterparty gets	When the cash moves
Vendor financing, customer prepayments, customer-provided hardware	Oracle, release of 28 October 2026	Reduced upfront cash requirement for Oracle; price to the customer not stated	Before delivery
At-the-market equity, $20bn completed	Oracle, first quarter of fiscal 2027	Common equity, ORCL	Already received
Additional capital raises, capped at $20bn	Oracle, fiscal 2027 to fiscal 2030	$10bn equity and $10bn gross debt at current expectation	Not yet raised; a ceiling only
6.50% Series A mandatory convertible preferred, $12.5bn liquidation preference	Meta Platforms, priced 26 October 2026, closed 29 October 2026	A 6.50% coupon and conversion into equity	At close
Forward sale of 40,000,000 Class A shares, about $24.9bn	Meta Platforms, contracted 26 October 2026	Class A, and Class C after 19 January 2027	On or before 19 November 2027
0.00% convertible senior notes, $3.75bn	Snowflake, completed 28 September 2026	Conversion at $500.38 in 2029 and $483.98 in 2031	At close; the cost lands at conversion

Source: Company filings of 2, 28 and 29 October 2026; Mosaic Singularity analysis, November 2026

The customer takes the credit risk and keeps the depreciation

The beneficiary is the operator, and the benefit is duration. Oracle converts other parties' capital into capacity it controls, and by fiscal 2029 it says growth is self-funded with net debt below 3.5 times adjusted EBITDA. The customer that prepays holds an unsecured claim and no disclosed return for the money. The customer that supplies hardware carries depreciation on equipment it does not operate. Meta's and Snowflake's buyers pay in dilution instead: 12,500,000 preferred shares that must convert, and converts struck at $500.38 and $483.98.

For the CFO it is a capital commitment, not a monthly charge: an asset on the balance sheet and an unsecured claim on a supplier that does not expect positive free cash flow until the second half of fiscal 2028. The exposure to price is not the invoice. It is the prepayment plus the cost of exiting if the capacity does not arrive.

For the general counsel the exposure is a clause list. Customer-provided hardware appears in Oracle's release as a funding source and is described nowhere: not title, not location, not insurance, not the right to remove it. An agreement that defers to the supplier's standard terms gives the customer a depreciation schedule and an argument. Four terms decide it: who holds title, whether the customer takes a security interest, whether the equipment comes out on termination, and whether the supplier may put the customer's hardware to work for other tenants. The last is the difference between buying capacity and subsidising somebody else's.

The CIO carries the operating model. Equipment the customer owns inside a supplier's facility has to be maintained, replaced and patched by somebody, and its service level is a separate negotiation from the cloud service wrapped around it. A failed unit is the customer's asset and the supplier's outage, and the agreement should say who moves first.

The CFO prices it, the lawyer fixes the clause

- CFO, by 31 December 2026: put a price on every prepayment in the 2027 capital plan. Ask for the discount, the refund trigger on non-delivery and the security, and record the answer against the commitment. Oracle states no price to the customer, so it has to be negotiated rather than read.
- CFO, by 31 December 2026: move the prepayment from the run-rate cloud budget into the capital plan, and re-forecast against the $40bn of external capital Oracle has raised or given itself room to raise.
- General Counsel, before the next capacity agreement is signed and by 31 December 2026: fix title, security interest, removal on termination and third-party use wherever customer-provided hardware appears.
- CIO, before delivery is accepted and by 31 December 2026: write the service level, the replacement obligation and the maintenance boundary for equipment you own and do not operate.
- CEO, by 31 December 2026: if prepaid capacity supports a customer-facing service, put supplier delivery risk on the risk register with the second half of fiscal 2028 as the test.
- Treasurer, by 31 March 2027: size the prepayment as unsecured exposure in the credit review, against a supplier that will raise no more than $20bn in the capital markets through fiscal 2030.

What a board should ask before it approves the 2027 plan

- Which cloud commitments include a prepayment, how much sits unamortised at the next balance sheet date, and what secures it?
- If the supplier's build slips two quarters, what comes back, in what form, and when?

- Who holds title to equipment we bought and placed in a supplier's facility, and what can we do with it when the relationship ends?
- What did the prepayment buy beyond the right to be served later: a discount, priority allocation, or nothing we can evidence?
- Which of these commitments belong in the 2027 capital plan, and which are still in the cloud budget?

The dates that test this reading

- 19 January 2027: Meta's restated certificate of designations takes effect, the Class C stock exists, and the forwards can settle in Class C shares.
- 19 November 2027: the last date Meta can settle the forwards and take the money for 40,000,000 shares. Until then, $24.9bn is equity sold and unpaid.
- Second half of fiscal 2028: Oracle's first positive free cash flow. Capex still climbing then means the customer and vendor sources carry more than the release says.
- Fiscal 2029: $30bn or more of free cash flow and net debt below 3.5 times adjusted EBITDA, where Oracle says growth becomes self-funded.
- 15 October 2029: Snowflake's $2.0bn of 2029 notes mature.

If Oracle raises more than $20bn of additional funding in the capital markets, excluding refinancing, before the end of fiscal 2030, its own limit is broken and the customer-funded reading fails with it, because the customers were not the funding source, only the schedule.

Sources

Oracle Corporation, Form 8-K filed 28 October 2026, Item 7.01, Exhibit 99.1, press release dated 28 October 2026, accession 0001193125-26-435853.

Meta Platforms, Inc., Form 8-K filed 29 October 2026, Items 1.01, 3.03 and 5.03, accession 0001193125-26-438017.

Snowflake Inc., Form 8-K filed 2 October 2026, Items 1.01, 2.03, 3.02 and 8.01, accession 0001640147-26-000043.

Derived figures for aggregate liquidation preference and forward sale value: Mosaic Singularity analysis, November 2026.