



Footnotes Warned Us Before Oracle's AI Bets Unraveled

We're not just a data company at New Constructs. We like to use our proprietary data to make predictions, and a big one just came true. A multi-billion dollar big one.

In our report, "[Danger Zone: The Losers in the AI Arms Race](#)" we predicted that Oracle (ORCL: \$149/share) would have to cut spending or dilute investors to stay in the AI race.

Since then, the stock is down 37% and Bloomberg now [reports](#) that Oracle is dropping a major datacenter project with OpenAI.

The signs were there all along, you just had to know where to look.

The Truth Buried in Footnotes

While the media reports billions in tech company cash flows, the truth is much different. To find the truth, we go beyond headlines and reported earnings. We analyze financial statements and pay special attention to footnotes. We often uncover startling facts. Recently, we found monstrously high hidden costs and a new accounting trick: not-yet-commenced-leases.

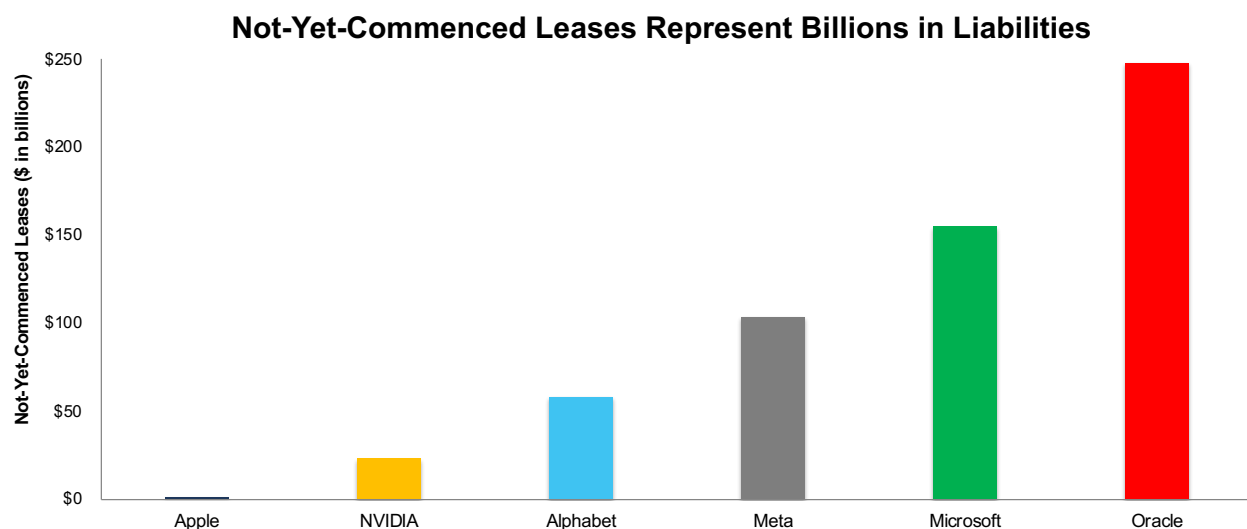
Not-yet-commenced leases are a way to [hide debt off the balance sheet](#) post [ASC 842](#) and [IFRS 16](#). We include these obligations in our total debt and [invested capital](#) calculations to ensure we capture all the capital companies employ to generate revenue. Residual value guarantees (RVG) provide a similar, and additional, loophole to keep debt off-balance-sheet, which we [detail here](#).

How Important Are Footnotes? Is \$341B Big Enough To be Important?

Oracle is a great example of how important analyzing footnotes is. Its hidden not-yet-commenced-leases have a very material impact on its free cash flow (FCF). Specifically, in its fiscal 2Q26 10-Q, the company disclosed \$248 billion in not-yet-commenced leases, up from \$26 billion in fiscal 2Q25. These leases, "substantially all related to data centers and cloud capacity arrangements" are not on Oracle's balance sheet...yet. But, they do represent real capital allocated.

Oracle isn't alone. The Mag 5, NVIDIA, Apple, Alphabet, Meta, Microsoft reported \$341 billion in not-yet-commenced-leases in 2025. See Figure 1.

Figure 1: Not-Yet-Commenced-Leases: Mag 5 Plus Oracle: 2025



Sources: New Constructs, LLC and company filings

Due to Oracle's fiscal year, data is for 12 months ended November 2025. NVIDIA data is for 12 months ended January 25, 2026. Apple data is for 12 months ended December 27, 2025. All other data is for 12 months ended December 31, 2025

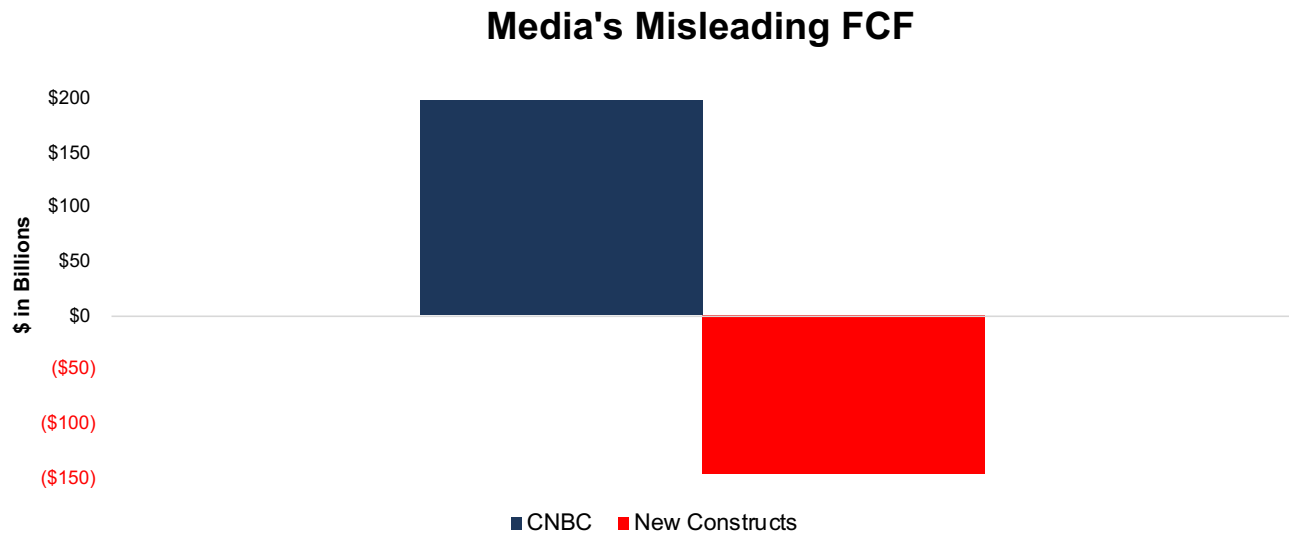


The Truth Can Be Hard to Find

You won't find research like this from other firms. Most of them do not want you to know or even think about balance sheets. They want you to just keep buying stocks; so they keep dancing to the same bullish beat that's dominated headlines for years. Investors only looking at reported earnings are victim of the accounting tricks that Wall Street uses to support the bullish narratives.

For the same reasons most investors are not aware of the massive increases in debt, they are likely not aware of the massive declines in FCF. In fact, CNBC reported that Alphabet (GOOGL), Microsoft (MSFT), Meta (META), and Amazon (AMZN) "[generated a combined \\$200 billion in free cash flow](#)" in 2025. Meanwhile, our more comprehensive calculation of FCF reveals these four companies burned a combined \$146 billion in FCF in 2025.

Figure 2: Media's 2025 FCF For Alphabet, Microsoft, Meta, & Amazon Is Off by \$346 Billion



Sources: New Constructs, LLC, [CNBC](#), and company filings

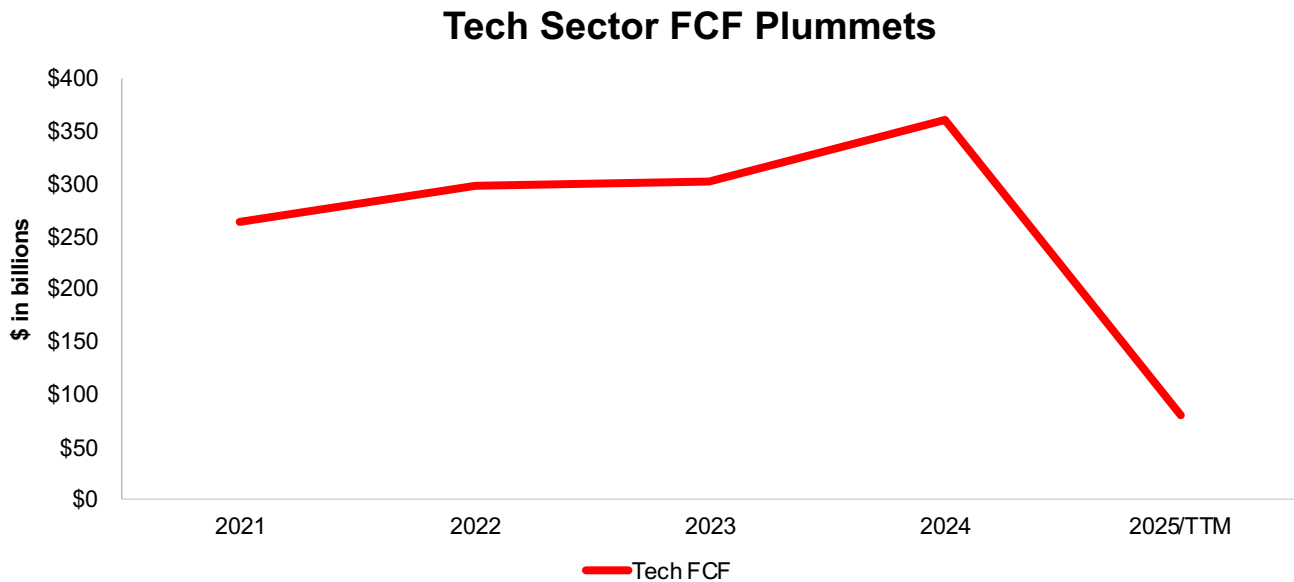
Tech Sector Free Cash Flows Are Getting Crushed by AI

Figure 3 highlights the decline in FCF for the Tech sector in 2025. Oracle's negative \$194 billion in FCF doesn't help the sector's performance. Given how early we are in the AI race, we do not expect FCF to get much better for Tech companies anytime soon.

Our clear-eyed view of Oracle's balance sheet and FCF positioned us to warn investors of the risk in ORCL long before the cratering stock price and cancelled datacenter deal. We hope you enjoy this report and see how our superior fundamental data drives alpha.



Figure 3: Tech Sector Free Cash Flow: 2021-2025/TTM



Sources: New Constructs, LLC and company filings

At New Constructs, we don't just create better data for the sake of better data. Our data drives alpha in the form of insights like what we published on ORCL, [our #1 stock picker](#) ranking on SumZero for 57 straight months, as well as [live-traded indices](#) that beat the market.

Our superior fundamental data is why Google Cloud sponsored the building of our AI Agent for Investing, [FinSights](#). They invested in us to demonstrate the art of the possible when combining our proven-superior data with their tech. And, now that art of the possible is the Art of the Actual. Get access to the only AI Agent in the world based on data that drive real-time alpha.

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Disclosure: David Trainer and Kyle Guske II receive no compensation to write about any specific stock, style, or theme.

Questions on this report or others? Join our [online community](#) and connect with us directly.



It's Official: We Deliver the Best Fundamental Data in the World

Many firms claim their research is superior, but none of them can prove it with independent studies from highly-respected institutions as we can. Three different papers from both the public and private sectors show:

1. The stock market is missing footnotes – and only we have that critical data.
2. Legacy fundamental datasets suffer from significant inaccuracies, omissions, and biases.
3. Our proprietary drives novel alpha. Our measures of [Core Earnings](#) and [Earnings Distortion](#) materially improve stock picking and forecasting of profits.

Best Fundamental Data in the World

In [The Journal of Financial Economics](#), a top peer-reviewed journal, [Core Earnings: New Data & Evidence](#) proves our Robo-Analyst technology overcomes material shortcomings in legacy firms' data collection processes to provide superior [fundamental data](#), [earnings](#) models, and [research](#). More [details](#).

Key quotes from the paper:

- “[New Constructs’] *Total Adjustments* differs significantly from the items identified and excluded from Compustat’s adjusted earnings measures. For example... 50% to 70% of the variation in *Total Adjustments* is not explained by S&P Global’s (SPGI) *Adjustments* individually.” – pp. 14, 1st para.
- “A final source of differences [between New Constructs’ and S&P Global’s data] is due to data collection oversights...we identified cases where Compustat did not collect information relating to firms’ income that is useful in assessing core earnings.” – pp. 16, 2nd para.

Superior Models

Ernst & Young features the superiority of our ROIC, NOPAT and Invested Capital research to Capital IQ & Bloomberg’s in [Getting ROIC Right](#). See the [Appendix](#) for direct comparison details.

Key quotes from the paper:

- “...an accurate calculation of ROIC requires more diligence than often occurs in some of the common, off-the-shelf ROIC calculations. Only by scouring the footnotes and the MD&A [as New Constructs does] can investors get an accurate calculation of ROIC.” – pp. 8, 5th para.
- “The majority of the difference...comes from New Constructs’ machine learning approach, which leverages technology to calculate ROIC by applying accounting adjustments that may be buried deeply in the footnotes across thousands of companies.” – pp. 4, 2nd para.

Superior Stock Ratings

Robo-Analysts’ stock ratings outperform those from human analysts as shown in this [paper](#) from Harvard Business School. Bloomberg features the paper [here](#).

Key quotes from the paper:

- “the portfolios formed following the buy recommendations of Robo-Analysts earn abnormal returns that are statistically and economically significant.” – pp. 6, 3rd para.
- “Our results ultimately suggest that Robo-Analysts are a valuable, alternative information intermediary to traditional sell-side analysts.” – pp. 20, 3rd para.

Our mission is to provide the best fundamental analysis of public and private businesses in the world and make it affordable for all investors, not just Wall Street insiders.

We believe every investor deserves to know the whole truth about the profitability and valuation of any company they consider for investment. More details on our cutting-edge technology and how we use it are [here](#).



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