

QUESTION

Go through Broadcom's last 4 quarters and give me a summary of what is going on, with a focus on commitments, accounts receivable and suppliers. Then compare that to NVIDIA.

Broadcom's Last Four Quarters: Commitments, Receivables and Suppliers — Compared to NVIDIA

The answer up front

Over the last four reported quarters Broadcom crossed from a capital-light chip designer into a company carrying enormous forward obligations. Two disclosures carry the story:

- **Purchase commitments went from \$132 million at FY2025 year-end to \$128.1 billion** in the quarter ended 3 May 2026, concentrated entirely in fiscal 2027–2028 (AVGO 10-K FY2025, filed 2025-12-18; AVGO 10-Q Q2 FY2026, filed 2026-06-09).
- **Trade receivables nearly doubled**, from \$7.1bn to \$13.7bn across three quarters, while one distributor customer went from 29% to 42% of net revenue.

NVIDIA is doing the same thing, earlier and larger: supply and capacity commitments rose from \$50.3bn (Oct-2025) to **\$279bn** (Jul-2026), and receivables reached \$63.1bn. The direction is identical; the composition is not. NVIDIA's commitments are procurement against forecast. Broadcom's are procurement against a disclosed, non-terminable customer order book. Both companies have separately begun underwriting their customers' ability to pay — Broadcom with a **\$29bn lease backstop**, NVIDIA with **\$108.5bn of guarantees**.

Broadcom: the four quarters

Quarter ended	Revenue (\$m)	Trade AR, net (\$m)	Purchase commitments	Committed RPO
3 Aug 2025 (Q3 FY25)	15,952	6,494	\$235m	n/d
2 Nov 2025 (FY25 close)	—	7,145	\$132m	\$33.3bn
1 Feb 2026 (Q1 FY26)	19,311	8,460	\$54m	\$45.0bn
3 May 2026 (Q2 FY26)	22,187	10,830	\$128,110m	\$164.6bn
2 Aug 2026 (Q3 FY26)	29,591	13,707	not yet filed	not yet filed

Sources: AVGO 10-Qs filed 2025-09-10, 2026-03-11 and 2026-06-09; 10-K FY2025 filed 2025-12-18; 8-K/EX-99.1 filed 2026-09-02.

Commitments

The purchase-commitment line was trivially small for years, then exploded in one quarter. Broadcom defines it narrowly — *“unconditional purchase commitments to purchase goods or services, primarily inventory, that are enforceable and legally binding on us”*, excluding anything cancellable without penalty or with under a year to run (10-Q Q2

FY2026). The maturity profile is unusual: \$55.2bn due in fiscal 2027, \$72.9bn in fiscal 2028, then essentially nothing. This is a two-year inventory build, not a long-dated lease book.

The revenue-side disclosure in the same filing explains why. Committed remaining performance obligations jumped from \$45.0bn to **\$164.6bn**, and Broadcom states the increase “include[s] obligations under a long-term contract for custom AI accelerators entered in the fiscal quarter ended May 3, 2026.” Around 30% converts to revenue within twelve months. On the filing’s own logic, then, the \$128bn of purchase commitments is procurement against a specific contracted order book rather than speculative capacity buying — a materially better position, though still \$128bn riding on customers whose contracts Broadcom does not name.

The subsequent-events note then discloses a new category of exposure. On 8 June 2026 Broadcom arranged for an investor partner to take on AI rack purchase agreements and the related customer leases, and “entered into a backstop agreement with the investor partner for the customer’s lease obligations over 5-year terms... with a maximum exposure of \$29 billion” (10-Q Q2 FY2026). On default, Broadcom’s remedies are assuming the lease or selling the racks. The risk factors now say so directly: such arrangements “impose financial obligations, including backstops or guarantees, upon us or increase our exposure to credit or customer default risks.”

Receivables

Receivables grew faster than revenue, and Broadcom names three drivers: “higher semiconductor revenue, the timing of billings and lower receivables sold through factoring arrangements” (10-Q Q2 FY2026, MD&A). The factoring point is easy to miss and matters. Broadcom sold \$7.4bn of receivables in FY2025 but only \$1.75bn in Q1 FY26 and \$600m in Q2 FY26 — so part of the balance-sheet growth is a financing-policy change, not collection deterioration. The cash drag is real regardless: receivables consumed \$6.5bn of operating cash in the first three quarters of FY2026 versus \$2.1bn a year earlier.

Days sales outstanding (my calculation from the table above) moved from roughly 37 days in Q3 FY25 to about 42 days in Q3 FY26 — a modest stretch. The sharper issue is concentration. One customer was **44% of net accounts receivable** at 2 November 2025, against 18% a year earlier (10-K FY2025). Sales to distributors reached 56% of net revenue in H1 FY26, up from 48% in FY2025, and Broadcom warns it now sells “through an increasingly limited number of distributors, which exposes us to additional customer concentration and related credit risks.”

Suppliers

Broadcom remains outsourced-plus, with sole-source internal fabs at Fort Collins (FBAR filters) and Breinigsville (InP wafers), and a standing risk factor on “[d]ependence on a limited number of contract manufacturers and suppliers of critical materials” (10-Q Q2 FY2026). Inventory rose from \$2.27bn to \$4.52bn and accounts payable from \$1.56bn to \$4.00bn across the three quarters — the commitment build converting into working capital.

NVIDIA: same direction, different composition

As of	Supply & capacity commitments	AR, net (\$m)	Quarterly revenue (\$m)
26 Oct 2025 (Q3 FY26)	\$50.3bn	33,391	—
25 Jan 2026 (FY26 close)	\$95.2bn	38,466	—
26 Apr 2026 (Q1 FY27)	\$119bn	40,710	81,615
26 Jul 2026 (Q2 FY27)	\$279bn	63,059	96,221

Sources: NVDA 10-Qs filed 2025-11-19, 2026-05-20 and 2026-08-26; 10-K FY2026 filed 2026-02-25.

NVIDIA's Q2 FY27 commitment table totals **\$366bn**: supply and capacity \$279bn, cloud service agreements \$29bn, uncommenced data centre leases \$25bn, equity investments \$25bn, capex \$8bn — with \$120bn falling in the remainder of fiscal 2027 alone. A separate table adds \$56bn of AI cloud agreements and third-party leases, plus **\$108.5bn of guarantees**: \$3.5bn for AI cloud partners' lease obligations and a \$105bn cap supporting OpenAI's 20-year leases at SB Energy's PORTS campus, first effective around fiscal 2029.

The receivables move is more severe than Broadcom's and management attributes it to a deliberate credit decision: operating cash was held back by *"an increase in accounts receivable due to extended payment terms on large multi-quarter agreements with certain investment-grade customers"*, terms *"ranging from 90 days up to one year"* (10-Q Q2 FY2027). DSO (my calculation) moved from roughly 45 days to about **60 days** in a single quarter. Concentration broadened rather than eased: five direct customers at 22%/14%/13%/11%/10% of AR, against three at 25%/18%/13% two quarters earlier.

On suppliers, NVIDIA has already shown what goes wrong. It took a **\$4.5bn charge** in Q1 FY26 for H20 excess inventory and purchase obligations, and \$0.4bn more for H200 in H1 FY27. PwC designated the valuation of inventories and excess purchase commitments a **critical audit matter** for FY2026, citing a \$95.2bn obligation balance against \$21.4bn of inventory (10-K FY2026). Broadcom has no comparable auditor flag — but its commitment balance only crossed the threshold one quarter ago.

What actually separates them

Order-book coverage. Broadcom's \$128bn of purchase commitments sits against \$164.6bn of firmly committed, non-terminable RPO. NVIDIA's \$279bn has no disclosed customer-commitment counterpart; its own risk factor concedes it *"may be unable to reduce these commitments"* if demand differs. Broadcom's exposure is the better matched of the two.

Credit support. Broadcom's \$29bn backstop is one customer, five-year terms, with rack repossession as remedy. NVIDIA's \$108.5bn spans AI cloud partners plus a phased, capped, partially indemnified 20-year OpenAI structure starting fiscal 2029. Neither is recognised as a liability today; both are disclosure-only.

Receivable risk type. Broadcom's is concentration — one distributor at 42% of revenue and 44% of AR. NVIDIA's is duration — deliberately extended terms across five large names. Different failure modes, both enlarging.

Not covered: segment margins, debt and refinancing, and Broadcom's pending S-4 exchange offers. Broadcom's Q3 FY26 10-Q had not been filed as of 3 September 2026, so Q3 commitment and RPO figures are unavailable; that quarter's balance-sheet data comes from the 2 September 2026 earnings release.

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