

Business Summary

IREN operates as a vertically integrated digital infrastructure company focused primarily on High-Performance Computing (HPC) solutions, including AI Cloud Services, alongside its traditional Bitcoin Mining operations. The Company's strategy involves actively diversifying and expanding into the market for HPC solutions. IREN's original business is Bitcoin mining (since 2019) and it typically liquidates all the Bitcoin it mines on a daily basis.

Core Business Strategy and Vertical Integration

- **Integrated Model:** IREN's strategy emphasizes a fully vertically integrated AI cloud, necessitating the Company to **build and operate its own data centers**.
- **Operational Advantages:** This vertical approach aims to deliver scalability, cost efficiency, and superior customer service. It also removes reliance on third-party colocation, eliminating associated costs and counterparty risk.
- **Technological Transition:** IREN's infrastructure is undergoing an **ASIC to GPU transition**.
- **HPC Scope:** HPC solutions may also encompass potential colocation services such as powered shell, build-to-suit, and turnkey data centers (collectively termed "Colocation Services" in the context of HPC and AI services).

Strategic Growth and AI Cloud Contracts

- **Microsoft Contract:** IREN secured a significant Microsoft AI Cloud Contract with a total contract value of **\$9.7 billion**.
 - **5-year average term** and involves providing **200MW (IT Load) data centers**.
 - Expected Annualized Run-Rate Revenue (ARR) contribution of **\$1.94 billion**.
 - **\$1.9 billion prepayment**.
 - The AI Cloud business is projected to achieve robust returns, with an estimated Project EBITDA Margin of approximately **85%**.
- **Growth Targets:** The Company is targeting a total ARR of **\$3.4 billion** by the end of 2026.
 - This target is supported by a planned **140,000 GPU expansion** by the end of 2026.
 - Achieving the target ARR leverages approximately 460MW, which represents 16% of the secured grid-connected power capacity.

Infrastructure and Capacity Development

- **Secured Power:** IREN maintains a substantial infrastructure footprint, holding approximately **3GW of secured grid-connected power** plus a multi-GW development pipeline.
- **Childress, TX (750MW):** Construction of four 50MW (IT load) liquid-cooled data centers (Horizon 1-4) is accelerating and deploying in phases through 2026 for Microsoft.
 - These facilities incorporate significant design enhancements, including **Tier 3-equivalent concurrent maintainability** and **100MW superclusters for high-performance training**.
 - The infrastructure is engineered for a **20+ year asset life**.
- **Sweetwater Hub, TX (2GW):** Site development is advancing for substation energization, with Sweetwater 1 (1.4GW) scheduled for April 2026 and Sweetwater 2 (600MW) scheduled for late 2027.
- **British Columbia Sites (160MW):** Sites including Mackenzie (80MW), Canal Flats (30MW), and Prince George (50MW) are estimated to have capacity for **over 60,000 GPUs**.

Operational Performance (Q1 FY26 Highlights)

- **Total Revenue:** Total revenue for the quarter ended September 30, 2025 (Q1 FY26) was **\$240.3 million**.
- **Bitcoin Mining Revenue:** Bitcoin Mining Revenue for Q1 FY26 increased to **\$232.9 million**.
- **Hashrate:** The average operating hashrate during Q1 FY26 increased by 17% to **45.3 EH/s**.
- **AI Cloud Services Revenue:** AI Cloud Services Revenue increased from \$7.0 million in the prior quarter to **\$7.3 million** in Q1 FY26, supported by a 9% increase in the number of operational GPUs (2,067 GPUs).

Key Financials

In Millions of USD 12 Months Ending	FY 2023 06/30/2023	FY 2024 06/30/2024	FY 2025 06/30/2025	Current/LTM 09/30/2025	FY 2026 Est 06/30/2026	FY 2027 Est 06/30/2027
Market Capitalization	312.6	2,104.1	3,747.6	17,682.6		
- Cash & Equivalents	68.9	404.6	564.5	1,032.3		
+ Preferred & Other	0.0	0.0	0.0	0.0		
+ Total Debt	1.4	1.3	1.5	965.6		
Enterprise Value	245.2	1,700.8	3,184.5	17,615.9		
Revenue, Adj	81.9	187.2	501.0	695.3	1,174.9	2,331.3
<i>Growth %, YoY</i>	38.7	128.6	167.7	235.7	134.5	98.4
Gross Profit, Adj	—	100.1	342.0		893.0	1,957.2
<i>Margin %</i>	—	53.5	68.3		76.0	84.0
EBITDA, Adj	-7.9	23.2	201.7	260.5	748.9	1,960.4
<i>Margin %</i>	-9.7	12.4	40.3	37.5	63.7	84.1
Net Income, Adj	-81.0	-29.5	24.9	-18.8	340.8	236.6
<i>Margin %</i>	-98.8	-15.8	5.0	-2.7	29.0	10.1
EPS, Adj	-1.21	-0.33	0.11	0.03	1.02	1.28
<i>Growth %, YoY</i>	88.23	72.97	—	-107.75	815.69	25.24
Cash from Operations	6.0	52.2	245.9	392.1		
Capital Expenditures	-116.1	-141.9	-573.5	-708.2	-2,412.3	-5,266.6
Free Cash Flow	-110.0	-89.6	-327.6			

Source: Bloomberg

Note: IREN has three converts outstanding including the most recent 0% (total face value of \$1.99 billion)

Elevated Stock Valuation as Investors Flock to Invest in AI

IREN's recent parabolic stock run has been driven by investors' strong demand for AI exposure. IREN's entry into vertically integrated HPC infrastructure and offering AI/compute as a service to leading tech companies has fueled a strong stock run.

Enterprise Value has ~10x since mid-2024 to \$17.6b currently.

EV/LTM Sales = ~25x

LTM Capex = -708m, FY 26/27 Capex projected at a high level -\$2.4b and -\$5.2b.

EV/EBITDA Adj: LTM 67x, FY 2026 24x

Stock price action: Stock started 2025 at \$9.82 and hit a high of \$76.41 on 11/5/25 before pulling back to \$62.38 currently

Tactical Trades

Swap into the defensive convert: Clearly given elevated stock valuations the recently issued balanced 0% convert is the better way to stay exposed in the name. the 3.5s and 3.25s are virtually stock like at this point with not much downside protection for a large potential drop in stock price.

Equity to Convert swap: Equity investors who can swap into the convert should actively consider the balanced 0% convert to remain invested in the name but with much lower risk.

New Outright Investors: Wade in slowly with risk limits to sizing as stock valuations currently appear elevated.

Arb Investors for pullback and gamma:

IREN stock is very volatile with 100D realized currently at 97, Jan 2028 \$65 calls are at 104 implieds (mid). Stock valuations are elevated and there is uncertainty in sentiment with chatter of an AI bubble. However, relative to other AI players who might be developing specific applications, IREN is an infrastructure play which gives it some diversification and downside protection (in credit) as AI is expected to be deployed in pretty most businesses across different sectors of the economy.

Size (\$mn)	Cpn (%)	Yrs to Mat	Maturity Date	Convert Price	Stk Px Ref (\$)	Yld to Mat (%)	Current Yield (%)	Prem. (%)	Delta (%)	PC Stx Px % Apprc.	Prov Call Date	Cvt High Px	Cvt High Px Date
1000	0.000	5.6	7/1/2031	107.6	62.4	(1.3)	-	47.8	78	78%	1/8/29	120.0	11/5/2025
550	3.500	4.1	12/15/2029	470.6	62.4	(32.9)	0.7	2.9	99	-72%	6/20/28	576.4	11/5/2025
440	3.250	4.6	6/15/2030	386.2	62.4	(25.7)	0.84	4.1	97	-65%	12/20/27	459.8	11/5/2025

IMPORTANT DISCLOSURES

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