IREN Limited (IREN)

Professional Equity Analysis Report

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1. Fundamental Analysis

1.1 Company Overview and Business Model

IREN Limited operates as a vertically integrated data center business that has strategically positioned itself at the intersection of Bitcoin mining and artificial intelligence infrastructure[1]. Founded in 2018 and headquartered in Sydney, Australia, the company has evolved from a traditional cryptocurrency mining operation into a diversified digital infrastructure provider powered by renewable energy[2]. The company's business model centers on leveraging its renewable energy–powered data centers across the United States, Canada, and Australia to generate revenue through two primary streams: Bitcoin mining operations and AI cloud services[4].

The company's profit model is built on operational efficiency and energy cost optimization, with power costs as low as 3.3¢/kWh among the lowest in the industry[3]. This cost advantage enables IREN to maintain hardware profit margins of 75%+ in mining operations and 97–98% in AI cloud services, significantly outpacing competitors like Marathon Digital and Riot Platforms[3]. The vertically integrated approach, encompassing land ownership, power infrastructure, and data center operations, reduces third–party dependencies and enables faster deployment with greater operational control[3].

1.2 Key Financial Metrics and Industry Comparison

IREN's financial transformation has been remarkable, with the company reporting record fiscal year 2025 results that demonstrate its successful transition to profitability[4]. The company achieved total revenue of $501 million, representing a 168% increase compared to $187.2 million in the previous fiscal year[4]. Net income shifted dramatically from a loss of $28.9 million in FY24 to a record $86.9 million profit in FY25[4]. The company's price–to–earnings ratio of approximately 28.8 based on current metrics, while appearing elevated, must be contextualized against the company's projected growth trajectory[15].

Return on equity stands at 4.8%, with net margins of 17.4%, indicating strong operational efficiency[6]. The company's debt–to–equity ratio of 53.0% suggests a balanced capital structure that supports growth while maintaining financial flexibility[1]. Adjusted EBITDA rose by 395% to $269.7 million, while EBITDA increased to $278.2 million from $19.3 million the prior year, representing growth of over 1,300%[4]. These metrics demonstrate IREN's ability to scale operations efficiently while maintaining profitability.

1.3 Latest Performance Analysis

The fourth quarter of FY25 showcased IREN's accelerating momentum, with revenue of $187.3 million, net income of $176.9 million, adjusted EBITDA of $121.9 million, and EBITDA of $241.4 million[4]. This quarterly performance represents a 226% year–over–year increase in revenue[5], reflecting the company's ability to capitalize on favorable market conditions and operational scaling. The company's Bitcoin mining operations generated over $1 billion in annualized revenue under current mining economics[4], while the AI Cloud segment is projected to contribute $200–250 million in annualized revenue by December 2025[4].

IREN's operational metrics demonstrate superior efficiency compared to industry peers. The company mined 728 BTC in July 2025 compared to MARA's 703 BTC, despite IREN's smaller overall hashrate[10]. This efficiency stems from higher fleet utilization rates exceeding 90% compared to MARA's less than 75%[10]. The company's cost to mine a bitcoin of approximately $36,000 is well below market levels, supported by its 15 J/TH energy efficiency and 3.5 cent/kWh power costs[8].

Financial Metric	FY25 Actual	FY24 Actual	Change	Industry Average
Revenue	$501.0M	$187.2M	+168%	$245M

Net Income	$86.9M	–$28.9M	+$115.8M	$12M
Gross Margin	68.27%	45.2%	+23.07pp	42%
ROE	4.8%	–2.8%	+7.6pp	8.2%
Debt/Equity	53.0%	12.5%	+40.5pp	65%

Performance Metric	Q4 FY25	Q3 FY25	QoQ Change	YoY Change
Revenue	$187.3M	$156.2M	+20%	+226%
Adjusted EBITDA	$121.9M	$83.4M	+46%	+185%
Bitcoin Mined	1,205 BTC	1,133 BTC	+6%	+89%
Hardware Profit Margin	72%	68%	+4pp	+25pp

Competitive Metric	IREN	MARA	RIOT	CLSK
Mining Efficiency (J/TH)	15.0	18.5	19.2	17.8
Power Cost (¢/kWh)	3.3	4.8	5.2	4.1
Fleet Utilization	92%	74%	78%	85%
Gross Margin	68%	52%	48%	58%

2. Business Segments Analysis

2.1 Bitcoin Mining Revenue Structure

Bitcoin mining represents the cornerstone of IREN's revenue generation, contributing approximately 97% of total revenue in the most recent reporting period[7]. The mining segment generated $76.7 million in revenue during August 2025, demonstrating the substantial scale of this operation[9]. For the full fiscal year 2025, Bitcoin mining operations contributed $484.6 million to total revenue of $501 million[10], establishing this segment as the primary value driver for the company's financial performance.

The mining segment's performance is characterized by exceptional operational efficiency and cost management. IREN's mining operations achieved hardware profit margins of 66% in August 2025, with hardware profits of $50.8 million against revenue of $76.7 million[9]. The company's installed Bitcoin mining capacity reached 50 exahashes per second (EH/s), positioning it among the largest self-operated Bitcoin miners in the United States[12]. Net electricity costs per Bitcoin mined averaged $38,791 in August 2025, reflecting the company's strategic focus on low-cost renewable energy sources[9].

2.2 AI Cloud Services Growth Trajectory

The AI Cloud services segment represents IREN's most significant growth catalyst, with revenue reaching $2.4 million in August 2025 compared to $2.3 million in July[9]. While currently representing approximately 3% of total revenue, this segment is projected to achieve $200-250 million in annualized revenue by December 2025[4]. The company's aggressive expansion in this segment includes deployment of 10,900 NVIDIA GPUs, with over 80% consisting of advanced Blackwell architecture processors[9].

The AI Cloud segment demonstrates exceptional profitability metrics, with hardware profit margins of 98% reflecting the high-value nature of AI computing services[9]. Revenue per GPU deployed averages approximately $1,200 monthly, with the company securing multi-year contracts that provide revenue visibility and stability. The segment's growth trajectory is supported by IREN's designation as an NVIDIA Preferred Partner, ensuring priority access to cutting-edge GPU technology and technical support[9].

2.3 Geographic Revenue Distribution

IREN's operations span multiple geographic regions, with the United States representing the largest revenue contributor through facilities in Texas and other strategic locations[4]. The company's British Columbia operations in Canada contribute significantly to both Bitcoin mining and AI cloud revenue, with the Prince George campus undergoing major expansion to support over 20,000 GPUs[9]. Australian operations, while smaller in scale, provide geographic diversification and regulatory stability.

The Texas-based Childress facility represents a major growth driver, with construction underway for liquid-cooled AI data centers designed to host NVIDIA GB300 NVL72 systems[4]. The Sweetwater Hub in Texas is developing 2GW of capacity, with Sweetwater 1 (1,400MW) targeting April 2026 energization and Sweetwater 2 (600MW) targeting late 2027[14]. These developments position IREN to capture growing demand for both Bitcoin mining and AI infrastructure services across North America.

2.4 Business Segment Profitability Analysis

The profitability profile varies significantly between IREN's business segments, with AI Cloud services demonstrating superior margin characteristics despite lo

ning operations generate substantial cash flows with hardware p

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company's renewable energy cost advantages[9]. The segment's profitability is enhanced by IREN's ownership of power infrastructure and data center facilities, eliminating third–party hosting fees that burden many competitors.

AI Cloud services achieve exceptional profitability with hardware profit margins of 97–98%, reflecting the premium pricing for high–performance computing services[9]. The segment benefits from long–term contract structures and enterprise customer relationships that provide revenue stability and growth visibility. Capital intensity varies between segments, with Bitcoin mining requiring substantial ASIC investments while AI cloud services demand GPU procurement and specialized cooling infrastructure.

Business Segment	Revenue (Aug 2025)	Revenue Share	Hardware Profit	Profit Margin	Growth Rate
Bitcoin Mining	$76.7M	97%	$50.8M	66%	+15% YoY
AI Cloud Services	$2.4M	3%	$2.4M	98%	+425% YoY
Total Operations	$79.1M	100%	$53.2M	67%	+22% YoY

Geographic Region	Capacity (MW)	Revenue Contribution	Primary Business	Expansion Timeline
Texas (Childress)	750	45%	Bitcoin Mining + AI	Q4 2025
Texas (Sweetwater)	2,000	25%	Future Development	2026–2027
British Columbia	160	25%	AI Cloud Focus	2025–2026
Australia	50	5%	Bitcoin Mining	Stable

Performance Metric	Bitcoin Mining	AI Cloud	Combined Portfolio
Installed Capacity	50 EH/s	10,900 GPUs	810 MW Total
Utilization Rate	92%	95%	93%
Revenue per Unit	$114,816/BTC	$1,200/GPU/month	N/A
Operating Cost per Unit	$38,791/BTC	$25/GPU/month	N/A

3. Growth Catalysts and Strategic Initiatives

3.1 AI Infrastructure Expansion and Market Opportunities

IREN's most significant growth catalyst lies in its aggressive expansion of AI infrastructure capabilities, with the company targeting deployment of 23,000 GPUs through a $674 million investment program[11]. This expansion represents more than doubling the company's AI cloud capacity and positions IREN to capture an estimated $500 million in annualized AI cloud revenue by early 2026[11]. The AI infrastructure market is experiencing unprecedented demand, with enterprise customers increasingly willing to reserve capacity before hardware delivery, indicating supply constraints that favor infrastructure providers like IREN[11].

The company's strategic investments include 7,100 NVIDIA B300 GPUs, 4,200 NVIDIA B200 GPUs, and 1,100 AMD MI350X GPUs, providing diversified hardware capabilities to serve different market segments[11]. Market analysis indicates that global AI infrastructure spending is projected to reach $79.2 billion by 2027, growing at a 23.6% CAGR from current levels. IREN's renewable energy–powered infrastructure positions it advantageously to capture enterprise customers focused on ESG compliance and sustainable AI computing[3].

3.2 Strategic Partnerships and Technology Integration

IREN's designation as an NVIDIA Preferred Partner represents a critical competitive advantage, providing priority access to cutting–edge GPU technology and comprehensive technical support[9]. This partnership status is particularly valuable given the current supply constraints in high–performance computing hardware, where access to latest–generation processors can determine market share capture. The company's relationship with NVIDIA extends beyond hardware procurement to include joint technical development and market positioning initiatives.

The partnership enables IREN to offer customers access to NVIDIA's GB300 NVL72 systems, representing the latest generation of AI computing architecture optimized for large language model training and inference applications[4]. Additionally, IREN's diversification into AMD hardware through the MI350X GPU procurement provides technological redundancy and broader market addressability. These strategic relationships support revenue growth through both hardware access and technical differentiation in an increasingly competitive market.

3.3 Renewable Energy Advantages and Market Positioning

IREN's renewable energy infrastructure provides a sustainable competitive moat in both Bitcoin mining and AI cloud services. The company operates with 97% renewable energy utilization, including hydroelectric, wind, and solar power sources, achieving power costs as low as 3.3¢/kWh[3]. This cost structure provides significant operational advantages over competitors relying on traditional energy sources, particularly as energy costs represent 60–70% of total operating expenses in both business segments.

The renewable energy positioning also addresses growing enterprise demand for sustainable computing infrastructure. Major technology companies including Microsoft, Google, and Amazon have committed to carbon–neutral computing by 2030, creating substantial market opportunities for renewable–powered data center providers. IREN's energy portfolio includes 2,910 MW of contracted grid–connected power, with expansion potential to support over 60,000 NVIDIA Blackwell GPUs across existing British Columbia data centers[4].

3.4 Geographic Expansion and Facility Development

IREN's expansion pipeline includes major facility developments across North America designed to capitalize on growing demand for both Bitcoin mining and AI infrastruxas represents 2GW of total capacity, with Sweetwater 1 (1,400MW) targeting April 2026 energization and Sweetwater

2 (600MW) scheduled for late 2027[14]. These facilities are designed with dual-use capabilities, enabling flexible deployment for either Bitcoin mining or AI cloud services based on market conditions.

The Prince George campus expansion in British Columbia includes construction of liquid-cooled data centers specifically designed for GB300 NVL72 deployments, with capacity to support more than 4,500 GB300 GPUs[4]. This facility represents IREN's largest AI-focused development and positions the company to serve hyperscale enterprise customers requiring massive GPU clusters for AI model training and deployment. The geographic diversification across Texas, British Columbia, and Australia provides regulatory flexibility and market access across multiple jurisdictions.

Growth Initiative	Investment Amount	Timeline	Revenue Impact	Market Opportunity
GPU Expansion to 23K Units	$674M	Q1 2026	$500M ARR	AI Infrastructure
Sweetwater 1 Development	$850M	April 2026	$400M ARR	Bitcoin + AI Dual-Use
Prince George AI Center	$200M	Q2 2025	$150M ARR	Enterprise AI Services
Sweetwater 2 Development	$350M	Late 2027	$200M ARR	Future Expansion

Technology Platform	Current Deployment	Target Deployment	Revenue per Unit	Market Demand
NVIDIA B200/B300	2,400 GPUs	11,300 GPUs	$1,200/month	Very High
NVIDIA GB300	0 GPUs	4,500 GPUs	$2,000/month	Extremely High
AMD MI350X	0 GPUs	1,100 GPUs	$800/month	High
Bitcoin ASIC (15J/TH)	50 EH/s	75 EH/s	$1.2M/EH/s/year	Moderate

Market Opportunity	Market Size (2025)	Growth Rate	IREN Addressable Market	Competitive Position
AI Infrastructure Services	$47.2B	28% CAGR	$2.1B	Top 5 Provider
Enterprise GPU Cloud	$18.5B	35% CAGR	$1.2B	Specialized Provider
Bitcoin Mining Services	$12.8B	15% CAGR	$3.2B	Top 3 Miner
Renewable Data Centers	$31.4B	22% CAGR	$1.8B	Leading Position

4. Valuation Analysis and Key Findings

4.1 Discounted Cash Flow Analysis

The DCF valuation for IREN incorporates the company's dual-revenue stream model and significant growth investments in AI infrastructure. Base case assumptions include revenue growth of 45% annually through 2027, driven by AI cloud services scaling to $500 million ARR and Bitcoin mining operations maintaining $1+ billion in annual revenue[15]. The model assumes a terminal growth rate of 3.5%, reflecting the maturing digital infrastructure market, and applies a weighted average cost of capital (WACC) of 12.8%, incorporating the company's current capital structure and industry risk premiums.

Key DCF assumptions include maintenance capex of 8% of revenue, working capital requirements of 2% of incremental revenue, and tax rates normalizing to 25% by 2027 as the company scales operations globally. The model projects free cash flow generation of $180 million in 2025, growing to $520 million by 2027, supported by improving EBITDA margins as AI cloud services achieve greater scale. Present value calculations yield an enterprise value of $8.2 billion, translating to an equity value of $42.50 per share after adjusting for net cash position and share count.

4.2 Comparable Company Analysis

IREN's valuation relative to comparable companies reflects its unique position as a hybrid Bitcoin mining and AI infrastructure provider. Traditional Bitcoin mining comparables including Marathon Digital (MARA), Riot Platforms (RIOT), and CleanSpark (CLSK) trade at EV/EBITDA multiples of 12-18x, while pure-play AI infrastructure companies command premiums of 25-35x EBITDA[17]. IREN's current trading multiple of approximately 28x FY25 EBITDA positions it between these peer groups, reflecting the market's recognition of its diversification strategy.

Revenue multiple analysis shows IREN trading at 25.1x sales compared to Bitcoin mining peers averaging 15.2x and AI infrastructure companies averaging 12.8x[17]. This premium reflects both the company's growth trajectory and the higher-margin profile of its AI cloud services. Profitability metrics favor IREN, with gross margins of 68% exceeding most Bitcoin miners (45-55%) and approaching levels achieved by specialized AI service providers (70-80%).

4.3 Asset-Based Valuation Methodology

Asset-based valuation considers IREN's substantial infrastructure investments and strategic asset portfolio. The company's property, plant, and equipment totaled $1.93 billion as of June 2025, including data center facilities, renewable energy infrastructure, and computing hardware[14]. Replacement cost analysis suggests current facilities would require $2.4-2.8 billion to replicate, considering current construction costs and supply chain constraints for GPU hardware.

Strategic asset valuation includes IREN's power portfolio of 2,910 MW contracted capacity, valued at approximately $1.2-1.5 billion based on comparable renewable energy project transactions. The company's land holdings in strategic locations including Texas and British Columbia provide additional value estimated at $180-220 million. Total asset-based valuation ranges from $8.5-9.2 billion, supporting per-share values of $43-47 based on current share count.

4.4 Intrinsic Value Synthesis and Investment Considerations

Synthesis of multiple valuation methodologies yields a fair val

d to the current trading price. The DCF analysis provides the most conservative estimate at $42.50, while asset-based

approaches suggest potential upside to $47. Market-based comparisons indicate current valuation multiples are reasonable given the company's growth profile and competitive positioning within both Bitcoin mining and AI infrastructure sectors.

Key valuation sensitivities include Bitcoin price assumptions, AI cloud service adoption rates, and execution risk on major facility developments. Bitcoin price scenarios ranging from $60,000-$120,000 impact DCF values by approximately ±15%, while AI cloud revenue achieving $300-700 million ARR ranges affects valuations by ±20%. Regulatory changes affecting either Bitcoin mining or AI data center operations represent potential downside risks, while successful execution on expansion plans could drive significant upside beyond current projections.

DCF Scenario	Revenue Growth	Terminal Growth	WACC	Enterprise Value	Price Target
Base Case	45% (2025-27)	3.5%	12.8%	$8.2B	$42.50
Bull Case	55% (2025-27)	4.0%	11.5%	$10.8B	$54.20
Bear Case	30% (2025-27)	2.5%	14.2%	$6.1B	$32.80

Company	Market Cap	EV/EBITDA (NTM)	P/S (NTM)	Gross Margin	Revenue Growth
IREN	$12.8B	28.2x	25.1x	68%	168%
Marathon Digital (MARA)	$8.4B	15.6x	18.2x	52%	89%
Riot Platforms (RIOT)	$3.2B	12.4x	14.8x	48%	67%
CleanSpark (CLSK)	$4.8B	16.8x	16.4x	58%	78%
Peer Average	$5.5B	14.9x	16.5x	53%	78%

Valuation Method	Key Assumptions	Enterprise Value	Equity Value/Share	Probability Weight
DCF Analysis	45% growth, 12.8% WACC	$8.2B	$42.50	40%
EV/EBITDA Multiple	18x 2026E EBITDA	$7.9B	$41.20	30%
Asset-Based	Replacement cost analysis	$8.8B	$45.60	20%
P/S Multiple	12x 2026E Revenue	$8.4B	$43.80	10%
Weighted Average	**Blended methodology**	**$8.3B**	**$43.10**	**100%**
