

IREN LIMITED

NASDAQ: IREN

Power is the platform

We maintain a BUY rating and a \$100 12-18 month target, anchored to the current production model's \$98.91 probability-weighted intrinsic value. Delivery, customer economics and financing must convert into value for existing shareholders.

BUY	\$100	\$43.83	128.2%
RATING	TARGET PRICE	REFERENCE CLOSE	IMPLIED UPSIDE
High risk	12-18 months	11 Sep 2026	vs. report reference

THE INVESTMENT CASE - Owned power supports delivery control, financing capacity and residual infrastructure value. - Base: 500 MW of incremental 2027 IT capacity at \$25m ARR per IT MW. - Strategic proceeds can reduce residual funding needs; cash and associated shares are counted together.	THE INVESTMENT RISK - Severe downside remains: Failure value is \$6.08 per share. - Delivery, contract economics and valuation multiples must de-risk together. - Selected recovered security inputs still require term-specific verification.
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KEY UNDERWRITING MARKERS

500 MW	\$16.5bn	3.5x	\$111.22
2027 INCREMENTAL IT	2027 EXIT ARR	BASE CLOUD EV / ARR	BASE INTRINSIC VALUE
DR estimate	DR estimate	DR estimate	Per diluted share

Primary catalyst

Signed contracts, accepted capacity and executed financing that validate deployment, pricing and equity capture.

Thesis breaker

Incremental visibility below 500 MW, comparable signed economics below \$20m per IT MW, or dilution materially above Base without matching contracted value.

Model and report: 13 September 2026. Reference corrected 25 September 2026 to the original 11 September close: \$43.83. Rating and model valuations unchanged. Source verification and correction details: page 12.

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Executive summary

The current research view and the assumptions that carry it.

The investment case

IREN offers exposure to owned infrastructure and AI-cloud delivery. The case depends on converting power and construction capacity into profitable customer service, while financing the expansion without allowing capital claims to absorb the return to existing shareholders.

Key current assumption	Base case
Incremental 2027 IT capacity	500 MW
New-cohort ARR per IT MW	\$25m
2027 exit ARR	\$16.50bn
Cloud EV / exit ARR	3.5x
Residual power value	\$12.65bn
Modeled diluted claims	500.52m shares

Why the target is \$100

The probability-weighted intrinsic value is \$98.91. Rounding to the nearest \$5 gives a \$100 target. The Base case of \$111.22 is one scenario; the more severe downside scenarios and the Bull case are included in the weighted result.

What must go right

Signed customer economics must support the new-cohort pricing assumption, commissioning must deliver usable IT capacity and financing must arrive on workable terms. The Base scenario assumes strategic cash proceeds alongside their associated shares. That assumption is not committed liquidity.

What limits conviction

The model is a reconstructed scenario valuation rather than a complete integrated quarterly financial forecast. Selected filed facts have been rechecked, but some recovered security parameters still require term-specific verification. The Monte Carlo distribution is a judgment-based sensitivity exercise.

Investment thesis

Delivery, customer economics and financing must advance together.

Pillar	Investment view	Evidence that matters
Owned infrastructure	Power ownership improves control and residual value.	Construction, energization and contracted IT load.
New-cohort economics	\$25m ARR per incremental IT MW remains the Base estimate.	Comparable signed terms, not discussions alone.
Financing	Customer and project funding can reduce common-equity needs.	Executed facilities, covenants and cash timing.
Equity capture	Asset growth must survive debt and compensation claims.	Per-share value after all financing and awards.
Valuation	The 3.5x Base multiple depends on de-risking.	Durable contracts, delivery and cash generation.

Variant perception

The differentiated case separates commercially delivered cloud value from residual infrastructure. Announced or secured power does not earn the same treatment as operating capacity. Financing capacity can support value, but assumed facilities cannot be treated as committed cash.

What would weaken the thesis

Contract conversion below the intended deployment pace, new-cohort pricing in the downside bands, repeated delivery delays or funding that transfers disproportionate value to new capital would weaken the case. These are DR monitoring judgments, not company guidance.

Source: current IREN model. The operating scenario centers remain DR estimates; primary-source context is distinguished on the next page.

Business and source context

The report distinguishes filed facts from forward underwriting.

Item	Source-backed context	Treatment
AI Cloud revenue	FY26 \$128.8m; FY25 \$16.4m.	Reported; FY26 10-K [1].
Bitcoin mining revenue	FY26 \$578.2m; FY25 \$484.6m.	Reported; FY26 10-K [1].
Ordinary shares	394,058,648 as of 14 Aug 2026.	Reported; FY26 10-K [1].
NVIDIA investment right	Up to 30m shares at \$70; exercise depends on terms.	Disclosed right, not committed model cash [1].

These selected facts were checked against the linked filing during this update. The remaining forward assumptions and recovered security parameters are not represented as freshly audited company facts.

How the business is valued

Cloud capacity generates the revenue-based enterprise-value component. Residual power infrastructure is valued separately at scenario-specific dollars per gross MW. The distinction avoids treating the entire secured-power portfolio as commissioned, billable cloud capacity.

Customer and delivery evidence

Contract economics and physical readiness must be evaluated separately. This valuation does not capitalize an uncontracted announcement as incremental revenue. Company filings and the source register provide the supporting contract and delivery context.

The research case should be revisited when contract economics, executed funding or acceptance milestones change. A partnership or construction headline alone does not justify changing ARR/MW.

Primary reference [1]: IREN FY26 Form 10-K. Additional source-register links and their verification scope appear on page 12.

Capacity and exit ARR

Operating scenario centers; probabilities remain 10 / 25 / 45 / 20.

Scenario	Weight	New IT MW	New ARR/MW	Exit ARR
Failure	10%	350	\$18m	\$10.30bn
Bear	25%	450	\$22.5m	\$14.12bn
Base	45%	500	\$25m	\$16.50bn
Bull	20%	600	\$30m	\$22.00bn

Base arithmetic

About \$4.0bn of opening cohort ARR plus 500 MW at \$25m per MW gives about \$16.5bn of exit ARR. The production input is \$16.4999bn because the recovered opening anchor retains source precision. This numerical precision is not forecast certainty.

Capacity is not a single interchangeable measure

Gross power MW describe infrastructure scale. IT MW describe compute load. Commercial capacity and accepted, billable service depend on delivery and contracts. The 4,600 MW residual-power input in Base is not another 4,600 MW of cloud revenue.

Scenario discipline

The model combines operating scale and pricing with financing and valuation. Failure and Bear reduce economics and increase residual funding needs. Bull requires both stronger new-cohort revenue and a higher enterprise-value multiple. None of the exit ARR figures is management guidance.

The 500 MW and \$25m inputs remain the research scenario center in the research underwriting. Their treatment is DR estimate, even where management commentary informed their selection.

Revenue and cash recognition

Exit ARR remains useful, but it is not a fiscal-year revenue forecast.

What the current engine supports

The published IREN valuation engine uses scenario exit ARR, residual-power value and an equity-claims bridge. It does not provide a fully integrated quarterly revenue, EBITDA, cash-flow and ROIC forecast. Those schedules are outside the scope of this report.

Measure	Current report scope
Exit ARR	Scenario revenue run-rate, not fiscal-year sales.
Operating cash flow	No independently regenerated quarterly forecast.
Cash capex	Funding requirements enter the recovered capital bridge.
ROIC	No current integrated return-on-capital forecast.

Economic discipline that still applies

Revenue depends on commissioning, customer acceptance and billable service over the period. Customer prepayments supply cash before revenue recognition; they cannot also be counted as incremental revenue or EBITDA. Capital expenditure and restricted project cash must be distinguished from deployable corporate liquidity.

Research limitation

The absence of a refreshed quarterly schedule limits conclusions about near-term debt-service coverage and operating cash generation. The valuation is a scenario underwriting, not a complete integrated financial forecast. A future forecast rebuild should reconcile revenue, deferred revenue, cash capex, debt and funding shares together.

Funding and strategic cash

Strategic proceeds substitute for funding before excess cash reduces net debt.

Base bridge	USD bn
Net debt before strategic surplus	14.432
Residual equity need before strategic proceeds	1.197
Assumed NVIDIA proceeds: 30m shares x \$70	2.100
Proceeds used to replace residual common funding	1.197
Surplus proceeds reduce net debt	0.903
Net debt after surplus cash	13.529
Additional residual funding equity	0.000

Base assumes full exercise of the 30m-share strategic right. That creates both \$2.1bn of cash and 30m shares. It is a DR scenario assumption, not a statement that the proceeds are committed or already received. The model applies \$1.197bn to replace residual funding and only the \$0.903bn surplus against net debt.

Downside funding remains material

Case	Residual equity	Issuance price	Funding shares
Failure	\$8.550bn	\$25.00	342.00m
Bear	\$7.950bn	\$35.00	227.14m
Base	\$0.000bn	\$45.00	0.00m
Bull	\$0.000bn	\$60.00	0.00m

All future funding quantities and issuance prices are DR estimates. A financing commitment must be assessed on its terms and cash restrictions before replacing an assumption.

Capital structure and dilution

A per-share value must carry all relevant equity claims.

Base share bridge	Million shares
Basic shares	394.058648
Granted RSUs	38.646
Strategic shares	30.000
Treasury-stock option dilution	2.237
Net convert premium dilution	35.579
Residual funding shares	0.000
Total modeled diluted claims	500.520

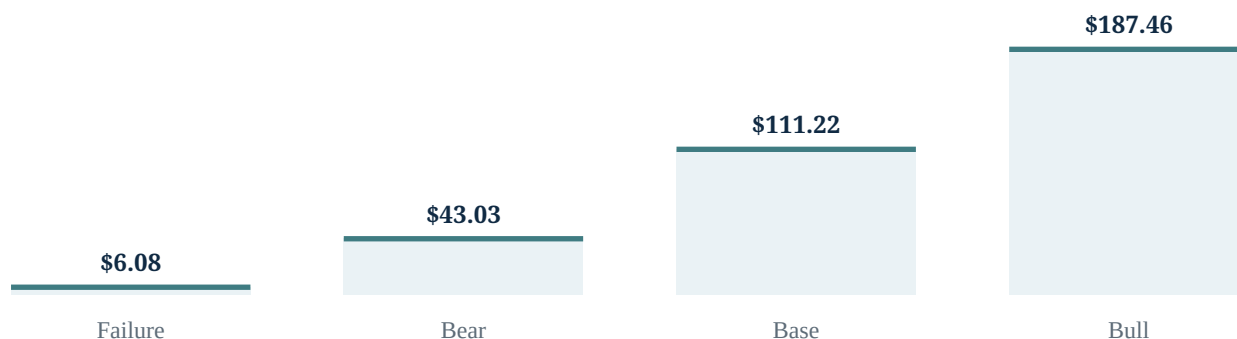
Options use 5.504194m underlying awards and a \$66.03 weighted strike. Their incremental shares depend on the solved equity value. These are economic valuation claims, not reported GAAP diluted weighted-average shares.

Convert series	Principal (\$m)	Conversion (\$)	Capped-call cap (\$)
2030	212.310	16.81	25.86
2029	233.389	13.64	20.98
2031	1000.000	85.63	120.18
2032	1150.000	51.40	82.24
2033 June	1150.000	51.40	82.24
2033 December	3000.000	73.07	110.30

The production solver keeps principal in debt and adds only premium shares above the assumed capped-call cap: $\text{principal} / \text{conversion price} \times \max(0, 1 - \text{cap} / \text{share value})$. It does not subtract principal while adding full conversion shares. Capped-call effectiveness and security terms remain recovered assumptions requiring term-specific verification.

Valuation

The target is probability-weighted; the Base case is one scenario.



Scenario	Cloud EV/ARR	EV (\$bn)	Equity (\$bn)	IV / share
Failure	1.5x	20.366	4.711	\$6.08
Bear	2.5x	43.988	28.987	\$43.03
Base	3.5x	70.900	55.670	\$111.22
Bull	4.5x	117.324	100.960	\$187.46

Base enterprise-to-equity bridge

Cloud value: \$57.750bn. Residual power: 4,600 MW x \$2.75m = \$12.650bn. Other value: \$0.500bn. Total enterprise value: \$70.900bn. Less net debt of \$13.529bn and a \$1.700bn future compensation reserve gives \$55.670bn of equity value. Dividing by 500.520m modeled claims gives \$111.22.

PW IV = 10% x Failure + 25% x Bear + 45% x Base + 20% x Bull = \$98.91. Rounded to the nearest \$5, the target is \$100.

The future compensation reserve is distinct from granted RSUs already included in shares. The Monte Carlo sensitivity analysis is the current distributional cross-check.

Uncertainty and simulation

A sensitivity distribution, not an empirically calibrated probability forecast.

Metric	Current simulation
Draws / seed	20,000 / 20260913
Mean	\$102.19
Median	\$95.46
P10 / P25	\$17.18 / \$47.35
P75 / P90	\$141.45 / \$194.16
Model diagnostic: probability below \$44.67	23.59%
Zero-equity frequency	1.24%

The \$44.67 threshold is retained solely as the original model diagnostic, not the corrected \$43.83 report reference.

Scenario selection uses 10 / 25 / 45 / 20 priors. The engine varies incremental ARR execution and pricing, cloud multiples, residual-power value, credit/funding and future compensation. Dilution is recalculated in each draw. Distribution widths and correlations are DR judgment, not measured forecast accuracy.

Conditional scenario	Draws	Median IV
Failure	2008	\$5.98
Bear	5028	\$43.69
Base	9019	\$108.86
Bull	3945	\$187.19

Mean exceeds deterministic PW by \$3.28; nonlinear dilution, zero floors and asymmetric positive-value uncertainty explain the difference. The output has not been forced to match a target.

Future compensation sensitivity: halving / retaining / increasing the Base reserve by 50% gives \$112.68 / \$111.22 / \$109.73 per share. This is a one-input diagnostic, not a replacement scenario.

Risks and monitoring

A favorable weighted value does not remove a severe loss tail.

Failure value is \$6.08, or -86.1% versus the report reference of \$43.83. Funding shares reach 342m in Failure, compared with zero additional residual funding shares in Base. Both enterprise value and ownership can deteriorate together.

Risk / catalyst	What to monitor	Research response
Contracts	Signed capacity, comparable ARR/MW and concentration.	Revise cohort economics and probabilities.
Delivery	Acceptance, energization and commissioning progress.	Revise execution and timing, not price automatically.
Funding	Executed terms, restrictions, refinancing and equity intensity.	Replace assumptions with contractual cash terms.
Dilution	Awards, convert claims, strategic exercise and new issuance.	Recompute all per-share claims.
Capital durability	Renewals, hardware replacement and realized cash returns.	Reassess capital intensity and multiples.
Valuation	Evidence supporting durability and a 3.5x Base multiple.	Do not defend a target using MW alone.

Thresholds are research judgments

DR monitors incremental visibility below 500 MW, comparable signed economics below \$20m per IT MW and diluted claims above about 600m without matching contracted value. These are warning indicators, not mechanical rating triggers. These indicators require judgment alongside the full financing and contract evidence.

Future updates should be triggered by new contract, cash-flow, financing or delivery evidence. Daily price action and speculative positioning do not directly change intrinsic value.

Sources and methodology

Current model values and research limitations are traceable.

1. IREN FY26 Form 10-K - selected facts rechecked
2. FY26 results - source-register reference
3. IREN current production model
4. Company coverage and source disclosures

Reference-price correction - 25 September 2026

Restored the original report reference: \$43.83, the September 11, 2026 closing price. The September 13 edition had substituted the model's unverified \$44.67 reference. Implied upside to the unchanged \$100 target is 128.2%. Rating, valuation assumptions and scenario values are unchanged.

[Yahoo Finance historical prices](#)

[Stock Analysis historical prices \(S&P Global Market Intelligence\)](#)

Evidence hierarchy

Reported facts are identified where checked against the filing. Operating scenarios, financing outcomes, multiples, residual asset values and future compensation reserves are DR estimates. Management commentary is context, not a guarantee. Recovered security inputs retain the model's stated verification limitation.

Research scope

This report presents scenario valuation, dilution and Monte Carlo outputs from the current production model. It is not a comprehensive operating forecast or a complete legal review of security terms. Funding quantities and asset valuations are research assumptions rather than commitments.

Reproducibility: frozen data/report_snapshots/IREN-2026-09-13.json; static/iren-engine.js; scripts/build_recovered_models.cjs. The report values are a dated snapshot and will not silently follow later dashboard edits.

Model SHA-256: b9cbe2732b165d665ed7ab847b3fbb0ded183ee2cec8d93d1bd867ee0a7f4357

Disclosures

Independent research for informational purposes, not personalized investment advice. Valuations are uncertain and may change. BUY and the 12-18 month horizon are based on the research framework; reference-price comparisons are illustrative and are not based on a refreshed live quote. No institutional review or regulatory approval is implied.

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