RBA Equity - Investment Memo (LONG) May 27th, 2026

Boost Run Inc Class A (BRUN) Entry Price: $25.00

This is an analysis on a company with very limited data (public for <2 weeks), no access to consensus ARR, used management guided exit FY26 ARR as comps.
Position sizing: 20% of AUM, $400

EXECUTIVE SUMMARY

Boost Run is a premium-positioned, asset-light NeoCloud, an NVIDIA Preferred Cloud Partner with Exemplar Cloud certification on Blackwell, one of five providers globally to hold it (with CoreWeave, Nebius, Oracle, and Microsoft Azure). Founded in 2023 by an HFT-infrastructure operator, it rents NVIDIA GPU compute through a colocation model (TierPoint facilities, Spectrum-X networking, DDN storage) to enterprise, regulated, and federal customers. FY2025 revenue was $26.9M (+239% YoY) at an 85.5% gross margin ex-D&A, on ~$48.6M of deployed GPU assets (~$30.4M of which sits in low-rate finance leases that keep the company FCF-positive while it scales). It carries $940M of contracted revenue (~3-year average term), a $1.44B Dell supply agreement, and a Carahsoft federal procurement channel (SEWP V, NASPO). Shares trade at $25, up ~70% from the May 11 listing low, ~21% below the $31.50 all-time high, at ~3.7x EV/FY26 exit ARR against a NeoCloud peer average of ~5.9x.

The edge is a measurable multiple discount on the metric that governs NeoCloud valuation. At ~3.7x EV/forward exit ARR versus a ~5.9x peer average, the market is pricing BRUN at a ~37% discount; implicitly assuming BRUN exits FY26 at roughly $236M of ARR against management's $375M target, i.e. that the company captures only ~75% of the run-rate its existing contracted book already implies and adds nothing on top. **I recommend a LONG with a 12-month target of $36 (+45%)**, on the view that 2–3 quarters of execution against the backlog close the discount toward the peer multiple. This is a depth-of-diligence and valuation-framework edge on a name two weeks public with thin, conflicted sell-side coverage.

1) **The discount is the trade; backlog conversion is the only variable that matters:** $940M of contracted revenue at a ~3-year average term equals ~$313M of run-rate ARR once the existing book is fully deployed. Management's $375M exit-ARR target therefore requires full deployment of the current book plus only ~$60M of incremental wins which is a modest ask in a sold-out GPU market. The market at $25 prices ~$236M of exit ARR, or ~75% conversion of the existing book with zero new business. Management discloses the "majority" of the book is already in production with the remainder ramping in FY26; the December 2025 guidance raised Q1 GPU deployment 2.5x (from $100M to $250M); and the $1.44B Dell agreement plus Data Sales financing remove the hardware bottleneck on conversion. If conversion runs at the 85–100% the disclosures imply rather than the ~75% priced, exit ARR lands at $375M+ and the stock re-rates on both higher ARR and a higher multiple. At the 5.9x peer average on a delivered $375M, EV re-rates to ~$2.22B (~$36/share).

2) **Premium positioning delivered through asset-light capital efficiency:** BRUN's architecture is mid-to-premium, not commodity: Spectrum-X networking, DDN storage, Lumen carrier, NVIDIA Exemplar Cloud validation, and operator-level SOC 2 Type II / HIPAA / ISO 27001 / ISO 27701 certifications aimed at regulated workloads. It delivers this through colocation rather than self-build. Per industry cost data, the building shell, power, mechanical and cooling for an AI-ready facility runs ~$11–12M/MW (with liquid-cooling adding ~$1.5–1.6M/MW), and a fully loaded GPU deployment (facility plus hardware, networking and storage) runs the high-$30Ms per MW on a self-build basis (consistent with CoreWeave's disclosed $31–35B 2026 capex against a

buildout to >1.7GW). By renting the facility layer through TierPoint and financing the GPUs through Dell Financial Services and Data Sales, BRUN avoids the facility capex entirely and keeps the hardware off the cash-flow capex line, funding the announced expansion to 11 data centers / 125MW+ plausibly without an emergency raise. The pro forma confirms the model works: 85.5% gross margin ex-D&A and lease costs, ~19.5% colocation lease cost, and an implied ~4.6-year GPU depreciation life (more conservative than the 6 years used by CRWV/NBIS). This is a rare NeoCloud delivering elite-tier infrastructure quality while remaining FCF-positive at small scale, though FCF-positive here means operating cash exceeds directly-purchased equipment capex, with growth capex sitting in finance leases (the same structure CRWV uses).

3) **Demand backdrop intact, with federal optionality as a free call.** Inference is roughly two-thirds of 2026 AI compute and growing faster than training; BRUN's managed-Kubernetes offering is aligned to that mix. The supply-demand imbalance is structural: GPU lead times of 36–52 weeks, hyperscaler capex revised toward ~$725B for 2026, and a multi-gigawatt US data-center power shortfall projected through 2028, which supports pricing power for capacity that is online now. Federal AI infrastructure spend is growing 200%+ YoY (~$7.2B obligated in 2026), and the Carahsoft channel (SEWP V, NASPO) plus a FedRAMP-experienced CIO give a credible path into it. I treat federal as optionality not as priced-in upside (FedRAMP authorization is realistically a 12–24-month event, not a 12-month one and channel checks in federal and state contract awards came up negative).

RISKS

1. There's a lot of unverifiable data: 86.5% of the $940M backlog is from undisclosed counterparties; only Fluidstack ($127M, 13.5%) is named. The entire conversion thesis rests on a customer base I cannot inspect until the Q1 10-Q (due June 1). *Mitigant:* the 10-Q's concentration disclosure (SEC 10% rule) resolves this two days before the call.

2. De-SPAC / first-print risk: First GAAP disclosure carries a likely large non-cash warrant mark-to-market loss (11.47M warrants @ $11.50 moved deep in-the-money), and full colocation lease expense (~19.5% of revenue) compresses the headline ~80% adj. EBITDA toward ~50–55%. Additional adjusted to GAAP shocks.

3. Governance concentration: CEO Karos holds ~90% voting power via 10:1 Class B supervoting shares; Pubco is a Nasdaq "Controlled Company" exempt from key board-independence requirements. This is a permanent structural discount, sized into the position rather than around it.

4. FedRAMP is further out than the narrative implies: No FedRAMP Marketplace listing at any status confirms a pre-"Preparation" stage; realistic Moderate authorization is 12–24 months. *Mitigant:* the thesis does not require FedRAMP within the holding period, it is optionality that no other NeoCloud provider currently has.

5. Supply / liquidity overhang. Lockup early-release at $12 has likely already activated (stock well above trigger), so insider supply is already in-market and may explain part of the drawdown from $31.50. No business-interruption insurance (S-4 risk factor). Three employees per filing data, and the first 10-Q was filed late (NT 10-Q, May 26). An opportunistic equity raise is probable within 6–15 months (8–15% dilution). Warrants are deeply in-the-money, dilutive in shares but ~$132M cash-positive to the balance sheet on exercise.

6. Sector and coverage. NeoCloud multiples are levered to hyperscaler capex; a flat/down guide from MSFT/AMZN/GOOGL/META cracks the comp set (CRWV fell ~10% on light Q2 guidance even while reaffirming

full-year revenue and raising its exit-ARR floor). Both sell-side analysts (DA Davidson, Craig-Hallum) were deal-affiliated; coverage is not independent and price targets are not corroboration.

7. Commoditization (the Seagate analog). GPU rental rates have fallen 60–75% from peak in prior cohorts; when silicon supply normalizes (most timelines: 2027+), the contracted book renews into a more competitive pricing environment.

VALUATION

The primary metric is **EV / forward (FY26 exit) ARR**. Three reasons I used it:

- **Run-rate, not blended-year:** FY26 revenue (~$196M) is a blend of a small Q1 and a much larger Q4; it understates the earning power of the fleet that will be deployed by year-end. Exit ARR (last month * 12) captures the run-rate of deployed capacity which is what you are actually buying and is the number the contracted backlog converts into.
- **It is the only apples-to-apples cross-comp:** NBIS ($7–9B), CRWV ($18–19B, raised on the Q1 call), and IREN ($3.7B) all guide to a 2026 exit ARR. Comparing BRUN's $375M target to those on the same basis is cleaner than comparing full-year revenues at wildly different ramp stages.
- **EV, not equity/price, because capital structures diverge:** CRWV carries ~$33B of net debt; a price/sales or market-cap comparison is meaningless across the group. EV normalizes for it. (On EV/FY26 revenue, BRUN screens ~7.1x, above CRWV's ~6x, which is why the revenue lens shows "parity"; the exit-ARR lens is where the discount appears, because BRUN's revenue is earlier in its ramp relative to its contracted run-rate.)

EV/exit ARR is not a multiple that NeoClouds primarily trade off of; however it is the most accurate metric given lack of information and current stage of revenue ramp that BRUN is in.

Company	EV	FY26 exit ARR (mgmt)	EV/exit ARR
NBIS	55.2B	7-9B	6.9x
IREN	21.2B	3.7B	5.7x
CRWV	95.5B	18-19B	5.2x
BRUN	1.4B	0.375B	3.7x

Scenario	Exit ARR	EV/Exit ARR	Implied Price	Upside/Downside
Bear	300M	3.5x	$17	-32%
Base	375M	5.0x	$30	+22%
Target	375M	5.9x	$36	+45%
Bull	425M	5.9x	$41	+64%

CATALYSTS

- **June 3 Earnings Call:** the first flow of data which will prove or disprove our thesis