

NASDAQ:DGXX Q3 2025 Earnings Call Transcript

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Conference Call Moderator | Investor Relations:

Good morning and welcome to DigiPowerX, Inc.'s third quarter 2025 financial results conference call. Please note that this event is being recorded and a transcript will be available on DigiPowerX, Inc.'s website. At this time, all participants are in a listen-only mode. A brief question and answer session will follow the formal presentation. Unless noted otherwise, all amounts referred to during the call are denominated in US dollars. Certain comments made during this call may include forward-looking statements or forward-looking information within the meaning of applicable US and Canadian securities laws. Such statements and information reflect current expectations and as such are subject to a variety of risks and uncertainties that could cause actual results to differ materially from current expectations. Those risks and uncertainties include, but are not limited to, factors discussed in DigiPowerX, Inc.'s report on Form 6-K for the three and nine months ended September 30, 2025, and the annual report for the year ended December 31, 2024, as well as the company's other disclosure documents. Except to the extent required by applicable law, DigiPower X undertakes no obligation to publicly update or review any forward-looking statements or information. During the call, management may make reference to certain non-IFRS measures that are not separately defined under IFRS, such as EBITDA and adjusted EBITDA. Management believes that those non-IFRS measures, when considered in conjunction with IFSC, IFRS financial measures provide useful information for both management and investors. Reconciliations between IFRS and non-IFRS measures are presented in the tables accompanying the press release highlighting DigiPowerX financial results as of the quarter ended September 30, 2025. have been filed and made accessible under the company's continuous disclosure profile on CDAR Plus at www.cdarplus.ca and are also available on the SEC's EDGAR website at www.sec.gov forward slash EDGAR. I would now like to turn the call over to Michelle Amar, CEO of DigiPowerX. Please go ahead, sir.

Michelle Amar | Chief Executive Officer:

Good morning, everyone. Q3 2025 was a transformational quarter for DG PowerX as we strengthened our balance sheet, accelerated our shift into AI infrastructure, and delivered positive net earnings. Quarter highlights. Working capital went from half a million dollars in Q3 2024 up to 15 million dollars This quarter. Net income, positive. \$300,000 versus a 6.4 million loss last year. EBITDA, \$1.9 million positive. Adjusted EBITDA, \$0.8 million positive. Digital assets. BTC holdings up 143% to 97 Bitcoin. Ethereum, 1,000 tokens. Total digital currency value, 15.4 million, up 213% year over year. Warrants, reduced from 8.8 million warrants to 2.6 million outstanding. Debt, no long-term debt. CAPEX, \$3.1 million in Q3, 9.5 million year-to-date, primarily tied to tier three AI data center conversion. Strategic and operational progress. Our first ARMS 200 Tier 3 AI pod assembly began in Q4 2025 and will be online in Q1 2026. Approved 60 megawatt load study in New York enabling future AI expansions. First NVIDIA D200 cluster built with Super Macro on track for Q1 2026 activation. advancing long-term co-location and AI compute agreement with multiple potential customers. Beginning January 2026, ARMS 200 modules will be deployed across all Tier 3 sites. Energy revenue grew 112% year-over-year to \$8.7 million. Cost of revenue and depreciation reduced by 9.3 million year-to-date. Neoclub-Z, our GPU as a service platform, launching January 2026. Financial position today. Over \$90 million in cash, BTC, ETH, and equivalents. The strongest liquidity in company history. Our liquidity equals more than one-third of our market cap. This capital fully supports the 2026 AI infrastructure built out. AI transition across power assets. Phase 1 deployment. Q1 2026, 5 megawatts. Phase 2, Q2 2026, 15 megawatts. Phase 3, Q3 2026, an additional 30 megawatts. So by Q4 2026, we would have deployed 55 megawatts which is 40 megawatt critical IT load. Current power availability, Alabama 55 megawatt, New York upstate 141.7 megawatt, for a total of close to 200 megawatts of power available for

2026. North Carolina, an additional 200 megawatts anticipated in 2028. DigiPowerX is now firmly positioned as a next-generation Tier 3 AI infrastructure company. With the ARMS 200 platform, the Neoclass Z platform, major power capacity, and Tier 3 deployment on the way, we are building a scalable identity AI compute ecosystem ready to serve both emerging AI companies and enterprise customers. We've never been better positioned for growth.

Conference Call Moderator | Investor Relations:

Thank you. We'll now be conducting a question and answer session. Our first question comes from Jeremy Hayes. What are your expectations in AI revenues in 2026 and 2027?

Michelle Amar | Chief Executive Officer:

Great question, Jeremy. So, Related to the scaling up of our first module infrastructure, ARMS 200 in Alabama, which we intend to complete quarter after quarter up to 40 megawatts of IT load, mostly 75% to 80% will be co-location. And the collocation range is about \$140 to \$150 a kilowatt hour per month. To give you a little bit of a size of income, if we average 20 megawatts, because we are scanning up, we estimate roughly about \$50 million in revenues average for the year 2026 in co-location. The second part of AI revenues will be our GPU at service through our NeoCloud Z platform, which we built with Super Macro. And that we anticipate about 1,024 B200, B300 NVIDIA chips GPUs online generating with a scale up about \$15 million. So the growth estimate for 2026 related to the execution of the infrastructure through our arms 200 system solution should be roughly about 65 million. On top of that, we will have the existing Bitcoin mining, which should be even with last year. And we have to add a fourth stream of income, which is our energy cells to the grid through our power plant. which to give you a sense for this year, so far we are at \$8.9 million year-to-date selling energy, which is for Q3 was about \$3.1 million energy sales, which represents on this quarter Q3 over 35% of our revenues.

Operator | Conference Call Operator:

Thank you. What are the current debts?

Michelle Amar | Chief Executive Officer:

We do not hold any long-term debts. We are current. We have no obligations, no trigger that could hurt the company. We are completely debt-free. So I think we have the lowest payable ever in our company.

Operator | Conference Call Operator:

Thank you. How is your current cash holding?

Michelle Amar | Chief Executive Officer:

So, we are holding a little bit more than \$90 million total. Most of it is in cash. We have a few holdings of crypto Bitcoin mining, about 115 or 16 Bitcoins. And we have a thousand Ethereum. And everything else is in cash. And that accounts today a little bit above \$90 million, which allows us to really develop our modular system. We actually, this year, year-to-date, already spent close to \$10 million. So the first development of Q1 has already been paid for. The first ARMS 200, which will be assembled in the next few weeks in Alabama, and that's rated 3, will be on end of December, tested the first week of January along with Super

Macro team as we plan to have this ARMS 200 system on the partnership book of Super Macro.

Unknown | Participant:

So, which will be a very interesting development for us.

Operator | Conference Call Operator:

Thank you. Our next question comes from the line of Patrick Gray.

Conference Call Moderator | Investor Relations:

Can you please describe the ARMS AI-ready modular solution platform?

Michelle Amar | Chief Executive Officer:

Great. So, DigiPowerX, a wholly-owned subsidiary U.S. data center, HINC, has developed a proprietary ARMS platform, ARMS for AI-ready modular system. We developed that platform early this year, I would say 10, 11 months ago, with SuperMac Pro. And it's really an incredible product system that we can also develop for our own sites. for other people's sites. We can deliver this system within 180 days. And it's built for all kinds of chips, primarily for the NVIDIA B200, B300. It can be customized for other servers or other chips. It's really a modular system that as three product line, one megawatt, five megawatt, and 10 megawatts. And we can expand it much faster than an hyperscale building that takes a couple years. In our opinion, for 2026, this is an incredible opportunity demonstration of what we can do at the speed we can do. Of course, the reason why we can develop it in a faster way than an hyperscale is that we already have the high-voltage substations. We already have the connection with the grid power. Our power plants generate power as well. So we are connected already with power. All we need to do is to insert this modular system that are rated three, ready for, you know, redundancy and uptime in standard in compliance with the tier three. I think you're allowed to 1.6 hour of downtime a year. So we are ready. We got rated three. 2026 is going to be a real transformational year for us. And we expect to enter our full cycle of developing AI.

Operator | Conference Call Operator:

Thank you. Can you please go into some detail on your relationship with Supermicrocomputers Inc.??

Michelle Amar | Chief Executive Officer:

So we developed a very interesting relationship with SuperMacro. They are a pretty large company. They have a very good relationship with NVDR. And in order to leverage their human resources and resources, we choose SuperMacro and we integrated it. their optimized service rack directly to our arms system parts and we designed it that way. So Supermicro is doing a very big part of the job by supplying racks ready to go. We also partner with them on all the software integration and It's really very, very helpful that allows us to have a very big team on our side with a very small GNA because we're a very low SGNA and we are leveraging the Supermicro team. They will be a long, they are coming to our side actually end of this month, November 28th. they will come and start to prep with our people the setup of our modular systems, both in upstate and in Alabama.

Operator | Conference Call Operator:

Thank you. Our next question comes from the line of Anthony Sphere.

Conference Call Moderator | Investor Relations:

Can you please describe the retail compute platform NeoClouds, who the potential customers or end users will be?

Michelle Amar | Chief Executive Officer:

So we developed that platform. Actually, Alec Amard developed it along with, again, SuperMacro. And it's geared for the smaller players, not for the hyperscaler customers. It's for the AI developers or ML engineers. Startup companies, there's plenty of startup companies now that need access to a infrastructure, and it's hard for them to get access to a hyperscaler. Research institutions and universities, no hyperscaler cooperation priced out of AWS, Azure, or NVIDIA Cloud capacity. HPC workloads for simulation, modeling, and data processing. So we will serve, it's kind of our retail service, GPU at the service, and we expect to develop that portal or that direct vertical GPU at service to be 20, 25% of our total revenue. So the breakdown would be 75% collocation with longer contracts. And we are in negotiation now anywhere from 5 to 10 to 15-year contracts. And there's a lot of demand for 2026, early 2027. We are trying to get the best scenario or the most solid contract you know, 15-year contract. It's like a modified lease on AI infrastructure. And simultaneously, we are developing this. It's ready. It will be online January. We are developing this platform, NeoCloud Z, backed by Super Macro. And we will be able to integrate multiple customers, all kind of customers for deep learning for any kind of applications. And that will result in a much higher margin. One is pretty, the collocation margins are pretty set and revenues. The direct GPU ad service provide very high margin. So blended, we'll have a very healthy margin in the AI business.

Operator | Conference Call Operator:

Thank you. This concludes our Q&A session and thus concludes our call today.

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We thank you for your interest and participation. You may now disconnect your lines.