NASDAQ:DGXX Q1 2026 Earnings Call Transcript

Generated on 11/25/2026

Conference Operator | Investor Relations / Call Moderator:

Good morning and welcome to DigiPOWER X Inc's first quarter 2026 financial results conference call. Please note that this event is being recorded and a transcript will be available on DigiPOWER X Inc's website. At this time, all participants are on a listen-only mode. A brief question and answer session will follow the formal presentation. Unless otherwise noted, all amounts referred to during the call are denominated in U.S. dollars. Certain comments made during this call may include forward-looking statements or forward-looking information within the meaning of applicable U.S. and Canadian security 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 DIGI's Power X inks report on form 10 Q through the three months ended March 31 2026. And the annual report for the year ended December 31 2025, as well as the company's other disclosure documents, except to the extent required by applicable law. Did you power x undertakes no obligation to publicly update or review any forward looking statements for information. During the call, management may make reference to certain non-GAAP financial measures that are not separately defined under GAAP, such as EBITDA and adjusted EBITDA. Management believes that those non-GAAP measures, when considered in conjunction with GAAP financial measures, provide useful information for both management and investors. Reconciliations between GAAP and non-GAAP measures are presented in the table accompanying the press release highlighting DigiPowerX financial results as the quarter ended March 31, 2026, 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 slash EDGAR. I would now like to turn the call over to Michelle Lamar, CEO of DigiPowerX. Thank you. Please go ahead.

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

Good morning, everyone, and thank you for joining us today. Our Q1 2026 results underscore a transformational year in which the company's French-language bank sheet comments the ramping down of its cryptocurrency mining sales as a capital-like infrastructure-scale AI computing platform with a clear path to nine-figure annual revenues. First quarter 2026 financial highlights. Three months ended March 21st, 2026. Positive adjusted EBITDA of $1.1 million from a negative $1.3 million last year Q1 2025. Revenue of $6.8 million reflecting the planned wind-down of legacy operations as the company transitions to AI, compute, and co-location revenues. Balance sheet and liquidity as of March 31st, 2026. Cash and cash equivalents of 71.4 million. Working capital of 67.2 compared to negative 0.8 million at March 31st, 2025. Digital asset holdings of 14.6 million of 208% year over year. Net fixed assets of $26 million have 29% year-over-year reflecting capitalized investment at the Colombiana Alabama facility. No long-term debts. Balance sheet and liquidity as of May 15, 2026. Approximately $125 million in cash and cash equivalents. About $15 million in digital assets. and approximately $45 million in year-to-date capital expenditure deployed towards GPD equipment and data center build-out, principally at the Colombiana Alabama facility. Operational highlights, Colombiana Alabama AI campus. The company is starting phase one ready for service December of 2026, Completion Q1, 2027. NEO Cloud V GPU as a Service. NEO Cloud V, the company's GPU cloud business, will recognize its first revenue in May 2026 from its initial fleet of NVIDIA B200, B300 GPUs deployed at the company's Alabama facility. Closing Message. Q1 2020 seed marks and inflection points for DigiPowerX. Adjusted with data, we've become positive, even as we deliberately run down leadership revenue to make room for a much larger AI compute business. Our balance sheet is the strongest it has ever been. We hold approximately $125 million in cash and $15 million in digital assets as of today. with no long-term debt, and we have already

deployed approximately $45 million of CapEx year-to-date into GPUs and infrastructure at Colombiana. That is a firepower to execute phase one on the operational platform that follows. Thank you for joining us today. We will now take questions.

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Thank you. We will now discuss some questions we had from shareholders with DigiPowerX CEO, Michelle Amar. For Q1, 2026, can you please discuss the financial results, specifically your cash and cash equivalents, as of March 31, 2026?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

Good morning, everyone. So I stated earlier We ended up with actually $73 million cash March 31st with an adjusted EBITDA of $1.1 million compared to . And the adjusted EBITDA is basically all the non-cash item deducted from the net loss. we actually reflect the DTP capital management and provide us with enough cash to execute on our phase one Colombiana commissioning. It also allows us to leverage our balance sheet to get better debt financing for the future.

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Thank you. Do you have any debts?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

So as of the zero debt capital structure, as of March 24, 26, as of May 15, we still maintain that zero debt. We are in discussion with different lenders in order to mitigate dilution and leave our the strongest balance sheet we ever had in the history of a company between cash and cash equivalent of $125 million and digital assets that are uncovered of about 15. We basically have $140 million cash, cash equivalent and digital assets that we can leverage to get comfortable financing, best financing, some future data center developments so we don't tap into the equity dilution.

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Thank you. Can you discuss the decision the company made in 2025 to strategically pivot and transition from crypto mining to AI data centers?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

So that was the greatest decision we made. The decision transition from crypto mining to AI infrastructure, was the most consequential strategic decision in company history. In 2025, two realities had converged. First, the economies of Bitcoin mining had become increasingly compressed and cyclical, while domain for AI and compute infrastructure was entering a generational growth phase driven by frontier model training and inference scaling. But most importantly, we had spent years a portfolio of power-rich sites in Alabama, Niagara Falls, North Carolina, Buffalo, and they were uniquely suited to upscale AI workloads. It took us about 10 years to accumulate these assets that are fully owned by the company and that are very, very valuable today in two forms. one speed to market we don't need to wait for a interconnection with the utility we own the substation we have a utility interconnections we also generate power through our compound cycle gas power plant as we acquire in 2022 and and that allow us to be a very very strong position in terms

of speed to market And that's why one of the reasons that we were able to get a major contract from a major frontier AI company and deliver in a basically wake-up time period by the end of this year.

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Thank you. How is the company positioned to capture AI infrastructure demand at scale as compared to conventional co-location and cloud competitors?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

So we're not a traditional co-operator. We're not an upscale cloud. We believe in the structural advantage of the current AI demand environment. We own and control our power. We have a total footprint of power of about 393 megawatts over four sites. And we have two streams of businesses. One is the Neoclad GP as a service, which, by the way, we are live as of today, which greatly our ability to execute. actually live and getting AI revenues as of today through a contract that we signed and announced a few weeks ago. And this is our first ADDR D200-300GP of the service offering that we intend to scale up. And then we have the co-location strategy, which is basically a modified list where we basically sign a 10-year deal for a billion won that will ensure stability and income without the enormous cap of GPUs. So our business model today is to develop both businesses, co-location, because we do have the power and sizable power, And as a service because we are vertical and we try to optimize every megawatt of power we own and the vertical give us a much bigger revenue stream.

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Thank you. How is the company planning to fund its expansion in 2026 and beyond?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

So we went through the painful last six months of raising capital, therefore diluting the company. But now that we have basically 125 million of cash and no debt, we can leverage the balance sheet and we are able now to avoid future dilution or mitigate the illusion by financing the growth of our future data centers through debt financing. And having a strong balance sheet helps you to get, you know, better terms in terms of financing. We are seeing about a 70, 30 LTC loan to cash. So instead of going from 100% self-financing, we're going to go to 70, 30% loan-to-cash financing. We already signed a term sheet with a lender in order to grow our business through smart bank financing.

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Thank you. How much available capacity does the company have in terms of power MW at its various sites?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

So far today, we have connected to the grid about 200 megawatt, 210 megawatt live connected to the grid that we can turn into AI revenues. And we are coming up basically another 180 megawatts where we should get back our road study by 2028, end of 2028. That will give us a total of about 393 megawatts of secure capacity across our site that we own. We also have a that we announced a few months ago with a massive power plant in West Virginia of 1.3 gigawatts that now we are better positioned to explore and come to terms if possible in order to scale up our business exponentially for 2028, 2029, 2030.

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Thank you. Can you discuss some of the company's key accomplishments year-to-date, specifically surrounding site expansion, 24-month contract signed with sub-QAI, and current balance sheet and liquidity?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

So the year-to-date was an execution achievement. We did the rental agreement a new upcoming lab, and we delivered in a very short period of time, on time. You know, our contract was at the May 15 RSS, and we delivered on time, so we believe it was a very incredible teamwork. We teamed up with, you know, the AVDR team and Supermetro team, and our team in Alabama, and we delivered our first GPU bare metal rental as of today. So that was one major accomplishment. The second, we financially developed a very strong balance sheet that we can leverage for our future, and We do not have any concerns of lack of cash today. We can grow. Third, we signed a massive contract with one of the top chip makers, a world top chip maker of 1.1 billion, expandable to up to 200 billion, and that gives us a steady predictable revenue for the next 10 years and also a lot of credibility as now we are in discussion with many, many top players for expansion in the next few years.

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Thank you. When does the company expect to begin generating its first AI revenues?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

Today. We started today, we ended up last night be the first GPU to our customer. And, you know, we're working very hard in the last few weeks. We received the GPUs from NVIDIA first week, first few days of May. And we tested it, commissioned it, and delivered the GPUs to the customer. So we are starting our AI revenues as of today.

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Thank you. How many MWs of total live AI infrastructure across the company's multi-site portfolio does it expect to activate in 2026 and 2027?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

So we expect to expand our with another few megawatts. Today that first contract that we delivered was a little bit under one megawatt, and we expect to deliver at the end of the year an additional six megawatts. And we get the revenues potentially last quarter of this year or early quarter next year. And we're going to deliver the first quarter, the first phase Collocation contract, December 2026, it's about 15 megawatts, and we'll end up internalizing the second phase, Q1 2027, which would be an additional 25 megawatts for a total of 40 megawatts, which would be a running $8 million, $9 million run rate for the collocation. And it's about, in GPU, it would be about $780 a month, first quarter of 2027.

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Thank you. What are the company's revenue projections for the next three years?

Michelle Amar | Chief Executive Officer, DigiPowerX Inc.:

So, we won't have an issue with power. We do have the most. one of the most important bottleneck for most of the companies to get access to power. We do have access to power. So our strategy is to turn that power into AI revenues. And our goal is to, for 27, be active with 90 megawatt worth of collocation and basically transfer megawatt of GP as a service. That would give us a total run rate of $300 a year. In 2028, we plan to add an additional 50 megawatt of collocation and 20 megawatt of GP metal. that would give us a $450 to $500 billion year run rate. And in 2029, an additional 100 megawatts of collocation, an additional 50 megawatts of GPU bare metal, that would give us a $800 to $1 billion run rate per year. So this is our goal. It can be accomplished as long as we get the financial strength and the debt financing instruments in place, which we are executing now on the financial side. Our stock is very liquid, so very attractive to the different institutions. So we are getting a lot of interest in funds to partner or lenders to partner with us and support our growth. This is our plan for the next 36 months.

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Thank you. That brings us to the end of today's question and answer session. We would like to thank everyone for their participation and interest in today's conference. You may disconnect your lines or walk off the webcast at this time and enjoy the rest of your day.