BGIN BLOCKCHAIN LIMITED FY2025

Earnings Call Transcript

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PARTICIPANTS

Company Speakers:

Qingfeng Wu – Chief Executive Officer

Qiuhua Li – Chairman of the Board of Directors

Rezwan Mirza - Chief Corporate Development Officer

Zhao Xiang – Co-Chief Financial Officer

Carrie Wang – Finance Director

Jennifer Jiang - Investor Relations Director

Analyst:

Anqi Wang - China Renaissance

PRESENTATION

Operator

Good morning and good evening, ladies and gentlemen. Thank you for standing by, and welcome to BGIN's earnings conference call. At this time, all participants are in a listen-only mode. We will be hosting a question-and-answer session after management's prepared remarks. Please note that today's event is being recorded.

I will now turn the conference over to Jennifer Jiang, Investor Relations Director of the company. Please go ahead, Ma'am.

Jennifer Jiang (IRD)

Thank you.

Hello, everyone, and welcome to BGIN's earnings call for the full fiscal year 2025. With us today are CEO Qingfeng Wu, Chairman Qiuhua Li, Chief Corporate Development Officer Rezwan Mirza, Co-CFO Zhao Xiang, and Finance Director Carrie Wang. Rezwan will provide a business overview for last year, and then Carrie will discuss the financials in more detail. Following their prepared remarks, CEO Qingfeng Wu, Chairman Qiuhua Li, and Co-CFO Zhao Xiang will be available for the Q&A session.

You can refer to our annual financial results on our IR website at ir.bgin.com. You can also access a replay of this call on our IR website when it becomes available a few hours after the conclusion of the call.

Safe Harbor Statement

Before we begin, I would like to remind everyone that certain statements made during this call are forward-looking in nature, including, but not limited to, statements regarding the Company's future plans and partnerships. These statements involve risks and uncertainties that are based on current expectations and projections. You can identify these forward-looking statements by words or phrases such as "aims," "anticipates," "believes," "estimates," "expects," "intends," "plans," "potential," "projects," "will," "would," "should," "could," "may," or similar expressions, although not all forward-looking statements contain these identifying words. The Company undertakes no obligation to update or revise publicly any forward-looking statements to reflect events or circumstances that occur after this call, or changes in its expectations, except as may be required by law.

Although the Company believes that the expectations expressed in these forward-looking statements are reasonable, it cannot assure you that such expectations will prove to be correct. The Company cautions investors that actual results may differ materially from preliminary or anticipated results, and encourages investors to review other factors that may affect its future results in the Company's registration statements and other filings with the U.S. Securities and Exchange Commission.

Thank you. I will now turn the call over to the Chief Corporate Development Officer of BGIN, Rezwan Mirza.

Rezwan Mirza (CCO)

Thank you, Jennifer. Good evening, everyone, and welcome to BGIN's inaugural earnings call as a publicly traded company. I'm Rezwan Mirza, Chief Corporate Development Officer of BGIN Blockchain Limited.

2025 was a transformative year for us. In addition to our successful IPO last October, we also proactively refocused our R&D capabilities away from our initial core altcoin chip business and towards the larger cap cryptocurrencies. We primarily focused our R&D efforts on Bitcoin and Dogecoin in 2025 and continue to do so in 2026. These efforts are already yielding results. In March of this year, the company successfully developed a 4nm Bitcoin miner prototype based on the BT1 ASIC chip. This represents a major technical milestone and serves as a powerful validation of our execution capabilities.

Today, I will walk you through our three core revenue engines, starting with the bedrock of our company, Hardware Sales.

Engine 1, proprietary hardware & innovation. Our journey began in 2019 when our founders seeking to enter into the self-mining business and facing a shortage of available miners, chose to design their own mining rigs. This "engineer-first" mindset allowed us to be self-sustaining from day one, using mining machine sales revenue to fund successive generations of R&D.

To date, we have successfully executed seven tape-outs and developed 29 distinct mining models, with 9 currently in active deployment. In 2024, our focus on altcoins such as Kaspa and Aleo generated $192 million in sales of mining machines. In 2025, mining machine sales declined to $15 million driven by market volatility and our strategic decision to prioritize our Bitcoin and Dogecoin transition. Looking ahead, our roadmap is clear: we are accelerating the next generation advanced architecture to optimize the combination of energy efficiency and costs to deliver superior operating performance in Bitcoin and Dogecoin mining.

Engine 2, high-efficiency mining operations. Our management team has prioritized operational excellence over raw scale. To maximize margins, we optimized our fleet in early 2025, phasing out older Kaspa units in favor of next-generation efficiency. We swapped out our older KS5 miners with our more efficient KS7 machines.

Our focus on operating efficiencies allowed us to deliver $42.9 million in mining revenue in 2025 - holding remarkably steady against the $45 million recorded in 2024. We continue seeking additional sites to grow our mining farm power capacity under the same disciplined, operating efficiency parameters.

Engine 3, scalable hosting services. Our third engine - hosting - generated $3.3 million in 2025. While smaller in scale, this remains a low capital investment high gross margin business.

We provide small-to-mid-sized miners with turnkey solutions through two flexible models: fixed-rate hosting for predictability, and a revenue-share partnership for performance alignment. This model allows us to monetize our operational expertise without the heavy CAPEX typically required for capacity expansion.

The synergy of these three engines creates a natural hedge against market volatility in the crypto currency industry. In Bull Markets, we capitalize on surging hardware demand and peak sales margins. In Bear Markets, we pivot to efficiency-first self-mining and cost-controls. While across all cycles, Hosting provides a resilient, high-margin foundation of recurring cash flow. We continue to enhance our Hosting capabilities. For example, to further refine our software infrastructure to support Bitcoin and Dogecoin hosting in the future, we have targeted our cloud mining hosting product towards Aleo miners. Initial feedback from customers utilizing our cloud mining platform has been positive and we plan to build on that momentum.

In 2026 we will continue along our transformational journey from an altcoin chip designer into a fully integrated digital asset infrastructure platform. While Bitcoin is our primary focus, we maintain the flexibility to capture opportunities in promising altcoins when market conditions align.

In addition to commercial miners, we are also exploring opportunities to expand our machines sales into the B2C segment. Next week, at the Bitcoin 2026 Conference in Las Vegas, we will debut a prototype of

our "PortableBTC." It is a commemorative prototype model created to mark our entry into the bitcoin mining hardware journey. As BGIN continues to explore value added consumer driven miners in line with our focus on democratizing crypto mining, this prototype is an early-stage sample of a rewards-based approach to crypto mining. Although the prototype to be shown at the Bitcoin 2026 Conference is limited and not for sale, future commercial, non-limited products will follow. Our retail miner offering should enable consumers to bring Bitcoin mining into their homes. This aligns with our mission: "Crypto for All."

I would like to discuss our four key priorities for 2026. First, we will continue enhancing our research and development capabilities to deliver competitive mining solutions. Second, our mining operations remain anchored in cost-effective energy strategies and power sources that provide structural advantages. Third, we are exploring cloud mining and new consumer-focused product lines to democratize access to cryptocurrency mining. Fourth, while large cap crypto currencies such as Bitcoin and Dogecoin are our primary focus, we will maintain the flexibility to opportunistically capture opportunities in promising smaller cap altcoins.

We made difficult choices in 2025 - choices that position us for success in 2026 and beyond. We are confident in building the world's most cost-effective digital currency mining infrastructure, staying true to our vision of "Crypto for All" and executing on our B2C strategy to deliver sustainable long-term value for our shareholders. Thank you for your trust and support.

I will now ask my colleague Carrie Wang to go over the 2025 financial results in detail.

Carrie Wang (Finance Director)

Thank you, Rez. Good day, everyone. This is Carrie Wang, Finance Director of BGIN. I'm pleased to walk you through our full year 2025 financial performance.

Before diving into the numbers, let me provide an overview of our results. 2025 was our pivotal transformation year - a year where we made strategic decisions to reposition BGIN from a diversified altcoin chip supplier to a large-cap-coin-focused infrastructure company. The financial results reflect this strategic pivot, and I'll help you understand the story behind the numbers.

We recorded net loss of $177.0 million in 2025, compared to net income of $66.1 million in 2024. The majority are non-cash items, which includes inventory provision and write-off of obsolete altcoin mining machines and impairment of property and equipment, and others. These write-offs, provisions and impairments resulted from our exit of certain product lines and reflect proper accounting treatment of assets no longer aligned with our business direction. As we move forward, our balance sheet is now better positioned to support our Bitcoin and Dogecoin strategy.

Meanwhile, we redirected substantial capital into research and development, to fund our proprietary ASIC chip development with primary focus on Bitcoin and Dogecoin mining technologies. One result we see from our R&D investment is our successful 4-nanometer Bitcoin ASIC tape-out in March 2026.

Now let's dive into the financial details.

Start with our top line. Total revenue for 2025 was $67.4 million, down from $302.3 million in 2024. This decline accompanied our strategic shift from altcoin machine sales to building our Bitcoin infrastructure business.

Let me break down our revenue by segment.

Mining Revenue came in at $42.9 million, essentially flat compared to $45.0 million in 2024. Despite our transformation, our mining operations remained resilient. The slight decline was mainly driven by lower average prices for ALPH and our strategic decision to cease IRON mining during the year.

Sales of mining machines were $15.3 million, compared to $192.2 million in 2024. The change resulted from the decline in average selling price of KAS mining machines and decreased sales volume, driven by increased market competition and decreased customer demand. As we have transitioned our focus to Bitcoin and Dogecoin infrastructure, KAS machine sales have wound down accordingly.

Hosting Revenue was $3.3 million, down from $6.2 million in 2024. The change was mainly due to reduced customer demand caused by KAS price volatility.

Mining Pool Revenue contributed $5.9 million, compared to $58.8 million in 2024. The change resulted from three factors: lower average KAS prices, reduced mining of other cryptocurrencies due to our strategic refocusing, and stricter pool entry requirements that reduced participating miners in 2025.

Now let's look at our cost structure. Total costs of revenues were $143.0 million, down from $174.6 million in 2024. The decrease was primarily driven by lower machine sales volume, though this was partially offset by increased mining costs as we deployed additional capacity.

Costs of mining revenue increased to $63.3 million from $29.7 million in 2024. The increase is a result of combined impacts from an increase of US$11.5 million in depreciation costs attributable to the deployment of additional mining machines in 2025, an increase of US$1.7 million in other costs, primarily comprising logistics, duties, rental costs and labor, driven by higher operating costs associated with the increased number of mining machines deployed, and an increase of US$20.4 million in utility expenses, which was consistent with the higher average number of mining machines we deployed in 2025.

Costs of sales of mining machines were $71.2 million, down from $81.7 million in 2024. Here's what's important: we sold fewer units - less than 10 thousand units in 2025 compared to more than 100 thousand units in 2024 - resulting in a $32 million decrease in cost of sales. We also wrote off $3 million in obsolete mining machines and components in 2025, comparing to $24.1 million write-off in 2024. The decrease was offset by an increase in inventory provision of $46.7 million, recognized based on a net realizable value assessment following the decline in KAS prices.

Costs of hosting revenue decreased to $2.6 million from $4.9 million, corresponding with the decrease in hosting revenue. The absence of significant change in gross margin in 2025 reflects the continued maturation of the business.

Costs of mining pool revenue dropped to $5.8 million from $58.3 million, also corresponding with the mining pool revenue decline.

Moving to operating expenses. General and Administrative Expenses increased to $13.9 million from $7.2 million in 2024. Let me explain the key drivers: We invested $2.8 million more in employee salaries and benefits to support our business expansion, particularly our growing U.S. operations. We saw a $2.7 million increase in professional fees, primarily related to our successful IPO in October 2025. We also recorded $1.6 million increase in credit loss provisions vs 2024. These increases were partially offset by a $2.4 million decrease in merchant service charges due to reduced machine sales volume.

Research and Development Expenses increased 23% to $20.2 million in 2025 from $16.4 million in 2024. This was a strategic investment, funding our proprietary ASIC chip development for Bitcoin and Doge mining machines. This R&D investment directly enabled our successful 4-nanometer Bitcoin ASIC tape-out in March 2026.

Our net loss was $177.0 million, compared to net income of $66.1 million in 2024. A significant part of this loss, among other non-cash cost and expenses, - approximately $126.0 million – represented depreciation, inventory provision and write-off, and impairment of property and equipment, that came from the machines and parts of our altcoin product lines. Provision, write-off and impairment were prudently assessed by the company with the support from independent 3rd party appraiser to reflect the net realizable value of these assets. This prudent assessment was a necessary step to fairly present our balance sheet, and was a supporting result aligned to our strategic pivot into large cap coins.

Basic and diluted net loss per share was $1.62, compared to net income per share of $0.61 in 2024.

Now let's talk about our financial position.

As of December 31, 2025, we held $26.3 million in cash and $22.5 million in cryptocurrencies. They give us total liquidity of $48.7 million.

Let me be clear about our runway. Our financial culture is rooted in capital efficiency. Until our 2025 IPO – which is our first external financing - we relied entirely on operating on internally generated cash flow. This created a DNA where every dollar is focused on return on investment, and this discipline remains central to how we operate today.

With our current liquidity position, we are able to allocate our capital to maintain our product pipeline, to support our intended expansion of mining sites to further enhance our energy efficiency, and to continue investing in R&D to maintain our technology leadership.

Our IPO has provided us with strategic flexibility we've never had before. As we look ahead, future capital raises will directly determine our capacity ramp speed and technology iteration cycles. We'll continue evaluating financing opportunities based on clear return on investment metrics: unit capital leverage per megawatt deployed, per terahash produced, and per dollar of revenue generated.

The difficult decisions we made in 2025 - the strategic pivot from altcoins and the increased R&D investment into large cap coins - have positioned us to deliver growth across all three revenue engines.

We have the financial discipline, the technical execution capability, and the strategic vision to build the world's most cost-effective mining infrastructure while delivering sustainable long-term value to our shareholders.

Thank you. This concludes our prepared remarks. Back to you, operator. We're now ready to take questions.

Operator

Thank you. We will now begin the question-and-answer session. [Q&A instruction]

Our first question comes from the line of Anqi Wang of China Renaissance. Your line is now open. Please go ahead, ma'am.

Anqi Wang (China Renaissance)

Hi. Thanks for your presentation. So I have two questions here. The first one is I know some other industry players are pivoting to AI. So why isn't BGIN doing that? And the second question would be what differentiates BGIN from other industry players who also have chip design and mining capabilities? Thank you.

Jennifer Jiang (IRD)

Thank you, Anqi. I will leave this question for the chairman to answer. Qiuhua Li, please go ahead.

Qiuhua Li (Chairman)

Hello. I'm Qiuhua Li, Chairman of BGIN. Thanks for the question. We've seen a number of players in this space pivot to AI, and I understand why investors are curious. The honest answer is, we're really good at what we do. We've completed seven successful chip tape-outs. We know how to design ASICs, we know how to build and run high-efficiency mining operations, and we know how to manage power infrastructure. That's our edge, and we think it's a meaningful one.

That said, we're not wearing blinders. If we see an opportunity where our capabilities - chip design, power management, facility operations - can create real value in adjacent areas, we'll absolutely evaluate it. Before careful assessment and evaluation of real opportunities, we choose to stay disciplined and deliver results in the areas where we have proven expertise.

And for question two, it's a really great question.

The biggest difference is that we own our entire stack. We design our own chips, we own our mining facilities, we run the operations ourselves. That's quite unique in this industry, and it gives us a level of cost control and flexibility that's hard to replicate.

A good example of why that matters. In 2025, when KASPA prices dropped sharply, we were able to move quickly. We phased out older units and replaced them with our higher-efficiency KS7 models on our own timeline, without having to wait for someone else to make a decision.

And then there's the business model itself. We have three revenue engines: hardware sales, self-mining, and hosting. They naturally balance each other across market cycles. When crypto prices are strong, hardware demand is robust. When prices soften, we shift toward self-mining where we benefit from lower network hash rates. And hosting provides steady, recurring revenue regardless of where the market is.

That's how we still managed to see stable mining revenue in 2025, even through a challenging transition year. Thank you.

Operator

Thank you for the questions. One moment for the next question. Our next question comes from the line of Vincent. Your line is now open. Please go ahead.

Vincent (Retail Investor)

Hi, thanks so much for taking my questions. My name is Vincent. I'm an individual investor. So, I have three questions today. I'll go through those one by one. The first question is, can you walk us through the key drivers behind the significant impairment charges recorded in 2025?

Jennifer Jiang (IRD)

This is a finance question. I will leave this for Co-CFO Zhao Xiang to answer. Zhao Xiang, Mark, please go ahead.

Zhao Xiang (Co-CFO)

Okay. Thank you for your question, Vincent. My name is Zhao Xiang, Mark, and I'm the co-CFO of BGIN.

Let me answer your question. We recorded a $42.6 million impairment of our PPE, primarily as a result of the recoverability test performed over our asset group. The key assumptions of the analysis included simulated future KAS price, the estimated useful lives of these assets, and relevant Opex, Capex and Tax rate based on historical performance and expected adjustments.

Among those factors, the decreasing KASPA price trend in 2025 played a significant role in the analysis. Average KASPA price fell about 43% year-over-year. While our average deployed fleet size nearly doubled to approximately 25,000 units in 2025, we executed a strategic phase-out of legacy models in response to the market change, replacing some of them with high-efficiency KS7 units by year-end. As a result, active machine utilization dropped from over 80% at year-end 2024 to approximately 6% by the end of 2025, with the remaining active fleet consisting primarily of KS7s.

Furthermore, we recognized a $62.3 million inventory provision and write-off based on a net realizable value analysis. The valuation factored in the recent sales prices, inventory turnover, market trends and expected future demand – all of which exhibit a high correlation with KAS price trend.

To ensure the objectivity and prudence of these valuations, we engaged an independent third-party appraiser. The findings validated our strategic pivot: legacy altcoin models no longer align with our balance sheet objectives as we transition into the large-cap coin segment. The non-cash charges effectively de-risk our financial position, clearing historical burdens, and positioning us for the next chapter of growth.

That's all. Thank you.

Vincent (Retail Investor)

Thank you. I appreciate the reply. So, for my second question, you mention "Crypto for All" as your mission. Beyond the PortableBTC product, what are your specific B2C investment and product plans for this year?

Jennifer Jiang (IRD)

Thank you. I will leave this question for CEO, Qingfeng Wu, to answer. Please go ahead.

Qingfeng Wu (CEO)

Thank you, Vincent. Hello, everyone. I am Qingfeng Wu, CEO. I will take this one. Crypto for All isn't some new marketing mindset for us. It has been in our DNA since 2019, when we, as founders, started designing our own mining rigs to overcome the equipment shortages everyone was facing back then.

So, let me walk you through what we are doing on the B2C strategy.

First, beyond our commercial miners, we are also actively pushing into the consumer segment. Next week, at the Bitcoin 2026 Conference in Las Vegas, we will be showing a prototype of something we call PortableBTC. Think of it as a commemorative piece. It marks our entry into the Bitcoin mining hardware journey, and it is an early look at where we are going with consumer-oriented mining. To be clear, this prototype is limited and not for sale, but future commercial, non-limited products are expected to follow. The idea is simple: we want people to be able to bring Bitcoin mining into their homes.

Second, and this is often overlooked, our hosting business itself is also a B2C bridge. We give small- and mid-sized miners turnkey solutions with flexible models, either fixed-rate hosting if they want certainty, or a revenue-share partnership for performance alignment. Our cloud mining product is targeted at Aleo miners, and the initial feedback from customers utilizing our cloud mining platform has been encouraging. We are building on that momentum, and that may include further software infrastructure to support our Bitcoin and Dogecoin hosting in the future.

So, PortableBTC is not a pivot. It is a natural next step in scaling the mission. We are leveraging our integrated infrastructure to make cryptocurrency mining more accessible.

Vincent (Retail Investor)

Thanks for the reply. So, my third question is on the Bitcoin chip timeline and commercialization. So, you achieved first-pass silicon success on the 4-nanometer BT1 chip in March 2026. Can you provide more specific timelines for mass production, expected pricing, and how your energy efficiency compares to other industry players? Thanks.

Qingfeng Wu (CEO)

Yes, that's a great question. Our Bitcoin chip program is the cornerstone of business transformation. So, let me give you the context first.

We entered tape-out in October 2025 and on March 17 this year, we achieved first-past-silicon success, meaning the chip worked correctly on the first attempt. It is a real validation of our engineering team's steps. Right now, we are in extensive testing and validation, profiling performance across different operating conditions, corner cases, the full picture. This is the phase where you turn a working chip into a commercial product, and we are taking the time to get it right.

Now, we are not ready to disclose go-to-market specifics yet. We are progressing through our standard development playbook: testing, validation, final production, and then commercial launch. And we won't bring this to market until we are confident it meets the performance and efficiency our customers desire We will provide more detailed guidance on timing, pricing, and specs as we get closer to launch.

Please stay tuned. Thank you.

Vincent (Retail Investor)

Awesome. Thank you so much.

Operator

Thank you for the questions. As there are no further questions, I would like to hand the conference back to the management for closing remarks.

Jennifer Jiang (IRD)

Thank you again for joining our call today. If you have any further questions, please feel free to contact us or submit a request through our IR website. We are looking forward to speaking with everyone in our next call. Have a good day and a good night. Bye.

Operator

That does conclude today's conference call. Thank you for your participation. You may now disconnect your lines.