DMG Blockchain Solutions Reports Second Quarter 2025 Results

written by Raj Shah | May 21, 2025

May 21, 2025 (Source) – DMG Blockchain Solutions Inc. (TSX-V: DMGI) (OTCQB: DMGGF) (FRANKFURT: 6AX) ("DMG" or the "Company"), a vertically integrated blockchain and data center technology company, today announces its fiscal second quarter 2025 financial results. All financial references are in Canadian Dollars unless specified otherwise. Readers are encouraged to review the Company's March 31, 2025 quarterly unaudited financial statements and management's discussion and analysis thereof for an assessment of the Company's performance and applicable risk factors, available at www.sedarplus.ca.

Q2 2025 Financial Results Highlights

- **Revenue:** $12.6 million in Q2 2025, up 9% from $11.6 million in Q1 2025 and up 26% from $10.0 million in Q2 2024
- **Bitcoin Mined:** 91 bitcoin mined in Q2 2025, down from 97 bitcoin in Q1 2025
- **Cash Flow from Operations:** -$1.0 million in Q2 2025, as the Company mined $7.1 million more bitcoin than it sold
- **Hashrate:** 1.76 EH/s average for Q2 2025, up 8% from Q1 2025 and up 82% from Q2 2024
- **Cash, Short-term Investments and Digital Assets:** $61.9 million as of quarter-end Q2 2025, down 3% from Q1 2025 and up 42% from Q2 2024
- **Total Assets**: $129.5 million as of quarter-end Q2 2025, down 6% from Q1 2025 and up 9% from Q2 2024

- **Net Income:** -$0.02 per share in Q2 2025 versus -$0.02 in Q1 2025 and $0.00 per share in Q2 2024

DMG's CEO, Sheldon Bennett, commented: "In Q2, we continued to increase our Bitcoin mining hashrate, as we deployed our hydro direct-liquid-cooled miners. In addition, we advanced our AI strategy with the purchase of 2 megawatts of prefabbed data center infrastructure and have been making progress with respect to engaging Canadian public sector entities and private enterprises for off-take agreements, which we believe will be instrumental in aiding DMG in pursuing non-dilutive financing opportunities. Finally, the Systemic Trust, our digital asset custody platform, is currently focused on building on its platform development execution to gain customer adoption, ramp revenue and broaden its platform capabilities throughout calendar 2025."

Financial Second Quarter 2025 Financial Results Review

Revenue increased by $1,011,749 to $12,644,574 for the three months ended March 31, 2025 compared to the prior quarter. During the three months ended March 31, 2025, the Company received in its wallets from mining activity 91.27 bitcoin and ended the period with a balance of 458.07 bitcoin.

Operating and maintenance expenses for the three months ended March 31, 2025 were $7,625,097, up from $5,270,851 in the prior year period. This increase is primarily due to a $1,796,739 rise in utilities expenses, driven by expanded digital currency mining operations with additional operating miners and fluctuating energy prices. Furthermore, new hosting fees paid to third parties, totaling $682,756, also contributed to this increase.

Research costs for the three months ended March 31, 2025

increased by $122,232 compared to the prior year period. Research in fiscal 2025 continues to focus on software and relates to work on Systemic Trust, Helm, Reactor and Blockseer Explorer.

General and administrative costs for the three months ended March 31, 2025 were $1,936,402 in comparison to $1,846,398 in the prior year period. General and administrative costs consist mostly of wages, professional fees, consulting fees and financing costs. The overall increase of $90,004 is attributable mainly to financing costs related to the Company's credit facility with Sygnum Bank.

Depreciation for the three months ended March 31, 2025 was $4,314,108 compared to $3,805,988 in the prior year period.

Net income decreased by $3,348,566 to a net loss of $3,346,351 for the three months ended March 31, 2025 from the prior year period.

Total assets as of March 31, 2025 were $129,506,488, an increase of $25,637,507 from the end of the prior year end. The increase is mainly attributable to the Company's purchase of $7,116.500 short-term investments and a net increase in digital currency of $19,695,408 due to the increased price of bitcoin.

Second Quarter 2025 Results Conference Call Details

The Company will host a conference call to review its results and provide a corporate update on May 22, 2025 at 4:30 PM ET. Participants should register for the call via the link.

In addition to a live Q&A session via chat, management will also address pre-submitted questions. Those wishing to submit a question may do so via email at investors@dmgblockchain.com, using the subject line 'Conference Call Question Submission,'

through 2:00 PM ET on May 22, 2025.

About DMG Blockchain Solutions Inc.

DMG is a publicly traded and vertically integrated blockchain and data center technology company that manages, operates and develops end-to-end digital solutions to monetize the digital asset and artificial intelligence compute ecosystems. Systemic Trust Company, a wholly owned subsidiary of DMG, is an integral component of DMG's carbon-neutral Bitcoin ecosystem, which enables financial institutions to move bitcoin in a sustainable and regulatory-compliant manner.

For more information on DMG Blockchain Solutions visit: www.dmgblockchain.com
Follow @dmgblockchain on X and subscribe to DMG's YouTube channel.

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DMG Blockchain Solutions Inc.
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)

	Notes	As at March 31, 2025 (unaudited)		As at September 30, 2024 (audited)	
ASSETS		**$**		**$**	
Current					
Cash and cash equivalents		804,771		1,679,060	
Amounts receivable	6	3,888,754		4,910,251	
Digital currency	5	54,023,111		34,327,703	
Prepaid expense and other current assets		494,184		337,042	
Marketable securities	8	231,944		316,803	
Short-term investment	9	7,116,500		–	
Assets held for sale		30,408		–	
Total current assets		**66,589,672**		**41,570,859**	
Long-term deposits	10	5,791,547		2,047,682	
Property and equipment	11	50,066,817		53,798,978	
Intangible asset		276,040		–	
Long-term investments	12	45,000		45,000	
Amount recoverable	7	6,737,412		6,406,462	
Total assets		**129,506,488**		**103,868,981**	

LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Trade and other payables	13	5,024,344		5,183,107	
Deferred revenue	19	113		—	
Current portion of lease liability		99,641		43,483	
Current portion of loans payable	14	20,421,551		13,928,462	
Total current liabilities		**25,545,649**		**19,155,052**	
Long-term lease liability		131,012		51,842	
Total liabilities		**25,676,661**		**19,206,894**	
Shareholders' Equity					
Share capital	15(a)	120,326,738		113,086,455	
Reserves	15(b)(c)	55,773,443		45,853,100	
Accumulated other comprehensive income		18,905,080		10,448,614	
Accumulated deficit		(91,175,434)		(84,726,082)	
Total shareholders' equity		**103,829,827**		**84,662,087**	
Total liabilities and shareholders' equity		**129,506,488**		**103,868,981**	

The disclosed notes are integral to these condensed consolidated

financial statements

DMG Blockchain Solutions Inc.
Condensed Consolidated Interim Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian Dollars, except for number of shares)
(Unaudited)

		For the Three Months Ended		For the Six Months Ended	
	Notes	**March 31, 2025**	**March 31, 2024**	**March 31, 2025**	**March 31, 2024**
		$	**$**	**$**	**$**
Revenue	17	12,644,574	10,015,659	24,277,399	19,706,423
Expenses					
Operating and maintenance costs	18(a)	7,625,097	5,270,851	14,304,940	10,418,502
General and administrative	18(b)	1,936,402	1,846,398	3,773,081	2,732,459
Stock-based compensation		737,114	398,010	1,415,642	766,502
Research and development		608,448	486,216	1,162,412	924,395
Provision (recovery) for doubtful accounts		(1,976)	42	(6,719)	3,806
Depreciation	11	4,314,108	3,805,988	8,663,578	8,147,770
Total expenses		**15,219,193**	**11,807,503**	**29,312,934**	**22,993,434**
Loss before other items		**(2,574,619)**	**(1,791,844)**	**(5,035,535)**	**(3,287,011)**
Other income (expense)					

Interest and other income	7	166,648		170,044		330,950		335,825	
Provision of sales tax receivable		(668,685)		(381,690)		(976,424)		(635,590)	
Gain (loss) on disposition of assets		(1,618)		4,809		(1,619)		4,809	
Foreign exchange loss		7,414		(28,341)		(901,975)		(122,926)	
Unrealized gain on revaluation of digital currency	5	—		1,019,456		28,083		9,182,316	
Realized gain (loss) on sale of digital currency		(147,601)		1,143,489		154,208		1,995,359	
Gain (loss) on change in fair value of marketable securities		(127,890)		(133,708)		(84,859)		111,043	
Gain (loss) on fair value of investments		—		—		37,819		(609,120)	
Net income (loss)		**(3,346,351)**		**2,215**		**(6,449,352)**		**6,974,705**	
Other comprehensive income									

Items that may be reclassified subsequently to income or loss:					
Unrealized revaluation gain (loss) on digital currency	5	(6,830,755)	15,472,215	8,488,687	15,472,215
Cumulative translation adjustment		(810)	(11,278)	(32,221)	(1,196)
Comprehensive income (loss)		**(10,177,916)**	**15,463,152**	**2,007,114**	**22,445,724**
Basic and diluted income (loss) per share	15(d)	(0.02)	0.00	(0.03)	0.04
Weighted average number of shares outstanding	15(d)				
– basic		203,242,018	169,029,065	194,424,988	168,585,910
– diluted		203,242,018	172,516,428	194,424,988	173,248,160

The disclosed notes are integral to these condensed consolidated interim financial statements

DMG Blockchain Solutions Inc.

Condensed Consolidated Interim Statements of Cash Flows

(Expressed in Canadian Dollars)

(Unaudited)

	For the Six Months Ended		
	March 31, 2025	**March 31, 2024**	
	$	**$**	
OPERATING ACTIVITIES			
Net income (loss) for the period	**(6,449,352)**	**6,974,705**	
Non-cash items:			
Accretion	7,827	23,272	
Depreciation	8,663,579	8,147,770	
Share-based payments	1,415,642	766,502	
Unrealized foreign exchange loss	911,046	40,351	
Loss (gain) on disposition of assets	1,618	(4,809)	
Loss (gain) on change in fair value of marketable securities	84,860	(111,043)	
Loss (gain) on fair value of investment	(37,819)	609,120	
Provision for sales tax receivable	976,424	635,590	
Bad debt (recovery) expense	(6,719)	3,806	
Digital currency related revenue	(23,409,103)	(18,355,313)	
Unrealized gain on digital currency	(28,083)	(9,182,315)	
Digital currency sold	12,389,905	20,173,781	
Realized gain on sale of digital currency	(154,208)	(1,995,359)	

Non-cash interest income	(330,950)		(329,914)	
Accrued interest	748,459		—	
Changes in non-cash operating working capital:				
Prepaid expenses and other current assets	1,433,405		(144,388)	
Amounts receivable	144,544		(212,015)	
Deferred revenue	113		11,277	
Trade and other payables	(76,596)		1,144,920	
Net cash provided by operating activities	**(3,715,408)**		**8,195,938**	
INVESTING ACTIVITIES				
Purchase of property and equipment	(4,772,107)		(830,859)	
Purchase of intangible assets	(276,040)		—	
Deposits on mining equipment	(7,324,024)		(18,102,867)	
Purchase of short-term investment	(7,116,500)		(609,120)	
Refund of security deposits	1,792,907		—	
Net cash used by investing activities	**(17,695,764)**		**(19,542,846)**	
FINANCING ACTIVITIES				
Proceeds from issuance of units	17,254,945		—	
Share issuance costs	(1,570,875)		—	

Proceeds from option exercises	60,913		438,024	
Principal lease payments	(37,596)		(61,187)	
Proceeds from secured loan	5,829,013		10,791,288	
Repayment of loans payable	(1,000,000)		(1,668)	
Net cash provided by financing activities	**20,536,400**		**11,166,457**	
Impact of currency translation on cash	**483**		**17**	
Change in cash	**(874,289)**		**(180,434)**	
Cash, beginning	**1,679,060**		**1,789,913**	
Cash, end	**804,771**		**1,609,479**	

The disclosed notes are integral to these condensed consolidated interim financial statements

Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

Cautionary Note Regarding Forward-Looking Information

This news release contains forward-looking information or statements based on current expectations. Forward-looking statements contained in this news release include statements regarding the planned conference call, DMG’s strategies and plans, increasing hashrate and the anticipated timelines, the expected arrival and operation of the hydro miners and containers, the development of Systemic Trust including generating revenues, the potential for a 2-megawatt

prefabricated data center, improving fleet efficiency and continuing to execute on Core+ software initiatives and plans to monetize bitcoin transactions, the continued investment in Bitcoin network software infrastructure and applications, developing and executing on the Company's products and services, increasing self-mining, efforts to improve the operation of its mining fleet, the launch of products and services, events, courses of action, and the potential of the Company's technology and operations, among others, are all forward-looking information.

Future changes in the Bitcoin network-wide mining difficulty or Bitcoin hashrate may materially affect the future performance of DMG's production of bitcoin, and future operating results could also be materially affected by the price of bitcoin and an increase in hashrate and mining difficulty.

Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations, or intentions regarding the future. Such information can generally be identified by the use of forwarding-looking wording such as "may", "expect", "estimate", "anticipate", "intend", "believe" and "continue" or the negative thereof or similar variations. The reader is cautioned that assumptions used in the preparation of any forward-looking information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, including but not limited to, market and other conditions, volatility in the trading price of the common shares of the Company, business, economic and capital market conditions; the ability to manage operating expenses, which may adversely affect the Company's financial condition; the ability to remain competitive as other better financed competitors

develop and release competitive products; regulatory uncertainties; access to equipment; market conditions and the demand and pricing for products; the demand and pricing of bitcoin; security threats, including a loss/theft of DMG's bitcoin; DMG's relationships with its customers, distributors and business partners; the inability to add more power to DMG's facilities; DMG's ability to successfully define, design and release new products in a timely manner that meet customers' needs; the ability to attract, retain and motivate qualified personnel; competition in the industry; the impact of technology changes on the products and industry; failure to develop new and innovative products; the ability to successfully maintain and enforce our intellectual property rights and defend third-party claims of infringement of their intellectual property rights; the impact of intellectual property litigation that could materially and adversely affect the business; the ability to manage working capital; and the dependence on key personnel. DMG may not actually achieve its plans, projections, or expectations. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the demand for its products, the ability to successfully develop software, that there will be no regulation or law that will prevent the Company from operating its business, anticipated costs, the ability to secure sufficient capital to complete its business plans, the ability to achieve goals and the price of bitcoin. Given these risks, uncertainties, and assumptions, you should not place undue reliance on these forward-looking statements. The securities of DMG are considered highly speculative due to the nature of DMG's business. For further information concerning these and other risks and uncertainties, refer to the Company's filings on www.sedarplus.ca. In addition, DMG's past financial performance may not be a reliable indicator of future performance.

Factors that could cause actual results to differ materially from those in forward-looking statements include, failure to obtain regulatory approval, the continued availability of capital and financing, equipment failures, lack of supply of equipment, power and infrastructure, failure to obtain any permits required to operate the business, the impact of technology changes on the industry, the impact of viruses and diseases on the Company's ability to operate, secure equipment, and hire personnel, competition, security threats including stolen bitcoin from DMG or its customers, consumer sentiment towards DMG's products, services and blockchain technology generally, failure to develop new and innovative products, litigation, adverse weather or climate events, increase in operating costs (which includes energy costs), increase in equipment and labor costs, equipment failures, decrease in the price of Bitcoin, failure of counterparties to perform their contractual obligations, government regulations, loss of key employees and consultants, and general economic, market or business conditions. Forward-looking statements contained in this news release are expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on any forward-looking information. The forward-looking statements contained in this news release are made as of the date of this news release. Except as required by law, the Company disclaims any intention and assumes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Additionally, the Company undertakes no obligation to comment on the expectations of or statements made by third parties in respect of the matters discussed above.



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