

Otto Analytics

FRONTIER GROWTH · CONVICTION RESEARCH



BZAI *Blaize Holdings, Inc.*

● **AVOID (WITH A NARROW SPECULATIVE STARTER CARVE-OUT — SEE POSITION SIZING)**

INVESTMENT MEMORANDUM | JUNE 20, 2026

CONVICTION

3/10



CURRENT PRICE

~\$1.41

PRICE TARGET

Bear \$0.4 · Base
\$2 · Bull \$5

HORIZON

2–3 years

◆ Generated in part by an automated AI system. See disclaimer below.

Thesis

Blaize is a genuinely early, differentiated bet on the edge-AI / sovereign-inference secular trend, with proprietary GSP silicon and a credible "Hybrid AI" rack architecture. But it is a pre-scale, cash-burning ex-SPAC carrying going-concern language in its own filings, ~85% near-term revenue dependence on a single unrated APAC customer (NeoTensr), and a \$130M FY26 guide of which 97% must land in the final three quarters off a \$2.7M Q1. The trend is real; the company's ability to survive to capture it is not yet established.

Key Metrics

METRIC	VALUE	NOTE
Revenue (FY25)	\$38.6M	+2,386% off near-zero base
Revenue (Q1 FY26)	\$2.74M	+170% YoY; vs \$130M FY guide
FY26 Guidance	\$130M	~97% due Q2-Q4
Gross Margin	58% Q1 → ~11-16% mid → 30%+ Q4 (guided)	Volatile mix
FCF Margin	~-175%	~\$74-82M annual burn
Rule of 40	Deep fail	Burn overwhelms growth
Cash (pro forma post-raise)	~\$62-68M	Runway ~mid-2027
Going Concern	Yes (10-K & 10-Q Note 2)	Survival-dependent
Forward P/S	~1.7x on guidance	Cheap only if guide holds
Short Float	~13.4%	Elevated

Price Targets



Bull Case

Secular trend is the strongest part: centralized-training → distributed/sovereign/energy-efficient edge inference is real, accelerating, structural (Visionary + Macro Man). GSP purpose-built for inference; 58% gross margin on software/card mix in Q1; platform layer (AI Studio, recurring AI Services) evolving beyond pure hardware. FY25 revenue \$38.6M; Nokia/Winmate/Datacom partnerships stacking; \$35M May raise extended runway to ~mid-2027. R&D -1:1 with revenue. If NeoTensor's ~\$50-70M pipeline converts and partners diversify the base, forward P/S ~1.7x on \$130M guide is cheap for the category.

Bear Case

1. Going-concern / dilution treadmill — \$12–15M/qtr burn, ~\$658M accumulated deficit, 16.5% dilution in five months, raises priced below market. 2. Single-customer fragility — NeoTensr unrated APAC integrator carrying bulk of near-term revenue; delay/cancellation collapses the guide 60–80%. 3. Competitive obliteration — Nvidia (Jetson/Blackwell), Qualcomm (AI 100 Ultra), Hailo; no CUDA-equivalent moat. Plus poison pill (Apr 2026) and securities-law investigation (Jun 2026). Skeptic analogue: Canoo (SPAC → aggressive guide → miss → excuse → dilutive raise → repeat → zero).

Why The Bull Case Doesn't Win

Visionary (Neutral) and Operator define the thesis; Visionary only reached Neutral. When the two thesis-definers don't carry conviction and the Skeptic is Critical with a specific, credible thesis-killer, the bear case cannot honestly be called wrong. Going-concern, single-customer dependency, and the 97%-back-half guide are facts, not fears. Per SOUL.md, an unrefuted Critical Skeptic forces conviction down. Being correct on the megatrend can still produce a zero on the equity via dilution and a missed guide.

Position Sizing

Default call is Avoid. The Speculative Starter carve-out is available because the three SOUL.md conditions arguably hold: (1) downside survivable at tiny size, (2) convexity real (sub-\$220M cap on a genuine edge-AI trend → multi-bagger if NeoTensr converts), (3) specific near-term catalyst — Q2/Q3 FY26 prints confirm or kill the guide on a known timeline. - Speculative Starter: 0.5–1.0% of portfolio max, lump-or-half now, no averaging down. - Hard kill-trigger: any FY26 guidance cut, a NeoTensr order slip/cancellation, or a new dilutive raise below the May \$1.85 level → exit, full stop. - Correlation: overlaps existing AI-infra/semicap exposure; size down if already held elsewhere. - This carve-out lowers size; it does NOT raise conviction. Going-concern means smallest-survivable or pass.

Phase 6 — Alignment Interview

1. Sizing: comfortable with 0.5–1.0% Speculative Starter with hard kill on any guidance cut or sub-\$1.85 raise, or pass entirely until Q2/Q3 prints de-risk NeoTensr? (CIO argued waiting is the cleaner expression — lose nothing by waiting for one print.) 2. Bear case: accept the Skeptic's Critical rating and going-concern reality, or judge the \$130M guide + pipeline more credible than weighted? Belief in NeoTensr conversion is a sizing-up argument only if it changes the going-concern math, not just the narrative.

Analyst Scorecard

5 Neutral

3 Bear

ANALYST	RATING	TAKE
Visionary	NEUTRAL	right secular trend, real differentiated silicon — narrow position, single-customer concentration, pre-scale.
Operator	NEUTRAL	moat thin without software ecosystem; founder-led / high insider ownership the main positive.
Skeptic	BEARISH	going concern + NeoTensr dependency + 97%-back-half guide = lottery ticket; Canoo analogue.
Quant	BEARISH	deep Rule-of-40 fail, ~\$62–68M cash to mid-2027, guidance entirely execution-dependent; base ~\$2.
Macro Man	NEUTRAL	genuine multi-year tailwinds but high rate sensitivity, APAC/export-control exposure.
Insider	NEUTRAL	Form 4 / poison pill / \$35M raise at ~\$1.83 confirm identity; defensive posture.
Risk Manager	NEUTRAL	small-size-only given drawdown profile and going-concern.
Technician	BEARISH	structural downtrend, ~-79% off 52wk high, below all major MAs; entry Unfavorable.

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