# *Otto Analytics*

FRONTIER GROWTH · CONVICTION RESEARCH

# BZAI *Blaize Holdings, Inc.*

● **Avoid**

INVESTMENT MEMORANDUM | JUNE 28, 2026

| CONVICTION | CURRENT PRICE | PRICE TARGET | HORIZON |
|---|---|---|---|
| **2**/10 | **~$1.47** *as of June 26, 2026 close* | **Bear $0.40 · Base $2 · Bull $5** | **2–3 years** |

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PRICE TARGET RANGE


✦ *AI-assisted. Human editorial review is required before publication. See disclaimer below.*

## Thesis

Blaize is a genuinely early bet on the edge-AI and sovereign-inference trend, with proprietary GSP silicon and a credible hybrid AI rack architecture. The trend is real. The company's ability to survive to capture it is not established, and the bull case now runs through a customer contract that two separate arm's-length short-sellers have publicly alleged is fabricated. Blaize is a pre-scale, cash-burning ex-SPAC carrying going-concern language in its own filings. Its largest first-quarter customer was a related party, its headline growth contract is with a private counterparty it does not name in its filings, and a $130 million full-year guide requires roughly 97 percent of the year's revenue to land in the final three quarters off a $2.7 million first quarter. The default expression is to wait. One quarterly print resolves most of what is in question, and waiting costs little.

## The Debate

▲ **BULL CASE**

The secular trend is the strongest part of this. The shift from centralized training toward distributed, sovereign, energy-efficient edge inference is real, accelerating, and structural. The GSP is purpose-built for inference. First-quarter gross margin reached 58 percent on a favorable software and card mix. The platform layer, AI Studio and the newly announced AI Services with per-query billing, is evolving the model beyond pure hardware. FY25 revenue reached $38.6M off a near-zero base. Partnerships with Nokia, Winmate, and Datacomm are stacking. A $35M May raise extended runway to roughly mid-2027. If the NeoTensr relationship converts and the partner base diversifies, forward P/S near 1.6x on the $130M guide is inexpensive for the category. Management reaffirmed the full-year guide in May, after the short-seller report, and continues to stand behind the NeoTensr relationship.

▼ **BEAR CASE: CRITICAL**

Three facts carry the bear case, and they are facts rather than fears. First, the contract the bull case depends on is contested by two independent short reports. On April 28, 2026, Pelican Way Research alleged the NeoTensr contract, valued at up to $50M, is fraudulent, characterizing the counterparty as a newly formed company with roughly $2M in startup capital and citing apparently altered product imagery. Days later, White Diamond Research published a similar report calling Blaize a blatant fraud and citing high insider selling. The claims are unproven and unadjudicated; the company reaffirmed guidance but has not addressed them point by point. Second, near-term revenue is related-party and concentrated: first-quarter revenue was 94.9 percent from a single related-party customer, not the headline partners, and the $11M NeoTensr purchase order is a Q2-onward dependency. Third, the survival math is hard: $73.8M FY25 operating cash burn, a $658.8M accumulated deficit, roughly 17 percent dilution in five months, direct competition from Nvidia, Qualcomm, and Hailo with no CUDA-equivalent moat, and a poison pill adopted in April 2026.

**CIO JUDGMENT: WHY THE BULL CASE DOESN'T WIN**

*The two analysts who define the thesis, Visionary and Operator, both reached only Neutral. The Skeptic is Bearish and now carries a specific, credible, unrefuted allegation that attacks the central catalyst rather than a general concern. When the thesis-definers lack conviction and the Skeptic holds a named allegation against the contract the bull case depends on, the bear case cannot honestly be called wrong. Being correct on the megatrend can still produce a zero on the equity, through dilution and a missed guide, or worse if the contract allegation proves true. The convexity that would justify owning this rests on the NeoTensr contract converting. An allegation that the contract is* *fabricated does not have to be true to remove that convexity; it only has to be credible and unrefuted, which it is. Default call: Avoid.*

## Key Metrics

| METRIC | VALUE | NOTE |
|---|---|---|
| Revenue (FY25) | $38.6M | Up from $1.6M in FY24, a near-zero base |
| Revenue (Q1 FY26) | $2.74M | +172% YoY; vs $130M FY guide |
| FY26 Guidance | $130M | ~97% due Q2–Q4 |
| Gross Margin | 58% Q1 / 16% FY25 | Q1 is a mix artifact; full-year reality is 16% |
| Operating burn (FY25) | $73.8M | Free cash burn $74.5M including capex |
| Net loss (FY25) | $206.9M | Mostly non-cash; loss from operations $103.8M |
| Cash (pro-forma) | ~$66M | $33.2M at Mar 31 plus $32.8M net May raise |
| Going Concern | Yes | Substantial doubt, both 10-K and 10-Q Note 2 |
| Forward P/S | ~1.6x | On the $130M guide at ~142M shares and ~$1.47 |
| Dilution overhang | ~100.6M shares | Potential future issuance vs ~142M base |
| Short interest | Elevated | External figure, not confirmed in filings |

*Price as of the June 26, 2026 close. Filing-based figures per the 10-Q (quarter ended March 31, 2026), 10-K (FY ended December 31, 2025), and Q1-FY26 press release. Price targets are quant-derived estimates.*

## Position Sizing

> Position sizes are illustrative only and are for general guidance purposes, not investment advice. Please determine appropriate position sizes based on your own financial circumstances, risk tolerance and investment objectives.

The call is Avoid, and the default expression is to wait for the second-quarter print rather than to take a starter position. A speculative starter would require genuine convexity, capped survivable downside, and a near-term catalyst that confirms or kills on a known timeline. Two of those three conditions are now degraded by the same fact. The convexity runs entirely through a contract under public allegation of fraud, so it is not genuine convexity but a binary on that allegation being false. The near-term catalyst, the second-quarter NeoTensr purchase order, has flipped from a growth print into a fraud test. Taking size into an unresolved fraud allegation, when one quarter resolves it at no cost, is the wrong trade. For anyone who acts before that print despite the above, the discipline is smallest-survivable size only, 0.5 percent of portfolio at most, no averaging down, with a hard exit on any failure of the Q2 NeoTensr order to be invoiced and collected, any cut to the FY26 guide, any new dilutive raise below the May $1.85 level, or any corroboration of the short-seller allegations. This is a sizing floor, not a recommendation, and it does not raise conviction.

## Analyst Scorecard

5 Neutral · **3 Bear**

| | | |
|---|---|---|
| **Visionary** | NEUTRAL | Right secular trend and real differentiated silicon, held back by single-customer concentration and pre-scale execution risk. |
| **Operator** | NEUTRAL | Moat is thin without a software ecosystem; founder-led structure and high insider ownership are the main positives. |
| **Skeptic** | BEARISH | Going concern, related-party Q1 revenue, a 97% back-half guide, and a public unrefuted allegation that the central growth contract is fabricated. |
| **Quant** | BEARISH | Deep Rule-of-40 fail, roughly $66M cash to mid-2027, guidance entirely execution-dependent; base case near $2. |
| **Macro Man** | NEUTRAL | Genuine multi-year tailwinds offset by rate sensitivity and APAC and export-control exposure. |
| **Insider** | NEUTRAL | Form 4 activity, poison pill, and the $35M raise near $1.83 confirm a defensive posture; related-party revenue concentration warrants watching. |
| **Risk Manager** | NEUTRAL | Small-size-only given the drawdown profile and going-concern status. |
| **Technician** | BEARISH | Structural downtrend, roughly 79% off the 52-week high, below all major moving averages; entry unfavorable. |

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