UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2026
or
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-36790

Axe Compute Inc.
(Exact name of registrant as specified in its charter)

Delaware	33-1007393
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
801 Brickell Avenue, Suite 510 Miami, Florida	33131
(Address of principal executive offices)	(Zip Code)

(305) 563-3850
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.01 par value	AGPU	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

As of November 13, 2026, the registrant had 13,650,314 shares of common stock, par value $0.01 per share outstanding.

AXE COMPUTE INC.

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PART I. FINANCIAL INFORMATION

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical information, certain information in this Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, our results of operations, financial position and our business outlook, business trends and other information, may be forward-looking statements. You can identify these forward-looking statements by the words "believes," "intends," "expects," “might,” "may," "will," "should," "plans," "projects," "contemplates," "budgets," “potential,” "predicts," "estimates," "anticipates," “future,” “goal,” and variations of such words or similar expressions. These statements are based on our beliefs, as well as assumptions we have used based upon information currently available to us. Because these statements reflect our current views concerning future events, these statements involve risks, uncertainties, and assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management’s expectations, beliefs, estimates and projections will result or be achieved, and actual future results may differ materially from what is expressed in or indicated by the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A, under the heading “Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission (“SEC”) on March 31, 2026, and under “Part II, Item 1A., Risk Factors” in this Quarterly Report on Form 10-Q, if and as such risk factors may be updated from time to time in our periodic filings with the SEC. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and a reader, whether investing in our common stock or not, should not place undue reliance on these forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

We caution you that the risks, uncertainties and other factors referenced above may not contain all of the risks, uncertainties and other factors that are important to you. In addition, we cannot assure you that we will realize the results, benefits or developments that we expect or anticipate or, even if substantially realized, that they will result in the consequences or affect us or our business in the way expected. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors’ likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct, or (iv) our strategy, which is based in part on this analysis, will be successful. All forward-looking statements in this Quarterly Report on Form 10-Q apply only as of the date of this Quarterly Report on Form 10-Q or as of the date they were made or as otherwise specified herein. We assume no obligation to revise or update any forward-looking statements for any reason, except as required by law.

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AXE COMPUTE INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	$ 147,710,376	$ 10,756,507
Accounts receivable	1,033,953	-
Compute prepayments	28,629,743	-
Other prepaid expense and current assets	1,895,548	224,841
Digital assets	15,333,851	24,439,598
Digital asset receivable	13,369,361	7,226,475
Current assets of discontinued operations	-	122,526
Total current assets	207,972,832	42,769,947
Compute prepayments, net of current portion	64,026,232	-
Digital asset receivable, net of current portion	2,920,242	8,258,681
Property and equipment, net	366,739,691	936
Lease right-of-use assets	38,053,385	-
Investment in equity securities	2,017,160	-
Other long-term assets	4,031	4,031
Convertible note receivable	4,322,840	-
Non-current assets of discontinued operations	-	1,854,751
Total assets	$ 686,056,414	$ 52,888,346
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 627,528	$ 1,154,570
Note payable	291,722	107,951
Accrued expenses and other liabilities	3,024,722	1,393,203
Deferred purchase price payable, net of discount	36,597,577	
Contract liabilities	100,881,687	-
Lease liability	15,470,820	-
Current liabilities of discontinued operations	-	1,611,172
Total current liabilities	156,894,056	4,266,896
Contract liabilities, net of current portion	468,457,286	-
Lease liability, net of current portion	14,435,540	-
Non-current liabilities of discontinued operations	-	904,495
Total liabilities	$ 639,786,882	$ 5,171,391
Stockholders' equity:		
Preferred stock, 20,000,000 shares authorized inclusive of designated below		
Series B Convertible Preferred Stock, $.01 par value, 2,300,000 shares authorized, 79,246 shares outstanding as of September 30, 2026 and December 31, 2025	792	792
Common stock, $.01 par value, 200,000,000 shares authorized, 13,634,097 and 4,083,173 shares outstanding as of September 30, 2026, and December 31, 2025, respectively	136,341	40,832
Additional paid-in capital	473,065,089	461,196,805
Accumulated deficit	(426,932,690)	(413,521,474)
Total stockholders' equity	46,269,532	47,716,955
Total liabilities and stockholders' equity	$ 686,056,414	$ 52,888,346

See accompanying notes to unaudited condensed consolidated financial statements.

AXE COMPUTE INC.
CONDENSED CONSOLIDATED STATEMENTS OF NET INCOME (LOSS)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 7,243,043	$ -	$ 10,457,323	$ -
Gains (losses) on digital assets	10,477,971	-	(6,943,649)	-
Operating costs and expenses:				
Cost of revenues	$ 6,911,526	$ -	$ 9,924,677	$ -
General and administrative	2,927,402	2,148,635	7,672,685	5,056,852
Sales and marketing	1,056,189	133,494	2,240,369	406,086
Total operating costs and expenses	10,895,117	2,282,129	19,837,731	5,462,938
Total operating income (loss)	$ 6,825,897	$ (2,282,129)	$ (16,324,057)	$ (5,462,938)
Other income	414,216	2,630	545,178	11,793
Other expense	(61,529)	(3,504)	(64,511)	(6,752)
Unrealized gain	4,557,443		4,557,443	
Gain (loss) on derivative instruments	-	(74,366,000)	-	(74,366,000)
Income (loss) from continuing operations	11,736,027	(76,649,003)	(11,285,947)	(79,823,897)
Loss from discontinued operations	(591,266)	(1,002,841)	(2,484,118)	(2,341,282)
Gain on disposal of discontinued operations	358,846	-	358,846	-
Net income (loss)	$ 11,503,607	$ (77,651,844)	$ (13,411,219)	$ (82,165,179)
Income (loss) per common share, basic				
Income (loss) from continuing operations	$ 0.55	$ (105.87)	$ (0.54)	$ (132.25)
Loss from discontinued operations	(0.01)	(1.39)	(0.10)	(3.88)
Net income (loss) per common share, basic	$ 0.54	$ (107.26)	$ (0.64)	$ (136.13)
Income (loss) per common share, diluted				
Income (loss) from continuing operations	$ 0.53	$ (105.87)	$ (0.54)	$ (132.25)
Loss from discontinued operations	(0.01)	(1.39)	(0.10)	(3.88)
Net income (loss) per common share, diluted	$ 0.52	$ (107.26)	$ (0.64)	$ (136.13)
Weighted average shares used in computation – basic	21,370,333	723,998	20,893,225	603,605
Weighted average shares used in computation – diluted	21,956,645	723,998	20,893,225	603,605

See accompanying notes to unaudited condensed consolidated financial statements.

AXE COMPUTE INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2026 and 2025
(Unaudited)

	Series B Preferred		Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance at December 31, 2025	79,246	$ 792	4,083,173	$ 40,832	$461,196,805	$(413,521,474)	$ 47,716,955
Share-based compensation related to instruments granted to employees	-	-	-	-	111,358	-	111,358
Issuance of common stock, net, in connection with restricted stock units vesting	-	-	13,242	132	(17,576)	-	(17,444)
Issuance of shares to non-employees	-	-	23,613	237	168,597	-	168,833
Issuance of shares pursuant to pre-funded warrant exercises	-	-	1,419,239	14,193	(14,192)	-	1
Net loss	-	-	-	-	-	(7,708,943)	(7,708,943)
Balance at March 31, 2026	79,246	$ 792	5,539,267	$ 55,394	$461,444,992	$(421,230,417)	$ 40,270,761
Share-based compensation related to instruments granted to employees	-	-	-	-	571,584	-	571,584
Issuance of shares pursuant to At The Market Offering, net of issuance costs	-	-	1,063,864	10,638	10,325,486	-	10,336,124
Issuance of common stock, net, in connection with restricted stock units vesting	-	-	26,393	264	(56,941)	-	(56,677)
Issuance of shares to non-employees	-	-	27,984	279	129,006	-	129,285
Issuance of shares pursuant to pre-funded warrant exercises	-	-	4,727,432	47,274	(47,274)	-	-
Net loss	-	-	-	-	-	(17,205,882)	(17,205,882)
Balance at June 30, 2026	79,246	$ 792	11,384,940	$ 113,849	$472,366,853	$(438,436,299)	$ 34,045,195
Share-based compensation related to instruments granted to employees	-	-	-	-	621,339	-	621,339
Issuance of shares to non-employees	-	-	13,112	131	99,258	-	99,388
Issuance of shares pursuant to pre-funded warrant exercises	-	-	2,236,045	22,360	(22,360)	-	-
Net income	-	-	-	-	-	11,503,607	11,503,607
Balance at September 30, 2026	79,246	$ 792	13,634,097	$ 136,341	473,065,089	$(426,932,690)	46,269,532

	Series B Preferred		Common Stock		Additional Paid-In	Accumulated	
	Shares	Amount	Shares	Amount	Capital	Deficit	Total
Balance at December 31, 2024	79,246	$ 792	444,475	$ 4,445	$ 180,218,424	$ (180,426,271)	$ (202,610)
Issuance of shares pursuant to warrant exercises	-	-	95,601	956	1,533,426	-	1,534,382
Issuance of shares pursuant to Registered Direct Offering, net of issuance costs	-	-	24,223	242	465,063	-	465,305
Issuance of shares pursuant to Renovaro Extension Agreement	-	-	31,153	312	499,688	-	500,000
Net loss	-	-	-	-	-	(2,442,873)	(2,442,873)
Balance at March 31, 2025	79,246	$ 792	595,452	$ 5,955	$ 182,716,601	$ (182,869,144)	$ (145,796)
Issuance of shares pursuant to May 2025 private placement	-	-	18,692	187	299,813	-	300,000
Issuance of shares pursuant to At The Market Offering, net of issuance costs	-	-	18,987	190	162,668	-	162,858
Issuance of shares to non-employees	-	-	6,667	67	99,933	-	100,000
Net loss	-	-	-	-	-	(2,070,462)	(2,070,462)
Balance at June 30, 2025	79,246	$ 792	639,798	$ 6,399	$ 183,279,017	$ (184,939,606)	$ (1,653,400)
Vesting expense	-	-	-	-	371,335	-	371,335
Issuance of shares pursuant to At The Market Offering, net of issuance costs	-	-	78,356	784	920,564	-	921,348
Issuance of commitment fee shares pursuant to Yorkville SEPA	-	-	8,033	80	99,920	-	100,000
Issuance of shares pursuant to August 2025 private placement	-	-	36,237	362	412,731	-	413,093
Round up of fractional shares pursuant to reverse stock split	-	-	176	1	(1)	-	-
Issuance of shares pursuant to warrant exercises	-	-	4,458	45	71,500	-	71,545
Net loss	-	-	-	-	-	(77,651,844)	(77,651,844)
Balance at September 30, 2025	79,246	$ 792	767,058	$ 7,671	185,155,064	$ (262,591,449)	$ (77,427,922)

See accompanying notes to unaudited condensed consolidated financial statements.

AXE COMPUTE INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flow from continuing operating activities:		
Net loss	$ (13,411,219)	$ (82,165,179)
Add back: loss from discontinued operations	2,484,118	2,341,282
Less: (gain) on disposal of discontinued operations	(358,846)	-
Net loss from continuing operations	(11,285,947)	(79,823,897)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	936	2,399
Amortization of operating lease right-of-use assets	4,662,505	-
Share-based compensation	1,304,281	259,355
Issuance of shares to non-employees	397,507	200,000
Cost of booking compute	1,357,651	-
Unrealized loss on digital assets	5,159,063	-
Realized loss on digital assets	1,784,586	-
Loss on derivative instruments	-	74,366,000
Changes in assets and liabilities:		
Accounts receivable	(1,033,952)	6,742
Other prepaid expense and other assets	(1,670,707)	(580,942)
Compute prepayments	(92,655,975)	-
Lease prepayments capitalized in right-of-use assets	(9,279,153)	-
Accounts payable	(527,042)	1,761,220
Accrued expenses and other liabilities	1,355,795	394,085
Contract liabilities	569,194,897	-
Operating lease liability	(3,530,378)	-
Net cash provided by (used in) continuing operating activities:	465,234,067	(3,415,038)
Cash flow from continuing investing activities:		
Purchase of property and equipment	(242,324,142)	-
Acquisition of Duos Cluster through purchase of SPV interests	(87,817,973)	-
Unrealized (gain) on equity securities and convertible note receivable	(4,557,443)	-
Net cash (used in) continuing investing activities:	(334,699,558)	-
Cash flow from continuing financing activities:		
Proceeds from issuance of common stock and warrants	10,546,811	4,609,409
Costs to issue common stock and warrants	(210,687)	(240,878)
Payments for taxes related to net share settlement of restricted stock units	(74,121)	-
Proceeds from issuance of financing note payable	413,611	264,048
Repayment of note payable	(229,840)	(76,674)
Net cash provided by continuing financing activities:	10,445,774	4,555,905
Discontinued operations:		
Net cash (used in) operating activities	(2,408,893)	(2,318,873)
Net cash provided by (used in) investing activities	(1,620,366)	625,000
Net cash provided by (used in) financing activities	-	-
Net cash (used in) discontinued operations	(4,029,259)	(1,693,873)
Net increase (decrease) in cash	136,951,024	(553,006)
Cash and cash equivalents from continuing operations at beginning of period	10,756,507	574,142
Cash and cash equivalents from discontinued operations at beginning of period	34,343	160,531
Less: Cash from discontinued operations at end of period	(31,498)	(36,198)
Cash and cash equivalents from continuing operations at end of period	$ 147,710,376	$ 145,469
Supplemental disclosure for cash flow information:		
Cash payments for interest	$ 7,137	$ 4,956
Non-cash transactions:		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 33,436,738	$ -
Investment in equity securities received as consideration on sale	572,695	-
Convertible note receivable received as consideration on sale	1,209,862	-
Unrealized gain on equity securities	1,444,465	
Unrealized gain on convertible note receivable	3,112,978	-
Accrued severance, COBRA and malpractice tail related to disposal	275,724	-
Deferred purchase price issued for acquisition of Duos Cluster, net of discount	36,597,577	-

See accompanying notes to unaudited condensed consolidated financial statements.

NOTE 1 – COMPANY INFORMATION

Nature of Operations

Axe Compute Inc. is a technology company focused on providing high-performance computing infrastructure for artificial intelligence ("AI") workloads by sourcing large-scale graphics processing unit ("GPU") capacity from hardware manufacturers and infrastructure suppliers and deploying that capacity for enterprise customers under long-term service agreements. The Company assists customers across the full GPU infrastructure stack, including hardware procurement, colocation, networking, storage, and financing, and can immediately access compute capacity through relationships with third party compute providers to provide customers compute capacity that is already online and available for rent.

The Company's principal revenue-generating activity is the provision of GPU compute to customers. The Company primarily provides compute services under two customer models: (1) designing and deploying customized, large scale compute infrastructure solutions for enterprise clients; and (2) providing immediate access to GPU capacity (in as little as 24-48 hours) that is already online and available for rent from third parties.

For customers seeking large-scale, long-duration GPU compute capacity, the Company builds and deploys dedicated compute infrastructure solutions. Under this model, customers contract for dedicated AI infrastructure tailored to their compute, performance, geographic, security, and operational requirements. The Company coordinates with customers to architect deployments that may include GPU compute, high-speed storage, networking, power infrastructure, and related managed services. Deployments are typically hosted in enterprise-grade data center facilities and are operated by the Company pursuant to service level commitments. The Company intends to finance and then retain ownership of the deployed hardware and related infrastructure, while providing customers access to the infrastructure through multi-year service agreements. Customer contracts are typically structured with deposits, prepayments, and recurring monthly payments, including take-or-pay provisions intended to provide income visibility throughout the contract term.

For customers that need immediate access to GPU compute capacity, the Company provides access to high-performance GPU compute infrastructure. Our access to third-party networks encompasses global locations and GPUs capable of supporting a broad range of artificial intelligence, machine learning, and high-performance computing workloads. Compute capacity is delivered to customers through a managed infrastructure model, typically within 48 hours of customer engagement, without requiring customers to make capital investments in physical hardware or data center facilities.

For further discussion of the Company's operating segments as of and for the three and nine months ended September 30, 2026, see *Note 14 – Segment Information*.

Disposal of Helomics Corporation

On September 11, 2026, the Company sold all of the issued and outstanding shares of its subsidiary, Helomics Corporation ("Helomics"), to DataMeds AI, Inc. ("DataMeds") in exchange for DataMeds common stock and a convertible promissory note. The sale completed the Company's strategic shift to focus on GPU compute infrastructure, and Helomics' results are presented as discontinued operations for all periods presented. See *Note 3 – Discontinued Operations* for additional information. At September 30, 2026, the DataMeds common stock and convertible note receivable were carried at fair value (see *Note 6 – Fair Value Measurements*).

Acquisition of Axe Compute Acquisition Co. I, LLC

On September 30, 2026, the Company acquired 100% of the membership interests of Duos Edge AI – GPUaaS, LLC from Duos Technologies Group, Inc. (“Duos”) under a Membership Interest Purchase Agreement and subsequently renamed the acquired entity to Axe Compute Acquisition Co. I, LLC (the “SPV”). The SPV’s sole material assets are a cluster of 288 Supermicro NVIDIA B300 NVL8 servers containing 2,304 GPUs (the “Cluster”) and related contracts. The Company determined that substantially all of the fair value of the gross assets acquired is concentrated in a group of similar identifiable assets and, accordingly, accounted for the transaction as an asset acquisition under ASC 805-50, “Business Combinations – Related Issues.” No goodwill was recognized.

Consideration consisted of (i) cash of $87.8 million paid at closing to satisfy the SPV’s outstanding borrowings and related obligations under its loan and security agreement plus other closing fees, and (ii) a deferred purchase price of $42.9 million payable to Duos in monthly installments of $715,000 over an initial 60-month term. The Company is required to pay all remaining unpaid amounts of the deferred purchase price on the earlier of September 30, 2027 and the date on which the Company or an affiliate enters into a financing secured by the Cluster. Duos holds a security interest in the Cluster until the deferred purchase price is paid in full.

Because the deferred purchase price bears no stated interest, the Company recorded it at its present value of $36.6 million, using an imputed interest rate of 17.71% and an expected term of 12 months, which reflects the mandatory payment date. The resulting discount of $6.3 million is presented as a reduction of the liability and will be recognized as interest expense under the effective interest method. The liability is classified as current. The total cost of the assets acquired of $124.4 million, consisting of cash paid and the present value of the deferred purchase price plus capitalized transaction costs, was recorded within property and equipment, net.

Strategic Compute Reserve

On September 29, 2025, the Company adopted a treasury strategy centered on ATH, the native utility token of the Aethir network. Aethir is a decentralized physical infrastructure network developed by DCI Foundation, a Panama foundation company ("DCI"), that aggregates enterprise-grade GPU resources to support artificial intelligence, cloud gaming and other compute-intensive workloads. ATH functions as a proxy for a unit of GPU compute power and serves as the medium of exchange and incentive mechanism for participants in the Aethir network.

Under this strategy, the Company maintains a Strategic Compute Reserve comprised primarily of ATH, which provides the Company with immediate access to GPU compute capacity that can be deployed to customers. As a holder of ATH, the Company accrues unrealized gains or losses from any appreciation or depreciation, as applicable, in the value of ATH tokens, which trade on various cryptocurrency exchanges.

The Company seeks to generate value from its ATH holdings principally by utilizing ATH to procure GPU compute capacity on the Aethir network and reselling that capacity to enterprise, research and commercial customers. The Company has not engaged in ATH staking to date and does not currently intend to stake ATH, although it may elect to do so in the future.

The Company's Strategic Compute Reserve is intended to create value for stockholders through:

- Maintaining access to GPU compute capacity through ownership of ATH;
- Deploying ATH to acquire compute capacity and reselling that capacity to customers;
- Opportunistically purchasing ATH in the open market, including receiving additional ATH incentives under the DCI agreement;
- Earning yield through lending arrangements and other approved treasury activities;
- Holding ATH as a strategic reserve to support future compute demand; and
- Selling ATH from time to time to support working capital requirements, operational needs or other corporate purposes.

Refer to "Risks and Uncertainties" below for further discussion regarding risks related to the Company's Strategic Compute Reserve.

Liquidity

Since the adoption of the Company's treasury strategy based on ATH, the Company has raised capital through private investment in public equity ("PIPE") transactions and at-the-market ("ATM") sales of shares of common stock. Additional details regarding these equity offerings are included in *Note 11 – Stockholders' Equity*. These capital raises have strengthened the Company's liquidity position, and the $147.7 million of cash and cash equivalents remaining as of September 30, 2026, together with $15.3 million of digital assets, represent readily accessible sources of liquidity. The Company believes its sources of liquidity will be sufficient to allow the Company to fund its planned operations for at least the next twelve months from the date of this Quarterly Report on Form 10-Q.

Reverse Stock Split

On September 19, 2025, the Company's stockholders approved an amendment to the Company's certificate of incorporation, as amended, to effect a one-for-fifteen reverse stock split of the Company's common stock. On September 29, 2025, the Company completed a one-for-fifteen reverse stock split that was effective for trading purposes on September 30, 2025 (the "Reverse Stock Split"). All numbers of shares and per-share amounts in this report have been adjusted to reflect the Reverse Stock Split.

As a result of the Reverse Stock Split, every 15 shares of issued and outstanding common stock were combined into one issued and outstanding share of common stock, without any change in the par value per share. No fractional shares were issued as a result of the Reverse Stock Split and any fractional shares that would otherwise have resulted from the Reverse Stock Split were rounded up to the nearest whole share. The Reverse Stock Split did not change the total number of authorized shares of common stock or preferred stock.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Principles of Consolidation

The Company has prepared the condensed consolidated financial statements and related unaudited financial information in the notes in accordance with GAAP and the rules and regulations of the Securities and Exchange Commission ("SEC") for interim condensed consolidated financial statements. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. These interim condensed consolidated financial statements reflect all adjustments consisting of normal recurring adjustments, which in the opinion of management, are necessary to present fairly the Company's position, the results of its operations, and its cash flows for the interim periods. These interim condensed consolidated financial statements reflect all intercompany eliminations. These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements and the notes thereto contained in the Annual Report on Form 10-K filed with the SEC on March 31, 2026.

As of September 30, 2026, the Company had one operating subsidiary, the SPV mentioned above in Note 1. As of September 30, 2025, the Company had two wholly owned subsidiaries, Helomics Corporation and Skyline Medical Inc. ("Skyline Medical"). On September 11, 2026, the Company sold the Helomics Corporation subsidiary pursuant to a stock purchase agreement with DataMeds AI, Inc. On March 14, 2025, the Company sold the Skyline Medical business pursuant to an asset purchase agreement with DeRoyal Industries, Inc.; however, Skyline Medical remained a wholly owned subsidiary of Axe Compute following the transaction, with its activities limited to wind-down efforts that were substantially completed as of December 31, 2025. This subsidiary was dissolved as of September 30, 2026. The condensed consolidated financial statements include the accounts of the Company and these wholly owned subsidiaries, with all intercompany transactions and balances eliminated, as of and for the nine months ended September 30, 2026 and 2025.

Discontinued Operations

In September 2026, the Company disposed of the Helomics Corporation subsidiary. This disposal meets the criteria provided in ASC 205-20-45 and is classified as discontinued operations. In March 2025, the Company disposed of its former Eagan operating segment. Disposal groups that meet the discontinued operations criteria provided in ASC 205-20-45 are classified as discontinued operations.

Assets and liabilities of discontinued operations are presented separately in the Company's condensed consolidated balance sheets and results of discontinued operations are reported as a separate component of net loss in the Company's condensed consolidated statements of net income (loss) for all periods presented, resulting in changes to the presentation of certain prior period amounts. Cash flows from discontinued operations are also reported separately in the Company's condensed consolidated statements of cash flows.

Refer to *Note 3 – Discontinued Operations* for additional discussion of discontinued operations. All other notes to these condensed consolidated financial statements present the results of continuing operations and exclude amounts related to discontinued operations for all periods presented.

Accounting Policies and Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and during the reporting period. Actual results could materially differ from those estimates. Estimates are used in the following areas, among others: variable consideration associated with revenue recognition, stock-based compensation expense, fair value of derivatives including embedded derivatives, fair value of digital assets, fair value of long-lived assets for impairment analyses, the valuation allowance included in the deferred income tax calculation, accrued expenses, useful lives assigned to property and equipment, and determination of contract commencement dates. The Company bases its estimates on historical experience and assumptions that management considers reasonable. Assumptions are reviewed regularly to ensure they remain relevant and reasonable, particularly in areas of high subjectivity.

Note 2 to the annual consolidated financial statements contained in the Annual Report on Form 10-K filed with the SEC on March 31, 2026, describes the significant accounting policies and estimates used in preparation of the consolidated financial statements. There have been no material changes in the Company's significant accounting policies during the nine months ended September 30, 2026, with the exception of the items noted below.

Revenues from GPU Compute Services

Revenue from the Company's GPU compute services segment is generated from subscription-based arrangements with enterprise, research, and commercial customers under master services agreements and related order forms. These arrangements provide customers with continuous access to specified GPU compute resources (including GPU type, quantity, and configuration) at designated data center locations over defined service periods, which may range from month-to-month to multi-year terms. Certain contracts also include ancillary storage services, which are accounted for as separate performance obligations when distinct.

The Company procures GPU compute capacity from third-party node operators and decentralized cloud infrastructure platforms and resells that capacity to its customers. The Company has concluded that it acts as a principal in these arrangements, as it controls the GPU compute services prior to transferring to the customer, including directing the use of, and obtaining substantially all benefits from, the underlying capacity. Additionally, the Company bears inventory risk and has full discretion regarding the pricing of contracts with customers. Accordingly, revenue is recognized on a gross basis.

GPU compute and related storage services are each considered a series of distinct services that are substantially the same and are satisfied over time, as customers simultaneously receive and consume the benefits of these services as they are provided. Revenue is recognized over time using an output method that faithfully depicts the Company's performance. For fixed-fee arrangements, revenue is recognized on a straight-line basis over the applicable service period, as the customer receives a consistent level of benefit throughout the term. Usage-based fees, including overage charges based on GPU-hours consumed in excess of contractual limits, are recognized as revenue in the period in which the usage occurs.

The transaction price primarily consists of fixed monthly subscription fees, which are generally non-cancellable and non-refundable during the contract term. Arrangements might include usage-based overages; however, for the period ended September 30, 2026, any variable consideration was immaterial. Variable consideration is included in revenue only to the extent it is probable that a significant reversal will not occur. For contracts with multiple performance obligations, such as combined GPU compute and storage services, the transaction price is allocated to performance obligations based on relative standalone selling prices. The Company has concluded that these arrangements do not contain significant financing components.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Construction-in-progress is related to the construction or development of property and equipment that has not yet been placed into service for its intended use. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets.

The estimated useful lives of the Company's property and equipment are as follows:

		Years	
Technology equipment	5	-	7
Computers, software, and office equipment	3	-	10

Upon retirement or sale of property and equipment, the cost and related accumulated depreciation are removed from the consolidated balance sheet and the resulting gain or loss is recorded in operations. Expenditures for maintenance and repairs that do not extend the lives of the respective assets are expensed as incurred.

Compute prepayments

The Company enters into agreements with third-party vendors to reserve and obtain GPU compute capacity, related storage, networking, and support services. Under these arrangements, the Company is generally required to make prepayments equal to either (1) a percentage of overall contract value or (2) a value equal to the monthly service payment for a number of months. In addition to these prepayments, the Company has monthly service payments over contract terms ranging from 12 to 36 months.

Upon transferring these prepayments, the Company records a compute prepayment as a prepaid asset. The prepaid balance is subsequently recognized as expense over the period in which the related services are received. For arrangements where the prepayment represents an advance payment for services evenly consumed over the contract term, the prepaid balance is amortized on a straight-line basis over the applicable service period. For arrangements where the prepayment relates to specific months of service, the prepaid balance is relieved and recognized as expense in the months to which the prepayment applies, consistent with the pattern of benefit received. Monthly service payments are recognized as expense as incurred in accordance with the underlying contractual terms. The Company evaluates compute prepayments each reporting period to determine whether the recorded balance remains recoverable and appropriately reflects expected future service consumption.

The timing of service deployment and commencement under certain compute capacity arrangements is dependent on a variety of third-party factors, including original equipment manufacturer ("OEM") schedules, GPU allocation timing, logistics, and other operational dependencies. As a result, at the time a compute prepayment is made, the exact period over which the prepaid balance will be utilized may not be known with certainty. Management is therefore required to estimate the expected service commencement date and the period over which the related services will be received in order to determine the appropriate classification of compute prepayments between current and non-current assets and to establish the amortization period. These estimates are based on the facts and circumstances known at the reporting date and are reassessed each reporting period. Changes in actual deployment timing or service consumption patterns may result in adjustments to the classification and timing of expense recognition in future periods.

Leases

The Company has lease agreements for GPU equipment. The Company accounts for leases in accordance with ASC 842, Leases ("ASC 842"). The Company determines if an arrangement meets the definition of a lease at inception and leases are classified at commencement.

Right-of-use ("ROU") assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation associated with the lease agreement. Lease liabilities are measured at the commencement date based on the present value of the remaining lease payments over the lease term. ROU assets are measured at commencement at an amount equal to the lease liability, adjusted for prepaid lease payments. The Company's leases do not provide an implicit interest rate; therefore, the Company uses the incremental borrowing rate determined at lease commencement, based on the estimated interest rate for collateralized borrowings with similar terms, payments, and economic environments.

The lease term includes the non-cancelable period of the lease and periods covered by renewal options that the Company is reasonably certain to exercise. When assessing the reasonableness of exercising lease renewal options, the Company takes into account all relevant facts and circumstances that contribute to the economic benefits associated with exercising the lease renewal options, which includes the expected changes in facts and circumstances between the commencement of the lease term and the exercise date of the options. Payments under the Company's lease agreements are fixed.

The Company made an accounting policy election for lease agreements with a term of 12 months or less and does not recognize ROU assets and lease liabilities in respect of those agreements. Any payments related to short-term leases are expensed as incurred. The Company has elected the practical expedient to not separate lease and non-lease components across all asset classes. Operating lease expense is recognized on a straight-line basis within cost of revenues in the consolidated statements of net income (loss). The Company currently does not have any lease arrangements with residual value guarantees.

Fair Value Option

The Company may elect to measure certain eligible financial instruments at fair value at initial recognition under ASC 825-10, Financial Instruments – Overall (the "fair value option"). The election is made on an instrument-by-instrument basis, applies only to the instrument for which it is made, and is irrevocable once made. For instruments measured under the fair value option, subsequent changes in fair value are recognized in net income (loss) each period, and transaction costs are expensed as incurred.

On September 11, 2026, in connection with the sale of Helomics (see Note 3), the Company received a convertible promissory note from DataMeds and elected the fair value option for the note. The Company elected the fair value option because measuring the entire instrument at fair value more faithfully reflects its economics. The note was initially recorded at its fair value of $1.2 million and is carried at $4.3 million as of September 30, 2026. The change in fair value, is presented in "Unrealized gain (loss)" in the condensed consolidated statements of net income (loss) and totaled $3.1 million for the three and nine months ended September 30, 2026. Interest accrued at the stated 7% rate is presented separately as interest income and the fair value of the note is a Level 3 measurement, see Note 6.

Risks and Uncertainties

Note 2 to the annual consolidated financial statements in the Annual Report on Form 10-K filed March 31, 2026 describes certain risks and uncertainties relevant to the Company's financial statements. Since that report, the Company has expanded its business to purchase, own and operate GPU computing infrastructure and entered into large multi-year customer contracts. The following risks and uncertainties relate to that expansion and should be read together with the information in the 10-K. Additional risk factors are in Part II, Item 1A of this Quarterly Report.

Use of estimates. Certain estimates are subject to change in the near term (ASC 275-10-50-8) and could be materially different in future periods. These include the estimated useful lives and recoverability of the Company's property and equipment ($366.7 million, none yet placed in service), the incremental borrowing rate and imputed interest rate used to measure lease liabilities and the deferred purchase price, the fair value of Level 3 financial instruments (the embedded derivative and the DataMeds convertible note), the timing of contract commencement, and the classification of compute prepayments between current and non-current. Actual results could differ from these estimates.

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB"). Recently issued ASUs not listed below either were assessed and determined to be not applicable or are currently expected to have no impact on the consolidated financial statements of the Company.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires more detailed disclosures related to certain costs and expenses. The guidance requires entities to disclose amounts of certain expense categories included in expense captions presented on the face of the income statement, including purchases of inventory, employee compensation, depreciation, and intangible asset amortization. This ASU is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027, with early adoption permitted. The disclosure requirements may be applied either prospectively or retrospectively. Management is currently evaluating this ASU to determine its impact on the Company's disclosures.

NOTE 3 – DISCONTINUED OPERATIONS

Helomics Corporation

On September 11, 2026, the Company sold all of the issued and outstanding shares of Helomics Corporation ("Helomics") to DataMeds AI, Inc. (formerly Wellgistics Health, Inc.; Nasdaq: MEDS) ("DataMeds") under a Stock Purchase Agreement (the "DataMeds SPA"). The SPA was signed and the sale closed on the same day.

In exchange for the Helomics shares, the Company received, 636,328 shares of DataMeds common stock, equal to 19.99% of DataMeds's shares outstanding immediately before closing; and a convertible promissory note with a principal amount of $1,363,672. The note bears simple interest at 7% per year, matures on September 11, 2029, and is unsecured and subordinated to DataMeds's bank and institutional debt. Interest is not payable until maturity or conversion. The note converts into DataMeds common stock at a fixed price of $1.00 per share automatically when DataMeds's stockholders approve the issuance under Nasdaq rules. DataMeds must hold the stockholder meeting within 75 days of closing.

At closing, the Company also paid DataMeds $1,500,000 in cash, representative of the remaining base rent obligations under the Helomics leases assigned as part of the transaction. The DataMeds shares, the note and the shares issuable on conversion are restricted securities and cannot be transferred for 12 months after closing, with limited exceptions.

Below details the calculation of the gain on disposal of discontinued operations associated with the disposal of the Helomics business on September 11, 2026:

Cash paid to DataMeds	$	(1,500,000)
Fair value of the convertible note		1,209,862
Fair value of the equity securities received		572,695
Net assets and liabilities of discontinued operations		450,249
Costs of disposal (1)		(373,960)
Gain on disposal of discontinued operations	$	358,846

(1) Costs of disposal were legal fees and severance payments associated with the sale.

The sale represents the finalization of a strategic shift taken by the Company to focus on GPU compute infrastructure. Accordingly, Helomics's results are presented as discontinued operations in the condensed consolidated statements of operations for all periods presented, and its assets and liabilities are presented as assets and liabilities of discontinued operations in the prior-period balance sheet.

The balance sheet as of September 30, 2026, does not include any assets and liabilities of discontinued operations related to Helomics Corporation. The following table presents a reconciliation of the carrying amounts of the major classes of assets and liabilities as of the September 11, 2026, closing date to the gain on sale recorded in the statement of net income (loss) for the three and nine months ended September 30, 2026, and the carrying amounts of the major classes of assets and liabilities as of December 31, 2025:

		At disposal on September 11, 2026		**December 31, 2025**
Cash and cash equivalents	$	31,498	$	34,343
Accounts Receivable, net		61,011		32,120
Prepaid Expense and Other Current Assets		42,814		56,063
Total current assets of discontinued operations		135,322		122,526
Property and Equipment, net		173,948		222,192
Lease Right of Use Assets		1,073,709		1,487,703
Prepaid Expense and Other Long-Term Assets		98,478		98,478
Intangibles, net		43,326		46,378
Total assets of discontinued operations	$	1,524,784	$	1,977,277
Accounts Payable	$	597,148	$	686,038
Accrued Expenses and Other Liabilities		245,170		271,391
Lease Liability		727,103		653,743
Total current liabilities of discontinued operations		1,569,421		1,611,172
Lease Liability, net of current portion		405,612		904,495
Total liabilities of discontinued operations	$	1,975,033	$	2,515,667

The following table provides details about the major classes of line items constituting the loss from discontinued operations presented in the Company's condensed consolidated statement of net income (loss) for the three and nine months ended September 30, 2026:

	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
Revenue	$ 1,823	$ 37,846
Costs and operating expenses		
Cost of revenues	$ 1,970	$ 5,015
General and administrative	353,138	1,257,408
Research and development	338,954	1,374,031
Sales and marketing	-	369
Total operating costs and expenses	694,062	2,636,823
Total operating (loss)	$ (692,239)	$ (2,598,977)
Other income	100,973	114,859
Loss from discontinued operations	$ (591,266)	$ (2,484,118)

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Revenue	$ 3,618	$ 116,610
Costs and operating expenses		
Cost of revenues	$ 8,356	$ 71,695
General and administrative	551,160	1,431,120
Research and development	441,837	1,377,637
Total operating costs and expenses	1,001,353	2,880,452
Total operating (loss)	$ (997,735)	$ (2,763,842)
Other income (expense)	-	676,690
Net (loss) from discontinued operations	$ (997,735)	$ (2,087,152)

For the nine months ended September 30, 2026, discontinued operations used $2.4 million of cash in operating activities and $1.6 million in investing activities. Depreciation and amortization included in discontinued operations was $0.1 million. The disposal used $1.63 million of cash: the $1.5 million paid to DataMeds, $31,498 of cash held by Helomics at closing, and $0.1 million of costs paid to sell.

Skyline Medical

On March 14, 2025, the Company entered into an asset purchase agreement (the "APA") and closed the transactions contemplated therein with DeRoyal Industries, Inc., a Tennessee corporation ("DeRoyal"), to sell and assign to DeRoyal assets and liabilities exclusively related to the business of providing products for automated, direct-to-drain medical fluid disposal, including the Company's STREAMWAY® product line (the "Eagan Business"). These assets were operated by the Company's wholly owned subsidiary, Skyline Medical, and were previously reported in the Company's Eagan operating segment. The purchased assets exclusively related to the Eagan Business included but were not limited to cash, certain accounts receivable, inventories, patents, fixed assets, and real property leased by the Company and exclusively used in connection with the Eagan Business. The total purchase price for the assets was $625,000, plus the assumption of certain liabilities related to the Eagan Business including the lease for the office and warehouse space located at 2915 Commers Drive Suite 900 Eagan, MN 55121, certain accounts payable, and contract liabilities associated with the Eagan Business. The ongoing activities of the former Eagan operating segment are limited to wind down activities. As a result of these developments, the former Eagan operating segments have been reclassified to discontinued operations in these condensed consolidated financial statements for all periods presented.

The balance sheet as of September 30, 2026, does not include any assets and liabilities of discontinued operations related to Skyline Medical. The following table presents a reconciliation of the carrying amounts of the major classes of assets and liabilities to the current assets and liabilities of discontinued operations as presented in the Company's condensed consolidated balance sheet as of September 30, 2025:

	September 30, 2025
Assets:	
Prepaid expense and other assets	$ 14,348
Total current assets of discontinued operations	14,348
Total assets of discontinued operations	$ 14,348
Liabilities:	
Accounts payable	$ 6,183
Accrued expenses and other liabilities	303,863
Total current liabilities of discontinued operations	310,046
Total liabilities of discontinued operations	$ 310,046

The statement of net income (loss) as of September 30, 2026, does not include any discontinued operation activity related to the Skyline Medical business. The following table provides details about the major classes of line items constituting the loss from discontinued operations presented in the Company's condensed consolidated statement of net income (loss) for the three and nine months ended September 30, 2025:

	For the three months ended September 30, 2025	For the nine months ended September 30, 2025
Revenue	$ -	$ 157,179
Cost of sales	-	122,800
Gross profit from discontinued operations	-	34,379
Operating expenses:		
General and administrative	5,106	209,447
Research and development	-	125,495
Sales and marketing	-	130,318
Total operating expenses	5,106	465,260
Total operating (loss) from discontinued operations	(5,106)	(430,881)
Gain on disposal of discontinued operations	-	172,451
Other income	-	4,300
Net (loss) from discontinued operations	$ (5,106)	$ (254,130)

The gain on disposal of discontinued operations represents the gain on assets sold and liabilities assumed by DeRoyal.

NOTE 4 – REVENUE RECOGNITION AND CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

The Company primarily generates its revenue through providing GPU compute services for fixed term contracts. Revenue recognized related to fixed term contracts represented all of the revenue for the three and nine months ended September 30, 2026.

Contracts with Customers

The following customers accounted for 10% or more of the Company's revenue for the periods presented:

	Three Months Ended September 30,		Nine months Ended September 30,	
	2026	2025	2026	2025
Customer A	22%	*	30%	*
Customer B	58%	*	48%	*

* Customer did not represent 10% or more of revenue.

Customer A and B accounted for 51% and 3% of accounts receivable, net, respectively, as of September 30, 2026. Two customers not noted above accounted for 15% and 14% of accounts receivable, net, respectively, as of September 30, 2026. All other single customers represent less than 10% of revenue and accounts receivable, net, for the three- and nine-month periods ended and as of September 30, 2026.

The Company monitors the creditworthiness of its customers on an ongoing basis and believes that its credit risk is limited due to the financial strength and payment history of these customers. Management does not expect any material losses from these receivable concentrations and has not recorded an allowance for doubtful accounts, as all receivables are considered highly collectible.

Contract Balances

Contract assets represent the Company's rights to consideration in exchange for compute services. The Company had no contract assets as of the periods presented, as the Company's right to consideration becomes unconditional upon invoicing (which occurs at or before the service period commences) and does not depend on any factor other than passage of time.

The Company's contract liabilities are comprised of prepayments received from compute services customers, i.e. deferred revenue. The Company invoices for services and once the Company receives consideration (or has an unconditional right to consideration) before services are fulfilled, the Company recognizes a contract liability for the unfulfilled performance obligation. These prepayments are classified as contract liabilities, current or non-current, until the appropriate revenue recognition criteria have been met. As of September 30, 2026, the Company had contract liabilities of $569.3 million. As of December 31, 2025, the Company had no contract liabilities.

The following table represents a reconciliation of the changes in the Company's contract liabilities:

	September 30, 2026
Balance, beginning of period – December 31, 2025	$ -
Advance billings	579,796,296
Revenue recognized	(10,457,323)
Balance, end of period	$ 569,338,973

As of September 30, 2026, the Company had $569.3 million of remaining performance obligations. The Company expects to recognize revenue associated with these performance obligations as follows:

2026 (remaining 3 months)	$ 8,104,000
2027	129,093,077
2028	127,220,420
2029	304,921,476
	$ 569,338,973

Compute Prepayments

In connection with the Company's compute services business, as the Company receives prepayments from Customers, the Company also makes prepayments to vendors for access to Compute capacity. As of September 30, 2026, the Company has recorded $92.7 million in prepayments. $85.6 million of those prepayments relate to leases for compute capacity that have not commenced as of September 30, 2026, and $7.1 million relates to prepayments for compute capacity and expenses.

NOTE 5 – DIGITAL ASSETS

The Company's digital assets, as presented on the condensed consolidated balance sheets for the periods indicated, consist primarily of ATH. ATH qualifies for recurring fair-value measurement under ASC 350-60, *Intangibles — Goodwill and Other — Accounting for and Disclosure of Crypto Assets*, with changes in fair value recognized in earnings in accordance with ASC 820, *Fair Value Measurement*, based on quoted (unadjusted) prices on the principal market of the Company for ATH (Level 1 inputs). The following table summarizes the number of units held, cost basis, and fair value of ATH as of September 30, 2026 and December 31, 2025:

	Units Held	Cost Basis	Fair Value
September 30, 2026	2,555,010,735	$ 93,830,989	$ 15,171,654
December 31, 2025	2,837,163,868	$ 101,258,178	$ 24,439,334

Cost basis represents the purchase price of digital assets, including transaction fees, if any, at the time of acquisition or upon receipt. Fair value represents quoted prices for the digital assets in the Company's principal market at 11:59 p.m. Eastern Time on each reporting date in accordance with the Company's crypto-asset valuation policy.

The following table represents a reconciliation of digital assets held, for ATH specific activity:

	For the nine months ended September 30, 2026
Fair Value, December 31, 2025	$ 24,439,334
Purchases of ATH	-
ATH used in operations	(1,480,709)
Interest income from ATH loaned	76,896
Realized (loss)	(1,784,586)
Unrealized (loss)	(6,079,281)
Fair Value, September 30, 2026	$ 15,171,654

	For the three months ended September 30, 2026
Fair Value, June 30, 2026	$ 11,144,775
Purchases of ATH	-
ATH used in operations	(337,487)
Realized (loss)	(454,732)
Unrealized gain	4,819,098
Fair Value, September 30, 2026	$ 15,171,654

As of September 30, 2026, the Company held $0.1 million of non-ATH digital assets.

ATH tokens were utilized primarily for the rental of GPU compute capacity on the Aethir decentralized infrastructure network, supporting the Company's compute-related operations.

During the nine months ended September 30, 2026, the Company generated ATH-denominated digital asset lending income through a digital asset lending arrangement. The Company transferred 2.4 billion ATH tokens via the Aethir portal for a defined period of time of 31 calendar days. The lending arrangement accrued interest at a fixed annual rate of 6%, calculated on a simple interest basis. Upon expiration of the term of the digital asset lending arrangement, the principal amount and accrued interest were repaid in full. For the nine months ended September 30, 2026, the Company recognized digital asset lending income of $0.1 million. As of September 30, 2026, no digital assets held by the Company were subject to the lending arrangement.

Side Letter

In connection with private placement transactions completed in October 2025 to support the Company's treasury strategy, the Company entered into a side letter agreement (the "Side Letter") with DCI, effective October 7, 2025. Pursuant to the Side Letter, for each ATH token purchased by the Company in the open market, whether through centralized or decentralized exchanges operating on the Ethereum Network, DCI will grant the Company additional ATH tokens equal to 20% of the number of tokens purchased (the "Bonus ATH"), to be delivered within 30 days of the related purchase. The Bonus ATH is not subject to restrictions upon receipt.

The Company accounts for the Side Letter as a derivative instrument. As of September 30, 2026 and December 31, 2025, respectively, no derivative asset was recognized, as all Bonus ATH associated with open market purchases made during the period had been received from DCI.

For the nine months ended September 30, 2026, the Company did not receive any Bonus ATH as there were no open market purchases of ATH made during the period. The cost basis of the ATH received in prior periods pursuant to the Side Letter and subsequent fair value adjustments thereto are recorded within "Gains (losses) on digital assets" on the condensed consolidated statements of net income (loss).

Digital asset receivable

A portion of the Company's ATH holdings consists of contractual rights to receive ATH tokens that are subject to time-based vesting and transfer restrictions ("Locked ATH"). Locked ATH was obtained pursuant to Simple Agreements for Future Tokens ("SAFTs") and is administered through an on-chain smart contract deployed on the Ethereum mainnet. Prior to vesting and claim, the Company does not have control of the underlying ATH tokens and is not able to transfer, sell, stake, pledge, or otherwise deploy such tokens.

The smart contract enforces the applicable vesting schedules and restricts access to the ATH tokens until the vesting conditions are satisfied. Upon satisfaction of the vesting conditions, the Company must affirmatively claim the unlocked ATH tokens through the smart contract interface, at which point the tokens are released from restriction and transferred to a Company-controlled wallet. Until such claim occurs, the Locked ATH represents a contractual right to receive ATH in the future rather than a digital asset held by the Company.

As of September 30, 2026, the Company held rights to receive ATH tokens that remain subject to vesting and claim requirements. The vesting period for these ATH tokens ranges from less than one month to approximately 2 years. These restrictions are specific to the underlying ATH tokens. Upon vesting and claim, the restrictions lapse and the Company obtains control of the ATH tokens, which may then be held, transferred to custodial accounts, staked, or otherwise deployed in accordance with the Company's treasury strategy.

As of September 30, 2026, the Company recorded a digital asset receivable of $16.3 million related to the Locked ATH, consisting of a host receivable of $93.4 million, net of an embedded derivative liability measured at fair value of $77.1 million. The change in fair value of the embedded derivative of $6.0 million and $0.8 million for the three and nine months ended September 30, 2026, was recognized within "Gains (losses) on digital assets" in the condensed consolidated statements of net income (loss).

As of December 31, 2025, the Company recorded a digital asset receivable of $15.5 million related to the Locked ATH, consisting of a host receivable of $93.4 million, net of an embedded derivative liability measured at fair value of $77.9 million. The change in fair value of the embedded derivative of $77.9 million for the year ended December 31, 2025, was recognized within "Gains (losses) on digital assets" in the condensed consolidated statements of net income (loss).

NOTE 6 – FAIR VALUE MEASUREMENTS

The following tables present information about the Company's financial assets and liabilities measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value as of September 30, 2026 and December 31, 2025, respectively. Financial assets and liabilities measured at fair value on a recurring basis include cash equivalents, digital assets, the embedded derivative related to the digital asset receivable, and the investment in DataMeds common stock and the DataMeds convertible note receivable received in connection with the sale of Helomics (see Note 3). Fair value estimates do not necessarily represent the amounts that may be ultimately realized.

September 30, 2026	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Cash equivalents	$ 138,000,000	$ 138,000,000	$ -	$ -
Digital assets	15,333,851	15,333,851	-	-
Investment in DataMeds common stock	2,017,160	2,017,160	-	-
DataMeds convertible note receivable	4,322,840	-	-	4,322,840
Liabilities:				
Embedded derivative related to digital asset receivable	$ (77,089,490)	$ -	$ -	$ (77,089,490)

December 31, 2025	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Digital assets	$ 24,439,598	$ 24,439,598	$ -	$ -
Liabilities:				
Embedded derivative related to digital asset receivable	$ (77,893,482)	$ -	$ -	$ (77,893,482)

Cash equivalents represent the Company's money market investments. The fair value of these investments is based on the daily market price for identical assets in active markets.

The Company received 636,328 shares of DataMeds common stock on September 11, 2026, with an initial fair value of $0.6 million ($0.90 per share). The shares are measured at fair value under ASC 321, with changes recognized in "Unrealized gain (loss)". Fair value is based on the quoted closing price of $3.17 per share. The Company considered the effect of the 12-month transfer restriction and concluded that no adjustment was required as there is no indication of lack of marketability. The Company recognized an unrealized gain of $1,444,465 for the three and nine months ended September 30, 2026.

The convertible note, which has a principal $1.4 million subject to the following terms, 7% simple interest, maturity at September 11, 2029, convertible at $1.00 per share upon DataMeds stockholder approval under Nasdaq rules was initially recorded at fair value of $1,209,862 and is measured at fair value under the fair value option (see Note 2). Because the note is not traded, its fair value is a Level 3 measurement. The Company estimated fair value using an as-converted valuation based on the DataMeds share price, adjusted for the probability of stockholder approval, and credit risk. In accordance with ASC 820, no discount or fair value adjustment has been applied for the 12-month contractual lock-up restriction as it is holder-specific. The contractual lock-up restricts the transfer or sale of the converted shares by the holder for 12 months following issuance but does not alter the underlying economic rights of the instrument. Key unobservable inputs as of September 30, 2026 were certainty of stockholder approval, a 4.06% risk free rate, a 15.7% credit yield and expected volatility of 138.4%. The Company recognized an unrealized gain of $3.1 million for the three and nine months ended September 30, 2026.

The embedded derivative related to the digital asset receivable must be remeasured at fair value each reporting period in accordance with ASC 815, *Derivatives and Hedging*. Because there is no directly observable market for illiquid, contractually restricted ATH tokens subject to a time-based vesting schedule, the embedded derivative related to digital asset receivable is classified as Level 3. The key unobservable input is the discount applied to reflect the lack of transferability and control during the restriction period. The discount is determined based on the remaining vesting period from each reporting period to the date on which the tokens become fully vested and available to claim, and is reduced ratably at each subsequent measurement date until it reaches zero at full vesting. As of the nine months ended September 30, 2026, applied discounts ranged from approximately 15% to 41%. As of December 31, 2025, applied discounts ranged from approximately 30% to 55%. Changes in fair value of the embedded derivative are recognized in the consolidated statements of net income (loss) within "Gains (losses) on digital assets." There were no transfers into or out of Level 3 of the fair value hierarchy during the nine months ended September 30, 2026, or the year ended December 31, 2025.

The following tables present summaries of the changes in the fair value on a recurring basis of the Company's Level 3 financial instruments for the periods presented:

	Embedded derivative related to digital asset receivable	DataMeds convertible note	Total
Balance at December 31, 2025	$ (77,893,482)	$ -	$ (77,893,482)
Adjustment to fair value	(119,544)	-	(119,544)
Balance at March 31, 2026	(78,013,025)	-	(78,013,025)
Adjustment to fair value	(5,073,843)	-	(5,073,843)
Balance at June 30, 2026	(83,086,868)	-	(83,086,868)
Initial Recognition (September 11, 2026)	-	1,209,862	1,209,862
Adjustment to fair value	5,997,378	3,112,978	9,110,356
Balance at September 30, 2026	$ (77,089,490)	$ 4,322,840	(72,766,650)

Nonrecurring Fair Value Measurement

The Company measured the liability for the Guarantee Side Letter (see Note 8) at fair value on a nonrecurring basis at inception on September 30, 2026. The measurement is classified as Level 3 because it relies on significant unobservable inputs. The fair value of approximately $1.2 million was estimated as the probability-weighted expected payment on two months of guaranteed fees of $6.9 million per month, assuming a 100% loss and using an 8.6% probability of default. The effect of discounting was immaterial. The liability is not remeasured at fair value after initial recognition.

NOTE 7 – PROPERTY AND EQUIPMENT, NET

The Company's property and equipment, net consisted of the following:

	As of September 30, 2026	As of December 31, 2025
Computers, software, and office equipment	$ 42,964	$ 42,964
Construction in progress - Technology equipment	366,739,691	-
Total	366,782,655	42,964
Less: Accumulated depreciation	(42,964)	(42,029)
Total Property and equipment, net	$ 366,739,691	$ 936

Depreciation expense, recorded within general and administrative expenses of continuing operations, was $0 and $800 for the three months ended September 30, 2026 and 2025, respectively, and $936 and $2,400 for the nine months ended September 30, 2026 and 2025, respectively.

During the three months ended September 30, 2026, the Company purchased $225.2 million of infrastructure equipment related to ongoing Build model contracts. As of September 30, 2026, the entirety of the technology equipment balance represents construction in progress.

On September 30, 2026, the Company acquired the Cluster through the acquisition of the SPV, as described in Note 1, at a total cost of $124.4 million. The Cluster was acquired on the last day of the period and was not yet placed in service; therefore, no depreciation was recorded on it for the three and nine months ended September 30, 2026. As of September 30, 2026, the Cluster was included in construction in progress.

No impairment charges related to property and equipment held and used in continuing operations were incurred during the three and nine months ended September 30, 2026 and 2025.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Commitments

During the three and nine months ended September 30, 2026, the Company entered into several agreements with third-party vendors to reserve and obtain access to GPU compute capacity, related storage, networking, and support services. Management has evaluated these arrangements and concluded that they are service commitments and not leases. Under these arrangements, the Company is generally required to make upfront payments and, following service commencement or operational activation, monthly service payments over contract terms of approximately 12 months. These arrangements represent total contractual commitments to be paid according to the following schedule:

2026 (remaining 3 months)	$ 66,024
2027	123,651
Total	$ 189,675

Deferred Purchase Price and Side Letter

The Company is obligated to pay Duos the remaining deferred purchase price described in Note 1. Assuming payment in full on the September 30, 2027, outside date, contractual payments are $2.1 million in the remaining three months of 2026 and $40.8 million in 2027, for a total of $42.9 million before the $6.3 million unamortized discount. The obligation is secured by Duos' security interest in the Cluster.

The Company also entered a side letter (the "Guarantee Side Letter") with Duos Edge AI, Inc. ("Duos Edge"), an affiliate of Duos, pursuant to which the Company unconditionally guarantees payment of unpaid amounts owed by certain customers of Duos Edge under agreements which the Company approves in writing. The Company accounts for the guarantee under ASC 460, Guarantees, and recognized a liability of approximately $1.2 million at its inception-date fair value. No allowance for expected credit losses was recorded because the expected loss was immaterial.

Litigation

In the ordinary course of business, the Company may be subject from time to time to various proceedings, lawsuits, disputes, or claims. In accordance with ASC 450, *Contingencies* ("ASC 450"), the Company accrues a liability for legal contingencies when it is probable that a liability has been incurred, and the amount of the loss can be reasonably estimated. If there is at least a reasonable possibility that a loss may be incurred, ASC 450 requires disclosure of a loss contingency.

There have been no material changes to the Company's contingencies as disclosed in the Form 10-K for the year ended December 31, 2025.

NOTE 9 – LEASES

The Company has entered into several lease agreements with third-party vendors to reserve and obtain access to GPU compute capacity, related storage, networking, and support services. These lease agreements have terms of 2-3 years extending through July 30, 2029, no purchase or renewal options that the Company is reasonably certain to exercise.

Lease expense under operating lease arrangements, recorded within costs of revenue of continuing operations, was $5.0 million for the three and nine months ended September 30, 2026. There was no lease expense for the three and nine months ended September 30, 2025.

The following table summarizes the operating lease asset and liabilities recorded as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
Operating lease right-of-use asset, gross	$ 42,715,891	$ -
Accumulated amortization	(4,662,505)	-
Operating lease right-of-use asset, net	$ 38,053,385	$ -
Short-term operating lease liabilities	15,470,820	-
Long-term operating lease liabilities	14,435,540	-
Total operating lease liabilities	$ 29,906,360	$ -
Weighted average remaining lease term – operating leases in years	1.96	-
Weighted average discount rate – operating leases	12.3%	-

Cash paid for operating cash flows used in operating activities included in the measurement of lease liabilities was $4.0 million and $4.6 million for the three and nine months ended September 30, 2026.

The Company's operating lease obligations as of September 30, 2026, were as follows:

2026 (remaining 3 months)	$ 4,499,210
2027	17,996,840
2028	9,658,584
2029	1,068,968
Thereafter	-
Total lease payments	33,223,602
Less: interest	(3,317,242)
Present value of lease liabilities	$ 29,906,360

As of September 30, 2026, the Company had signed several lease agreements with Compute vendors that have not yet commenced. These leases are for access to compute capacity. The Company made prepayments related to these agreements totaling $85.6 million, which are recorded in Compute prepayments as of September 30, 2026. These leases are expected to commence in 2026 and 2027 with estimated lease terms of two to four years. Total future lease payments for leases committed to but not yet commenced was $407.4 million as of September 30, 2026.

NOTE 10 – NOTE PAYABLE

In June 2026, the Company purchased director and officer insurance policies with a policy period ending June 2027 and financed $0.4 million of its total premium by entering into a note payable with a finance provider that requires ten monthly installment payments through April 2027. The note is secured by a first priority lien on the financed policies. The short-term note bears interest at an annual percentage rate of 6.1% over the life of the note. As of September 30, 2026, the outstanding balance of the note was $0.3 million including interest.

In June 2025, the Company purchased director and officer insurance policies with a policy period ending June 2026 and financed $0.3 million of its total premium by entering into a note payable with a finance provider that required ten monthly installment payments through April 2026. The note was secured by a first priority lien on the financed policies. The short-term note bears interest at an annual percentage rate of 6.6% over the life of the note. As of December 31, 2025, the outstanding balance of the note was $0.1 million including interest.

NOTE 11 – STOCKHOLDERS' EQUITY

At The Market Offering

On May 3, 2024, the Company entered into an at-the-market ("ATM") sales agreement (the "Sales Agreement") with Wainwright & Co., LLC ("Wainwright"), under which it may issue and sell shares of its common stock, with Wainwright acting as sales agent and receiving a 3.0% commission on gross proceeds. The Company subsequently filed a shelf registration statement on Form S-3 (the "May 2024 Shelf Registration Statement") and prospectus supplement.

On April 18, 2025, in accordance with the terms of the Sales Agreement, the Company filed a prospectus supplement to the May 2024 Shelf Registration Statement relating to the offer and sale of up to an additional $1.5 million of shares of the Company's common stock.

On September 2, 2025, in accordance with the terms of the Sales Agreement, the Company determined to further increase the number of shares it may sell under the Sales Agreement, from the approximately $1.4 million remaining as of May 31, 2025, up to an aggregate of $3.4 million, and the Company filed an additional prospectus supplement with the SEC on September 2, 2025.

On October 29, 2025, in accordance with the terms of the Sales Agreement, the Company determined to further increase the number of shares it may sell under the Sales Agreement, from the approximately $2.3 million remaining as of September 30, 2025, up to an aggregate of $18.3 million, and the Company filed an additional prospectus supplement with the SEC on October 29, 2025.

During April 2026, the Company sold 1,063,864 shares of common stock pursuant to the Sales Agreement at an average price of approximately $10.22 per share, resulting in approximately $10.3 million in aggregate net proceeds, after deducting commissions and offering costs.

On May 15, 2026, in accordance with the terms of the Sales Agreement, the Company filed an additional prospectus supplement with the SEC increasing the aggregate amount of common stock that may be offered and sold under the Sales Agreement to up to $100 million, inclusive of approximately $17.0 million of shares previously sold under the Sales Agreement, resulting in approximately $83.0 million remaining available to the Company for future sales thereunder. Since the Company's public float exceeded $75.0 million as of May 15, 2026, the Company is no longer subject to the baby shelf limitations of General Instruction I.B.6 of Form S-3.

As of September 30, 2026, approximately $83.0 million remained available to the Company for sales under the Sales Agreement.

September 2025 Private Placements and Related Agreements

On September 29, 2025, the Company entered into a securities purchase agreement (the "Crypto SPA") with certain accredited investors pursuant to which the Company agreed to sell and issue to such investors in a private placement (the "Crypto PIPE Offering") pre-funded warrants (the "Crypto PIPE Warrants"). Also on September 29, 2025, the Company entered into a securities purchase agreement (the "Cash SPA," and together with the Crypto SPA, the "September SPAs"), pursuant to which it agreed to sell and issue to certain accredited investors, in exchange for cash (the "Cash PIPE Offering," and together with the Crypto PIPE Offering, the "PIPE Offerings"), the Company's common stock and warrants (the "Cash PIPE Warrants"). The PIPE Offerings closed October 7, 2025 (the "Closing Date").

Cash PIPE and Crypto PIPE

In the Cash PIPE Offering, the Company sold an aggregate of 4,366,703 shares of common stock (or pre-funded warrants at a nominal $0.01 exercise price per share to purchase shares of common stock, in lieu thereof) to certain accredited investors for $11.6265 per share. In the Crypto PIPE, the Company issued, to certain accredited investors, Crypto PIPE Warrants to purchase up to 14,903,393 shares of its common stock at a nominal $0.01 exercise price per share.

There were 8,382,716 pre-funded warrants exercised for the nine months ended September 30, 2026, and the total number of pre-funded warrants outstanding was 7,736,379 as of September 30, 2026, all of which were vested and exercisable and have no expiration date.

Stock Warrants

The following summarizes transactions for warrants for the period indicated:

	Number of Shares	Weighted-Average Exercise Price
Outstanding as of December 31, 2025	1,623,179	$ 17.39
Issued	-	-
Expired	-	-
Exercised	(30,430)	271.35
Outstanding as of September 30, 2026	1,592,749	$ 12.53

There were no warrants granted for the nine months ended September 30, 2026 and 2025, respectively.

NOTE 12 – STOCK-BASED COMPENSATION

Equity Incentive Plan

On December 30, 2024, the Company's stockholders approved the 2024 Equity Incentive Plan (the "2024 Plan"). The 2024 Plan allows for the issuance of non-statutory stock options and incentive stock options, stock appreciation rights, stock awards, restricted stock, restricted stock units, and performance awards to employees, directors, and consultants of the Company, where permitted under the plan. Due to the approval of the 2024 Plan, no new awards will be granted under the Company's Amended and Restated 2012 Stock Incentive Plan. The exercise price for each stock option is determined by the market price on the date of issuance. Vesting requirements are determined by the Board of Directors when granted and currently range from immediate to three years. Options outstanding under this plan have a contractual life of ten years.

ASC 718, *Compensation – Stock Compensation* ("ASC 718"), requires that a company that issues equity as compensation record compensation expense that corresponds to the estimated cost of those equity grants. ASC 718 requires companies to estimate the fair value of stock-based payment awards on the date of grant using an option-pricing model or other acceptable means.

Restricted Stock Units

On September 9, 2025, the Board of Directors, upon the recommendation of the Compensation Committee of the Board of Directors (the "Compensation Committee"), determined that it was appropriate to award restricted stock units ("RSUs") as a form of compensation for employees, consultants and directors and approved a form of Restricted Stock Unit Award Agreement, with such awards to be granted under the Company's 2024 Plan. Consistent with that determination, the Board of Directors approved the grant of 60,101 RSUs on September 9, 2025. Each RSU represented the right to receive one share of the Company's common stock upon vesting. The RSUs contained a service-based vesting condition requiring continued service through October 31, 2025, at which point the RSUs vested in full. The RSUs were settled on November 28, 2025.

On December 10, 2025, the Company entered into an amendment to the employment agreement with Raymond F. Vennare dated as of November 1, 2022. Pursuant to the amendment and following approval by the Compensation Committee, Mr. Vennare was awarded 20,000 RSUs. The RSUs contained a service-based vesting condition requiring continued service through January 1, 2026, at which point the RSUs vested in full. The RSUs were settled on February 5, 2026.

During the nine months ended September 30, 2026, 33,330 additional RSUs were granted to employees and consultants under the Company's 2024 Plan. Each RSU represented the right to receive one share of the Company's common stock upon vesting. The RSUs vested in full upon the RSU grant date.

The following table summarizes the Company's RSU activity for the period indicated:

	Number of Shares	Weighted-Average Grant Date Fair Value per RSU
Non-vested RSUs as of December 31, 2025	20,000	$ 5.92
Granted	33,330	$ 5.84
Vested	(53,330)	$ 5.86
Non-vested RSUs as of September 30, 2026	-	

The Company has no unrecognized stock-based compensation expense related to RSUs that is expected to be recognized in a future period.

Stock Options

The Company determines the grant date fair value of options and warrants using a Black-Scholes option valuation model based upon assumptions regarding risk-free interest rate, expected dividend rate, volatility, and estimated term. There were 1,320,000 stock options granted for the nine months ended September 30, 2026. There were no stock options granted for the nine months ended September 30, 2025.

The following table summarizes the Company's stock option activity for the period indicated:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic value
Outstanding as of December 31, 2025	2,925	$ 1,334.98	2.99	-
Issued	1,320,000	$ 3.65	9.50	$ 10,524,004
Expired	(42)	$ 3,055.79	-	-
Exercised	-	-	-	-
Outstanding as of September 30, 2026	1,322,883	$ 6.50	9.49	$ 10,524,004

The fair value of each option grant for the nine months ended September 30, 2026 and 2025, was estimated on the grant date using the Black-Scholes option valuation model with the following assumptions:

	Nine months Ended September 30,	
	2026	2025
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	104.1 - 112.2%	99.4%
Risk-free interest rate	4.22% - 4.8%	4.37%
Expected life (in years)	10	5

The Company has $3.4 million of unrecognized stock-based compensation expense related to stock options that is expected to be recognized over the next approximately three years.

Stock-Based Compensation Expense, Net

Stock-based compensation expense, net of forfeitures, recognized for the three and nine months ended September 30, 2026, was $0.6 million and $1.3 million, respectively. There was $0.3 million of compensation expense recognized for the three and nine months ended September 30, 2025. Such expense is included within general and administrative expenses in the condensed consolidated statements of net income (loss).

NOTE 13 – NET LOSS PER SHARE

Earnings per share accounting requires the presentation of both basic and diluted earnings per share on the face of the statements of net income (loss). Basic net income (loss) per share is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Weighted-average common shares include 7,736,379 pre-funded warrants, because their exercise price is nominal ($0.01 per share) and there are no conditions that must be satisfied before they can be exercised.

Diluted net income (loss) per share adjusts the weighted-average shares for the dilutive effect of potential common shares. Dilutive effects of stock options and warrants are determined using the treasury stock method. Assumed proceeds include the exercise price and the average unrecognized stock-based compensation cost. Options granted during the period are weighted for the portion of the period outstanding. Potential common shares are excluded from diluted net loss per share when their effect would be anti-dilutive, which includes all potential common shares in periods when the Company reports a loss from continuing operations.

The following table presents the shares used in the basic and diluted loss per common share computations:

	Three months Ended September 30,		Nine months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net income (loss) from continuing operations	$ 11,736,027	$ (76,649,003)	$ (11,285,947)	$ (79,823,897)
Net (loss) from discontinued operations	(232,420)	(1,002,841)	(2,125,272)	(2,341,282)
Net income (loss) attributable to common stockholders	11,503,607	(77,651,844)	(13,411,219)	(82,165,179)
Denominator:				
Weighted average common shares outstanding - basic	21,370,333	723,998	20,893,225	603,605
Dilutive effect of stock options, warrants and preferred stock (1)(2)	586,312	-	-	-
Weighted average common shares outstanding - diluted	21,956,645	723,998	20,893,225	603,605

(1) Dilutive effect for the three months ended September 30, 2026, by instrument is as follows:

Options	586,310
Series B Convertible Stock	2
Total dilutive shares	586,312

(2) The following is a summary of the number of underlying shares outstanding at the end of the respective periods that have been excluded from the diluted calculations because the effect on loss per common share would have been anti-dilutive:

	Three Months Ended September 30,		Nine months Ended September 30,	
	2026	2025	2026	2025
Options	297,883	42,113	1,322,883	42,113
Warrants	1,592,749	940,412	1,592,749	940,412
Restricted stock units	-	-	-	-
Preferred stock: Series B	-	-	-	-

NOTE 14 – SEGMENT INFORMATION

The Company's operations are organized and managed as a single operating segment, which is also its sole reportable segment, the Compute Services and Treasury Management segment. The segment provides access to GPU compute capacity, including dedicated infrastructure deployed under the Company's Build model, and manages the Company's ATH treasury strategy. The Company determined its segment in accordance with ASC 280, *Segment Reporting* ("ASC 280"), based on how its Chief Operating Decision Maker ("CODM") manages the business, which is on a consolidated basis. Following the September 2026 disposal of Helomics, which is presented as discontinued operations (Note 3), the Company has no other operating segments.

The CODM is the Company's Chief Executive Officer. The CODM assesses segment performance and decides how to allocate resources, including capital deployed to compute infrastructure, operating expenses and the treasury strategy, using net income (loss) as reported on the condensed consolidated statements of net income (loss). The measure of segment profit or loss is consolidated net income (loss), and the accounting policies of the segment are those described in Note 2. The measure of segment assets is total consolidated assets, which were $686.1 million as of September 30, 2026 and $52.9 million as of December 31, 2025.

The following table presents segment revenue, significant segment expenses regularly provided to the CODM, and segment net income (loss) for the periods presented:

	Three Months Ended September 30,		Nine months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenue	$ 7,243,043	$ -	$ 10,457,323	$ -
Less significant segment expenses:				
Cost of revenues	6,911,526	-	9,924,677	-
General and administrative	2,927,402	2,148,635	7,672,685	5,056,852
Sales and marketing	1,056,189	133,494	2,240,369	406,086
Total significant segment expenses	10,895,117	2,282,129	19,837,731	5,462,938
Other segment items, net income (expense)[1]	15,155,681	(75,369,715)	(4,030,811)	(76,702,241)
Segment and consolidated net income (loss)	**$ 11,503,607**	**$ (77,651,844)**	**$ (13,411,219)**	**$ (82,165,179)**

[1] Other segment items consist of gains and losses on digital assets, other income and expense, unrealized gains and losses on equity securities and the convertible note receivable, gains and losses on derivative instruments, and the results of discontinued operations.

Depreciation and amortization and interest expense are not significant to the segment's results for the periods presented. All revenue for the three and nine months ended September 30, 2026 was generated from GPU compute services under fixed term contracts. Customers that accounted for 10% or more of revenue are presented in Note 4.

NOTE 15 – SUBSEQUENT EVENTS

Contracts with Penguin Solutions

In October 2026, the Company entered into a multi-year strategic partnership with Penguin Solutions ("Penguin"), pursuant to which Penguin will provide deployment and operational services at specified GPU cluster sites that the Company designs, owns and operates in connection with Axe Compute Build, its build-to-order program. The services include Penguin's cluster management software and 24x7 network operations center coverage. The arrangement consists of a five-year term with the total fees over the initial term of $20.8 million. Installments are invoiced on completion of build and deployment services for the respective cluster and on each of the first four anniversaries of that completion.

Appointment of Director

Effective November 9, 2026, the Company's Board of Directors appointed Guang Yang as an independent director and as Chair of the Audit Committee. The Board has determined that Mr. Yang qualifies as an audit committee financial expert under SEC rules. Following his appointment, the Board consists of five directors, a majority of whom are independent. Additional information regarding the appointment is included in the Company's Current Report on Form 8-K filed with the SEC on November 13, 2026.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2026, and our Form 10-K for the year ended December 31, 2025.

Certain information in this Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended ("Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). All statements, other than statements of historical facts, including statements concerning our plans, objectives, goals, beliefs, business strategies, future events, business conditions, our results of operations, financial position and our business outlook, business trends and other information, may be forward-looking statements. You can identify these forward-looking statements by the words "believes," "intends," "expects," "might," "may," "will," "should," "plans," "projects," "contemplates," "budgets," "potential," "predicts," "estimates," "anticipates," "future," "goal," and variations of such words or similar expressions. These statements are based on our beliefs, as well as assumptions we have used based upon information currently available to us. Because these statements reflect our current views concerning future events, these statements involve risks, uncertainties, and assumptions, many of which, by their nature, are inherently uncertain and beyond our control. Our expectations, beliefs, estimates and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs, estimates and projections will result or be achieved, and actual future results may differ materially from what is expressed in or indicated by the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A, under the heading "Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2025 filed with the Securities and Exchange Commission ("SEC") on March 31, 2026, and under "Part II, Item 1A., Risk Factors" in this Quarterly Report on Form 10-Q, if and as such risk factors may be updated from time to time in our periodic filings with the SEC. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and a reader, whether investing in our common stock or not, should not place undue reliance on these forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

Overview

Axe Compute Inc. is a technology company focused on providing high-performance computing infrastructure for artificial intelligence ("AI") workloads by sourcing large-scale graphics processing unit ("GPU") capacity from hardware manufacturers and infrastructure suppliers and deploying that capacity for enterprise customers under long-term service agreements. We assist customers across the full GPU infrastructure stack, including hardware procurement, colocation, networking, storage, and financing. We can also immediately access compute capacity through relationships with third party compute providers to provide customers compute capacity that is already online and available for rent.

Compute Services

Our principal revenue-generating activity is the provision of GPU compute to customers. We primarily provide compute services under two customer models: (1) designing and deploying customized, large scale compute infrastructure solutions for enterprise clients; and (2) providing immediate access to GPU capacity (in as little as 24-48 hours) that is already online and available for rent from third parties.

For customers seeking large-scale, long-duration GPU compute capacity, we build and deploy dedicated compute infrastructure solutions. Under this model, customers contract for dedicated AI infrastructure tailored to their compute, performance, geographic, security, and operational requirements. We coordinate with customers to architect deployments that may include GPU compute, high-speed storage, networking, power infrastructure, and related managed services. Deployments are typically hosted in enterprise-grade data center facilities and are operated by us pursuant to service level commitments. We intend to finance and then retain ownership of the deployed hardware and related infrastructure, while providing customers access to the infrastructure through multi-year service agreements. Customer contracts are typically structured with deposits, prepayments, and recurring monthly payments, including take-or-pay provisions intended to provide income visibility throughout the contract term.

For customers that need immediate access to GPU compute capacity, we provide access to high-performance GPU compute infrastructure. Our access to third-party networks encompasses global locations and GPUs capable of supporting a broad range of artificial intelligence, machine learning, and high-performance computing workloads. Compute capacity is delivered to customers through a managed infrastructure model, typically within 48 hours of customer engagement, without requiring customers to make capital investments in physical hardware or data center facilities.

Legacy Business

The provision of compute services is our priority and remains our focus. In September 2026, we sold Helomics Corporation (“Helomics”), the subsidiary through which we conducted our legacy oncology drug discovery business, to DataMeds AI, Inc. (“DataMeds”). The sale represents the finalization of our strategic shift to focus on GPU compute infrastructure. Helomics’ results are presented as discontinued operations for all periods presented, and we no longer conduct drug discovery operations. See *Note 3 – Discontinued Operations* to the unaudited condensed consolidated financial statements.

Strategic Compute Reserve

On September 29, 2025, we adopted a treasury strategy centered on ATH, the native utility token of the Aethir network. Aethir is a decentralized physical infrastructure network developed by DCI Foundation, a Panama foundation company ("DCI"), that aggregates enterprise-grade GPU resources to support artificial intelligence, cloud gaming and other compute-intensive workloads. ATH functions as a proxy for a unit of GPU compute power and serves as the medium of exchange and incentive mechanism for participants in the Aethir network.

Under this strategy, we maintain a Strategic Compute Reserve comprised primarily of ATH, which provides us with immediate access to GPU compute capacity that can be deployed to customers. As a holder of ATH, we accrue unrealized gains or losses from any appreciation or depreciation, as applicable, in the value of ATH tokens, which trade on various cryptocurrency exchanges.

We seek to generate value from our ATH holdings principally by utilizing ATH to procure GPU compute capacity on the Aethir network and reselling that capacity to enterprise, research, and commercial customers. We have not engaged in ATH staking to date and do not currently intend to stake ATH, although we may elect to do so in the future.

Our Strategic Compute Reserve is intended to create value for stockholders through:

- Maintaining access to GPU compute capacity through ownership of ATH;
- Deploying ATH to acquire compute capacity and reselling that capacity to customers;
- Opportunistically purchasing ATH in the open market, including receiving additional ATH incentives under the DCI agreement;
- Earning yield through lending arrangements and other approved treasury activities;
- Holding ATH as a strategic reserve to support future compute demand; and
- Selling ATH from time to time to support working capital requirements, operational needs or other corporate purposes.

There can be no assurance that the value of ATH will increase, and investors should carefully consider the risks associated with digital assets.

Recent Developments

During the nine months ended September 30, 2026, we appointed Kyle Okamoto as President effective April 1, 2026, and appointed Jeremy Yaukey-Witter as Chief Financial Officer effective May 18, 2026.

On May 15, 2026, in accordance with the terms of the ATM Sales Agreement with Wainwright, we determined to further increase the number of shares we may sell under the Sales Agreement up to an aggregate of $100.0 million, inclusive of approximately $17.0 million of shares previously sold under the Sales Agreement, and we filed an additional prospectus supplement with the SEC on May 15, 2026. The net proceeds from the shares offered and sold pursuant to the ATM Sales Agreement during the nine months ended September 30, 2026, after deduction of commissions and offering expenses, were approximately $10.3 million. As of September 30, 2026, approximately $83.0 million remained available for sales under the Sales Agreement.

In July 2026, we secured three new customer contracts with a total contract value of more than $2.8 billion across the United States and Europe. The agreements, secured through the Axe Compute Build program, expand our design-deploy-own-operate model into additional geographies and add significant dedicated, large-scale AI infrastructure capacity to our global footprint.

On September 11, 2026, we sold all of the issued and outstanding shares of Helomics to DataMeds in exchange for 636,328 shares of DataMeds common stock, representing 19.99% of DataMeds' shares outstanding immediately before closing, and a convertible promissory note with a principal amount of $1.4 million. We also paid DataMeds $1.5 million in cash at closing, representing the remaining base rent obligations under the Helomics leases assigned in the transaction. We recognized a gain on disposal of $0.4 million, and Helomics' results are presented as discontinued operations. See Note 3 – Discontinued Operations.

On September 30, 2026, we acquired 100% of the membership interests of Duos Edge AI – GPUaaS, LLC from Duos Technologies Group, Inc. ("Duos") under an Equity Purchase Agreement and subsequently renamed the acquired entity to Axe Compute Acquisition Co. I, LLC (the "SPV"). The SPV's sole material assets are a cluster of 288 Supermicro NVIDIA B300 NVL8 servers containing 2,304 GPUs (the "Cluster") and related contracts. We paid $87.8 million in cash at closing to satisfy the SPV's outstanding borrowings and related obligations and issued a deferred purchase price of $42.9 million, with all remaining unpaid amounts due on the earlier of September 30, 2027 and the date we or an affiliate enter into a financing secured by the Cluster. We accounted for the transaction as an asset acquisition and recorded the Cluster at a total cost of $124.4 million within property and equipment, net. See Note 1 and "Liquidity and Capital Resources—Financing Transactions" below. In connection with our acquisition of the SPV, the Company's three-year customer contract for the dedicated cluster, previously announced in April 2026, was replaced with a five-year customer contract with similar commercial terms. The cluster is intended to support large-scale AI model training, fine-tuning, and high-throughput inference workloads. The infrastructure will maintain NVIDIA reference architecture throughout the contract period.

In connection with our ongoing Build model contracts, we purchased technology equipment of $225.2 million in the quarter ended September 30, 2026, excluding the Cluster acquired on September 30, 2026 via our acquisition of the SPV. This technology equipment consists of GPU cluster infrastructure and is considered construction in progress as of September 30, 2026 and will begin depreciating when placed in service.

Capital Requirements

Since inception, we have incurred recurring losses and have not generated sufficient revenues to fund our operations. Historically, we have financed our activities through a combination of debt and equity financings. Since 2023, we have monetized certain assets and reduced operating expenses. In September 2025, we adopted the aforementioned treasury strategy, which introduced both new sources of capital and additional capital requirements. See "Liquidity and Capital Resources—Liquidity and Plan of Financing" and "Liquidity and Capital Resources—Financing Transactions" below.

As of September 30, 2026, we had approximately $147.7 million in cash and cash equivalents. Additionally, we also hold significant ATH digital assets, which may serve as an additional source of liquidity. However, the market price of ATH has exhibited significant volatility over recent periods and remains subject to rapid fluctuations driven by factors such as market sentiment, regulatory developments, network adoption, governance decisions of the Aethir Foundation, and broader crypto-asset market conditions.

Additional sources of liquidity include our at-the-market ("ATM") facility, under which approximately $83.0 million remains available as of the prospectus supplement filed with the SEC on May 15, 2026, as well as a standby equity purchase agreement ("SEPA") that allows us to sell up to $10.0 million of our common stock, in each case subject to the terms, conditions, and limitations of the respective arrangements.

Our future cash requirements and the adequacy of our available resources will depend on our ability to generate revenue from our compute services and treasury strategy, as well as our ability to access additional financing. We expect operating losses to continue in the near term as we scale these initiatives. Given our recent strategic shift, our future operating results are inherently uncertain, and period-to-period comparisons may not be indicative of future performance.

Results of Operations

Comparison of the three months ended September 30, 2026 and 2025:

	2026	2025	Difference
Revenue	$ 7,243,043	$ -	$ 7,243,043
Gains (losses) on digital assets	10,477,971	-	10,477,971
Cost of revenues	6,911,526	-	6,911,526
General and administrative expenses	2,927,402	2,148,635	778,767
Sales and marketing expenses	1,056,189	133,494	922,695
Total operating gain (loss)	6,825,897	(2,282,129)	9,108,026
Other income (expense)	4,910,130	(74,366,874)	79,277,004
Income (loss) from continuing operations	11,736,027	(76,649,003)	88,385,030
Income (loss) from discontinued operations	(232,420)	(1,002,841)	770,421
Net income (loss)	$ 11,503,607	$ (77,651,844)	$ 89,155,451

Comparison of the nine months ended September 30, 2026 and 2025

	2026	2025	Difference
Revenue	$ 10,457,323	$ -	$ 10,457,323
Gains (losses) on digital assets	(6,943,649)	-	(6,943,649)
Cost of revenues	9,924,677	-	9,924,677
General and administrative expenses	7,672,685	5,056,852	2,615,833
Sales and marketing expenses	2,240,369	406,086	1,834,283
Total operating gain (loss)	(16,324,057)	(5,462,938)	(10,861,119)
Other income (expense)	5,038,110	(74,360,959)	79,399,069
Income (loss) from continuing operations	(11,285,947)	(79,823,897)	68,537,950
Income (loss) from discontinued operations	(2,125,272)	(2,341,282)	216,010
Net income (loss)	$ (13,411,219)	$ (82,165,179)	$ 68,753,960

Revenue. We recognized revenue of $10.5 million for the nine months ended September 30, 2026, compared to no revenue for the nine months ended September 30, 2025. Revenue was $7.2 million for the three months ended September 30, 2026. The increase was driven by the commencement of our compute services business: revenue in the current period was generated from GPU compute services provided under fixed term contracts, while there was no revenue in the prior-year period.

Gains (losses) on digital assets. We recorded a net loss on digital assets of $6.9 million in the nine months ended September 30, 2026, consisting of $5.2 million of unrealized losses and $1.8 million of realized losses, with no such losses recorded in the comparative period. For the three months ended September 30, 2026, we recorded a gain on digital assets of $10.5 million, reflecting increases in the fair value of our ATH holdings and of the embedded derivative related to our Locked ATH. The amounts in the 2026 period primarily represent the change in fair value of our ATH holdings, which were not present in the comparative period.

Cost of revenues. Cost of revenues was $9.9 million in the nine months ended September 30, 2026, including $6.9 million in the three months ended September 30, 2026, with no cost of revenues in the comparative period. Similar to revenue, the increase was due to the commencement of our compute services business and includes $5.0 million of operating lease expense for third-party compute capacity.

General and administrative expenses. General and administrative ("G&A") expenses primarily consist of management salaries, professional fees, consulting fees, administrative fees, and general office expenses. G&A expenses increased by $2.6 million to $7.7 million in the nine months ended September 30, 2026, compared to $5.1 million in the comparable period in 2025. The increase was primarily due to severance expense related to the prior Chief Executive Officer, higher payroll expenses resulting from salary increases for existing employees, hiring of additional employees related to the Compute Services and Treasury Management segment, and increased stock-based compensation expense recognized during the nine months ended September 30, 2026.

Sales and marketing expenses. Sales and marketing expenses consist of expenses required to market and sell our products and services. Sales and marketing expenses increased by $1.8 million to $2.2 million in the nine months ended September 30, 2026, compared to $0.4 million in the comparable period in 2025. The increase was primarily due to increased sales and marketing activities to support the expansion of our compute services business.

Other income. We recognized other income of $0.5 million during the nine months ended September 30, 2026, compared to less than $0.1 million in the comparable period in 2025. Other income in 2026 consisted of income from the Aethir lending arrangement of $0.1 million and $0.3 million of dividend income.

Unrealized gain on equity securities and convertible note receivable. We recognized an unrealized gain of $4.6 million in the three and nine months ended September 30, 2026, reflecting the change in fair value of our investment in DataMeds common stock and the DataMeds convertible note receivable received as consideration for the sale of Helomics, from initial fair values of $0.6 million and $1.2 million, respectively, to $2.0 million and $4.3 million as of September 30, 2026.

Loss on derivative instruments. We recorded a loss on derivative instruments of $74.4 million in the three and nine months ended September 30, 2025, with no such loss in 2026.

Discontinued operations. Loss from discontinued operations, net of the gain on disposal of Helomics, was $2.1 million for the nine months ended September 30, 2026, consisting of a $2.5 million loss from Helomics' operations through its September 11, 2026 sale, partially offset by a $0.4 million gain on disposal, compared to a loss of $2.3 million in the nine months ended September 30, 2025.

Liquidity and Capital Resources

Cash Flows

On September 30, 2026, we had $147.7 million in cash and cash equivalents. Cash and cash equivalents from continuing operations increased by $137.0 million from December 31, 2025, due to the following factors.

Net cash provided by operating activities of continuing operations was $465.2 million in the nine months ended September 30, 2026, compared to net cash used in operating activities of continuing operations of $3.4 million in the nine months ended September 30, 2025. The cash provided by operating activities in the 2026 period was driven primarily by a $569.2 million increase in contract liabilities reflecting customer prepayments for compute capacity, partially offset by $92.7 million of compute prepayments, $9.3 million of lease prepayments capitalized in right-of-use assets, $3.5 million of operating lease liability payments and a $1.0 million increase in accounts receivable. Our net loss from continuing operations of $11.3 million included non-cash net losses on digital assets of $6.9 million, partially offset by a non-cash unrealized gain of $4.6 million on equity securities and the convertible note receivable, which did not affect operating cash flows.

We used cash of $334.7 million in investing activities of continuing operations in the nine months ended September 30, 2026, consisting of $242.3 million to acquire property and equipment, primarily GPU infrastructure for our Build model contracts, $87.8 million for the acquisition of the Cluster, and a $4.6 million non-cash unrealized gain on equity securities and the convertible note receivable that is presented within investing activities in the condensed consolidated statements of cash flows. No cash was used in investing activities of continuing operations in the nine months ended September 30, 2025.

Net cash provided by financing activities of continuing operations was $10.4 million in the nine months ended September 30, 2026, compared to $4.6 million provided by financing activities of continuing operations in the nine months ended September 30, 2025. Cash provided by financing activities of continuing operations in the 2026 period was primarily related to net proceeds of $10.3 million from the issuance of common stock and warrants, including sales under our at-the-market offering program. Cash provided by financing activities of continuing operations in the 2025 period was primarily related to proceeds from the issuance of common stock and warrants.

Discontinued operations used cash of $4.0 million in the nine months ended September 30, 2026, consisting of $2.4 million used in operating activities and $1.6 million used in investing activities, which includes the $1.5 million cash payment to DataMeds at the closing of the Helomics sale, compared to $1.7 million used in the nine months ended September 30, 2025. The 2025 amount included $0.6 million of investing cash provided by the sale of Eagan assets pursuant to the asset purchase agreement executed with DeRoyal in March 2025.

Liquidity and Plan of Financing

Liquidity is a measure of our ability to access sufficient cash flows to meet the short-term and long-term cash requirements of our business operations. We have incurred significant and recurring losses from operations for the past several years. As of September 30, 2026, and December 31, 2025, we had cash and cash equivalents of $147.7 million and $10.8 million, respectively, and working capital of $51.1 million and $38.5 million, respectively, and accumulated deficit of $426.9 million and $413.5 million, respectively.

Our near-term liquidity requirements also include the deferred purchase price issued in connection with our September 30, 2026 acquisition of the SPV. The deferred purchase price has a face amount of $42.9 million, of which approximately $2.1 million is scheduled for payment in the remainder of 2026 and $40.8 million in 2027, including a payment of approximately $34.3 million of all remaining unpaid amounts due no later than September 30, 2027, or earlier if we or an affiliate enter into a financing secured by the Cluster. The obligation is secured by a security interest in the Cluster. Our cash and cash equivalents include customer prepayments received under compute contracts, which we expect to use to fund the purchase and deployment of the related infrastructure. See Notes 4, 7, 8 and 9 to the unaudited condensed consolidated financial statements.

To meet our short-term liquidity needs in the next twelve months, which are primarily comprised of working capital requirements, we have access to various sources of short-term liquidity including cash and cash equivalents and ATH tokens in our treasury. These include approximately 2.6 billion ATH tokens as of September 30, 2026, and an additional 1.6 billion ATH tokens expected to vest over the subsequent twelve-month period. Although we do not anticipate needing to use our ATH to meet our short-term liquidity needs, to the extent necessary, we may seek to use proceeds from the sale of our ATH to meet such needs. Additional sources of liquidity could include our ATM facility and the SEPA facility, subject to certain limitations and conditions associated with the respective facilities.

We consider the ATM facility to be a viable source of incremental liquidity during fiscal year 2026, subject to market conditions. We do not assume immediate or full utilization of the ATM facility in our base-case liquidity forecast. Rather, ATM proceeds are considered a discretionary funding source that could be accessed opportunistically during periods of sufficient market liquidity and pricing stability. Based on current market conditions, we believe that any ATM issuances, if undertaken, could occur in fiscal year 2026.

Additionally, the SEC declared effective our Form S-3 registration statement on July 20, 2026. The registration statement permits us to offer up to $1 billion of securities from time to time. No securities have been issued under the registration statement as of September 30, 2026; however, this registration statement allows for future financing flexibility.

Beyond the next twelve months, our long-term liquidity needs are primarily for obligations related to working capital requirements. Our ability to meet these needs and the adequacy of available funds depend on our ability to generate income from our compute services and treasury strategy, and the availability of future financing to fulfill our business plans. We will also have access to an additional 1.6 billion ATH tokens expected to be vested beyond twelve months from September 30, 2026.

We note that a significant portion of our liquidity is held in ATH, a digital asset, which has exhibited substantial price volatility over recent trailing 3-, 6-, and 9-month periods. We acknowledge that ATH prices are subject to rapid fluctuations due to factors including market sentiment, regulatory developments, network adoption, governance decisions of the Aethir Foundation, and broader crypto-asset market conditions.

We have considered downside price scenarios in which the market price of ATH declines materially over the 12-month period following the balance sheet date. Under these scenarios, the U.S. dollar value of our ATH holdings available for liquidity purposes would be reduced, which has the potential to pressure our ability to fund operating expenses.

We have incorporated these possible scenarios when determining our liquidity; however, we believe we have access to sufficient alternative liquidity sources, as noted above, to weather adverse ATH market price conditions.

Financing Transactions

We have primarily funded our operations through a combination of debt and equity instruments, and a variety of debt and equity offerings. We have no off-balance sheet transactions.

At The Market Offering

We maintain an ATM equity offering program pursuant to a Sales Agreement with Wainwright under which we may offer and sell shares of our common stock from time to time. In May 2026, we increased the capacity under the ATM program to an aggregate of $100.0 million. During the nine months ended September 30, 2026, we received approximately $10.3 million of net proceeds from sales under the ATM program with the most recent bringdown occurring on April 27, 2026. As of September 30, 2026, approximately $83.0 million remained available for future issuances under the program.

Standby Equity Purchase Agreement

In July 2025, we entered into a Standby Equity Purchase Agreement ("SEPA") with YA II PN, Ltd. that provides us with the ability to sell up to $10.0 million of common stock from time to time, subject to the terms, conditions and limitations set forth in the agreement. The facility may provide an additional source of capital to support our operations and growth initiatives. As of September 30, 2026, we have not issued any shares or received any proceeds under the SEPA.

September 2025 Private Placements

In September 2025, we completed private placement transactions consisting of a cash PIPE financing that generated gross proceeds of approximately $50.8 million and a crypto-denominated PIPE transaction for ATH digital assets with a discounted value of approximately $173.3 million. The transactions provided significant capital to support our operational, strategic, and treasury initiatives.

Deferred Purchase Price

In connection with the acquisition of the SPV on September 30, 2026, we issued a deferred purchase price of $42.9 million, payable in 60 monthly installments of $715,000 in arrears, subject to mandatory acceleration: all remaining unpaid amounts are due on the earlier of September 30, 2027 and the date on which we or an affiliate enter into a loan or other financing secured by the Cluster. The deferred purchase price bears no stated interest. We recorded it at its present value of $36.6 million using an imputed interest rate of 17.71%, and we will recognize the $6.3 million discount as interest over the expected 12-month term. The obligation is secured by a security interest in the Cluster held by Duos Technologies until it is paid in full. See Note 1 and Note 8 to the unaudited condensed consolidated financial statements.

Critical Accounting Estimates

Management's discussion and analysis of our financial condition and results of operations is based on our condensed consolidated financial statements and the related notes thereto, which have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). In preparing the condensed consolidated financial statements, we apply accounting policies and estimates that affect the reported amounts and related disclosures. Inherent in such policies are certain key assumptions and estimates made by management, which we believe best reflect our underlying business and economic conditions. Our estimates are based on historical experience and various other factors and assumptions that we believe are reasonable under the circumstances. We regularly re-evaluate our estimates used in the preparation of the condensed consolidated financial statements based on our latest assessment of the current and projected business and economic environment. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty and actual results could differ materially from the amounts reported based on these estimates. There have been no material changes to our critical accounting policies and estimates as described in our Annual Report on Form 10-K for the year ended December 31, 2025, other than those noted below.

Incremental Borrowing Rates for Operating Leases and Deferred Purchase Price

Two of our measurements depend on estimating a rate at which we could borrow on a collateralized basis: operating lease liabilities, which use our incremental borrowing rate ("IBR"), and the non-interest-bearing deferred purchase price for the Cluster, which uses an imputed interest rate. Neither rate is observable. We have limited borrowing history and no rated debt, so each rate requires judgment including evaluating reference rates for secured borrowings, and adjusting for our credit profile, collateral and lease term via input from a third-party valuation provider.

Operating leases. Our compute leases do not provide an implicit rate, so lease liabilities are measured at the present value of fixed lease payments using the IBR at commencement. As of September 30, 2026, operating lease liabilities were $29.9 million, with a weighted average discount rate of 12.3% and a weighted average remaining term of 1.96 years (see Note 9). The IBR is set at commencement and is not updated unless the lease is modified. Its largest effect therefore falls on leases signed but not yet commenced, which have $407.4 million of future payments, are expected to commence in 2026 and 2027 and have terms of two to four years. A higher IBR lowers the initial lease liability and ROU asset and raises interest accretion over the term, and a lower IBR does the reverse. Total operating lease expense is generally straight-line and is not sensitive to the IBR, but the amounts recognized on the balance sheet are.

Deferred purchase price. In connection with the September 30, 2026, acquisition of the SPV, we issued a deferred purchase price ("DPP") with a face amount of $42.9 million, payable in 60 monthly installments of $715,000, with all remaining amounts due on the earlier of September 30, 2027, and the date we or an affiliate enter into a financing secured by the Cluster. Because the obligation bears no stated interest, we recorded it at its present value of $36.6 million using an imputed rate of 17.71% and recorded the $6.3 million discount as a reduction of the liability, to be recognized as interest under the effective interest method. Because the Cluster was recorded as an asset acquisition, the present value is part of its $124.4 million cost, so the rate affects both the carrying amount of the Cluster and the amount of future interest expense. Measuring the DPP requires two estimates:

- The imputed rate – we selected the rate we believe we could obtain for a similar financing secured by the Cluster, considering the collateral, the term, our credit profile and potential rates on comparable GPU-secured financings. A 100-basis point change in the rate would change the recorded present value, the discount and the cost of the Cluster by approximately $0.3 million.
- The expected term – we assumed 12 months, reflecting the mandatory payment date of September 30, 2027. Repayment is accelerated if we enter into a financing secured by the Cluster. If we repay earlier, the unamortized discount would be recognized as interest sooner, and the initial discount would have been smaller.

Estimated Useful Lives of Property and Equipment

Property and equipment is depreciated on a straight-line basis over its estimated useful life. Technology equipment, principally GPU servers and related infrastructure, is depreciated over five to seven years. Useful lives are judgmental. They depend on expected technological obsolescence, the pace of new GPU generations, expected utilization, and the ability to redeploy equipment after the initial customer contract ends. Our customer contracts are generally shorter than the useful lives, so recovery of the asset's carrying amount beyond the contract term depends on re-marketing the equipment.

As of September 30, 2026, property and equipment, net was $366.7 million, all of it construction in progress that had not been placed in service and is not yet depreciating. This includes $242.3 million of GPU infrastructure for Build model contracts and the $124.4 million Cluster acquired on September 30, 2026. Depreciation will begin when each asset is placed in service, and for the Build model equipment we expect that to start in the fourth quarter of 2026. We also expect to continue making substantial purchases of GPU infrastructure. For illustration, assuming no residual value and all construction in progress is placed in service, annual depreciation on the $366.7 million would be approximately $73.3 million at five years and $52.4 million at seven years. A one-year change in the estimated life within that range would change annual depreciation by approximately $9 million to $12 million. We review useful lives each reporting period and assess the equipment for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. A change in estimated useful life is accounted for prospectively. Accelerated obsolescence or an impairment charge could materially affect our results of operations.

Recent Accounting Developments

See "Recently Issued Accounting Pronouncements" under *Note 2 - Summary of Significant Accounting Policies to the unaudited condensed consolidated financial statements of this Quarterly Report on Form 10-Q* for further details.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not required.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), defines the term "disclosure controls and procedures" as those controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as of September 30, 2026. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective as of September 30, 2026.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2026, the Company implemented new processes, controls, and procedures related to revenue recognition for compute services and for its digital asset and compute operations. These changes included enhancements to the Company's policies, people, technologies, and operational processes designed to address the risks associated with digital asset activities as well as preventative and mitigating controls over the acquisition, custody, safeguarding, valuation, and financial reporting of digital assets.

As the Company continues to expand its digital asset and compute operations, management continues to enhance and refine certain processes and controls related to wallet management, custody arrangements, valuation methodologies, and related financial reporting activities in order to support the Company's evolving operations and reporting requirements. Other than the changes described herein, there were no changes in the Company's internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the quarter ended September 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the ordinary course of business, we may periodically become subject to legal proceedings and claims arising in connection with ongoing business activities from time to time. The results of litigation and claims cannot be predicted with certainty, and unfavorable resolutions are possible and could materially affect our results of operations, cash flows or financial position. In addition, regardless of the outcome, litigation could have an adverse impact on us because of defense costs, diversion of management attention and resources and other factors.

Information regarding our legal proceedings can be found in *Note 8, Commitments and Contingencies*, to the unaudited condensed consolidated financial statements of this Quarterly Report on Form 10-Q.

ITEM 1A. RISK FACTORS

Except as set forth below, there have been no material changes to our risk factors from those disclosed under "Risk Factors" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on March 31, 2026 (the "2025 Form 10-K"). On September 9, 2026, we filed a Current Report on Form 8-K furnishing supplemental risk factors that reflect our expansion into the purchase, ownership, and operation of GPU computing infrastructure deployed in data center facilities. The risk factors set forth below supplement and update the risk factors disclosed in the 2025 Form 10-K and should be read together with the risk factors and other information contained in the 2025 Form 10-K and our other filings with the SEC. To the extent the following is inconsistent with the risk factors in the 2025 Form 10-K, the following supersedes those risk factors. Any of the following risks could materially and adversely affect our business, financial condition, results of operations, and prospects, and the trading price of our common stock could decline. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Ownership and Operation of GPU Computing Infrastructure

Our expansion into owning and operating GPU computing infrastructure is capital-intensive and will require substantial and growing capital expenditures, and any inability to obtain capital on acceptable terms may adversely affect our business.

We have historically pursued an asset-light operating model under which we did not own GPU computing hardware within physical data center facilities and instead provided access to GPU compute capacity primarily through infrastructure made available by the Aethir network. We have now expanded our business to purchase, own, and operate GPU computing hardware. This owned-asset model is substantially more capital-intensive than our prior model and will require significant and growing capital expenditures to procure, deploy, maintain, upgrade, and expand our infrastructure. We expect to fund these expenditures through a combination of customer deposits and prepayments, cash from operations, and equity and debt financing, which may not be available to us on favorable terms, or at all. If adequate financing is not available when required, we may be unable to acquire the hardware and infrastructure necessary to fulfill our customer commitments or execute our growth strategy. If we raise additional funds through equity or convertible securities, our existing stockholders may experience substantial dilution, and any such securities may have rights, preferences, and privileges senior to those of our common stock.

The GPUs and related infrastructure we will now own are subject to rapid technological obsolescence, and our results of operations depend on our ability to accurately estimate their useful lives and to avoid impairment of these assets.

Unlike our prior model, in which we did not own the underlying compute hardware, we now bear the full economic risk of the GPUs and related equipment we purchase. GPU technology is advancing rapidly, and newer generations of GPUs that offer materially better performance, efficiency, or total cost of ownership are introduced frequently. As a result, the GPUs and related infrastructure we will now own may become obsolete, decline in value, or generate lower pricing and utilization than we anticipate before the end of their expected useful lives. We must make estimates regarding the useful lives of our computing equipment and our ability to redeploy that equipment beyond the term of any initial customer contract, and we cannot guarantee that these estimates will prove accurate. If our assumptions regarding useful lives, residual values, redeployment, or utilization prove incorrect, or if events or changes in circumstances indicate that the carrying amount of our infrastructure may not be recoverable, we may be required to accelerate depreciation or record material impairment charges, which could materially and adversely affect our reported financial results.

A substantial portion of our compute revenue is expected to be derived from a limited number of customers and contracts, and the loss of, or non-performance by, any such customer would adversely affect our business.

We expect that, for the foreseeable future, a substantial portion of our compute revenue will be concentrated among a small number of customers and contracts. This concentration exposes us to heightened counterparty credit risk and to the risk of non-payment or non-performance, including in the event a customer experiences financial difficulty, insolvency, or bankruptcy. Although certain of our contracts are structured on a take-or-pay basis and secured with a deposit, prepayment, and monthly in-advance payments, we cannot assure you that a customer will perform its obligations, that the definitive agreements will be enforceable in accordance with their terms, or that a customer will exercise any renewal option. The loss of, a default by, a dispute with, or a significant reduction in spending by any one of our major customers, or our inability to replace such revenue on comparable terms, could have a disproportionate adverse effect on our business, results of operations, and financial condition.

Our Georgia AI cluster revenue depends on a single reseller, Duos, which also owns the facility and bears its power and colocation costs.

We do not contract directly with the ultimate user of our Georgia AI cluster. We provide capacity to Duos Edge AI, Inc. (“Duos”), which resells it to Meta 1 Network Group Limited (“Meta 1”). In October 2026, we terminated our direct master services agreement with Meta 1, and we no longer have a direct contractual relationship with Meta 1, so we have no direct recourse against Meta 1 for nonpayment or nonperformance and must rely on Duos to enforce its rights against Meta 1. Duos also owns and operates the facility in which the cluster is located and has agreed to bear colocation and energy costs for the five-year term. Duos is an affiliate of Duos Technologies Group, Inc. (“Duos Technologies”), the seller of the cluster and the holder of a security interest in it, as described below, so a single corporate group serves as our reseller, facility owner and operator, energy and colocation cost-bearer, and secured creditor with respect to the cluster. We therefore face concentrated credit and performance risk with respect to Duos and its affiliates and, indirectly, Meta 1 and its customers. If Duos experiences financial difficulty, breaches or terminates its agreements with us, fails to pay facility or power costs, or has a dispute with Meta 1, we could lose revenue, be required to bear facility and power costs directly, or be required to relocate the cluster, any of which could materially and adversely affect our business. Any dispute with Duos or its affiliates under one of these arrangements could also adversely affect our rights or relationships under the others.

Our compute business depends on the operation of dedicated data center facilities, including the availability of reliable power and cooling, and operational failures at these facilities could materially disrupt our ability to serve customers.

Our expanded business depends on deploying and operating owned GPU infrastructure within dedicated data center facilities. The performance, availability, and delivery of our services depend on numerous factors, many of which are outside our control, including the continued availability and functioning of power and cooling systems, the success or failure of redundancy, disaster recovery, and business continuity systems, and decisions or failures by the third-party owners and operators of the facilities in which our infrastructure is installed. Such data centers and associated infrastructure are also subject to risks of damage, interruption, or destruction from power outages, equipment failures, fires, floods, natural disasters, physical or cybersecurity attacks, human error, and other events. Because the deployment under our largest contract to date is concentrated in a single facility, any prolonged outage, capacity constraint, or other disruption affecting that facility could prevent us from meeting contracted service levels, expose us to service credits, penalties, or termination rights, and materially and adversely affect our business.

Our business could be harmed if we are unable to secure sufficient power, or by increases in the cost of power or the imposition of new regulatory requirements on data center power consumption.

Operating owned GPU infrastructure requires access to substantial, reliable, and cost-effective electrical power; our largest deployment to date requires approximately 5 megawatts of committed power capacity alone. The rapid expansion of AI and large-scale data center development has significantly increased electricity demand in certain markets, and policymakers, utilities, and regulators are increasingly scrutinizing the impact of data centers on ratepayers, grid reliability, and the environment. We may face power outages, shortages, capacity constraints, interconnection delays, or significant increases in the cost of securing power, any of which could limit our ability to operate or expand our infrastructure. In addition, governments may impose new requirements on data center operators, including obligations to fund grid upgrades, procure dedicated generation, enter into long-term capacity arrangements, accept curtailment during periods of grid stress, or satisfy additional permitting, carbon reporting, or cost-allocation requirements, and may restrict, condition, or delay new data center development. The global energy market has experienced significant volatility and inflationary pressure, and we expect power costs to remain volatile and unpredictable. Any of these developments could increase our operating costs, impair our ability to serve customers, delay our growth, and materially and adversely affect our business.

We depend on a limited number of suppliers, and primarily on NVIDIA, for the GPUs and other hardware we purchase, and any supply disruption, delay, or price increase could impair our ability to deploy infrastructure and fulfill customer commitments.

Our ability to acquire and deploy owned GPU infrastructure depends on our ability to procure GPUs and related hardware in sufficient quantities, on acceptable terms, and within timeframes consistent with our customer commitments. We source GPU hardware primarily from NVIDIA, which is currently the dominant supplier of GPUs used for AI training and inference, and we do not manufacture any hardware ourselves. Reliance on a limited number of suppliers exposes us to a range of risks, including limited availability of the latest-generation components, lack of control over production costs, delivery, and pricing, extended or unpredictable lead times, the potential for binding price or purchase commitments at above-market rates, supplier prioritization of other customers, and shifts in market-leading technologies away from those offered by our current suppliers. Our suppliers in turn rely on complex networks of third-party suppliers, including semiconductor foundries such as Taiwan Semiconductor Manufacturing Company, and any disruption affecting these upstream suppliers, whether due to geopolitical factors, capacity constraints, or natural disasters, could affect the availability and cost of the hardware we require. The loss of or significant disruption to our access to NVIDIA GPU supply and related hardware, any delay or failure in delivery under our purchase orders, any inability to fund our purchase commitments when due, or material price increases or extended delivery lead times, could delay our deployments, reduce our available capacity, and materially and adversely affect our business.

We may be unable to deploy our owned infrastructure on the timelines we have committed, and delays in deployment could result in penalties, lost revenue, or reputational harm.

Our largest contract to date contemplates a dedicated cluster purpose-built to the customer's specifications, with a targeted deployment start in the fourth quarter of 2026. The procurement, integration, configuration, and commissioning of large-scale GPU clusters and associated storage, networking, power, and cooling infrastructure is complex and subject to numerous potential points of failure, including hardware delivery delays, facility readiness, the availability of data center equipment such as switchgear, power distribution units, and cooling equipment, the availability of skilled labor, and dependence on third-party facility operators and contractors. Our forward-looking statements regarding deployment are subject to risks relating to the execution and enforceability of the definitive agreement, hardware supply chain constraints, and facility readiness. If we are unable to deploy contracted infrastructure on the agreed schedule, we may be subject to service credits, penalties, delayed or reduced revenue, customer disputes, termination rights, or reputational harm, any of which could materially and adversely affect our business.

If customer demand is insufficient to utilize the capacity we build, or if we are unable to redeploy infrastructure following the expiration or termination of a contract, we may not realize the expected returns on our capital investments.

The owned-asset model requires us to commit substantial capital to acquire and deploy infrastructure, often in advance of, or in reliance upon, specific customer contracts. Our expected returns depend on sustained customer demand and high utilization of the capacity we build. If a customer reduces its usage, does not renew or terminates its contract, or if we are otherwise unable to redeploy or resell capacity on economically attractive terms following the expiration of an initial contract term, we may experience underutilized capacity, stranded assets, reduced margins, or impairment charges. Because our infrastructure is purpose-built and concentrated, and because GPUs are subject to rapid obsolescence, we may be unable to repurpose assets for other customers or workloads without incurring additional cost or delay. Any failure to achieve sufficient utilization of our owned infrastructure could materially and adversely affect our business, results of operations, and financial condition.

We expect to incur indebtedness and to use secured or asset-backed financing structures to fund our infrastructure, and our leverage could adversely affect our financial condition and flexibility.

To fund the acquisition of GPU infrastructure, we may incur substantial indebtedness and may pursue secured financing arrangements, including asset-backed, equipment-financing, or other collateralized structures, in which our GPUs and related assets serve as collateral. Companies in our industry carry significant indebtedness and finance GPU purchases through delayed draw term loans, original equipment manufacturer financing arrangements, and similar structures secured by the depreciable cost of GPU servers. A substantial level of indebtedness could require us to dedicate a significant portion of our cash flow to debt service, increase our vulnerability to adverse economic and industry conditions, limit our ability to obtain additional financing, restrict our operational and strategic flexibility through restrictive covenants, and expose us to the risk of acceleration or foreclosure on pledged assets in the event of a default. The management of a more complex capital structure, including multiple layers of secured and unsecured debt with differing covenants, maturities, and priorities, could increase our financial and operational risks and heighten the risk of disputes among creditors. Rising or volatile interest rates would increase the cost of any floating-rate indebtedness, and we may be required to enter into interest rate hedging arrangements that may not be effective.

We owe a substantial deferred purchase price for our Georgia AI cluster, secured by the cluster, and may be unable to pay or refinance it when due.

In connection with our September 30, 2026 acquisition of the SPV, we agreed to pay Duos Technologies Group, Inc. a deferred purchase price of $42.9 million in monthly installments of $715,000, with any unpaid balance due in full by the earlier of twelve months after signing and the date we enter into a financing secured by the cluster. Duos Technologies holds a security interest in the cluster securing the deferred purchase price until it is paid in full. Because the monthly installments alone would not retire the balance before it matures, we expect to need to refinance a substantial portion of the deferred purchase price. If we are unable to obtain refinancing on acceptable terms, or at all, before the balance comes due, we may default, and Duos Technologies could foreclose on the cluster, which generates substantially all of our owned-infrastructure revenue. Because the balance accelerates upon any cluster-secured financing, the deferred purchase price may also reduce the net proceeds available to us from any such financing.

We may not realize the anticipated benefits of our acquisition of the Georgia AI cluster or any future acquisitions, and acquisitions may expose us to unknown liabilities.

On September 30, 2026, we acquired the SPV, which owns our Georgia AI cluster, and we may pursue additional acquisitions of GPU infrastructure or related businesses. We may not realize the revenue, utilization, or other benefits we expect from these acquisitions, including if the customer arrangements for the acquired cluster do not perform as anticipated. Acquisitions involve risks, including difficulties integrating acquired assets, operations, personnel, and systems; diversion of management attention; reliance on representations, warranties, and indemnities from sellers that may be limited or unenforceable; and exposure to liabilities of the acquired business that were unknown or greater than anticipated. Acquisitions may also require us to incur indebtedness or other deferred payment obligations, issue equity securities that dilute our stockholders, or record impairment of goodwill or other acquired assets, any of which could materially and adversely affect our business, financial condition, and results of operations.

We have a limited operating history operating an owned-infrastructure GPU business, which makes it difficult to evaluate our business and prospects.

We have only recently expanded into purchasing, owning, and operating GPU computing infrastructure, and we have a limited operating history under this business model. Our prior compute model was asset-light and distributed, and the owned-infrastructure model requires different capabilities, including the procurement and lifecycle management of hardware, the operation of dedicated data center deployments, the management of large multi-year take-or-pay contracts, and the management of capital-intensive financing. Our limited experience delivering and managing longer-term, large-scale customer contracts may expose us to cost overruns, underutilized capacity, performance obligations, service-level commitments, and other contractual liabilities. As a result, our historical results are not indicative of our future performance, our future results may be difficult to predict and may fluctuate significantly from period to period, and you should consider our business and prospects in light of the risks and uncertainties frequently encountered by companies operating in new and rapidly evolving capital-intensive markets.

The energy and environmental demands of data centers and GPU compute infrastructure may constrain the growth of the compute market and result in increased regulatory costs or operational limitations.

Data centers are significant consumers of electrical power, and this level of energy consumption has attracted increasing scrutiny from regulators, utilities, and environmental groups, which may result in additional restrictions, permitting requirements, carbon reporting obligations, or energy surcharges that increase the cost of GPU compute infrastructure. Because we will now own and operate GPU computing infrastructure deployed in dedicated data center facilities that require substantial committed power, including approximately 5 megawatts of dedicated power for our largest deployment to date, constraints on available power capacity, increases in the cost of power, and new regulatory or environmental requirements directly affect our operating costs and our ability to expand. In addition, reputational and environmental, social, and governance concerns relating to the energy and water footprint of AI compute infrastructure could adversely affect our business relationships, our access to capital, and our ability to obtain permits and approvals.

Geopolitical tensions and trade restrictions, particularly between the United States and China, could disrupt GPU supply chains and limit our addressable market.

The global GPU compute market depends heavily on complex international supply chains, including semiconductor manufacturing concentrated in Taiwan and South Korea, and geopolitical tensions between the United States and China have already resulted in restrictions on the export of certain advanced semiconductors, including certain NVIDIA GPU products. Because we will now own GPU hardware sourced primarily from NVIDIA, geopolitical tensions, tariffs, economic sanctions, and export controls directly affect the cost, availability, and delivery lead times of the GPUs and related components we acquire. Increasing use of tariffs and export controls has impacted, and may in the future impact, the availability and cost of GPUs and other components, and expansion or reinterpretation of U.S. export controls covering advanced computing hardware could limit the availability of components or require reconfiguration of our deployment plans. Any such disruption could increase our procurement costs, delay our deployments, and materially and adversely affect our compute business and our ability to execute our strategy.

Demand for GPU compute is highly concentrated, and a slowdown in AI-related spending or the development of excess industry capacity could adversely affect our business.

A substantial portion of current and projected demand for GPU compute infrastructure is driven by a small number of large technology companies and government-sponsored AI programs, and any significant reduction in their capital expenditures could have a disproportionately negative impact on the broader GPU compute market. In addition, a substantial portion of our own compute revenue is now expected to be derived from a limited number of customers and contracts, including our thirty-six-month enterprise engagement of approximately $260 million announced in April 2026 and the customer agreements for our Georgia AI cluster, from which we expect to generate approximately $364.6 million in revenue over their term. A slowdown, deferral, or reprioritization of AI-related customer spending, or the development of excess industry capacity if anticipated AI workloads do not materialize, could result in pricing pressure, reduced utilization, longer sales cycles, contract renegotiations, or impairment charges, any of which could be magnified by the capital-intensive, owned-asset nature of our expanded business.

Advances in AI model efficiency could reduce demand for GPU compute, adversely affecting the value of our compute business and our owned infrastructure.

A key driver of demand for GPU compute is the scale required to train and run AI models, and consistent advances in AI model efficiency — such as new architectures, training techniques, or algorithmic improvements that achieve equivalent or superior results using significantly less compute — could substantially reduce demand for raw GPU compute capacity. Because we will own GPU hardware rather than relying solely on a distributed network, a significant and sustained reduction in GPU compute demand could reduce the utilization, pricing, and resale or redeployment value of our owned infrastructure, and could require us to recognize accelerated depreciation or impairment charges, in addition to adversely affecting the value of our ATH treasury holdings.

Security breaches and other disruptions affecting our infrastructure or the facilities in which it is housed could compromise sensitive information and expose us to liability.

Our business requires that we collect and store sensitive data, and our information technology and infrastructure are susceptible to attacks by hackers, viruses, employee error, malfeasance, or other activities. In addition, our owned GPU computing infrastructure and the data center facilities in which it is deployed are subject to physical and cybersecurity risks, including attacks by outside parties (whether private or state-backed), human error, malfeasance, insider threats, system vulnerabilities, and inadequate security controls, any of which could result in service outages, unauthorized access to or loss of customer data and workloads, or damage to our infrastructure. Our enterprise customers contract for dedicated infrastructure in part to ensure that their proprietary data remains within a controlled facility boundary, and any physical or cybersecurity incident affecting our infrastructure or the facilities in which it is housed could expose us to service-level penalties, contractual liability, loss of customers, regulatory exposure, and reputational harm.

If our information technology and communications systems, or the infrastructure and facilities on which our compute business depends, fail or experience a significant interruption, our business could be materially and adversely affected.

The efficient operation of our business is dependent on information technology and communications systems, the failure of which could disrupt our business and result in decreased revenue and increased overhead costs. Our expanded business further depends on the continuous operation of owned GPU computing infrastructure housed in third-party data center facilities, and the availability and performance of that infrastructure depend on power, cooling, network connectivity, redundancy systems (including N+1 redundant power), and the performance of the third-party operators of the facilities in which our equipment is installed. The failure of any of these systems or services, including any failure of redundancy or disaster recovery measures, could prevent us from meeting contracted service levels and could materially and adversely affect our reputation, business, and results of operations.

Our expansion into owned GPU infrastructure has materially increased our capital requirements and our dependence on external financing.

We have a history of negative operating cash flows and have funded our operations in part through at-the-market and private placement equity financings, with a significant portion of our liquidity held in ATH, a digital asset whose market price has exhibited substantial volatility. Our expansion into purchasing and owning GPU computing infrastructure has materially increased our capital expenditure requirements and our dependence on external financing, and our liquidity needs are now driven in part by the substantial upfront and ongoing costs of acquiring, deploying, maintaining, and expanding owned hardware and data center capacity. Although certain of our contracts are supported by customer deposits, prepayments, and monthly in-advance payments on a take-or-pay basis, these amounts may be insufficient to fund our capital requirements, and our reliance on volatile sources of liquidity, including the price of ATH, may further constrain our ability to fund these commitments.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended September 30, 2026, there were no unregistered sales of securities that were not reported on a Current Report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS

Exhibit Number	Description
2.1+	Equity Purchase Agreement, dated September 30, 2026, by and between the Company and Duos Technologies Group, Inc., relating to Duos Edge AI – GPUaaS, LLC.
2.2+	Stock Purchase Agreement, dated as of September 11, 2026, by and between DataMeds AI, Inc. and Axe Compute Inc. (filed on September 17, 2026 as an exhibit to our Current Report on Form 8-K and incorporated herein by reference).
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

*** Filed herewith**
**** Furnished herewith**
+ Schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AXE COMPUTE INC.

Date: November 17, 2026

By: /s/ Christopher Miglino
Christopher Miglino
Chief Executive Officer

Date: November 17, 2026

By: /s/ Jeremy Yaukey-Witter
Jeremy Yaukey-Witter
Chief Financial Officer

Exhibit 2.1

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. [***] INDICATES THAT INFORMATION HAS BEEN REDACTED.

EQUITY PURCHASE AGREEMENT

by and among

AXE COMPUTE INC.,
a Delaware corporation

DUOS EDGE AI – GPUaaS, LLC,
a Delaware limited liability company

and

DUOS TECHNOLOGIES GROUP, INC.,
a Florida corporation

Dated as of September 30, 2026

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EQUITY PURCHASE AGREEMENT

THIS EQUITY PURCHASE AGREEMENT (this "Agreement"), dated as of September 30, 2026, is by and among Axe Compute Inc., a Delaware corporation (or its designated wholly owned acquisition subsidiary) ("Buyer"), Duos Edge AI – GPUaaS, LLC, a Delaware limited liability company (the "Company"), and Duos Technologies Group, Inc., a Florida corporation ("Seller"). Seller, the Company and Buyer are referred to in this Agreement from time to time each as a "Party" and collectively as the "Parties".

RECITALS

A. Seller owns 100% of the issued and outstanding membership interests of the Company (the "Interests").

B. The Company is a special-purpose vehicle formed under the laws of the State of Delaware whose sole material assets are (i) the Cluster (as defined below) and (ii) all contracts and accounts relating to the Company's ownership, operation, hosting, colocation, power, management, monetization and financing of the Cluster.

C. The Company acquired the Cluster and related rights and interests from Seller pursuant to a Sale and Contribution Agreement dated as of the date of the LSA (the "Sale and Contribution Agreement").

D. The Company is the borrower under that certain Loan and Security Agreement dated as of May 29, 2026 (the "LSA"), among the Company, Seller, GPU Finance Ltd., a British Virgin Islands company (as Administrative Agent and Collateral Agent, "GPU Finance"), and the Lenders party thereto (the "Lenders"), pursuant to which GPU Finance holds a first-priority lien on substantially all assets of the Company.

E. The Servers (as defined below) included in the Cluster were initially acquired by Hydra Host Inc. pursuant to the SMCI Purchase Order (as defined below) with Super Micro Computer, Inc. ("SMCI"), with payment obligations assigned to Seller and GPU Finance pursuant to the Notice and Consent to Assignment dated April 1, 2026, and the Servers are subject to SMCI's security interest until payment in full of the SMCI Purchase Order.

F. The Reserve Remittance held by Wilmington Trust in the LSA Escrow Account will be released and paid to SMCI in satisfaction of all obligations under the SMCI Purchase Order (the "SMCI Payoff"), pursuant to the Joint Written Instructions, upon Buyer's delivery of written direction to Wilmington Trust authorizing such release following the transfer of the Interests at the Closing, and SMCI will terminate its security interest in the Servers and file UCC-3 termination statements with respect to all UCC financing statements filed in connection with the SMCI Purchase Order.

G. Concurrently with the Closing: (i) Buyer will wire the GPU Finance Payoff Amount directly to GPU Finance; and (ii) upon Buyer's wire transfer of the GPU Finance Payoff Amount, the LSA will be deemed satisfied in full (collectively, the "LSA Payoff"), and all liens, security interests and other encumbrances held by GPU Finance and the Lenders shall be released and terminated.

H. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, free and clear of any and all Liens (giving effect to the SMCI Payoff, the LSA Payoff and the releases contemplated thereby), 100% of the Interests.

I. Buyer has conditioned its willingness to enter into the transactions contemplated hereby upon its receipt of the representations, warranties and covenants of Seller and Company contained in this Agreement and the other Transaction Documents to which Seller and Company are a party, and such representations, warranties and covenants of Seller and Company are a material inducement to Buyer to enter into the transactions contemplated hereby.

AGREEMENT

In consideration of the mutual promises and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

1.1 Definitions. When used in this Agreement, the following terms shall have the meanings assigned to them in this Section 1.1.

"Adverse Consequences" means any and all Liabilities, losses, damages, deficiencies, penalties, fines, Taxes, demands, claims, costs and expenses (including reasonable fees and expenses of attorneys, accountants and other experts paid in connection with the investigation or defense of, and all amounts paid in settlement with respect to, any of the foregoing or any Proceeding relating to any of the foregoing); provided, however, Adverse Consequences shall exclude punitive, exemplary, special, indirect, incidental, consequential, multiple-of-earnings or lost-profits damages, except to the extent actually awarded and payable to a third party in connection with a Third Party Claim.

"Affiliate" means, with respect to any Person, any other Person that (a) directly or indirectly controls, is controlled by or is under common control with such Person, (b) is a descendant (including by adoption) of such Person's grandparents or a descendant (including by adoption) of the grandparents of such Person's spouse and any of such Person's brother-in-law or sister-in-law or (c) lives in the same primary residence as such Person. As used herein, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such a Person, whether through ownership of voting securities, by contract or otherwise.

"Anti-Money Laundering Laws" means all laws applicable to the Parties which prohibit and/or are directed at preventing or regulating money laundering, or the obfuscation of the nature, source, or origin of funds, including but not limited to the United States Money Laundering Control Act of 1986; the financial recordkeeping and reporting requirements of the U.S. Currency and Foreign Transaction Reporting Act of 1970; and the EU Anti-Money Laundering Directives.

"Benefit Plan Investor" has the meaning assigned to such term in 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.

"Business Day" means any day except Saturday, Sunday, any statutory holiday in the State of Delaware or any other day on which the principal chartered banks in the State of Delaware are closed for business.

"Buyer Indemnified Parties" means Buyer, the Company and Buyer's other Affiliates and their respective equity holders, partners, directors, managers, officers, employees, agents and representatives.

"Cash" means cash and cash equivalents of the Company as of 12:01 a.m. Eastern Time on the Closing Date, as determined in accordance with GAAP consistently applied, excluding any transactions outside the Ordinary Course of Business occurring on the Closing Date before the Closing. For the avoidance of doubt, "Cash" shall be (a) reduced by the amount of issued but uncleared checks and drafts made by the Company and (b) increased by checks and drafts deposited for the account of the Company but not yet reflected as available proceeds in the applicable accounts (to the extent the proceeds from such deposited checks and drafts become available); provided that to the extent such check or draft relates to an account receivable, such account receivable shall be reduced by the same amount.

"Cluster" means the [***] servers containing 2,304 GPUs and associated networking and infrastructure equipment owned by the Company, together with all related warranties, maintenance rights and benefits relating thereto.

"Code" means the U.S. Internal Revenue Code of 1986, as amended.

"Confidential Information" means all information of a confidential or proprietary nature (whether or not specifically labeled or identified as "confidential"), in any form or medium, of the Company or its customers, suppliers, distributors or other business relations, including all information concerning finances, customer information, supplier information, products, services, prices, organizational structure and internal practices, forecasts, sales and other financial results, records and budgets, and business, marketing, development, sales and other commercial strategies, unpatented inventions, ideas, methods and discoveries, trade secrets, know-how, unpublished Patents and other confidential Intellectual Property, documentation, components, object code, schematics, protocols and processes. Confidential Information shall not include any information that is or becomes generally known to and available for use by the public other than as a result of any acts or omissions of Seller, Buyer, or any of their respective Affiliates.

"Contracts" means all contracts, agreements, licenses, commitments, obligations and understandings, in any case whether written or oral, to which the Company is party or by which any of its assets are bound.

"Deferred Purchase Price" means the portion of the Purchase Price equal to $42,900,000 that shall be paid by Buyer to Seller in sixty (60) equal monthly installments of $715,000 over an initial sixty (60)-month term, rather than in cash at the Closing, subject to Section 2.3(f).

"Disclosure Schedules" means the disclosure schedules delivered by Seller to Buyer concurrently with the execution of this Agreement, which are attached hereto as Exhibit A.

"EAR" means the U.S. Export Administration Regulations, 15 C.F.R. Parts 730-774.

"Environmental and Safety Requirements" means any Law that is related to (a) pollution, contamination, cleanup, preservation, protection, reclamation or remediation of the environment, (b) health or safety, (c) the Release or threatened Release of any Hazardous Material, including investigation, study, assessment, testing, monitoring, containment, removal, remediation, response, cleanup, abatement, prevention, control or regulation of such Release or threatened Release or (d) the management of any Hazardous Material, including the manufacture, generation, formulation, processing, labeling, use, treatment, handling, storage, disposal, transportation, distribution, re-use, recycling or reclamation of any Hazardous Material; and includes the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), the Toxic Substance Control Act (15 U.S.C. § 2601 et seq.) and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and their state corollaries.

"Equity Interests" means, with respect to any Person that is not a natural person, any capital stock, partnership interests (whether general or limited), membership interests and any other equity interests or share capital of such Person, any warrants, Contracts or other rights or options to subscribe for or to purchase any capital stock, partnership interests (whether general or limited), membership interests or other equity interests or share capital of such Person, any share appreciation rights, phantom share rights or other similar rights settled into capital stock with respect to such Person or its business and any securities or instruments exchangeable for or convertible or exercisable into any of the foregoing with respect to such Person.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means each Person that can be treated as a single employer with the Company pursuant to Section 414(b), (c), (m) or (o) of the Code.

"Escrow Agent" means Wilmington Trust, National Association, in its capacity as escrow agent under the Master Escrow Agreement and Joinder Agreement.

"Escrow Agreement" means, collectively, the Master Escrow Agreement and the Joinder Agreement, pursuant to which the Reserve Remittance is held by Wilmington Trust in the LSA Escrow Account pending release to SMCI.

"Escrow Side Letter" means that certain side letter dated as of the date hereof among Buyer, SMCI and GPU Finance.

"Executive Order" means Executive Order No. 13224 of September 23, 2001 entitled Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism.

"Export Control Laws" means all U.S. and foreign Laws and regulations relating to export controls, including the U.S. Export Administration Regulations (EAR), the International Traffic in Arms Regulations (ITAR), the U.S. Advanced Computing Rules and any other applicable U.S. or foreign export control Laws and regulations.

"Facility" means the data center facility located at [***], Columbus, Georgia [***], at which the Cluster is located and operated.

"Fundamental Representations" means, collectively, the representations and warranties contained in Sections 3.1 (Organization; Good Standing; Authorization), 3.2 (Title to Interests), 3.3 (Consents and Approvals), 3.5 (No Brokers or Finders), 4.1 (Organization; Good Standing; Authorization), 4.2 (Capitalization), 4.3 (Consents and Approvals), 4.5 (No Brokers or Finders), 4.7 (Absence of Undisclosed Liabilities or Other Activities), 4.9 (Assets), 4.11 (Material Contracts), 4.13 (Litigation), 4.17 (Taxes), 4.19 (Employees; Labor Relations), 4.20 (Transactions with Related Parties) and 4.24 (Anticorruption; Export Controls).

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession that are applicable to the circumstances from time to time.

"Governmental Authority" means any court, tribunal, arbitrator, authority, agency, commission, official, body or other instrumentality of the United States, any foreign country, or any domestic or foreign state, province, county, city, other political subdivision or any other similar body or organization exercising governmental or quasi-governmental power or authority.

"GPU Finance" means GPU Finance Ltd., a British Virgin Islands company, in its capacity as Administrative Agent and Collateral Agent under the LSA.

"GPU Finance Payoff Amount" means the aggregate amount required to satisfy all outstanding Obligations (as defined in the LSA) owed by the Company to GPU Finance and the Lenders under the LSA (other than the SMCI Payoff Amount, which shall be paid to SMCI from the LSA Escrow Account following Buyer's delivery of written direction to Wilmington Trust authorizing such release at the Closing), as set forth in the Payoff Letter, including all principal, accrued interest, fees, prepayment premiums and other amounts payable thereunder.

"Hazardous Material" means (a) any hazardous substance, as defined by the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., as amended from time to time, and regulations promulgated thereunder and all applicable state and local laws, rules, and regulations related to hazardous substances now existing or hereinafter enacted; (b) any hazardous waste, as defined by the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., or state corollaries, as amended from time to time, and regulations promulgated thereunder; (c) petroleum, including crude oil or any fraction thereof; (d) radioactive material, including any source, special nuclear, or byproduct material as defined in 42 U.S.C. § 2011 et seq.; (e) asbestos or asbestos-containing materials; (f) polychlorinated biphenyls; (g) urea formaldehyde; (h) microbial matter, biological toxins, mycotoxins, mold or mold spores; (i) lead-based paint; (j) any toxic substance; (k) radon gas; (l) any explosive or extremely dangerous material; (m) per- and polyfluoroalkyl substances; and (n) other material, substance or waste to which liability or standards of conduct may be imposed, or which requires or may require investigation, under any applicable Environmental and Safety Requirements.

"Hydra Agreement" means that certain AI Factory Services Agreement dated March 11, 2026, between Duos Edge AI, Inc. and Hydra Host, Inc.

"Improper Payment Laws" means the U.S. Foreign Corrupt Practices Act of 1977, or any rules or regulations thereunder, the United Kingdom Bribery Act of 2010, any legislation implementing the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, and any other applicable Law regarding anti-bribery or illegal payments or gratuities issued by a Governmental Authority who has jurisdiction over the Parties.

"Income Taxes" means (a) all Taxes based upon, measured by, or calculated with respect to (i) net income or profits (including any gross receipts, capital gains or minimum Tax but not including any sales, use, real or personal property, transfer or similar Taxes) or (ii) multiple bases (including, but not limited to, corporate franchise or doing business) if one or more Taxes upon which such Tax may be based, measured by or calculated with respect to, is described in clause (a)(i) above, (b) all U.S. federal, state, territorial, local, municipal and non-U.S. franchise Taxes imposed in lieu of Taxes described in clause (a), and (c) any nonresident withholding of Income Taxes required to be made on behalf of any direct or indirect owner of the Company.

"Indebtedness" means, with respect to the Company, without duplication, either (a) (i) all Liabilities for borrowed money, (ii) all Liabilities evidenced by bonds, debentures, notes or other similar instruments or debt securities, (iii) all Liabilities under swaps, hedges or similar instruments, (iv) all Liabilities for the deferred purchase price of any property or services, including earn-outs, (v) all Liabilities created or arising under any conditional sale or other title retention agreement, (vi) all Liabilities secured by a Lien, (vii) all Liabilities under leases which have been or should be, in accordance with GAAP, recorded as capital leases, (viii) outstanding commitments in respect of capital expenditures, (ix) all Liabilities in respect of bankers' acceptances, letters of credit, performance bonds or other similar types of security (in each case valued as of the face amount thereof), (x) all Liabilities of any Person which are directly or indirectly guaranteed by the Company or in respect of which the Company has otherwise assured an obligee against loss, (xi) all Liabilities with respect to deferred or unearned revenue, customer deposits, warranty reserves and any Cash received for projects that have not been completed and (xii) all Liabilities owing to Seller or any Person that is Seller's Related Party, or (b) any Liability of others described in the preceding clause (a) that the Company has guaranteed, that is recourse to the Company or any of its assets or that is otherwise its legal Liability or that is secured in whole or in part by the assets of the Company. For purposes of this Agreement, Indebtedness includes (A) any and all accrued interest, principal, success fees, prepayment premiums, make-whole premiums or penalties and fees or expenses (including attorneys' fees) associated with the prepayment of any Indebtedness, (B) all "cut" but uncashed checks issued by the Company that are outstanding as of the Closing Date, and (C) cash, book or bank account overdrafts.

"Joint Written Instructions" means joint written instructions from GPU Finance and SMCI to Wilmington Trust directing the release of the Reserve Remittance to SMCI.

"Joinder Agreement" means the Joinder Agreement to the Master Escrow Agreement dated June 4, 2026, among GPU Finance (as Depositor), Wilmington Trust (as Escrow Agent), and SMCI (as Beneficiary), pursuant to which SMCI was added as a beneficiary and the LSA Escrow Account was established.

"Intellectual Property" means, collectively, in the United States and all countries or jurisdictions foreign thereto, (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all Patents, (b) all Trademarks, all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all moral rights and copyrights in any work of authorship (including catalogues and related copy, databases, Software, and mask works) and all applications, registrations, and renewals in connection therewith, (d) all trade secrets and confidential business information (including confidential ideas, research and development, know-how, methods, formulas, compositions, manufacturing and production processes and techniques, technical and other data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (e) all Software, (f) all other proprietary and intellectual property rights, (g) all copies and tangible embodiments of any of the foregoing (in whatever form or medium), (h) the exclusive right to display, reproduce, and create derivative works based on any of the foregoing, and (i) all income, royalties, damages and payments related to any of the foregoing (including damages and payments for past, present or future infringements, misappropriations or other conflicts with any intellectual property), and the right to sue and recover for past, present or future infringements, misappropriations or other conflict with any intellectual property.

"IRS" means the U.S. Internal Revenue Service.

"Knowledge" means, when referring to the knowledge of the Company or Seller, or any similar phrase or qualification based on knowledge of the Company or Seller, the actual knowledge of F. Douglas Recker, in his capacity as Chief Executive Officer of Seller and managing member of Company, with respect to the particular matter in question.

"Law" means the common law of any state or other jurisdiction, or any provision of any foreign, federal, state or local law, statute, code, rule, regulation, order, certification standard, accreditation standard, Permit, judgment, injunction, decree or other decision of any court or other arbitrator or tribunal or Governmental Authority.

"Lenders" has the meaning assigned to such term in the Recitals hereto.

"Liabilities" means any indebtedness, Taxes, liabilities or obligations of any nature whatsoever, whether accrued or unaccrued, absolute or contingent, direct or indirect, asserted or unasserted, fixed or unfixed, known or unknown, choate or inchoate, perfected or unperfected, liquidated or unliquidated, secured or unsecured, or otherwise, and whether due or to become due.

"Liens" means all liens, security interests, claims, mortgages, pledges, assessments, covenants, burdens and other encumbrances of every kind.

"LSA Escrow Account" means the Funding Account (as defined in the LSA) established pursuant to the Master Escrow Agreement dated April 7, 2026, among GPU Finance (as Agent), the escrow agent thereunder and the applicable Server Suppliers (as defined in the LSA), into which the Loan Amount (as defined in the LSA) was funded on the Funding Date (as defined in the LSA) and which remains subject to the conditions for release set forth in the LSA and the Master Escrow Agreement.

"Material Adverse Effect" means any event, occurrence, fact, condition, change, development or effect that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (a) the business, results of operations, condition (financial or otherwise), Assets or Liabilities of the Company, including the Cluster, or (b) the ability of Seller or the Company to consummate the transactions contemplated by this Agreement or to perform their respective obligations under this Agreement or the other Transaction Documents; provided, however, that none of the following, alone or in combination, shall be deemed to constitute, or be taken into account in determining whether there has been or would reasonably be expected to be, a Material Adverse Effect: (i) any change in Law or GAAP or the interpretation thereof after the date hereof; (ii) any change in interest rates or general economic, business, regulatory, political, market conditions or customer demand generally affecting the industries in which the Company operates; (iii) any change generally affecting the market for graphics processing units, artificial intelligence infrastructure or high-performance computing services, including the development of next-generation or iterative products; (iv) any hostilities, acts of war, sabotage, terrorism, military actions, cyberattacks (other than a cyberattack directly targeting the Cluster or the Company) or any escalation of any of the foregoing; (v) any hurricane, earthquake, flood or other natural disaster or force majeure event (other than any of the foregoing that causes physical damage to the Cluster or the facility housing the Cluster); (vi) any failure by the Company to meet internal or third-party projections, forecasts, estimates or budgets (it being understood that the underlying causes of such failure may be considered in determining whether a Material Adverse Effect has occurred, unless otherwise excluded by this definition); (vii) the announcement or pendency of this Agreement or the transactions contemplated hereby, including any resulting impact on relationships with customers, suppliers, or employees; or (viii) any action taken by Seller or the Company at the written request of, or with the prior written consent of, Buyer, or any action expressly required to be taken (or expressly prohibited from being taken) by this Agreement; provided that, in the case of clauses (i) through (v), such event, occurrence, fact, condition, change, development or effect may be taken into account to the extent it has a disproportionate adverse effect on the Company, taken as a whole, relative to other similarly situated participants in the industries in which the Company operates. For the avoidance of doubt, any material damage to, or loss, impairment or malfunction of, the Cluster (or any material portion thereof) shall be considered in determining whether a Material Adverse Effect has occurred and shall not be excluded by the foregoing proviso.

"Master Escrow Agreement" means the Master Escrow Agreement dated April 7, 2026, among GPU Finance (as Depositor), Wilmington Trust (as Escrow Agent), and SMCI (as Beneficiary), as supplemented by the Joinder Agreement, pursuant to which the Reserve Remittance is held pending release.

"Monthly Deferred Consideration" means $715,000 per month, representing the monthly installment of the Deferred Purchase Price, and payable monthly in arrears over an initial sixty (60)-month term.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Order" means any order, judgment, ruling, injunction, award, decree or writ of any Governmental Authority.

"Ordinary Course of Business" means the ordinary and usual course of day-to-day operations of the business of the Company through the date hereof consistent with the nature, scope and magnitude of the past custom and practice (including with respect to quantity and frequency) of the Company and does not require authorization by the managers, or owners thereof or otherwise require separate or special authorization of any nature.

"Patents" means all letters patent and pending applications for patents of the United States and all countries and jurisdictions foreign thereto and all reissues, reexaminations, divisions, continuations, continuations-in-part, revisions, and extensions thereof.

"Payoff Letter" means a payoff letter from GPU Finance setting forth (i) the GPU Finance Payoff Amount, (ii) GPU Finance's acknowledgment and agreement that Buyer's wire transfer of the GPU Finance Payoff Amount directly to GPU Finance at the Closing, will satisfy in full all Obligations (as defined in the LSA) owed by the Company, Seller and their Affiliates under or in connection with the LSA and the SMCI Purchase Order, (iii) wire instructions for payment of the GPU Finance Payoff Amount and the Reserve Account Funds to GPU Finance, and (iv) GPU Finance's agreement to release all Liens on the Assets and file UCC-3 termination statements with respect to all UCC financing statements filed against the Company, Seller or any of their Affiliates in connection with the LSA promptly (and in any event within three (3) Business Days) following Buyer's wire transfer of the GPU Finance Payoff Amount.

"Permits" means permits, licenses, registrations, qualifications, certifications, approvals and authorizations by or of Governmental Authorities or any other Person who has licensed, qualified or certified the Cluster or any other assets, products or services of the Company.

"Penguin Agreement" means the managed services agreement to be entered into at or prior to the Closing between the Company and Penguin Computing, Inc., substantially in the form attached hereto as Exhibit C, for the operation, management, monitoring, maintenance and support of the Cluster and related deployment and managed services.

"Person" means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated association, corporation or other entity or any Governmental Authority.

"Post-Closing Tax Period" means any taxable period beginning after the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period beginning after the Closing Date.

"Pre-Closing Tax Period" means any taxable period that ends on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period ending on and including the Closing Date.

"Proceeding" means any action, suit, proceeding, investigation, inquiry, arbitration, mediation, demand, charge, claim, audit or other dispute resolution proceeding.

"Real Property" means the real property, together with the building and improvements located thereon, in which the Cluster is located, operated and maintained.

"Related Party" means (a) Seller, (b) each officer, manager, director or other fiduciary of the Company or Seller, (c) each family member of any director, officer or other fiduciary of the Company or Seller, (d) each trust for the benefit of any of the foregoing, and (e) each Affiliate of any of the foregoing (other than the Company).

"Related Party Transaction" means any Contract, arrangement or transaction between the Company, on the one hand, and any Related Party, on the other hand.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, migrating, or disposing into the indoor or outdoor environment, including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Material.

"Reserve Account" means the reserve account established under the LSA for the benefit of GPU Finance and the Lenders, into which the Required Reserve Deposit (as defined in the LSA) was deposited on the Funding Date.

"Reserve Account Funds" means the funds held in the Reserve Account as of the Closing Date.

"Reserve Remittance" means the portion of the funds held in the LSA Escrow Account designated for remittance to SMCI in satisfaction of the SMCI Purchase Order, as set forth in the Escrow Agreement and to be released pursuant to the procedure under Section 2.3(c).

"Sanctioned Jurisdiction" means, at any time, a country, territory or geographical region which is itself the subject or target of any country-wide Sanctions (including the Crimea, Donetsk and Luhansk regions of Ukraine, Cuba, Iran, and North Korea).

"Sanctions" means economic or financial sanctions, requirements or trade embargoes imposed, administered or enforced from time to time by Governmental Authorities with jurisdiction over Seller or the Company (including OFAC, the U.S. Department of State and the U.S. Department of Commerce), the United Nations Security Council, the European Union, His Majesty's Treasury, or any other relevant Governmental Authority in the jurisdictions in which the Company operates.

"Sanctions Laws" means all Laws and requirements of any jurisdiction, including the U.S., applicable to Seller, its Affiliates or any Party concerning or relating to Sanctions, terrorism or money laundering, including (i) the Executive Order; (ii) the USA PATRIOT Act of 2001; (iii) the U.S. International Emergency Economic Powers Act; (iv) the U.S. Trading with the Enemy Act; (v) the U.S. United Nations Participation Act; (vi) the U.S. Syria Accountability and Lebanese Sovereignty Act; (vii) the U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010; (viii) the Iran Sanctions Act, Section 1245 of the National Defense Authorization Act of 2012; and (ix) any similar Laws enacted, administered or enforced by the U.S., the United Nations Security Council, the European Union, His Majesty's Treasury or any other relevant Governmental Authority in the jurisdictions in which the Company operates.

"Sanctions Target" means any Person: (i) that is the subject or target of any Sanctions; (ii) listed in the annex to, or otherwise subject to the provisions of, the Executive Order; (iii) named in any Sanctions-related list maintained by OFAC, the U.S. Department of State, the U.S. Department of Commerce or the U.S. Department of the Treasury, including the OFAC list of "Specially Designated Nationals and Blocked Persons"; (iv) located, organized or resident in a Sanctioned Jurisdiction that is, or whose government is, the subject or target of Sanctions; (v) which otherwise is, by public designation of the United Nations Security Council, the European Union, His Majesty's Treasury, or any other relevant Governmental Authority in the jurisdictions in which the Company operates, the subject or target of any Sanction; (vi) with which any Party is prohibited from dealing or otherwise engaging in any transaction by any Sanctions Laws; or (vii) owned or controlled by any such Person or Persons described in the foregoing clauses (i)-(vi).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Seller Indemnified Parties" means Seller and Seller's Affiliates, and their respective equity holders, partners, directors, managers, officers, employees, agents and representatives.

"Seller Taxes" means, without duplication, (a) any and all Taxes imposed on Seller for any taxable period, (b) any and all Taxes of or imposed on the Company for any and all Pre-Closing Tax Periods (and determined in accordance with Section 6.3(a)(ii) with respect to any Straddle Period), (c) any and all Taxes imposed in connection with the transactions contemplated by this Agreement (including any Taxes pursuant to Section 6.3(c)), (d) any and all Taxes of an "affiliated group" (as defined in Section 1504 of the Code) (or affiliated, consolidated, unitary, combined or similar group under applicable state, local or foreign Law) of which the Company (or any predecessor of the Company) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulations Section 1.1502-6 (or any predecessor or successor thereof or any analogous or similar state, local or foreign Law), (e) any and all Taxes of or imposed on Buyer, the Company or any of their respective Affiliates as a result of transferee, successor or similar liability (including bulk transfer or similar Laws) or pursuant to any Law or otherwise, which Taxes relate to an event or transaction occurring on or prior to the Closing Date, (f) any and all amounts required to be paid by the Company pursuant to any Tax Sharing Agreement to which the Company was party on or prior to the Closing Date; (g) any and all Taxes imposed as the result of any inaccuracy in or breach of any of the representations or warranties contained in Section 4.17 (Taxes); (h) any withholding Taxes required to be deducted and withheld with respect to any payments made in connection with the transactions contemplated by this Agreement and the other Transaction Documents; (i) any and all Taxes attributable to cash basis receivables (net of any related payables) of the Company that have not yet been taken into income as of the Closing (excluding any such receivables that are accelerated into income of Seller in connection with the Closing); and (j) any and all Taxes payable by Seller in connection with Section 6.3(c).

"Seller Transaction Expenses" means (a) all of the fees, costs and expenses incurred by Seller or the Company in connection with the transactions contemplated by this Agreement, including all fees, costs and expenses payable to attorneys, financial advisors, accountants, insurance or benefits brokers or any other professional advisors and all obligations under any engagement letter or other agreement with any investment banker or broker, (b) all payments by Seller or the Company to obtain any third-party consent required under any Contract in connection with the consummation of the transactions contemplated by this Agreement, excluding such payments as are reimbursable by Buyer pursuant to Section 6.1(c), and (c) any Transfer Taxes.

"Servers" means the [***] servers containing 2,304 GPUs included in the Cluster.

"SMCI Payoff Amount" means the aggregate amount required to satisfy all outstanding obligations under the SMCI Purchase Order, which amount shall be paid from the funds held in the LSA Escrow Account upon delivery of the Joint Written Instructions to Wilmington Trust and Buyer's written direction to Wilmington Trust pursuant to Section 2.3(c)(i) authorizing such release at the Closing.

"SMCI Payoff" has the meaning assigned to such term in Recital F.

"SMCI Purchase Order" means Purchase Order No. [***] (Supermicro SO# [***]) between SMCI and Hydra Host Inc., as assigned pursuant to the Notice and Consent to Assignment dated as of April 1, 2026, among SMCI, Hydra Host Inc., Seller and GPU Finance.

"Software" means all websites and social media accounts (including login credentials), computer software and firmware (including source code, executable code, data, databases, user interfaces and related documentation).

"Straddle Period" means any taxable period that begins on or before and ends after the Closing Date.

"Tax" or "Taxes" means all (a) taxes, charges, withholdings, fees, levies, imposts, duties and governmental fees or other like assessments or charges of any kind whatsoever in the nature of taxes imposed by any U.S. federal, state, territorial, local, municipal, non-U.S. or other Governmental Authority (including those related to income, net income, gross income, receipts, gross receipts, capital, capital stock, windfall profit, severance, property (real and personal), production, sales, goods and services, use, business and occupation, license, excise, registration, franchise, margins, employment, payroll (including social security contributions), unemployment, disability, deductions at source, withholding, alternative or add-on minimum, intangibles, ad valorem, transfer, gains, stamp, customs, duties, estimated, transaction, title, capital, paid-up capital, profits, premium, value added, wealth, net wealth, net worth, recording, inventory and merchandise, business privilege, federal highway use, commercial rent or environmental tax, and any Liability under unclaimed property, escheat, or similar Laws), (b) interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Authority in connection with (i) any item described in clause (a) or (ii) the failure to comply with any requirement imposed with respect to any Tax Return and (c) Liabilities in respect of any items described in clause (a) and/or (b) payable by reason of Contract (including any Tax Sharing Agreement), assumption, transferee, successor or similar Liability, operation of law (including pursuant to Treasury Regulations Section 1.1502-6 (or any predecessor or successor thereof or any analogous or similar state, territorial, local, municipal or non-U.S. Law)) or otherwise.

"Tax Returns" means any return, declaration, report, claim for refund, statement, form, or information return or statement relating to Taxes, or any mechanism to pay Taxes (including payment of estimated Taxes), including any schedule or supporting information, or attachment thereto, and including any amendment thereof, that is filed or required to be filed with any Governmental Authority.

"Tax Sharing Agreement" means any Tax indemnity agreement, Tax sharing agreement, Tax allocation agreement or similar contract, agreement or arrangement, whether written or unwritten (including any such agreement, contract or arrangement included in any purchase or sale agreement, merger agreement, joint venture agreement or other document).

"Trademarks" means, in the United States and all countries and jurisdictions foreign thereto, registered trademarks, registered service marks, trademark and service mark applications, unregistered trademarks and service marks, registered trade names and unregistered trade names, corporate names, fictitious names, trade dress, logos, slogans, Internet domain names, rights in telephone numbers, and other indicia of origin, together with all translations, adaptations, derivations, combinations and renewals thereof.

"Transaction Documents" means this Agreement, and any other agreements, documents, certificates or instruments delivered pursuant to or in connection with this Agreement or the transactions contemplated hereby.

"Treasury Regulations" means the Treasury regulations promulgated under the Code by the U.S. Department of the Treasury.

"Wilmington Trust" means Wilmington Trust, National Association.

"U.S." or "United States" means the United States of America.

ARTICLE 2
PURCHASE AND SALE

2.1 Purchase and Sale. On the terms and subject to the conditions herein set forth, at the Closing, Seller hereby sells, assigns, transfers, conveys and delivers to Buyer all right, title and interest in and to the Interests, free and clear of any and all Liens (giving effect to the LSA Payoff and the releases contemplated thereby), and Buyer hereby acquires from Seller all right, title and interest in and to the Interests.

2.2 Purchase Price. The aggregate purchase price for the Interests and the rights and benefits conferred herein shall be comprised of the following components (collectively, the "Purchase Price"): (i) the payment, satisfaction and release of the Company's obligations under the LSA (including the GPU Finance Payoff Amount and the SMCI Payoff Amount, as described in Section 2.3(b) and Section 2.3(c)), and (ii) the Deferred Purchase Price, payable to Seller as described in Section 2.3(d).

2.3 Payments at Closing. On the terms and conditions herein set forth, at the Closing:

(a) There shall be no cash payment to Seller at Closing other than as set forth in Section 2.3(b) and Section 2.3(c). The aggregate amount of all Indebtedness (other than the LSA, which shall be satisfied pursuant to Section 2.3(b) and Section 2.3(c)) shall be set off against the Monthly Deferred Consideration payable to Seller under Section 2.3(d), with such set-off to be applied to the initial monthly installment(s) of the Monthly Deferred Consideration until the aggregate amount of such Indebtedness has been fully satisfied. Seller shall deliver to Buyer not less than two (2) Business Days prior to the Closing Date a schedule setting forth all such Indebtedness.

(b) Concurrently with the Closing, Buyer shall wire (or cause to be wired), using its own funds, the GPU Finance Payoff Amount directly to GPU Finance in accordance with the wire instructions set forth in the Payoff Letter. Upon receipt of the GPU Finance Payoff Amount, GPU Finance shall release all Liens on the Assets and authorize and file UCC-3 termination statements with respect to any UCC financing statements filed against the Company, Seller or any of their Affiliates in connection with the LSA promptly (and in any event within three (3) Business Days). The GPU Finance Payoff Amount shall be paid in United States dollars by wire transfer of immediately available funds and shall not be paid in digital currency or cryptocurrency.

(c) At the Closing, the Reserve Account Funds shall be released and paid to GPU Finance in accordance with the wire instructions set forth in the Payoff Letter, and no adjustment to the Purchase Price shall be made on account thereof. The release of the Reserve Remittance to SMCI shall be effected as follows:

(i) At the Closing, upon receipt by GPU Finance of the GPU Finance Payoff Amount, GPU Finance and SMCI shall execute and deliver the Joint Written Instructions to Wilmington Trust.

(ii) Upon receipt of the Reserve Remittance, SMCI shall release all Liens on the Servers and authorize and file UCC-3 termination statements with respect to any UCC financing statements filed in connection with the SMCI Purchase Order promptly (and in any event within three (3) Business Days).

(d) From and after the Closing, the Deferred Purchase Price shall be payable, subject to Section 2.3(f), by Buyer to Seller in the form of the Monthly Deferred Consideration of $715,000 per month, payable monthly in arrears over an initial sixty (60)-month term.

(e) Seller shall obtain a security interest in the Cluster to secure Buyer's obligation to pay the Deferred Purchase Price. The Company and Buyer agree to execute and deliver such documents and instruments and take such other actions as may be reasonably necessary to grant and perfect such security interest, including the execution of a security agreement and UCC financing statements.

(f) Within the earlier of (i) twelve (12) months after the date hereof and (ii) the date that Buyer or any Affiliate enters into a loan or other financing secured by the Cluster, the Buyer will pay all then remaining unpaid amounts of the Deferred Purchase Price (regardless of when such payments would have been due otherwise). Upon receipt of all then remaining unpaid amounts of the Deferred Purchase Price, Seller shall release any security interests that it holds against the Cluster. Seller agrees to execute and deliver such documents and instruments and take such other actions as may be reasonably necessary to release any such security interest.

2.4 Closing. Unless this Agreement shall have been terminated in accordance with Section 8.4, the Parties shall consummate the transactions contemplated by this Agreement (the "Closing"), as promptly as practicable but in no event later than five (5) Business Days after the date on which all conditions set forth in Article 8 (except those conditions that are to be satisfied or waived at Closing) have been satisfied or waived by the party entitled to the benefit of the same, at 10:00 a.m. Eastern Time, or at such other place, date and time as the Parties shall mutually agree in writing (the date on which the Closing occurs, the "Closing Date"). The Closing shall be conducted remotely by the exchange of documents and signatures by electronic transmission or at such other location as the Parties may agree.

2.5 Closing Deliveries.

(a) At the Closing, Seller shall deliver or cause to be delivered to Buyer:

(i) a membership interests assignment duly executed by Seller, conveying to Buyer the Interests;

(ii) certificates executed and delivered by the Secretary or comparable representative of Seller and the Company, attesting and certifying as to (i) the certificate of formation or articles of incorporation of such Person (the certificate of formation or articles shall also be certified as of a recent date by the Secretary of State or comparable Governmental Authority of such Person's jurisdiction of organization), (ii) in the case of Seller, copies of resolutions of the board of directors of Seller (or comparable governing body) adopting and authorizing the transactions contemplated by this Agreement and the other Transaction Documents to which Seller is a party and (iii) in the case of the Company, copies of resolutions of the sole member adopting and authorizing the transactions contemplated by this Agreement and the other Transaction Documents to which the Company is a party;

(iii) a certificate of good standing (or comparable certificate) for the Company issued not more than ten (10) days prior to the Closing Date by the Secretary of State of the State of Delaware and each other jurisdiction where the Company is qualified to do business;

(iv) a certificate of good standing (or comparable certificate) for Seller issued not more than ten (10) days prior to the Closing Date by the Secretary of State of the State of Florida and each other jurisdiction where Seller is qualified to do business;

(v) the executed Payoff Letter from GPU Finance in form and substance reasonably satisfactory to Buyer, together with evidence that GPU Finance is prepared to receive the GPU Finance Payoff Amount and release all Liens upon receipt;

(vi) written confirmation from (I) GPU Finance that (A) all Liens on the Assets will be released and (B) GPU Finance will release all Liens on the Servers and authorize and file UCC-3 termination statements with respect to any UCC financing statements filed in connection with the LSA promptly upon receipt of the applicable payoff amount, and (II) SMCI that (A) all equipment and rear door heat exchangers have been installed and (B) SMCI will release all Liens on the Servers and authorize and file UCC-3 termination statements with respect to any UCC financing statements filed in connection with the SMCI Purchase Order promptly upon receipt of the applicable payoff amount;

(vii) resignations from the officers and managers of the Company;

(viii) certificates executed and delivered by each of Seller and the Company, representing and certifying that the conditions set forth in Article 8 have been satisfied in all respects;

(ix) payoff letters for each instrument of Indebtedness from the obligees thereunder setting forth the amounts necessary to pay off all Indebtedness under such instrument as of the Closing Date along with the per diem interest amount with respect thereto and otherwise in form and substance reasonably satisfactory to Buyer, and evidence reasonably satisfactory to Buyer of the release of all Liens held by such obligees against the property of the Company or the Interests;

(x) all consents, approvals, Orders or authorizations of, or registrations, declarations or filings with, or notices to, any Governmental Authority or other Person required to be made or obtained in connection with the authorization, execution, delivery and performance by the Seller of this Agreement and the other Transaction Documents, or the consummation of the transactions contemplated hereby and thereby;

(xi) any minute book, membership interest ledgers and membership records or comparable records of the Company;

(xii) a validly executed IRS Form W-9 from the Seller;

(xiii) confirmation and evidence reasonably satisfactory to Buyer that the Hydra Agreement has been terminated in accordance with its terms and as contemplated by Sections 6.1 and 8.1(f);

(xiv) evidence reasonably satisfactory to Buyer that, as of the Closing, the Company has no further obligations owed to Duos Technologies Group, Inc. or the applicable Affiliate of Seller;

(xv) evidence reasonably satisfactory to Buyer of the applicable procedure under Section 2.3(c), including, executed Joint Written Instructions, acknowledged or accepted by Wilmington Trust, together with the UCC-3 termination statements attached thereto; and

(xvi) the results of UCC, bankruptcy, insolvency and litigation searches satisfying the requirements of Section 8.1(j).

All documents and instruments delivered to Buyer shall be in form and substance reasonably satisfactory to Buyer.

(b) At the Closing, Buyer shall deliver or cause to be delivered to Seller:

(i) federal funds wire transfer(s) in accordance with Section 2.3;

(ii) a certificate executed and delivered by Buyer, representing and certifying that the conditions set forth in Article 8 have been satisfied in all respects;

(iii) evidence of Buyer's wire transfer of the GPU Finance Payoff Amount directly to GPU Finance in accordance with Section 2.3(b);

(iv) a certificate executed and delivered by the Secretary or comparable representative of Buyer, attesting and certifying as to (i) the articles of incorporation of Buyer (which shall also be certified as of a recent date by the Secretary of State of the State of Delaware), and (ii) copies of resolutions of the Board of Directors of Buyer adopting and authorizing the transactions contemplated by this Agreement and the other Transaction Documents to which Buyer is a party; and All documents and instruments delivered to Seller shall be in form and substance reasonably satisfactory to Seller.

2.6 Withholding. Notwithstanding anything in this Agreement to the contrary, each of Buyer, the Company and their respective Affiliates or any other applicable withholding agent shall be entitled to deduct and withhold (or cause to be deducted and withheld) from any amounts otherwise payable pursuant to this Agreement and/or the other Transaction Documents such amounts as it is required to deduct and withhold under the Code or any provision of state, local or foreign Tax Law; provided, that any amounts payable to any employee, independent contractor, consultant or other service provider of the Company that are compensatory in nature for Income Tax purposes shall be funded to the Company for payment in accordance with the Company's customary payroll practices. To the extent that amounts are so deducted and withheld, such deducted and withheld amounts will be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made. Except with respect to amounts subject to compensation based withholding or withholding resulting from failure to provide IRS Forms W-8 or W-9 (as applicable), the applicable withholding agent shall use commercially reasonable efforts to provide Seller with at least ten (10) Business Days' prior written notice of any intended deduction or withholding, and the Parties shall use commercially reasonable efforts to cooperate in good faith with each other to reduce or eliminate such withholding.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF SELLER

As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, Seller represents and warrants to Buyer as follows:

3.1 Organization; Good Standing; Authorization. Seller is a corporation duly organized and validly existing and its status is active under the Laws of the State of Florida. Seller has all requisite corporate power and authority to own, lease and operate its assets, properties and business and to carry on its business as now being conducted. Complete and correct copies of the charter documents and bylaws of Seller and all amendments thereto have been made available to Buyer. Seller has all requisite capacity, power and authority to execute, deliver and perform Seller's obligations under this Agreement and each of the Transaction Documents to which Seller is a party. The execution and delivery of this Agreement and the other Transaction Documents to which Seller is a party, the performance by Seller of its obligations hereunder and thereunder and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized, and no other proceeding on the part of Seller is necessary. This Agreement and the other Transaction Documents to which Seller is a party have been duly executed and delivered by Seller and constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with their respective terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar Laws affecting the rights of creditors generally, and the availability of equitable remedies (collectively, the "General Enforceability Exceptions").

3.2 Title to Interests. Seller is the record and beneficial owner of 100% of the Interests. Seller has the sole voting power and sole power of disposition with respect to all of the Interests with no limitations, qualifications or restrictions on such rights and powers. The Interests will be transferred to Buyer pursuant to this Agreement, free and clear of any Liens (giving effect to the LSA Payoff and the releases contemplated thereby). Other than this Agreement and the LSA (which shall be satisfied and released at the Closing), Seller is not subject to any agreements, arrangements, options, warrants, calls, rights, commitments or other restrictions relating to the sale, transfer, purchase, redemption or voting of any of the Interests.

3.3 Consents and Approvals. No consent, approval, Order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Authority or other Person is required to be made or obtained by Seller in connection with the authorization, execution, delivery and performance of this Agreement and the other Transaction Documents, or the consummation of the transactions contemplated hereby and thereby, other than the filing of a Current Report on Form 8-K pursuant to the Securities Exchange Act of 1934, as amended.

3.4 No Violation. The execution, delivery and performance by Seller of this Agreement and the other Transaction Documents to which Seller is a party and the consummation of the transactions contemplated hereby and thereby will not:

(a) result in the breach of any of the terms or conditions of, or constitute (with or without notice or lapse of time or both) a default under or an event which would give rise to any right of notice, modification, acceleration, payment, cancellation or termination under, or in any manner release any party thereto from any obligation under, or otherwise affect any rights of Seller under, any mortgage, note, bond, indenture, contract, agreement, license or other instrument or obligation of any kind or nature, in any case whether written or oral, by which Seller may be bound or affected;

(b) violate or conflict with any Law; or

(c) violate any provision of the charter documents or bylaws of Seller.

3.5 No Brokers or Finders. Except as set forth on Schedule 3.5, Seller has not engaged any broker, agent or finder that will obligate Seller, the Company or Buyer to incur any Liability or obligation for any brokerage fees, commissions, finder fees, or similar compensation in connection with this Agreement or the transactions contemplated hereunder.

3.6 Litigation. There are no (and there have not been any) Proceedings pending or, to Seller's Knowledge, threatened against, by or affecting Seller or any Affiliate of Seller: (i) relating to or affecting the Company, the Interests or any of the Company's properties or assets; or (ii) that challenge or seek to prevent, enjoin, or otherwise delay the transactions contemplated by this Agreement. To Seller's Knowledge, no event has occurred or circumstances exist that could reasonably be expected to give rise to, or serve as a reasonable basis for, any such Proceeding.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COMPANY

As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, the Company and Seller represent and warrant to Buyer as follows:

4.1 Organization; Good Standing; Authorization. The Company is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. The Company has all requisite company power and authority to own, lease and operate its assets, properties and business and to carry on its business as now being conducted. The Company is duly qualified or otherwise authorized as a foreign entity to transact business in each jurisdiction listed on Schedule 4.1, which are all of the jurisdictions in which the nature of its business or assets requires it to so qualify. Complete and correct copies of the charter documents, limited liability company agreement or other organizational documents of the Company and all amendments thereto, if any, have been made available to Buyer.

4.2 Capitalization. The Interests constitute one hundred percent (100%) of the Equity Interests of the Company. All of the outstanding Equity Interests of the Company have been validly issued. Except for the Equity Interests owned by Seller, the Company does not have any outstanding Equity Interests or any outstanding agreements, options, warrants or rights to directly or indirectly subscribe for or purchase, or that directly or indirectly require the Company to issue, transfer or sell, its Equity Interests or any securities directly or indirectly convertible into or exchangeable for its Equity Interests, and there are no agreements containing profit participation or phantom equity features with respect to the Company. The Company does not own or otherwise hold, directly or indirectly, any Equity Interests in any Person, nor does the Company have the direct or indirect right or obligation to acquire any Equity Interests of any Person. The Company is not subject to any obligation (contingent or otherwise) to redeem, repurchase or otherwise acquire or retire any of its Equity Interests, or any options, warrants or rights to directly or indirectly subscribe for or purchase its Equity Interests or any securities directly or indirectly convertible into or exchangeable for its Equity Interests. There are no voting agreements, voting trusts or other agreements, commitments or understandings with respect to the voting or transfer of Equity Interests or other securities of the Company. No part of the business of the Company is operated through any Person other than the Company.

4.3 Consents and Approvals. Except as set forth on Schedule 4.3, no consent, approval, Order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Authority or other Person is required to be made or obtained by the Company in connection with the authorization, execution, delivery and performance by Seller of this Agreement or any Transaction Document, or the consummation of the transactions contemplated hereby and thereby, other than required filings under the Hart-Scott-Rodino Act, if applicable.

4.4 No Violation. Except as set forth on Schedule 4.4, the execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which the Company is or will be a party and the consummation of the transactions contemplated hereby and thereby will not:

(a) result in the breach of any of the terms or conditions of, or constitute (with or without notice or lapse of time or both) a default under or an event which would give rise to any right of notice, modification, acceleration, payment, cancellation or termination under, or in any manner release any party thereto from any obligation under, or otherwise affect any rights of the Company under, any Contract;

(b) violate or conflict with any Law, except as would not reasonably be expected to materially and adversely impact Seller's ability to consummate the transactions contemplated by this Agreement;

(c) violate any provision of the charter documents, limited liability company agreement or other organizational documents of the Company; or

(d) result in the creation or imposition of any Lien upon (i) any of the Interests or (ii) any asset or property of the Company.

4.5 No Brokers or Finders. Except as set forth on Schedule 4.5, neither the Company nor any of its Affiliates has engaged any broker, agent or finder that will obligate the Company or Buyer to incur any Liability or obligation for any brokerage fees, commissions, finder fees, or similar compensation in connection with this Agreement or the transactions contemplated hereunder.

4.6 Financial Statements and Financial Data. The Company has delivered to Buyer copies of the Company's unaudited balance sheet as of the date hereof and statements of income and cash flows for the period from inception to the date hereof (collectively, the "Financial Statements"). The Financial Statements (a) present fairly, in all material respects, the financial position and results of operations and cash flows of the Company as of the date and for the period indicated therein, (b) have been prepared in accordance with the Company's internal books and records maintained in accordance with the Company's normal accounting practices, consistently applied and (c) accurately set forth all assets and liabilities of the Company, including all accounts relating to the Company's financing and operation of the Cluster.

4.7 Absence of Undisclosed Liabilities or Other Activities.

(a) The Company has no Liabilities other than (i) Liabilities under Contracts set forth on Schedule 4.11 (which Liabilities are not the result of violations of Law or breaches of such Contracts), (ii) Liabilities under the LSA (which shall be satisfied and released at the Closing), and (iii) Liabilities specifically set forth on Schedule 4.7(a).

(b) Except as set forth on Schedule 4.7(b), the Company does not own, and has never owned, any assets other than the Assets, and does not and has not conducted any business other than owning and operating the Cluster and related financing, hosting, colocation, power, management and monetization arrangements.

4.8 Absence of Changes or Events. Since the formation of the Company, there has not been any change, event, condition, or development that is, or could reasonably be expected to be, individually or in the aggregate, materially adverse to the business, results of operations, condition (financial or otherwise), or assets of the Company.

4.9 Assets. Schedule 4.9 sets forth a complete and accurate list and description of all of the tangible and intangible assets owned, leased, used or held in connection with the business of the Company (the "Assets"), which includes, without limitation: (a) the Cluster, consisting of the Servers and associated networking and infrastructure equipment, (b) all warranties, maintenance rights and benefits relating to the Cluster, (c) all Contracts set forth on Schedule 4.11, including the LSA and the Hydra Agreement, and (d) all other rights, benefits and interests relating to the foregoing. The Company owns, and immediately following the Closing (and giving effect to the LSA Payoff and the releases contemplated thereby) will continue to own, good and marketable title to, or a valid right to use, all of the Assets free and clear of any and all Liens. The Cluster is located at the Facility. The Assets are sufficient to enable the business of the Company to be conducted immediately after the Closing in the same manner that such business has been conducted since its formation.

4.10 Proprietary Rights. The Company does not own or hold, nor has the Company ever owned or held, patented, registered or unregistered Intellectual Property. No pending Patent applications or applications for other registrations of Intellectual Property are filed or have ever been filed by or on behalf of the Company. The Company does not license any Intellectual Property nor has ever licensed any Intellectual Property, other than commercial-off-the-shelf Software licensed under ordinary, standard terms for less than $50,000.00 per annum. The Company owns, possesses, or has a right to use by license or otherwise all Intellectual Property necessary for the conduct of the business of the Company as currently conducted. The conduct of the business of the Company does not infringe, misappropriate, violate or conflict with, and has never, infringed, misappropriated, violated or conflicted with any Intellectual Property of any other Person. The Company does not collect, nor has ever collected, any personally identifiable information concerning individuals. There have been no security breaches relating to, or violations of any security policy regarding, or any unauthorized access of, any data or information used, handled or processed by the Company.

4.11 Material Contracts. Schedule 4.11 sets forth all Contracts to which the Company is a party or by which the properties, rights or assets of the Company are bound (collectively, the "Material Contracts"), including (a) the LSA and all related loan documents (including the Master Escrow Agreement, the Reserve Account Control Agreement and the Collection Account Control Agreement), (b) the Notice and Consent to Assignment dated April 1, 2026, among SMCI, Hydra Host Inc., Seller and GPU Finance, (c) the Hydra Agreement, (d) the Sale and Contribution Agreement, and (e) all other agreements relating to the financing, ownership, operation, hosting, colocation, power, management or monetization of the Cluster (in each case, other than any Contract that will be terminated, superseded or satisfied in full at or prior to the Closing in accordance with this Agreement). True, correct and complete copies of the Material Contracts, together with all modifications and amendments thereto, have previously been delivered to Buyer. Each of the Material Contracts is in full force and effect, has not been assigned by the Company and is valid, binding and enforceable except as may be limited by the General Enforceability Exceptions. The Company is not in breach or default, nor has any event occurred which with the giving of notice or the passage of time or both would constitute a breach or default by the Company of, or which would give rise to any right of notice, modification, acceleration, payment, cancellation or termination of or by another party under, or in any manner release any party thereto from any obligation under, any Material Contract and, to the Company's Knowledge, no other party is in breach or default, and no event has occurred which with the giving of notice or the passage of time or both would constitute a breach or default by any other party, or which would give rise to any right of notice, modification, acceleration, payment, cancellation or termination of or by the Company under, or in any manner release any party thereto from any obligation under, any Material Contract. Neither the Company nor Seller has been notified by any counterparty to any Material Contract that such counterparty is terminating or modifying or intends to terminate or modify such Material Contract.

4.12 LSA and SMCI Purchase Order.

(a) The Reserve Account contains not less than $0 in immediately available funds as of the date hereof. The Company is in compliance with all covenants and obligations relating to the Reserve Account under the LSA.

(b) The funds advanced by GPU Finance under the LSA were deposited into the LSA Escrow Account on April 7, 2026. As of the date hereof, all such funds remain in the LSA Escrow Account, and the conditions for release of such funds to the Server Supplier (as defined in the LSA) (SMCI) have not yet been satisfied.

(c) The SMCI Purchase Order is in full force and effect and has not been amended, modified or terminated. Pursuant to the Notice and Consent to Assignment dated April 1, 2026, payment obligations under the SMCI Purchase Order were assigned to Seller and GPU Finance, and SMCI consented to such assignment. SMCI has not made any claim for breach or default under the SMCI Purchase Order.

(d) Upon (i) Buyer's wire transfer of the GPU Finance Payoff Amount directly to GPU Finance at the Closing pursuant to Section 2.3(b), (ii) the release of the Reserve Remittance to SMCI and SMCI's release of all Liens on the Servers, and (iii) the release of the Reserve Account Funds to GPU Finance at the Closing pursuant to Section 2.3(c), all Obligations (as defined in the LSA) owed by the Company to GPU Finance and the Lenders under the LSA will be satisfied in full.

(e) Neither the Company nor Seller has received any notice or communication from GPU Finance, any Lender or SMCI objecting to the proposed payoff structure or indicating that the proposed payoff structure will not satisfy the Company's obligations under the LSA or the SMCI Purchase Order.

4.13 Litigation. There is no Proceeding pending or, to the Knowledge of the Company, threatened against or affecting the Company, or any business of the Company or any of the Assets, including the Cluster. There has never been any occurrence of any event, circumstance or omission that would reasonably be expected to give rise to or serve as the basis for any Proceeding that, individually or in the aggregate, has had or could be material to, the Company or any business of the Company. There is no Proceeding currently pending that was initiated by the Company against any other Person or which the Company intends to initiate against any other Person.

4.14 Compliance with Applicable Laws. The Company is and has at all times been in compliance, in all material respects, with all Laws in connection with the conduct, ownership, use, occupancy or operation of its business and the Assets, and neither the Company nor the Seller has ever received notice of any actual or alleged violation of any Law. For purposes of this Section 4.14, notice shall include any request for information in connection with a government inquiry, potentially responsible party letter, notice of violation or potential violation, demand letter, inquiry, complaint or claim from any Governmental Authority or third party.

4.15 Licenses and Permits. The Company holds, has at all times held, and immediately following the Closing will hold, all Permits necessary for the conduct, ownership, use, occupancy or operation of its business or the Assets. The Company is and has at all times been in compliance, in all material respects, with all such Permits, and neither the Company nor any Seller has ever received any notice to the contrary. All such Permits are identified on Schedule 4.15 and complete and correct copies thereof have been made available to Buyer.

4.16 Health, Safety and Environment.

(a) The Company is and has at all times been in compliance with all Environmental and Safety Requirements.

(b) The Company has not been subject to, or received any notice of, any Proceeding related to the presence or alleged presence of Hazardous Materials in, under or upon or migrating to or from any real property currently or formerly occupied or used by the Company (including the Facility where the Cluster is located).

(c) There has been no Release, nor to the Company's Knowledge, any threatened Release of any Hazardous Material at, under, to or about any real property currently or formerly occupied or used by the Company in a quantity or condition that would reasonably be expected to result in the Company incurring any Liability under any Environmental and Safety Requirements.

(d) There are no present events, conditions, circumstances, activities, practices, incidents, or actions with respect to the Company that would reasonably be expected to (x) interfere with or prevent continued compliance with any Environmental and Safety Requirements by the Company, (y) form the basis of any Proceeding against or involving the Company under any Environmental and Safety Requirements or related common law theories, or (z) otherwise give rise to any Liability of the Company under any Environmental and Safety Requirements or related common law theories.

(e) The Company has not undertaken or assumed (by operation of law or otherwise) any Liability, or provided an indemnity, with respect to any Liability for any third party related to any Environmental and Safety Requirements or Hazardous Material.

(f) Seller has provided Buyer with complete and correct copies of all environmental assessments, reports, manifests and environmental data in the possession or control of Seller or the Company pertaining to the Company, its business, the Assets or any real property occupied or used by the Company, whether generated by the Company or any third party.

4.17 Taxes.

(a) All Tax Returns filed or required to be filed by or with respect to the Company have been properly prepared and timely filed with the appropriate Governmental Authorities. Such Tax Returns (including information provided therein or with respect thereto) are true, accurate and complete in all respects and were prepared in compliance with all applicable Laws and regulations. The Company is not currently the beneficiary of any extension of time within which to file any Tax Return. All Taxes due and owing by the Company or claimed due by any Governmental Authority (whether or not shown on any Tax Return) have been fully and timely paid, and the Company has made adequate provision for any Taxes that are not yet due and payable, for all taxable periods, or portions thereof, ending on or before the date hereof.

(b) The Company has (i) withheld and timely paid to the appropriate Governmental Authority each Tax required to have been withheld and paid in connection with amounts paid, owing or income allocable to any employee, independent contractor, creditor, vendor, customer, equity holder, nonresident or other party, (ii) remitted proper and accurate amounts to the appropriate Governmental Authority with respect to such withheld amounts, and (iii) complied with all information reporting (including IRS Forms W-2 and 1099) and backup withholding provisions of applicable Law, including maintenance of required records with respect thereto. The Company has consistently treated any workers that they treat as independent contractors (and any similarly situated workers) as independent contractors for purposes of Section 530 of the Revenue Act of 1978.

(c) No claim has been made by any Governmental Authority in any jurisdiction where the Company does not file Tax Returns that the Company is, or may be, subject to any Tax by such jurisdiction or required to file Tax Returns in such jurisdiction. The Company has never had a permanent establishment in any country other than its country of formation or incorporation, as applicable.

(d) No extensions or waivers of any statutes of limitations have been given or requested with respect to any Taxes of the Company, including any statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from the Company for any taxable period.

(e) The Company has no Liability for unpaid Taxes. The Company has not incurred any Liability for any Taxes outside of the Ordinary Course of Business.

(f) All deficiencies for Taxes asserted or assessed against the Company have been fully and timely paid, settled or properly reflected in the most recent audited financial statements.

(g) The Company is not a party to any action taken by any Governmental Authority, and no audit or other proceeding by any Governmental Authority is pending or threatened with respect to any Taxes due from or with respect to the Company, and no Governmental Authority has given notice of any intention to assert any deficiency or claim for additional Taxes against the Company.

(h) There are no Liens for Taxes on the equity or assets of the Company.

(i) The Company is not a party to, or bound by any Tax Sharing Agreement and does not have any liability for Taxes of any Person under Treasury Regulations Section 1.1502-6, Treasury Regulations Section 1.1502-78 or any similar provision of state, local or non-U.S. Tax Law, as a transferee or successor, by contract, or otherwise.

(j) The Company is not a party to, or bound by, or has any obligation under, any closing or similar agreement, offer in compromise, Tax abatement, Tax incentive, Tax rebate, Tax holiday or similar agreement or any other agreements with any Governmental Authority.

(k) The Company has not executed or entered into a closing agreement pursuant to Section 7121 of the Code or any similar provision of state, local or non-U.S. Tax Law, no private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any Governmental Authority with respect to the Company, and there have been no requests for changes in any accounting method by any Governmental Authority with respect to the Company.

(l) The Company is not a "foreign person" as that term is used in Treasury Regulations Section 1.1445-2.

(m) The Company has not (i) been a party to, or a promoter of, a "reportable transaction" within the meaning of Section 6707A(c)(1) of the Code and Treasury Regulations Section 1.6011-4(b) (or any similar provision of state, local or non-U.S. Tax Law) or (ii) taken any reporting position on a Tax Return, which reporting position (A) if not sustained would be reasonably likely, absent disclosure, to give rise to a penalty for substantial understatement of U.S. federal Income Tax under Section 6662 of the Code (or any similar provision of state, local or non-U.S. Tax Law) and (B) has not adequately been disclosed on such Tax Return in accordance with Section 6662(d)(2)(B) of the Code (or any similar provision of state, local or non-U.S. Tax Law).

(n) All of the assets of the Company have been properly listed and described on the property Tax rolls for all periods prior to and including the Closing Date, and no portion of the assets of the Company constitutes omitted property for property Tax purposes.

(o) There is no property or Liability of the Company, including uncashed checks to vendors, customers, independent contractors or employees, or non-refunded overpayments or credits, including in connection with prepaid fees and deposits from customers, that is escheatable or payable to any Governmental Authority under any applicable escheatment or unclaimed property Laws or that may at any time become escheatable to any Governmental Authority under any such Laws. The Company is in compliance with all applicable escheat and unclaimed property Laws and has timely paid to the appropriate Governmental Authority all amounts required to be paid thereunder.

(p) The Company will not be required to include any taxable period (or portion thereof) ending after the Closing Date taxable income attributable to income that accrued in a taxable period prior to the Closing Date but was not recognized for Tax purposes in such prior taxable period (or to exclude from taxable income in a taxable period ending after the Closing Date any deduction the recognition of which was accelerated from such taxable period to a taxable period prior to the Closing Date) as a result of any: (i) change in method of accounting for a taxable period (or portion thereof) beginning on or prior to the Closing Date pursuant to the application of Section 481 of the Code (or any similar provisions of state, territorial, local, municipal or non-U.S.

Law); (ii) use of an improper method of accounting for a taxable period (or portion thereof) beginning on or prior to the Closing Date; (iii) "closing agreement" as described in Section 7121 of the Code (or any similar provision of state, territorial, local, municipal or foreign Law) executed on or prior to the Closing Date; (iv) installment sale or open transaction disposition made on or prior to the Closing Date; (v) prepaid income received or accrued on or prior to the Closing Date; (vi) transaction that has the effect of deferring income, accelerating deductions or otherwise shifting the basis of taxation to a Post-Closing Tax Period; or (vii) inclusions pursuant to Sections 951 and 951A of the Code or United States state, territorial, municipal or local or non-U.S. Law comparable to the foregoing.

(q) Except as disclosed herein, the Company is not a party to any joint venture, partnership other arrangement or contract which may reasonably be expected to be treated as a partnership for US federal applicable state and local Income Tax purposes.

(r) No power of attorney related or attributable to Taxes has been granted by or with respect to the Company.

(s) The Company is in compliance in all respects with all applicable transfer pricing Laws. All Related Party Transactions between or among, the Company and any of its Affiliates have been adequately, properly and timely documented and have been conducted at arm's length, in each case as required under, and in compliance with, applicable Law, including Code Sections 482 and 6662 (and any related sections), the Treasury Regulations promulgated thereunder and any comparable provisions of state, local or non-U.S. Tax Law.

(t) The Company has not (i) been a shareholder of a "controlled foreign corporation" as defined in Section 957 of the Code (or any similar provision of state, local or non-U.S. Law); nor (ii) been a shareholder of a "passive foreign investment company" within the meaning of Section 1297 of the Code.

(u) The Company has (i) collected and maintains, in all material respects, all required "sale for re-sale" or similar exemption certificates related to sales Taxes payable by the Company and (ii) complied with all applicable Laws relating to sales, use and value-added Taxes.

(v) The Company is, and has been at all times since its formation, treated as an entity disregarded as separate from its regarded owner for U.S. federal (and applicable state and local) Income Tax purposes (a "Disregarded Entity"), and no election has been filed or made to change such treatment (including an election made under Treasury Regulations Section 301.7701-3 (or any similar provision of state or local Law) to treat the Company as an association taxable as a corporation (or otherwise as a C corporation) for U.S. federal (and applicable state and local) Income Tax purposes.

(w) None of the assets of the Company are subject to the limitations on "amortizable section 197 intangibles" described in Section 197(f)(9) of the Code or any similar comparable limitation under state, local or foreign Law. Commencing with the taxable periods or portions thereof immediately following the Closing, none of the assets of the Company will be subject to (and the depreciation and amortization deductions otherwise available to Buyer with respect to such assets will not be limited by) the "anti-churning" restrictions or limitations set forth in Section 197(f)(9) of the Code.

(x) The Company has never owned any Equity Interests (for federal or applicable state or local income Tax purposes) in any Person.

(y) Seller and the Company have given or otherwise made available to Buyer true, correct and complete copies of all Tax Returns filed by the Company since its formation.

(z) The Company (i) does not have a permanent establishment (within the meaning of any applicable Tax treaty), or otherwise have an office, place of business, or fixed base outside of the United States, and (ii) does not engage, or has ever engaged, in activities through a fixed base, place of business, office or have any other presence through employees or otherwise in any country other than the United States that would subject it to Tax by or in that country.

(aa) None of the assets of the Company (i) directly or indirectly secures any debt the interest on which is tax-exempt under Section 103(a) of the Code (or any similar provision of state, local or non-U.S. Law), (ii) is tax-exempt bond financed property under Section 168(g)(5) of the Code (or any similar provision of state, local or non-U.S. Law), (iii) is tax-exempt use property within the meaning of Section 470(c)(2) or Section 168(h) of the Code (or any similar provision of state, local or non-U.S. Law), (iv) is subject to a motor vehicle operating lease under Section 7701(h) of the Code or any predecessor provision (or any similar provision of state, local or non-U.S. Law), or (v) is treated as owned by any other Person pursuant to the provisions of Section 168(f)(8) of the Code.

(bb) No Person holds an interest in the Company that is non-transferable and subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code with respect to which a valid election under Section 83(b) has not been made.

(cc) The Company has no material Tax liability for any unpaid distributions to its owners or members.

(dd) The Company has duly and timely collected all material amounts on account of any sales, use, value added, transfer or similar Taxes, including goods and services, harmonized sales, and state, provincial or territorial sales Taxes, required by applicable Tax Laws to be collected by it, and has duly remitted to the appropriate Governmental Authority any such amounts required by applicable Tax Law to be remitted by it.

(ee) Any adjustment of Taxes of the Company made by the IRS, which adjustment is required to be reported to the appropriate state, local or non-U.S. Governmental Authorities, has been so reported.

(ff) All of the representations and warranties set forth in this Section 4.17 are true, accurate and complete as of the Closing Date, as if made as of such date

4.18 Insurance Policies. Schedule 4.18 contains a true and complete list of all insurance policies to which the Company is a party or which provide coverage to or for the benefit of or with respect to the Company or any director, manager, officer or employee of the Company in his or her capacity as such (the "Insurance Policies"), indicating in each case the type of coverage, name of the insured, the insurer, the expiration date of each policy and the amount of coverage. True and complete copies of all such Insurance Policies have been made available to Buyer. Each Insurance Policy is in full force and effect and shall remain in full force and effect in accordance with its terms immediately following the Closing. The Company is current in all premiums or other payments due under the Insurance Policies and has otherwise complied in all material respects with all of its obligations under each Insurance Policy. The Company has given timely notice to the insurer of all material claims that may be insured thereby under any Insurance Policy. The Company has not been refused any insurance by, nor has coverage been limited by, any insurance carrier with which the Company has carried insurance or any other insurance carrier to which the Company has applied for insurance, and no insurer has issued a reservation of rights or denial of coverage for claims or incidents which could give rise to a claim under any Insurance Policy. No Insurance Policy provides for any retrospective premium adjustment or other experience-based liability on the part of the Company.

4.19 Employees; Labor Relations. The Company does not have, and has never had, any employees or, except as set forth in Schedule 4.19, independent contractors. The Company has no Liability or obligation to any current or former director, officer, independent contractor or employee of the Company pursuant to the terms of any employment, severance, separation or consulting agreement. The Company has never maintained, sponsored, adopted, made contributions to, obligated itself to make contributions to or to pay any benefits or grant rights under or with respect to, or has any other Liability or potential Liability covering the Company with respect to any employee benefit plan. Without limiting the foregoing, the Company does not have, and has never had, any liability under Title IV of ERISA or otherwise with respect to any employee benefit plan which any ERISA Affiliate maintains or contributes to or with respect to which an ERISA Affiliate has an obligation to contribute. Neither the Cluster nor any other assets of the Company can or ever could be deemed to be "plan assets" of (i) a Benefit Plan Investor within the meaning of ERISA or the Code, or (ii) any "governmental plan" (within the meaning of Section 3(32) of ERISA) that is subject to a law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code.

4.20 Transactions With Related Parties. Schedule 4.20 sets forth the parties to and the date, nature and amount of each Related Party Transaction. The Company has no obligation to engage, nor is it bound by any contract, agreement, arrangement or commitment to engage, in any Related Party Transaction after the Closing Date.

4.21 Hosting. The Cluster is located, installed and operated at the Facility. The Facility at which the Cluster is located has adequate power, cooling and other infrastructure to support the continued operation of the Cluster as currently operated.

4.22 Bank Accounts; Powers of Attorney. Other than in connection with the LSA, there are no bank accounts, safe deposit boxes, or powers of attorney for the Company. Neither the Seller nor the Company has any outstanding powers of attorney for banking or other purposes related to the Company.

4.23 Trade Names; Business Locations. The Company does not use, nor has it ever used, any fictitious or trade names.

4.24 Anticorruption; Export Controls.

(a) The Company complies, and has at all times complied, with all Improper Payment Laws. Neither the Company, nor the Seller, nor any other Person on behalf of the Company, including but not limited to each director, officer, employee, consultant, agent and representative, has authorized, facilitated or ratified any payment to any Governmental Authority or any other Person in violation of Improper Payment Laws. Without limiting the generality of the foregoing, (a) neither the Company nor the Seller has violated or is in violation in any material respect of the U.S. Anti-Kickback Statute (42 U.S.C. Section 1302a-7(b)), the Federal False Claims Act (31 U.S.C. Sections 3729, et seq.) or any related or similar Law and (b) there has been no use or authorization of money or anything of value relating to any unlawful payment or secret or unrecorded fund or any false or fictitious entries made in the books and records of the Company relating to the same. The Company has not received, nor the Seller, nor to the Seller's Knowledge any of their respective Affiliates or Persons acting on their behalf have received any notice or communication from any Person that alleges, nor been involved in any internal investigation involving any allegations relating to potential violation of any Improper Payment Laws or other applicable Law, nor have received a request for information from any Governmental Authority regarding Improper Payment Laws. Neither the Company, nor the Seller nor, to the Seller's Knowledge, any officer, director, manager, employee, attorney, accountant, consultant, financial advisor or other agent of the Company or the Seller, has employed or retained, directly or indirectly, a government official or a family member of a government official. No government official has, directly or indirectly, the right of control over, or any beneficial interest in the Company.

(b) The Company and each director, officer, employee, consultant, agent and representative of the Company, has conducted the Company's business in compliance with the Export Control Laws.

(c) Since the Company's formation, the Company has not been a party to any Contract, transaction or bid with, or has conducted business with (directly or indirectly), any Sanctions Target or any Person located in, or to Seller's Knowledge that otherwise has any operations in, or sales to, any Sanctioned Jurisdiction. Neither the Company nor any of its Affiliates is a Sanctions Target.

(d) The Company, and each director, officer, employee, consultant, agent or representative has conducted the Company's business in compliance with the Anti-Money Laundering Laws.

4.25 Books and Records. The minute books of the Company have been made available to Buyer, are complete and correct, and have been maintained in accordance with sound business practices. The minute books of the Company contain accurate and complete records of all meetings, and actions taken by written consent of, the members, and no meeting, or action taken by written consent, of any such members has been held for which minutes have not been prepared and are not contained in such minute books. At the Closing, all of those books and records will be in the possession of the Company.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF BUYER

As a material inducement to the Company and Seller to enter into this Agreement and consummate the transactions contemplated hereby, Buyer hereby represents and warrants to Seller as follows:

5.1 Organization. Buyer is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has all requisite power and authority to own, lease and operate its assets, properties and business and to carry on its business as now being conducted.

5.2 Authorization. Buyer has all requisite entity power and authority to execute and deliver this Agreement and each of the other Transaction Documents to be executed and delivered by it and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by Buyer of this Agreement and each of the other Transaction Documents to which Buyer is a party have been duly and properly authorized by all requisite entity action by Buyer in accordance with applicable Law and with the organizational documents of Buyer. This Agreement and each of the other Transaction Documents to which Buyer is or will be a party have been duly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as such enforceability may be limited by the General Enforceability Exceptions.

5.3 Consents and Approvals. No consent, approval, Order or authorization of, or registration, declaration or filing with, or notice to, any Governmental Authority or other Person is required to be made or obtained by Buyer in connection with the authorization, execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents, or the consummation by Buyer of the transactions contemplated hereby and thereby.

5.4 No Violation. The execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which it is a party and the consummation by Buyer of the transactions contemplated hereby and thereby will not:

(a) violate or conflict with any Law, except as would not reasonably be expected to materially and adversely impact Buyer's ability to consummate the transactions contemplated by this Agreement; or

(b) violate any provision of the organizational documents of Buyer.

5.5 Investment Purpose. Buyer is acquiring the Interests solely for its own account for investment purposes and not with a view to, or for offer or sale in connection with, any distribution thereof. Buyer acknowledges that the Interests are not registered under the Securities Act, or any state securities laws, and that the Interests may not be transferred or sold except pursuant to the registration provisions of the Securities Act or pursuant to an applicable exemption therefrom and subject to state securities laws and regulations, as applicable. Buyer is (a) a sophisticated Person familiar with transactions similar to those contemplated by this Agreement; (b) has adequate information concerning the business and financial condition of the Company to make an informed decision regarding the purchase of the Interests; and (c) has independently and without reliance upon Seller, and based on such information and the advice of such advisors as Buyer has deemed appropriate, made its own analysis and decision to enter into this Agreement.

5.6 Legal Proceedings. There are no Proceedings pending or, to Buyer's knowledge, threatened against or by Buyer or any Affiliate of Buyer that challenge or seek to prevent, enjoin or otherwise delay the transactions contemplated by this Agreement. To Buyer's knowledge, no event has occurred or circumstances exist that may give rise or serve as a basis for any such Proceeding.

5.7 No Brokers or Finders. Neither Buyer, nor any Affiliate thereof, has engaged any broker, agent or finder that will obligate Buyer or the Seller to incur any Liability or obligation for any brokerage fees, commissions, finder fees, or similar compensation in connection with this Agreement or the transactions contemplated hereunder.

5.8 Sufficiency of Funds. Buyer has and will have at Closing readily available access to sufficient funds with which to pay the Purchase Price required to consummate the transactions contemplated by this Agreement.

ARTICLE 6
COVENANTS AND OTHER AGREEMENTS

6.1 Hydra Agreement Non-Renewal/Termination. Seller has represented to Buyer that the Hydra Agreement has been terminated. Seller's effectuation of such termination and the transition of operational management and support services for the Cluster from Hydra Host Inc. to the Penguin Agreement are material to Buyer's acquisition of the Interests.

(a) Make-Whole Responsibility. Subject to Section 6.1(c), (i) Seller shall be solely responsible for (and Buyer shall have no responsibility for) any and all "make-whole" payments, early termination fees, damages, costs or other amounts that may be owed to Hydra Host Inc. under Section 5 of the Hydra Agreement or otherwise in connection with the termination of the Hydra Agreement, regardless of whether such termination occurs before, at or after the Closing, and (ii) Seller hereby agrees to indemnify and hold harmless the Buyer Indemnified Parties from and against any claim by Hydra Host Inc. for any such amounts (such amounts, the "Hydra Amounts").

(b) Cooperation. Seller shall (and shall cause Duos Edge AI, Inc. to) cooperate with Buyer and Penguin Computing, Inc. to facilitate an orderly transition of operational management and support services for the Cluster from Hydra Host Inc. to Penguin Computing, Inc. under the Penguin Agreement, including:

(i) providing transition operational management and support services for the Cluster during the transition period;

(ii) providing Buyer and its designees (including Penguin Computing, Inc.) with all information, data, documentation and credentials necessary to operate and manage the Cluster; and

(iii) taking all actions reasonably requested by Buyer to ensure continuity of Cluster operations.

(c) Buyer Reimbursement Obligation. Notwithstanding anything to the contrary in this Agreement (including Section 6.1(a) and Section 7.2(e)), Buyer shall reimburse Seller for amounts that Seller or its Affiliates (including Duos Edge AI, Inc.) may pay to Hydra Host Inc. under Section 4(D) of the Hydra Agreement (Term, Termination and Suspension); provided, however, that (i) Buyer's aggregate reimbursement obligation under this Section 6.1(c) shall not exceed $4,000,000 and (ii) Buyer shall have no reimbursement obligation with respect to any amounts that (A) are or would become payable under the Hydra Agreement after March 11, 2027 or (B) relate to services to be provided by Hydra Host Inc. after March 11, 2027. For the avoidance of doubt, this reimbursement obligation is not an agreement by Buyer to indemnify Seller in respect of any other potential liability to Hydra Host Inc. or any other Person.

6.2 Restrictive Covenants.

(a) Confidentiality. From and after the date hereof, the Parties will, and will cause their Affiliates to, not use or disclose any Confidential Information, and will take all commercially reasonable steps to prevent unauthorized use or disclosure of any Confidential Information. In the event that a Party reasonably believes after consultation with counsel that such Party or its Affiliate is required by applicable Law to disclose any Confidential Information, such Party or Affiliate may disclose only such Confidential Information as may be legally required; provided, that such Party (i) provides the other Parties with prompt notice before such disclosure to the extent legally permitted so that the other Parties may attempt to obtain a protective order or other assurance that confidential treatment will be accorded to such Confidential Information and (ii) cooperates with the other Parties in attempting to obtain such order or assurance.

(b) [Reserved.]

(c) Non-Disparagement. Seller and Buyer hereby covenant and agree that, from and after the Closing, Seller and Buyer will not, and will cause Seller's Affiliates and Buyer's Affiliates, respectively, not to, directly or indirectly, make or publish any derogatory or disparaging statement or communication regarding the other, the Company or any of their respective Affiliates, products or services. Notwithstanding the foregoing, nothing herein shall be deemed to prevent any Party from making truthful statements in (i) response to a request for information from any Governmental Authority, (ii) as otherwise required by applicable Law or (iii) in connection with any Proceeding brought in connection with the breach of this Agreement or any Transaction Document.

(d) Blue-Pencil. If any court of competent jurisdiction shall at any time deem the duration or scope of any particular restrictive covenant contained in this Section 6.2 too lengthy or too broad, the other provisions of this Section 6.2 shall nevertheless stand, the duration shall be deemed to be the longest period permissible by Law under the circumstances, and the scope shall be as broad as permissible by Law under the circumstances. The court in each case shall reduce the duration and/or scope covered to the greatest permissible duration or breadth.

(e) Acknowledgements; Remedies. The Parties acknowledge and agree that (i) the covenants and agreements set forth in this Section 6.2 are a material inducement for each to enter into this Agreement and to perform its obligations hereunder, (ii) the Parties and their direct and indirect stakeholders would not obtain the benefit of the bargain set forth in this Agreement as specifically negotiated by the Parties if any Party or its Affiliates breached the provisions of this Section 6.2, (iii) any breach of the provisions of this Section 6.2 would result in a significant loss of goodwill by the other Party, (iv) the Purchase Price and obligations hereunder are sufficient consideration to make the covenants and agreements set forth herein enforceable, (v) the covenants set forth in this Section 6.2 will not interfere with any Party's ability to earn a living, (vi) the duration and scope of the covenants set forth in this Section 6.2 are reasonable given the benefits that each Party will directly or indirectly receive hereunder, (vii) each Party is familiar with all of the restrictive covenants contained in this Section 6.2 and is fully aware of its obligations hereunder, and (viii) each Party will not challenge the reasonableness of the duration, scope or other provisions of the covenants set forth in this Section 6.2 in any Proceeding, regardless of who initiates such Proceeding. Each Party further acknowledges and agrees that irreparable injury will result to another Party or its Affiliates if a Party breaches any of the terms of this Section 6.2, and that in the event of an actual or threatened breach of any of the provisions contained in this Section 6.2, Buyer or Seller, as the case may be, will have no adequate remedy at Law. Each Party accordingly agrees that in the event of any actual or threatened breach of any of the provisions contained in this Section 6.2, each Party shall be entitled to injunctive and other equitable relief without (A) the posting of any bond or other security, (B) the necessity of showing actual damages or (C) the necessity of showing that monetary damages are an inadequate remedy. Nothing contained herein shall be construed as prohibiting any Party from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of any damages that it is able to prove, excluding punitive, exemplary, special, indirect, incidental, consequential, multiple-of-earnings or lost-profits damages. Each Party shall cause its Affiliates to comply with this Section 6.2, and shall be liable for any breach by any of its Affiliates of this Section 6.2. In the event of a breach or violation by its Affiliates of this Section 6.2, the applicable restrictive covenant period shall be extended by a period of time equal to the period of time during which such Person violates the terms of this Section 6.2.

6.3 Agreements Regarding Tax Matters.

(a) Preparation and Filing of Tax Returns.

(i) Buyer shall prepare or cause to be prepared, and timely file or cause to be timely filed, in each case, in accordance with applicable Law, all Tax Returns required to be filed by or with respect to the Company that are first due after the Closing Date (each, a "Buyer Tax Return"). The reasonable documented costs of preparing any Buyer Tax Return (or portion thereof) shall be borne by Seller. In the case of any Buyer Tax Return that is due on or after the Closing Date, Seller shall pay to the Company, no later than five (5) days prior to the due date of such Tax Return, (i) all Taxes reported as due from the Company on such Tax Returns, to the extent that Seller or its Affiliates are liable for such Taxes under this Agreement (including any Seller Taxes) and (ii) reasonable, documented out of pocket expenses (including reasonable attorneys' and accountants' fees) incurred by Buyer or the Company in the preparation of such Tax Returns. No Party shall take a Tax position on a Buyer Tax Return to the extent such position relates to a Pre-Closing Tax Period, that would reasonably be expected to increase Seller Taxes without Seller's prior written consent (which such consent shall not be unreasonably withheld, conditioned or delayed).

(ii) To the extent the Company has a separate taxable period for any Tax and to the extent permitted or required by applicable Law, the taxable year of the Company with respect to such Tax that includes the Closing Date shall close as of the end of the Closing Date (it being understood that, for so long as the Company is treated as a Disregarded Entity, it has no separate taxable year for U.S. federal Income Tax purposes). If such treatment is not permitted or required in a jurisdiction such that the Company is required to file a Tax Return for a Straddle Period, the Parties agree to use the following conventions for determining the amount of Taxes of the Company attributable to the portion of the Straddle Period ending on the Closing Date: (A) in the case of property Taxes and other similar Taxes imposed on a periodic basis, the amount attributable to the portion of the Straddle Period ending on the Closing Date shall be determined by multiplying the Taxes for the entire Straddle Period by a fraction, the numerator of which is the number of calendar days in the portion of the period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period and (B) in the case of all other Taxes (including Income Taxes, sales Taxes, employment Taxes and withholding Taxes), the amount attributable to the portion of the Straddle Period ending on the Closing Date shall be determined as if the Company filed a separate Tax Return with respect to such Taxes for the portion of the Straddle Period ending on and including the Closing Date using a "closing of the books methodology". For purposes of clause (B), any item determined on an annual or periodic basis (including amortization and depreciation deductions) shall be allocated to the portion of the Straddle Period ending on the Closing Date based on the relative number of days in such portion of the Straddle Period as compared to the number of days in the entire Straddle Period. To the extent that property Taxes during the Straddle Period increase due to improvements the Company makes to, or personal property the Company installs on, the Real Property after Closing, such Tax increases shall be borne solely by Buyer.

(b) Cooperation on Tax Matters. Buyer and Seller shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns of the Company and any Proceeding with respect to Taxes of the Company. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information which are reasonably relevant to any such Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Notwithstanding the foregoing, nothing in this Agreement shall be read to place any obligation on Buyer or its Affiliates to provide to Seller (i) any Tax Returns or other information or documentation with respect to Taxes or Tax Returns that do not relate solely to a Pre-Closing Tax Period of the Company or (ii) any Tax Returns of Buyer.

(c) Transfer Taxes, Etc. All transfer, documentary, sales, use, registration, stamp and other Taxes and fees (including any penalties and interest thereon) incurred in connection with the transactions contemplated by this Agreement (together, "Transfer Taxes") shall be paid by Seller when due, and Seller shall, at its expense and obligation, file all necessary Tax Returns and other documentation with respect to all such Transfer Taxes (and Buyer shall reasonably cooperate with respect thereto, to the extent required by applicable Law).

(d) Tax Contests.

(i) Buyer shall deliver a written notice to Seller within sixty (60) days following any demand, claim, or notice of commencement of a claim, assessment, audit, examination or other administrative or other Proceeding with respect to Taxes of the Company for which Seller may be liable to Buyer under this Agreement ("Tax Contest"); provided, however, that the failure or delay to notify Seller shall not relieve it of any obligation or liability that it may have to Buyer.

(ii) Buyer shall control any Tax Contest; provided, however, Seller, at its sole cost and expense, shall have the right to participate in any Tax Contest to the extent it relates to Taxes of the Company with respect to a Pre-Closing Tax Period.

(iii) If Seller does not timely elect to control a Tax Contest, or is not entitled to do so, then Buyer shall (x) keep Seller reasonably informed regarding the status of such Tax Contest; and (y) not settle, resolve or abandon such Tax Contest without the prior written consent of Seller (which such consent shall not be unreasonably withheld, conditioned or delayed).

(iv) The procedures for all Tax Contests shall be governed by this Section 6.3(d) (and not Section 7.4).

(e) Treatment of Certain Payments. Buyer and Seller agree for all federal, state, local and foreign Tax purposes to treat any amounts payable after the Closing by Seller to Buyer (or by Buyer to Seller) pursuant to this Agreement (including, for the avoidance of doubt, any payment pursuant to Section 7.9 or indemnification and other payments made pursuant to Article 7) as an adjustment to the Purchase Price (provided, payments of the Deferred Purchase Price (payable as the Monthly Deferred Consideration) are intended to constitute, to the maximum extent applicable, an installment payment in an installment sale described in Section 453 of the Code, a portion of which shall be treated as interest to the extent required by Sections 483 and 1274 of the Code), unless Seller makes an election pursuant to Section 453(d) of the Code, and the Parties shall file their Tax Returns and otherwise report accordingly, in each case, unless a contrary treatment is required by Law. No portion of the Monthly Deferred Consideration shall be treated as rent or as a deductible service fee for U.S. federal Income Tax purposes. The Parties shall file their Tax Returns and otherwise report consistently with the foregoing and shall not take any position inconsistent therewith, in each case unless otherwise required by a final "determination" within the meaning of Section 1313(a) of the Code.

(f) Intended Tax Treatment. The Parties covenant and agree that the acquisition of the Interests, including the payment of the Purchase Price in exchange for the Interests, pursuant to this Agreement will be characterized and reported for U.S. federal (and applicable state and local) Income Tax purposes as a sale by Seller, and a purchase by Buyer, of all of the assets of the Company in a fully taxable transaction, with Buyer acquiring a cost basis in such assets determined and allocated in accordance with Section 1060 of the Code. The Parties shall (x) file all Tax Returns in a manner consistent with the foregoing treatment and (y) not take any position inconsistent with the foregoing Tax treatment, in each case, unless otherwise required by a final "determination" (within the meaning of Section 1313(a) of the Code).

(g) Allocation of Purchase Price. No later than one hundred twenty (120) days following the Closing Date, Buyer shall prepare and provide to Seller a schedule containing an allocation (the "Allocation Statement") of the Purchase Price and any other amounts required to be taken into account for federal Income Tax purposes among the assets of the Company, in each case, attributable to the Interests purchased for the Purchase Price (the "Total Tax Consideration"). The Allocation Statement shall be prepared in a manner consistent with the principles of Section 1060 of the Code and the applicable Treasury Regulations, and the Allocation Statement as prepared by Buyer shall be final and binding on the Parties. In the event that there is any adjustment following the Closing to the Total Tax Consideration, Buyer shall promptly prepare a revised Allocation Statement and the principles of this Section 6.3(g) shall apply to each such revised Allocation Statement. Buyer and Seller shall, unless otherwise required by a final "determination" (within the meaning of Section 1313(a) of the Code), (a) prepare and file all Tax Returns, including all IRS Forms 8594 and any other appropriate Tax Returns or forms, in a manner consistent with the Allocation Statement and (b) take no position in any Tax Return, proceeding, audit or otherwise that is inconsistent with the Allocation Statement (in each case, subject to adjustment in accordance with this Section 6.3(g) in the event of any adjustment to the Total Tax Consideration). In the event that any of the allocations set forth in the Allocation Statements are disputed by any Governmental Authority, the Person receiving notice of such dispute shall promptly notify and consult with the other Parties concerning the resolution of such dispute.

6.4 Further Assurances. Each of the Parties agrees that subsequent to the Closing Date, upon the reasonable request of any other Party from time to time, it shall execute and deliver, or cause to be executed and delivered, such further instruments and take such other actions as may be necessary or desirable to carry out the transactions contemplated by this Agreement and the other Transaction Documents or to vest, perfect or confirm ownership by Buyer of the Interests.

6.5 General Release. Effective upon the Closing, Seller, on Seller's own behalf and on behalf of Seller's heirs, successors, trustees, executors, administrators, assigns and any other Person that may claim by, through or under Seller (collectively, the "Releasing Parties"), hereby (a) irrevocably waives, releases and discharges the Company and each of its present and former managers, directors, officers, employees, agents and representatives (collectively, the "Releasees") from, any and all Liabilities of any kind or nature whatsoever and (b) agrees that no Releasing Party will bring or voluntarily participate or assist in any Proceeding that relates to any matter released pursuant to this Section 6.5.

6.6 Conduct of Business Pending the Purchase; Tax Matters. During the period from the date of this Agreement to the Closing Date, the Company shall (and Seller shall cause the Company to):

(a) prepare, in the Ordinary Course of Business and consistent with past practice (except as otherwise required by a change in applicable Law), and timely file all Tax Returns required to be filed by it on or before the Closing Date ("Post-Signing Returns");

(b) consult with Buyer in good faith with respect to all Post-Signing Returns and deliver drafts of such Post-Signing Returns to Buyer no later than ten (10) Business Days prior to the date (including extensions) on which such Post-Signing Returns are required to be filed;

(c) fully and timely pay all Taxes due and payable in respect of such Post-Signing Returns that are so filed;

(d) promptly reserve (and reflect such reserve in its books and records and financial statements), in accordance with past practice and in the Ordinary Course of Business, for all Taxes payable by it for which no Post-Signing Return is due prior to the Closing Date;

(e) promptly notify Buyer of any U.S. federal, state or local or non-U.S. income or franchise and any other suit, claim, action, investigation, proceeding or audit (collectively, "Actions") pending or threatened against or with respect to the Company in respect of any Tax matter, including (without limitation) Tax liabilities and refund claims, and not settle or compromise any such Tax matter or Action without Buyer's prior written consent;

(f) not make or revoke any election with regard to Taxes or file any amended Tax Returns;

(g) not make any change in any Tax or accounting methods or systems of internal accounting controls (including procedures with respect to the payment of accounts payable and collection of accounts receivable), except as may be appropriate to conform to changes in Tax Laws or regulatory accounting requirements or GAAP; and

(h) terminate all Tax Sharing Agreements to which the Company is a party such that there is not further liability thereunder.

6.7 Post-Closing Covenants. No later than thirty (30) days after the Closing Date, the Seller shall use commercially reasonable efforts to furnish to Buyer, in form and substance reasonably satisfactory to Agent, evidence that the collateral covered by the UCC financing statement no. [***] (Downeast Georgia, LLC as secured party) does not include any Interests or other related property.

ARTICLE 7
INDEMNIFICATION

7.1 Survival. The representations, warranties, covenants and agreements contained herein shall survive the Closing. The indemnification obligations under Section 7.2 and Section 7.3 with respect to breaches of representations and warranties shall continue with respect to (a) Fundamental Representations, until the expiration of the applicable statute of limitations, and (b) all other representations and warranties set forth in Article 3, Article 4 and Article 5, until the date that is twelve (12) months following Closing. The indemnification obligations under Section 7.2 and Section 7.3 with respect to breaches of covenants and agreements shall continue until such covenants and agreements are fully performed in accordance with their terms except that any indemnification obligation for Seller Taxes under Section 7.2(d) and for any breach of the covenants set forth in Section 6.3 (Agreements Regarding Tax Matters) or Section 6.6 (Conduct of Business Pending the Purchase; Tax Matters) shall survive until ninety (90) days after the expiration of the applicable statute of limitations (taking into account any valid extensions).

Notwithstanding the foregoing, the indemnification obligations under Section 7.2(e) with respect to the Hydra Agreement shall continue until the expiration of the applicable statute of limitations.

Notwithstanding anything to the contrary contained herein, if written notice of any claim for indemnification hereunder has been delivered in accordance herewith prior to the expiration of the applicable period set forth above, the indemnification obligations shall continue with respect to such claim until the final resolution and satisfaction of such claim in accordance with the provisions of this Article 7, and the Indemnifying Party shall indemnify the Indemnified Party for all Adverse Consequences incurred in respect of such claim (subject to any applicable limitations set forth herein), regardless of when such Adverse Consequences are incurred.

7.2 Indemnification by Seller. Seller shall indemnify and hold harmless the Buyer Indemnified Parties from and against, and pay or reimburse the Buyer Indemnified Parties for, any and all Adverse Consequences which any Buyer Indemnified Party may suffer, sustain or incur directly or indirectly arising out of, relating to or otherwise by virtue of: (a) any breach of any of the representations or warranties contained in Article 3 or Article 4; (b) a breach by Seller of its covenants or agreements contained in this Agreement; (c) any Indebtedness or Seller Transaction Expenses not taken into account in the set-off under Section 2.3(a); (d) any Seller Taxes; and (e) subject to Section 6.1(c), any claim, demand, action, suit, proceeding, loss, liability, damage, cost or expense (including reasonable attorneys' fees and expenses) relating to the Hydra Amounts.

7.3 Indemnification by Buyer. Buyer shall indemnify and hold harmless Seller Indemnified Parties from and against, and pay or reimburse the Seller Indemnified Parties for, any and all Adverse Consequences which the Seller Indemnified Parties may suffer, sustain or incur directly or indirectly arising out of, relating to or otherwise by virtue of: (a) any breach of any of the representations and warranties of Buyer contained in Article 5; and (b) a breach by Buyer of any of its covenants or agreements contained in this Agreement.

7.4 Indemnification Procedure.

(a) In the event that any Person entitled to indemnification under this Agreement (an "Indemnified Party") receives notice of the assertion of any claim or of the commencement of any Proceeding by any Person who is not a Party or an Affiliate of a Party (a "Third Party Claim") against such Indemnified Party, with respect to which a Party is or may be required to provide indemnification under this Agreement (an "Indemnifying Party"), the Indemnified Party shall give written notice regarding such Third Party Claim to the Indemnifying Party within thirty (30) days after learning of such Third Party Claim; provided, however, that the failure to so notify an Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder except to the extent (and only to the extent) that the Indemnifying Party forfeits material rights or defenses by reason of such failure. The Indemnifying Party shall be entitled to participate in the defense of such Third Party Claim at such Indemnifying Party's expense, and at its option shall be entitled to assume the defense thereof (subject to the limitations and exceptions set forth below) by appointing a nationally recognized and reputable counsel reasonably acceptable to the Indemnified Party to be the lead counsel in connection with such defense; provided, that the Indemnifying Party first enters into a written agreement with the Indemnified Party that the Indemnifying Party is unconditionally and irrevocably obligated to pay and satisfy any Adverse Consequences (subject to any limitations set forth herein) which may arise with respect to such Third Party Claim and provides evidence of its ability to satisfy such obligation, in each case, in form and substance reasonably satisfactory to the Indemnified Party.

(b) If the Indemnifying Party has assumed the defense of a Third Party Claim in accordance with the terms hereof, the Indemnified Party shall be entitled to participate in the defense of such claim and to employ counsel of its choice for such purpose, and the fees and expenses of such separate counsel shall be borne by the Indemnified Party other than (i) any fees and expenses of such separate counsel that are incurred prior to the date the Indemnifying Party assumes control of such defense and (ii) any fees and expenses of such separate counsel if the Indemnified Party reasonably shall have concluded (upon advice of its counsel) that there may be one or more legal defenses available to such Indemnified Party that are not available to the Indemnifying Party or that the Indemnified Party and the Indemnifying Party may have different, conflicting, or adverse legal positions or interests with respect to such Third Party Claim.

(c) Notwithstanding anything to the contrary contained herein, the Indemnifying Party shall not be entitled to control the defense of a Third Party Claim (and the Indemnified Party shall be entitled to maintain or assume control of the defense of such Third Party Claim) if (i) the Third Party Claim relates to or involves any criminal or quasi criminal Proceeding, indictment or allegation; (ii) the Indemnified Party reasonably believes an adverse determination with respect to the Third Party Claim would be detrimental to or injure the Indemnified Party's reputation or future business prospects; (iii) the Third Party Claim seeks an injunction or other equitable relief against the Indemnified Party; or (iv) the Indemnified Party reasonably believes that the Adverse Consequences relating to the claim could exceed the maximum amount that such Indemnified Party would then be entitled to recover from the Indemnifying Party under this Article 7.

(d) If the Indemnifying Party shall control the defense of any Third Party Claim, the Indemnifying Party shall obtain the prior written consent of the Indemnified Party before entering into any settlement of, consenting to the entry of any judgment with respect to or ceasing to defend such Third Party Claim if (i) pursuant to or as a result of such settlement, consent or cessation, injunctive or other equitable relief will be imposed against the Indemnified Party, or a finding or admission of any violation of Law would be made against any Indemnified Party, or such settlement, consent or cessation could otherwise reasonably be expected to interfere with or adversely affect the business, operations or assets of the Indemnified Party or (ii) such settlement or judgment does not expressly and unconditionally release the Indemnified Party from all Liabilities with respect to such Third Party Claim.

(e) Any claim by an Indemnified Party for indemnification not involving a Third Party Claim may be asserted by giving the Indemnifying Party written notice thereof. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days following its receipt of such notice that the Indemnifying Party disputes its Liability to the Indemnified Party, such claim specified by the Indemnified Party in such notice shall be conclusively deemed an obligation of the Indemnifying Party hereunder, and the Indemnifying Party will pay the amount of such Adverse Consequences to the Indemnified Party on demand.

(f) Notwithstanding the foregoing, the procedures for all Tax Contests shall be governed by Section 6.3(d) (and not this Section 7.4).

7.5 Certain Limitations. Subject to Section 7.8, the aggregate amount required to be paid by Buyer under Section 7.3 shall not exceed the Purchase Price. Neither the Buyer nor the Seller shall have any liability under Section 7.2 or Section 7.3 unless and until the aggregate Adverse Consequences for which they would otherwise be liable exceed $100,000.00 (the "De Minimis Amount"), in which event Buyer or Seller, as the case may be, shall be liable for the full amount of such Adverse Consequences from the first dollar thereof.

7.6 Insurance Proceeds. The amount of Adverse Consequences for which indemnification shall be available pursuant to this Article 7 shall be reduced by any insurance proceeds actually received from a third party insurer by an Indemnified Party in connection with the matter giving rise to such Adverse Consequences (net of the amount of costs and expenses (including reasonable attorneys' fees) of recovery or collection thereof, any applicable deductibles, retentions or similar costs or payments and any increase in the cost of the Indemnified Party's future insurance coverage that results from such claim).

7.7 No Circular Recovery. Notwithstanding anything to the contrary in this Agreement, Seller hereby agrees that it will not make any claim for indemnification against Buyer, or any other Buyer Indemnified Party (including the Company) by reason of the fact that Seller was a controlling Person, director, manager, officer, employee, shareholder, member, equity holder or representative of the Company with respect to any claim brought by a Buyer Indemnified Party against Seller relating to this Agreement, the other Transaction Documents or any of the transactions contemplated hereby or thereby that is based on any facts or circumstances that form the basis for a claim by a Buyer Indemnified Party pursuant to this Agreement.

7.8 Indemnification as Sole Remedy. The indemnification provided for in this Article 7 shall be the sole and exclusive remedy and recourse for any breach of this Agreement. Notwithstanding anything in this Agreement to the contrary, (a) in the case of fraud, intentional misrepresentation or willful misconduct, the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable, shall have all remedies available under this Agreement or otherwise without giving effect to any of the limitations, survival periods or waivers contained herein and (b) nothing herein shall limit any Party's right to seek and obtain equitable remedies with respect to any covenant or agreement contained in this Agreement.

7.9 Payment. If any amount owed under this Article 7 is not paid within ten (10) Business Days of a final settlement among the Indemnifying Party and the Indemnified Parties or upon a final, judgment by a court of competent jurisdiction that an indemnification obligation is owing by the Indemnifying Party to the Indemnified Party (either, a "Final Determination"), such amount shall bear interest at the rate of ten percent (10%) per annum, or, if less, the maximum rate permitted by applicable Law, and the Indemnifying Party shall reimburse the Indemnified Party for any and all costs or expenses of any nature or kind whatsoever (including reasonable legal fees) incurred in seeking to collect such amount under this Article 7, and no limitation in this Article 7 shall apply to any such interest or reimbursement.

7.10 Materiality Qualifications. Notwithstanding anything to the contrary contained herein, for purposes of determining the amount of Adverse Consequences arising from such a breach for which the Buyer Indemnified Parties or Seller Indemnified Parties are entitled to indemnification under this Agreement, each representation and warranty contained in this Agreement (including, for the avoidance of doubt, the representations and warranties set forth in Section 4.17 (Taxes)) shall be read without giving effect to any qualification that is based on materiality, including the words "material," "material adverse effect," "in all material respects" and other uses of the word "material" or words of similar meaning (and shall be treated as if such words were deleted from such representation or warranty).

ARTICLE 8
CONDITIONS TO CLOSING; TERMINATION

8.1 Conditions to Obligation of Buyer. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Buyer in its sole discretion) of the following conditions.

(a) (i) Each of the representations and warranties of Seller set forth in Article 3 and the Company set forth in Article 4 of this Agreement (in each case as modified and limited by the Disclosure Schedules), other than the Fundamental Representations, shall be materially true and correct at and as of the Closing Date and (ii) each of the Fundamental Representations of Seller set forth in Article 3 and the Company set forth in Article 4 of this Agreement (in each case as modified and limited by the Disclosure Schedules) shall be true and correct at and as of the Closing Date.

(b) Seller and the Company shall have performed and complied in all material respects with all agreements, covenants and conditions on their part required by this Agreement and the Transaction Documents to be performed or complied with at or prior to the Closing.

(c) Buyer shall have received a Payoff Letter from GPU Finance in form and substance reasonably satisfactory to Buyer, setting forth the items required by the definition thereof, including GPU Finance's acknowledgment and agreement with respect to the direct wire payment.

(d) Buyer shall have received evidence reasonably satisfactory to Buyer that (i) the conditions for release of the Reserve Remittance to SMCI in satisfaction of the SMCI Purchase Order have been satisfied, (ii) SMCI has agreed to terminate its security interest in the Servers and file UCC-3 termination statements with respect to all UCC financing statements filed in connection with the SMCI Purchase Order promptly upon receipt of the Reserve Remittance, and (iii) GPU Finance and SMCI have executed and delivered the Joint Written Instructions to Wilmington Trust, and such Joint Written Instructions include (A) the release/payoff language for Buyer's benefit, and (B) the UCC-3 termination statements attached as exhibits.

(e) The Cluster shall be fully operational and in good working condition, and no component of the Cluster shall have suffered any material damage, loss or impairment since the date hereof.

(f) The Hydra Agreement shall have been terminated by Duos Edge AI, Inc. in accordance with the terms of the Hydra Agreement.

(g) The Penguin Agreement shall be in full force and effect.

(h) The Cluster shall be located and operating at the Facility.

(i) No Material Adverse Effect shall have occurred since the date hereof.

(j) Buyer shall have received and reviewed, and the results thereof shall be satisfactory to Buyer in its reasonable discretion, the following searches with respect to the Company, Seller and Hydra Host Inc., each dated not more than three (3) days prior to the Closing Date: (i) UCC searches in all jurisdictions in which any of such Persons is organized or has its principal place of business, (ii) federal and state bankruptcy, insolvency and reorganization case searches in all such jurisdictions, and (iii) federal and state court litigation and judgment searches in all such jurisdictions. The costs and expenses of obtaining such searches shall be borne by Seller.

(k) All required export control licenses, waivers or authorizations, if any, have been obtained in connection with the transactions contemplated hereby.

(l) No temporary restraining order, preliminary or permanent injunction or other Order preventing the consummation of the transactions contemplated by this Agreement shall be in effect.

(m) Seller and the Company shall have delivered or caused to be delivered the documents set forth in Section 2.5(a).

8.2 Conditions to Obligation of Seller and the Company. The obligation of Seller and the Company to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Seller in its sole discretion) of the following conditions:

(a) Each of the representations and warranties of Buyer set forth in this Agreement shall be true and correct at and as of the Closing Date.

(b) Buyer shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Buyer at or prior to the Closing Date.

(c) No temporary restraining order, preliminary or permanent injunction or other Order preventing the consummation of the transactions contemplated by this Agreement shall be in effect.

(d) Buyer shall have delivered or caused to be delivered the documents set forth in Section 2.5(b).

(e) Buyer has available sufficient funds to pay the Purchase Price and all amounts due at Closing.

8.3 Frustration of Closing Conditions. None of the Seller, the Company or Buyer may rely on or assert the failure of any condition set forth in this Article 8 as the case may be, if such failure results from or was caused by such party's failure to comply with any provision of this Agreement.

8.4 Termination. This Agreement may be terminated, and the transactions contemplated herein may be abandoned, prior to the Closing solely:

(a) by the mutual written consent of Seller, the Company and Buyer;

(b) by Seller, the Company or Buyer, if (i) an Order is entered enjoining or prohibiting any of the Parties from consummating the transactions contemplated hereby and such Order has become final and non-appealable and (ii) the terminating party has not materially breached any provision of this Agreement;

(c) by Buyer, if (i) a breach or failure to perform any representation, warranty, covenant or agreement on the part of Seller or the Company set forth in this Agreement shall have occurred which is incapable of being cured prior to the Outside Date and renders impossible the satisfaction of one or more of the conditions set forth in Section 8.1 and (ii) Buyer has not materially breached any provision of this Agreement;

(d) by Seller or the Company, if (i) a breach or failure to perform any representation, warranty, covenant or agreement on the part of Buyer set forth in this Agreement shall have occurred which is incapable of being cured prior to the Outside Date and renders impossible the satisfaction of one or more of the conditions set forth in Section 8.2 and (ii) Seller and the Company have not materially breached any provision of this Agreement;

(e) by Seller, the Company or Buyer if the Closing shall not have occurred on or before October 5, 2026 (the "Outside Date").

(f) by Buyer, if material damage, loss or impairment affecting 5% or more of the GPUs comprising the Cluster occurs, or the reasonably estimated cost to repair or replace any such damage, loss or impairment exceeds $1,000,000, in each case after the date hereof and prior to the Closing, and such damage, loss or impairment is not cured, repaired or replaced (or Buyer is not otherwise put in substantially the same position it would have been in had such damage, loss or impairment not occurred, including by way of insurance proceeds made available to the Company or a corresponding reduction in the Purchase Price acceptable to Buyer in its reasonable discretion) within thirty (30) days after the date on which such damage, loss or impairment occurs (or, if earlier, the Outside Date).

8.5 Effect of Termination.

(a) The valid termination of this Agreement in accordance with Section 8.4 shall terminate all rights and obligations of the Parties and none of the Parties shall have any liability to any other party hereunder, except that this Section 8.5, and Article 9 shall survive any such termination. Nothing in this Section 8.5(a) shall be deemed to release any Party from any liability for any willful and material breach by such Party of the terms and provisions of this Agreement prior to such termination.

(b) Each of the Parties acknowledges and agrees that the agreements contained in this Section 8.5 are an integral part of this Agreement, and that without these agreements, the other Parties would not enter into this Agreement.

ARTICLE 9
MISCELLANEOUS

9.1 Notices. All notices, reports, records or other communications that are required or permitted to be given to the Parties under this Agreement shall be sufficient in all respects if given in writing and delivered in person, by electronic mail, by overnight courier or by registered or certified mail, postage prepaid, return receipt requested, to the receiving party at the following address or such other address as such Party may have given to the other Parties by notice pursuant to this Section 9.1:

If to Seller or the Company:	Duos Technologies Group, Inc. 6651 Gate Parkway, 4th Floor Jacksonville, Florida 32256 E-Mail: [***] Attn: Dipan Patel
with a copy to:	J. Thomas Cookson Shutts & Bowen LLP 200 Biscayne Boulevard, Suite 4100 Miami, Florida 33131 E-Mail: [***]
If to Buyer:	Axe Compute Inc. 91 43rd Street, Suite 110, Pittsburgh, PA, 15201 E-Mail: [***]
with a copy to:	Attn: Christopher Miglino Katten Muchin Rosenman LLP 600 Brickell Avenue, Suite 4100 Miami, Florida 33131 E-Mail: [***] Attn: Josh Kaufman

Notice shall be deemed given on (a) the date such notice is personally delivered, (b) three (3) days after mailing if sent by certified or registered mail, (c) one (1) Business Day after delivery to the overnight courier, or (d) the date such notice is transmitted by electronic mail if transmitted prior to 5:00 p.m. Eastern Time on a Business Day, or the next succeeding Business Day if transmitted later.

9.2 Entire Agreement. All references in this Agreement or the other Transaction Documents to this Agreement shall include all Exhibits and Schedules hereto. This Agreement and the other Transaction Documents set forth the entire agreement of the Parties relating to the subject matter hereof and thereof and supersede all prior and contemporaneous agreements, negotiations, correspondence, undertakings and communications of the Parties, oral or written, respecting such subject matter.

9.3 Counterparts; Deliveries. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. This Agreement, the other Transaction Documents and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of electronic transmission (including electronic mail, .pdf files or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com), shall be treated in all manner and respects and for all purposes as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. No party to any such agreement or instrument shall raise the use of electronic transmission to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of electronic transmission as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

9.4 Third Parties. This Agreement shall inure exclusively to the benefit of and be binding upon the Parties, any Person entitled to indemnification under Article 7 and any Releasee with respect to the provisions of Section 6.6, and their respective successors, permitted assigns, executors and legal representatives. Nothing in this Agreement, express or implied, is intended to confer on any Person (other than the Parties or their respective successors and permitted assigns, any Person entitled to indemnification under Article 7 and any Releasee with respect to the provisions of Section 6.6) any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.5 Expenses. Buyer shall pay, or reimburse its Affiliates for, all costs and expenses incurred or to be incurred by Buyer or its Affiliates in connection with the preparation, negotiation, execution and delivery of this Agreement and the other Transaction Documents and the consummation of the transactions contemplated hereby and thereby. All Seller Transaction Expenses shall be paid by Seller.

9.6 Amendment; Waiver. This Agreement shall not be amended, modified or waived except by an agreement in writing duly executed by Buyer and the Seller. No failure of any Party to exercise any right or remedy given to such Party under this Agreement or otherwise available to such Party or to insist upon strict compliance by any other Party with such Party's obligations hereunder, and no custom or practice of the Parties in variance with the terms hereof, shall constitute a waiver of any Party's right to demand exact compliance with the terms hereof. Any written waiver shall be limited to those items specifically waived therein and shall not be deemed to waive any future breaches or violations or other non-specified breaches or violations unless, and to the extent, expressly set forth therein.

9.7 Governing Law. This Agreement shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Agreement shall be governed by, the internal Laws of the State of Delaware, without giving effect to any provisions regarding conflict of Laws that would result in the application of the laws of any other jurisdiction.

9.8 Assignments. This Agreement will be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns, but will not be assignable or delegable (including any rights or obligations hereunder or any claim or right to receive damages with respect to any breach hereof) by any Party without the prior written consent of the other Parties and any such attempted assignment or delegation without such consent shall be null and void ab initio. Notwithstanding the foregoing, nothing in this Agreement shall or is intended to limit the ability of Buyer to assign its rights or delegate its responsibilities, liabilities and obligations under this Agreement (or any claim or right to receive damages with respect to any breach hereof), in whole or in part, without the consent of each Seller (provided that the Buyer shall remain liable for all of its obligations hereunder) to (a) any Affiliate of Buyer, (b) any direct or indirect purchaser of all or substantially all of the assets of Buyer or the Company, or (c) any lender to Buyer and/or the Company as security for borrowings.

9.9 Headings. The subject headings of Articles and Sections of this Agreement are included for purposes of convenience of reference only and shall not affect the construction or interpretation of any of its provisions.

9.10 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. Any Proceeding arising out of or relating to this Agreement or any transaction contemplated hereby shall be brought exclusively in the Delaware Court of Chancery in New Castle County or in the event (but only in the event) that such court does not have subject matter jurisdiction over such action, the United States District Court for the District of Delaware, and each of the Parties hereby submits to the exclusive jurisdiction of such courts for the purpose of any such Proceeding. A final judgment in any such Proceeding may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any Proceeding arising out of this Agreement or the transactions contemplated hereby in such courts, and hereby irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such Proceeding brought in any such court has been brought in an inconvenient forum or does not have jurisdiction over any Party. Each Party further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party's respective address set forth herein shall be effective service of process for any such Proceeding. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF. EACH PARTY FURTHER WAIVES ANY RIGHT TO SEEK TO CONSOLIDATE ANY PROCEEDING IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER PROCEEDING IN WHICH A JURY TRIAL CANNOT OR HAS NOT BEEN WAIVED. Each Party certifies and acknowledges that (a) no representative, agent or attorney of any other Party has represented or warranted, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver, (b) each Party understands and has considered the implications of this waiver, (c) each Party makes this waiver voluntarily, and (d) each Party has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 9.10. In any dispute, claim, action, arbitration, litigation, or other proceeding arising out of or relating to this Agreement, the prevailing party, as determined by the court, arbitrator, or other trier of fact, shall be entitled to recover from the non-prevailing party, in addition to any other relief awarded, all reasonable costs and expenses incurred in connection with such proceeding, including reasonable attorneys' fees, expert fees, court costs, arbitration costs, and other costs of collection or enforcement.

9.11 Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement and the other Transaction Documents. In the event an ambiguity or question of intent or interpretation arises, this Agreement and the other Transaction Documents shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement or any other Transaction Document.

9.12 Public Announcements. Neither Seller nor Buyer shall make any public announcement or filing with respect to the transactions provided for in this Agreement or any of the other Transaction Documents without the prior written consent of the other, except as may be required by applicable Law or regulation of any Governmental Authority or self-regulatory organization or pursuant to its respective trade reporting obligations.

9.13 Interpretive Matters. Unless the context otherwise requires, (a) all references to Articles, Sections or Schedules are to Articles, Sections or Schedules in this Agreement, (b) each accounting term not otherwise defined in this Agreement has the meaning assigned to it in accordance with GAAP, (c) words in the singular or plural include the singular and plural, and pronouns stated in either the masculine, the feminine or neuter gender shall include the masculine, feminine and neuter, (d) whenever the words "include," "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "but not limited to," and (e) the word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not simply mean "if". The Parties intend that each representation, warranty, covenant and agreement contained herein shall have independent significance. If any Party has breached any representation, warranty, covenant or agreement contained herein in any respect, the fact that there exists another representation, warranty, covenant or agreement relating to the same subject matter that the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, covenant or agreement. All uses of "written" contained in Article 3, Article 4 and Article 5 shall be deemed to include information transmitted via electronic mail or other electronic transmission. For purposes of Article 3 and Article 4, information shall be deemed to have been "made available" (or phrases of similar import) to Buyer only if such information was provided by email to Buyer and its counsel at least two (2) Business Days prior to the date hereof. The Parties agree that any drafts of this Agreement or any Transaction Document prior to the final, fully executed drafts shall not be used for purposes of interpreting any provision of this Agreement or any Transaction Document, and each of the Parties agrees that no Party, Indemnifying Party or Indemnified Party shall make any claim, assert any defense or otherwise take any position inconsistent with the foregoing in connection with any dispute or Proceeding among any of the foregoing or for any other purpose.

9.14 Invalid Provisions. Without limiting Section 6.3(d), if any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if

such illegal, invalid or unenforceable provision had never comprised a part hereof, (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom, and (d) in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

BUYER:
AXE COMPUTE INC.
By: /s/ Christopher Miglino
Name: Christopher Miglino
Title: CEO

SELLER:
DUOS TECHNOLOGIES GROUP, INC.
By: /s/ Doug Recker
Name: Doug Recker
Title: CEO

COMPANY:
DUOS EDGE AI – GPUaaS, LLC
By: Duos Technologies Group, Inc., its sole member
By: /s/ Doug Recker
Name: Doug Recker
Title: CEO

EXHIBIT A
DISCLOSURE SCHEDULES

Intentionally omitted.

EXHIBIT B
JOINT WRITTEN INSTRUCTIONS

Intentionally omitted.

EXHIBIT C
PENGUIN AGREEMENT

Intentionally omitted.

Exhibit 31.1

CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Christopher Miglino, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Axe Compute Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 17, 2026 /s/ Christopher Miglino
Christopher Miglino
Chief Executive Officer

Exhibit 31.2

CERTIFICATION
PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

I, Jeremy Yaukey-Witter, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Axe Compute Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 17, 2026 /s/ Jeremy Yaukey-Witter
Jeremy Yaukey-Witter
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Axe Compute Inc. (the "Company") for the quarter ended September 30, 2026 as filed with the Securities and Exchange Commission (the "Report"), I, Christopher Miglino, Chief Executive Officer (Principal Executive Officer) and, I, Jeremy Yaukey-Witter, Chief Financial Officer (Principal Financial Officer) of the Company, hereby certify as of the date hereof, solely for purposes of § 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. § 1350, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: November 17, 2026 /s/ Christopher Miglino
Christopher Miglino
Chief Executive Officer
(Principal Executive Officer)

Date: November 17, 2026 /s/ Jeremy Yaukey-Witter
Jeremy Yaukey-Witter
Chief Financial Officer
(Principal Financial Officer)