

# NASDAQ:DUOT Q1 2026 Earnings Call Transcript

Generated on 6/10/2026

## Conference Call Operator | Operator:

Good morning. Welcome to Duos Technologies' first quarter 2026 earnings conference call. Joining us for today's call are Duos' CEO, Doug Recker, and CFO, Leah Brown. Following the remarks, we'll open the call for your questions. Then, before we conclude today's call, I'll provide the necessary cautions regarding the forward-looking statements made by management during this call. Now, I'll turn the call over Commissioner Doug Ricker. Sir, please proceed.

## Doug Recker | Chief Executive Officer:

Welcome, everyone, and thank you for joining us today. Earlier today, we issued our earnings press release, and at the end of last week, we filed our 10-Q for Q1 2026. Copies are available in the investor relations section of our website. I encourage all listeners to view press releases and our 10-Q filing to better understand the some of the details we'll be discussing during this morning's call. At a high level, our first quarter results reflect the continued execution of our strategic transformation towards a data center-focused platform with our dual-edge AI technology solutions division emerging as our primary growth drivers. As expected, results from the quarter reflected our in-progress transition away from the legacy rail operation and the planned wind-down of the new APR asset management agreement, which was the primary driver for the revenue in the period. At the end of the same time, we remain on track to exceed our \$50 million revenue target for this year, supported by our strategic partnership with Hydrohost and our growing pipeline of AI infrastructure deployments. Before I get into the exciting updates on our DUOS Edge AI and Technology Solutions divisions, I'd like to first update you on our rail technology and DUOS energy subsidiaries. Since our last call, we've continued to make progress on the rail division divestiture. The company is currently going through a fairness opinion on the value of the rail division, and this process is expected to extend into the second quarter. As previously discussed, this was a thoughtful decision that will enable us to redeploy capital, reduce SG&A, and focus on higher growth opportunities. We will provide additional details as the progress moves forward. Turning to the Duos Energy Corporation, we saw a ramp down with reduced reliance on Duos services this quarter. As a reminder, In December of 2024, DUOS entered into an asset management agreement with New APR Energy to help find new contracts to engineer, procure, construct, and operate fast power plants. This was pivotal for us to make our data center business transition that is currently underway. As we previously discussed, the AMA will conclude later this year but we will retain 5% equity stake in the parent of APR Energy. In Q1, the company reported \$1.55 million in revenue with a cost of goods sold of approximately \$544,000. This was a step down from the previous period, and we expect it to continue to wind down in the coming quarters. Now I'd like to discuss our data center strategy and our newer line of business, Dulos Technology Solutions. As we build and deploy data centers at scale, controlling costs and optimizing procurement is critical given the capital intense nature of this market. As a smaller buyer, relative to hyperscalers and large co-location companies, we needed a more efficient way to procure equipment which led to the creation of the DUOS Technology Solutions. This division enabled us to reduce procurement costs for our own deployments while creating a new asset-light revenue stream, serving enterprise, hyperscalers, and contractor customers. I am pleased to report that DUOS Technology Solutions experienced traction throughout the first quarter. We successfully signed eight new large data center operators, and increased our backlog to approximately 14 million, all of which is expected to shift and be invoiced in 2026. Our pipeline for the technology solutions is several orders of magnitude greater than the backlog as of today, giving us an additional confidence in our outlook, specifically in the revenue ramp for the second half of the year. This new line of business helped Low overhead is high scalable while also being supported by strong customer commitments. We expect the revenue generated by the technology solutions to not only replace the revenue

from the new APR AMA, but also provide better margins. Now I want to shift our discussion to the core of our new data center-focused organization, Duo's Edge AI. The demand for edge computing and AI infrastructure continues to grow rapidly, and we believe DUOS is well-positioned to address this demand through our modular data center platform. Following our recent capital raise, including the \$65 million in financing completed in March, we have significantly strengthened our balance sheet and are well-capitalized to support near-term deployments and future growth. Our focus for the first half of 2026 is to continue executing our sales strategy to acquire new customers in our markets to fully utilize capacity of each EDC. During the quarter, we make significant progress across two key revenue streams, the GPU as a service and high-power co-location. Under our GPU as a service agreement with Hydrohost, we expect to deploy 2,304 NVIDIA GPUs across our Edge Data Center platform. This contract represents approximately \$176 million in total revenue over a 36-month term, with total anticipated revenue of roughly \$50 million, projected margins exceeding 80%, and approximately \$40 million in expected EBITDA. Importantly, in addition to the GPU as a service revenue, This partnership is expected to generate external co-location revenue of approximately \$25 million over the term, further enhancing the overall economics of the relationship. We have already received \$15 million down payment with an additional \$3 million deposit pending currently. We are actively executing on initial deployments. We continue to expect revenue from this agreement to begin ramping in the second half of the year. Separately, we were awarded a high-power co-location contract to deliver 4.8 megawatts of critical compute capacity to support a leading hyperscaler high-density GPU cluster. Together, these agreements represent a significant commercial inflection point, establishing two complementary high-margin revenue streams and validating our edge data center platform at scale. At the same time, We are also seeing increasing demand for high-density data center capacity, driven by AI and advanced compute workloads, with demand now measured in megawatts rather than kilowatts. These higher power capacity EDCs should provide much higher monthly recurring revenue for DUOS. DUOS currently has 10 megawatts contracted and an additional 15 megawatts planned for deployment in 2026. and we continue to expand our pipeline of edge data center opportunities to support growing demand for our AI training, inference, and high-performance computing workloads. Geographically, we are expanding into multiple regions across the country, including Maryland, Iowa, Georgia, and Texas, as we position the platform to serve both enterprise and hyperscale customers. Within our existing EDCs, we've also begun hosting open houses for the surrounding communities as well as prospective customers to provide an opportunity to explore how edge data centers enable faster connectivity, localized computing power, and AI readiness. We've recently announced a few of these community initiatives and expect to host several more over the coming months. Since announcing our recent contracts, we have seen strong inbound interest from hyperscalers, new cloud providers, and other large-scale compute customers. Supporting a growing backlog and pipeline, we are currently evaluating new power partnerships that will enable green solutions and faster deployments for our Megawatt sites and expect to provide exciting updates in this area in the near future. In closing, We believe Duos is at a pivotal inflection point. We are transitioning to a higher growth, higher margin business model, building strong visibility through contracted opportunities and pipelines, and positioning the company to deliver meaningful revenue and even a growth as we move through 2026. Now I would like to turn it over to our CFO, Leo Brown, who will go over our financials for the first quarter of 2026. Leo?

### **Leah Brown | Chief Financial Officer:**

Thank you, Doug. This has been an encouraging and productive start to 2026 for Duos. The first quarter included several landmark announcements, strategic financing, strong backlog growth, strategic investment, and meaningful progress toward building a stronger, more scalable company. I will now walk through our first quarter 2026 financial performance and highlight key operational drivers that shaped our results. For Q1 2026, total consolidated revenue was approximately 2.7 million compared to 4.9 million in the first quarter of 2025. Total revenue for Q1 2026 represents an aggregate of approximately 44,000 of technology systems revenue, 562,000 of technology solutions revenue, approximately 532,000 in services and consulting revenue, \$1.5 million from related party services and consulting agreements, and approximately \$30,000 of hosting revenue. The decrease in total revenues was primarily driven by the planned down draw from the

Duo Energy and New APR Asset Management Agreement, the AMA, that Doug mentioned previously. The company delivered materially stronger gross margin in Q1, 2026, generating \$1.6 million in gross profit, achieving approximately 59% margin, a significant year-over-year improvement. This was driven by reduction of cost of goods sold, largely reflecting the impact of the transition of the AMA, the associated decline in related costs. The company also recognized approximately 900,000 of revenue during the first quarter of 2026 and 2025 related to its 5% non-voting equity interest in the ultimate parent of new APR. As this revenue has no associated cost of revenue, it contributed at a 100% gross margin. The company reported net loss of approximately 3.5 million for Q1, 2026 compared to a net loss of 2.1 million for Q1, 2025. The year-over-year increase was primarily driven by lower revenues resulting from reduced scope of services, dual energy provided under the AMA with new APR, as well as higher operating expenses. As we discussed on previous earnings calls, achieving positive adjusted EBITDA in Q3 and Q4 last year were important milestones for the company. reflecting the early benefits of revenue scale and margin improvement. In Q1, 2026, adjusted EBITDA was negative 1.5 million. We did not report adjusted EBITDA in the prior year period, but on a comparable basis, this reflects the impact of the items discussed earlier. While we did not achieve positive adjusted EBITDA in the quarter, we expect improved profitability as revenue ramps in the coming quarters. Let's shift to the balance sheet. The company ended Q1, 2026 with \$33 million in cash and cash equivalents. Our cash increased significantly. compared to December 31st, 2025, as a result of our 65 million capital raise in March, which strengthened liquidity and enhanced our ability to support operations and fully fund our planned investments as part of our agreement with Hydrohost. As of March 31st, 2026, Hydrohost has secured a customer for the company. And this customer provided a deposit of 15 million to the company in May, 2026, with an additional 3 million currently pending. Now I'd like to turn to our 2026 outlook. At the end of the first quarter, the company's bookings represented approximately 43.5 million in revenue, of which all is expected to be recognized during the year, included contracted backlog and near-term anticipated awards. In addition, approximately 1.1 million of the contracted technology solutions deferred revenue recorded in 2025, will be recorded as revenue in 2026, further supporting the company's performance. Based on these committed contracts and near-term pending orders that are already performing, hours scheduled to be executed throughout the course of 2026, the company is reconfirming its executive expectations for the total revenue in 2026 to exceed 50 million. Let me briefly walk through how we bridge from approximately 2.7 million of Q1 revenue to our 50 million full year target, which we know is a key focus for our investors. The primary driver is our GPU as a service business, which we expect to contribute approximately \$26 million, largely recognized in the second half of the year, as the project comes online and utilization ramps up. In addition, we expect to generate approximately \$26 million from our technology solutions backlog, which provides a solid base of committed revenue. This includes 2.9 million currently recorded as deferred revenue that will be recognized in the second half of the year. We also remain on track to recognize 15 million of bookings as revenue in 2026 supported by an additional \$25 million in backlog. We also anticipate the balance of guidance to be recognized due to incremental contributions from co-location and infrastructure services, driven by customer expansion, new hosting deployments, and continued capacity build-out, along with new customer wins we are actively pursuing. Together, these visible drivers give us confidence in reaching our full-year target. To reiterate, due to the timing of revenue recognition, a significant portion of revenue is expected to be recognized in the second half of the year, during which time we also expect to return to positive adjusted EBITDA. Doug I'll now turn it back to you for final comments.

## **Doug Recker | Chief Executive Officer:**

Thank you, Leah. Our first quarter of 2026 reflects continued momentum as we execute our AI infrastructure strategy and expand our edge data center footprint. The industry recognition we've received this year underscores the strength of our positioning and validates the path we're on. We believe our strategy is aligned with several powerful industry trends, including the rapid growth of AI-driven workloads, increasing demand for high-density and energy-efficient infrastructure. The shift towards secondary markets with available power and a broader move toward modular, faster-deployed data center solutions. At the same time, evolving power, cooling, sustainability requirements are all reshaping the competitive landscape, further

reinforcing the importance of the scalable, cost-efficient infrastructure and speed to market solution. We are entering the remainder of 2026 with a focus, discipline, and a growing pipeline of opportunities, and we believe we are well positioned to deliver, capture the market opportunity. And with that, I will open up to questions, everyone.

**Conference Call Operator | Operator:**

Thank you. Operator? Thank you. And I'll be conducting a question and answer session. If you'd like to be placed into question queue, please press star 1 on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star 2 if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing star 1. Once again, that's star 1 to be placed in the question queue. Our first question today is coming from Rafay Khalid from Ascendian Capital Markets. Your line is now live.

**Rafay Khalid | Analyst, Ascendian Capital Markets:**

Hi, this is Rafay for Edward Milk. With your progress in the U.S. data center market, do you have any plans to expand internationally?

**Doug Recker | Chief Executive Officer:**

Right now, good question, because we are getting a lot of inquiries internationally, especially South America. I was actually in London last week, but a lot of interest. But right now, our primary focus is to keep proving the model out here in the U.S. and probably stick with doing our 25 megawatts this year and our 50 next year in the U.S.

**Rafay Khalid | Analyst, Ascendian Capital Markets:**

Great. And one more question. With such strong demand in the U.S., have you seen any competitors enter the market, or any change in the competitive landscape?

**Doug Recker | Chief Executive Officer:**

Actually, there has been some movement. Obviously, Armada is in the business, but it's a different approach. They're more privatized with Microsoft, but you're starting to see the need for inference. You're starting to see the need to compute more locally, and the power, obviously, is an issue. So you're starting to see a lot of movement going the modular way and going after that 5 to 10 megawatt range. So you can deploy quicker.

**Rafay Khalid | Analyst, Ascendian Capital Markets:**

Great. Thank you.

**Conference Call Operator | Operator:**

Thank you. Next question is from Scott Buck from Titan Partners. Hi.

**Scott Buck | Analyst, Titan Partners:**

Good morning, guys. I appreciate the time. Doug, on the Hydrohost GPU as a service agreement, can you provide the status of what hardware deployment and site readiness looks like to try and understand whether we start to see some revenue in the third quarter versus, you know, even later in the year?

**Doug Recker | Chief Executive Officer:**

Yes, absolutely. So as of Thursday of last week, Supermicro and NVIDIA have received everything. They're doing the rack and stack at Supermicro, so the cabinets will be fully utilized and shipped on site. So, actually, that brings us about a three-week, takes about three weeks off of our lead time. So, fingers crossed, we're looking at, for it to start building instead of August, July 1st. So, everything is pointing in that direction. So, we should be a month ahead of schedule. That's great. That would be a \$4.4 million in revenue starting. Sorry, go ahead.

**Scott Buck | Analyst, Titan Partners:**

Great.

**Doug Recker | Chief Executive Officer:**

Great. Can we potentially, through this partnership, expand to other locations? The Hydrohost partnership?

**Doug Recker | Chief Executive Officer:**

Yes.

**Doug Recker | Chief Executive Officer:**

Yes. Yes. What we see with the Hydrohost partnership going forward is obviously on this first model, we deploy GPU as a service, right? We actually bought the GPU. That's not our model going forward, but they do have tons of customers, actually over 12 customers that are interested in 5 or 10 meg that other folks have bought the GPU that they need to deploy. So our partnership with Hydrohost will keep growing. and it will grow on the co-location side.

**Justin Tapper | Analyst, Shea Capital:**

Great, I appreciate that. And then last one for me, you scaled up some costs during the quarter.

**Scott Buck | Analyst, Titan Partners:**

Did we expect that to continue through the remainder of 26, or does the current, you know, kind of underlying cost infrastructure support the anticipated growth through the end of the year? The cost of our infrastructure, are you referring to, like, our... Sorry, Doug, you took up some marketing costs, I think, in the quarter, and I think maybe a little bit of DNA, so I'm just I'm curious what you need to continue to add to OpEx to support the top line.

**Doug Recker | Chief Executive Officer:**

Yeah, so let me talk about that real quick. So obviously all the investors on the call today realize that we are moving the rail business out. So the challenge has been separating the two. A lot of folks look at us as a rail business, and then they dig in and they see what we're doing, and then they're extremely excited and happy. So what we're doing is we put a lot of capital in the very beginning of the year. And we will do that going into the second quarter to really distance and separate the two businesses. So there's been a lot of marketing expense for that. And obviously Gateway we've hired, who's doing an excellent job for us, and we can already see the calls coming in correcting the investors, having the right pitch and having the right expectation of what we're doing. So it'll fall off. around July-August time frame because we're making great progress. So I think we'll slim that down, but that definitely was a need that we had to do. Great. Well, I appreciate the added color. This is very helpful.

**Conference Call Operator | Operator:**

Thank you. Thank you. As a reminder, that's star 1 to be placed in the question queue. Our next question is coming from Alan Klee from Maxim Group. Your line is now live.

**Alan Klee | Analyst, Maxim Group:**

Yes, hi. How do you think about the CapEx, your CapEx spend over the next 12 months?

**Doug Recker | Chief Executive Officer:**

So the CapEx spend over the next 12 months, we're looking at deploying our first, another five-meg site, and roughly we're at six and a half million. So roughly 30 million is what we're anticipating in the next two quarters to deploy to meet our goal. And then we'll probably deploy another \$30 million towards the end of the year to stay on track. We will obviously procure more product for next year to make sure we hit our number for next year. But we are on track. We're well-funded to hit our number of the 25 megawatt this year. And we can do that with the funding that we have.

**Alan Klee | Analyst, Maxim Group:**

Yeah, that's clearly a competitive advantage. And then strategically, it looks like you're contract that comes on later this year, the three-year contract, how do you think about what you do with the GPUs after that contract is over? Do you think there's an option that they could get renewed?

**Doug Recker | Chief Executive Officer:**

Yes, there's two options there that we're actually looking at. So, one, the market is saying, right, and it can change, but the market is saying that those GPUs are going to be worth 50 to 58 million in that range after the contract is finished. So we have two options. One, we can turn around and sell those GPUs and go back to a straight colo play, and then we're out of the GPU business. Or we can actually go back to that customer, which is common from what we understand. We go back to that customer, and we're not getting 100% of the revenue that we did on the first term, but probably anywhere from 40% to 60% of that normal revenue. So we'll look at both applications. It just depends. If we want the capital to expand, we'd probably sell those GPUs. So, you know, we can use that capital to put back into infrastructure.

**Alan Klee | Analyst, Maxim Group:**

That's helpful. And you did mention you also have COLO opportunities. And with the Hydra partnership, it started out with you buying the GPUs going forward. you could be getting customers that already have GPUs to deploy. In those type of situations, what would your responsibilities be?

**Doug Recker | Chief Executive Officer:**

Sure. Actually, so when we build a 5-megawatt site, a modular 5-megawatt site, say in Iowa, our responsibility is to bring power, cooling, and connectivity. So we are basically a co-loan, just like a QTS or an Equinox. Anybody who's The big brick and mortars were just very small, and we provide all the services. They bring their own gear. They bring rack and stack. They bring the infrastructure as far as the compute. We provide the infrastructure as far as the power, cooling, and the reliability of the 5.9s, the backup power, the generators. That's our core business.

**Alan Klee | Analyst, Maxim Group:**

Okay, and then... For those opportunities, do you view them, and then I guess you would sign on to longer-term leases with potential customers? Is that the way to think of it?

**Doug Recker | Chief Executive Officer:**

Correct. Those are typically five- to ten-year terms. So, obviously, we like those terms a lot better.

**Alan Klee | Analyst, Maxim Group:**

Okay, great. This is impressive what you're doing. Maybe one other question, just since I'm a little newer to the story, but could you go through a little bit of what Hydrohost is bringing to the table? Sure. Thank you.

**Doug Recker | Chief Executive Officer:**

Yes, absolutely. So Hydrohost is basically a GPU as a service company. They do not own the GPU. Their specialty is selling and supporting the GPU. So basically, they have the, let's say the the hyperscalers as a customer, they basically go to companies like myself or investors or data center operators that want that GPU revenue. So, they'll go and buy the GPU. So, the customer owns the GPU. Hydrohost just manages the GPU. They install. They manage the sales. So, basically, they bring you revenue and they support the GPU. You take the They hit on buying all the GPU, but in return, you get the revenue, and it's a revenue share. They get a small portion of the revenue. So, it's for people that aren't in the GPU business that want to be in the GPU revenue business, basically.

**Alan Klee | Analyst, Maxim Group:**

Makes sense. And then, in terms of what you said your responsibilities are with COLO,

**Doug Recker | Chief Executive Officer:**

the power and internet interconnect and all that um who explain also like who you're partnered with to do those things and what their what their background is sure so basically our equipment is back obviously it's schneider electric we use a lot of snyder electric equipment we use vertiv and then in-house our team in-house we have roughly 22 uh folks that what we do is we monitor With our NOCs, we have two NOCs. We have one in Jacksonville and one in Amarillo, Texas. Those NOCs monitor the pods 24 hours a day. So that's break-fixed. That AC unit goes down. We dispatch within two hours. Everything that's built with our pods is just like a tier three data center. It's what's called N plus one. So everything has a redundancy factor to it. So you have time to fix it. So if something does go down, it's not hurting the business. You're still delivering the 5.9. you have time to fix it. That's why we have dual generators. Everything you see is what we call an A and a B feed. And we maintain all that. Now, we do sub it out, obviously, the contractors that are in this market, but we control the dispatch, we control the contracts, we control all the servicing.

**Alan Klee | Analyst, Maxim Group:**

Right. And as you go forward, I know, looking at little opportunities um or building out how how how are you strict is my list how are you strategically thinking about like finding um power opportunities so when when we look for power we're a different breed right so we're not going in the community looking at 100 megawatts we're going to where power is what we call stranded so when they build a substation

**Doug Recker | Chief Executive Officer:**

in, say, a city in Iowa, right, that they build a substation, they build it to 20 megawatts because they know that community is going to grow. There is actually extra power there. Our team goes out and finds where there's 5 to 10 meg stranded power, and then we go contract it and move quickly. A lot of times, on our two sites that we have, basically, they were old mining sites, so the power is actually there. They thought they would use a lot of power. They never did, so there's 10 meg available at the site. What we do is we do a lease with the actual landowner, and we'll take that over for 20 years. The landowner makes money on the power as well, so it's to their benefit to bring somebody like us who actually is going to use the 5 megawatt, the 10 megawatt, than a bit miner who goes up and down one month, it's a meg, two months, you know, it's not consistent load. They want to make money off of power, so they like our model.

**Alan Klee | Analyst, Maxim Group:**

Thank you so much. Yes, sir.

**Conference Call Operator | Operator:**

Thank you. Next question today is coming from Justin Tapper from Shea Capital. Your line is now live.

**Justin Tapper | Analyst, Shea Capital:**

Hi, Doug. So question is the 10 megawatts and the co-location business. So the 10 you signed, you got it to 25 this year, so you'll do another 15. And then next year, I think you said 40. Maybe if you could just talk about the demand out there, what type of customers want this? Do the same customers that would want, like you mentioned before, the 100 megawatt sites, why would they want something like a 5 or 10 megawatt from you? Maybe you could just help us to sort of bridge the gap in demand there. Absolutely.

**Doug Recker | Chief Executive Officer:**

Great question. Thanks, Justin. Yeah, so what we're looking at in markets right now, let's back up. So when we deployed the first one with Hydrohost, we were starting to get tons of calls for 5 to 10 meg. I've been in this business 30 years. I'm thinking, why all of a sudden does somebody want 5 or 10 meg when everybody else is looking at gigawatt and 100 meg? It's crazy the power they need. So what's going on is that the 5 to 10 to even 20 meg sector is going to be the hot new sector. That is for training or for inference models. So what's happening is they need to deploy their GPU, and they need to deploy it quickly. Everybody knows that people are sitting on GPU. They've bought them. They've invested. Now they need to burn them. So to actually get 5 to 10 meg up quickly, we can do that under six months. You can't do that in the other models that people are deploying. So Microsoft, the Googles of the world, all of them, they're all getting an inference, and they know they need to capture these pockets to do their inferencing. The 5 to 10 meg range, I can tell you right now, I look on my wall right here, I have 21 neoclouds. If I had 5 or 10 meg, they would take it. So the need is there. They're trying to build their networks out now for inferencing. It's finally there. People have talked about it for a while. Now they're doing it. You can see press releases from Google, how they're looking at doing 20 sites right now, the same thing. So it's time, and they can deploy quicker. And obviously, speed is of the essence right now.

**Justin Tapper | Analyst, Shea Capital:**

Got it. Great. And then just a follow-up from me, just on the balance sheet. So, the \$33 million in cash, I think Leah mentioned the \$15 million received prepayment with another three on the way. So, that was in May. So, then that's additional cash to the \$33 you filed as of March 31st? Correct. Correct. Correct. And then just one also, too. So, Patrick, on the FTC website over the weekend, there's a filing that Elon Musk purchased APR Energy. One, just can you confirm, is that the APR Energy you have a stake in? If there's any details you can provide us there, it would be great. Thanks.

**Doug Recker | Chief Executive Officer:**

Yes, I'm not at liberty to say that today, but it is the same, obviously, the same company. But I can't discuss that today. Hopefully, we'll have some news from them shortly. Got it. Thanks.

**Conference Call Operator | Operator:**

Thank you. Next question is from Nico Cicchetti from RBC. Your line is now live. Hey, Doug.

**Scott Buck | Analyst, Titan Partners:**

Can you hear me this time?

**Doug Recker | Chief Executive Officer:**

Yes, sir. How are you?

**Scott Buck | Analyst, Titan Partners:**

I'm doing well. Yeah, that last question was my first question I read about. There's no details released. But it looks like that will capitalize for you. Whatever the details are, if this goes through, your 5% of whatever the number is is going to come into duos, correct?

**Doug Recker | Chief Executive Officer:**

Yes, sir.

**Scott Buck | Analyst, Titan Partners:**

Like if the sale takes place. Is that going to be taxed? Is the number that we just do 5% of whatever the number is, the number that's going to show up on your balance sheet? Do you have any idea? Do you have any carry-for? Like, what will that look like?

**Leah Brown | Chief Financial Officer:**

So, just looking at the funds that we would receive, the agreement has a waterfall effect. So, it's not a straight calculation, just doing a 5% on the transaction.

**Scott Buck | Analyst, Titan Partners:**

Yeah, sure. I just meant that from a tax standpoint, Not what is the number, but let's just say he buys it for \$100 million. Understanding we don't know exactly what the 5% is, but the 5%, is it going to be taxed as like a long-term capital gain where you're going to net out an amount of it? That's my question is just to speculate on the number. Obviously, we don't know. And if it goes through, what would the tax look like? Would it be a gross or a net number? That's what I'm asking.

**Leah Brown | Chief Financial Officer:**

So I would say at a high level, we do understand that that is a capital gain. But, you know, we don't want to divulge any, you know, definite calculation around that transaction at this time.

**Doug Recker | Chief Executive Officer:**

But I think I can answer your question a little bit better, Nico. You know, with this movement of the rail business that we're doing, I think we'll have a substantial amount of NOL. So I think we'll be in good shape. But we'll report to you as soon as we know.

**Scott Buck | Analyst, Titan Partners:**

Sorry, a substantial amount of what? I just didn't catch that. The movement of the rail. Yeah. Substantial amount of what? Well, NOLs.

**Doug Recker | Chief Executive Officer:**

I mean, we've lost a lot of money in that division. Great. No, I know.

**Scott Buck | Analyst, Titan Partners:**

Yeah. I mean, behind the scenes, I'm sure you're excited, right, because this is getting the company into the actual company that you want moving forward, correct? Like focused on what you want to be doing on the data center.

**Doug Recker | Chief Executive Officer:**

That's exactly correct. And if you look at our business, obviously I came into this role and I brought this product to this business for our shareholders. It's the best thing going in the market right now. We just need to separate and focus. Like, for example, we – You know, it has – everybody knows this on the call. It's been a challenge, right? So we burned through \$900,000 on that division. We need to exercise that, and we're doing that here. And I would like to commit to you I'll have that done as soon as possible. We're almost at the finish line with that, so we're excited about that. We're excited about a bunch of stuff this week. So we're extremely excited about where the company is going, and it's just, you know, things like this is, you know, another quiver – Another arrow and a third. This is good stuff.

**Scott Buck | Analyst, Titan Partners:**

That rolls into my next question. You know, usually you're really fired up on these calls, and it seems like it's a little more dampened, this call, and that's with the \$2.7 million of revenue for the quarter. Obviously, that's not what I think anybody is looking to own the company for, is a number like that. So... I'm curious, do you think that this is, like, understanding this pivot is happening, the work that you're doing is maybe you're booking it now, but the revenue isn't recognized yet. Is this, like, the pivot quarter or quarters? Like, is this something that we should expect or should have expected or was something that you were expecting where, you know, you've booked all of this, you've got this, the tech solutions backlogged. We just aren't recognizing it in this quarter, so we shouldn't look at \$2 million as, like, wow, what a flop of a quarter. You are doing work that's going to get paid in the next couple of quarters and moving forward, where, if anything, this number, is it immaterial or is it worth, like, questioning this quarter is my question.

**Doug Recker | Chief Executive Officer:**

yeah that prime example if i could have shipped all that stuff because that business you have to ship it right to recognize the revenue i could have booked 14 million i could have put 14 million dollars this quarter right so but i i made it clear on the last earnings call that we're going to see this revenue start kicking into second third and fourth so and that's always been our our model our model right now obviously, is keep going, keep doing what we're doing, get these other sites up, because, you know, once i'd like that Iowa site, that's another 5 megawatt at 2 million a megawatt, right? So, 10 years, really start seeing this kick. What we're doing is exactly what I wanted the team to do, is build these, deploy them, keep focused, stay, keep your head down, the infrastructure division, keep running. I apologize if I'm not excited, but we are working 24-7, and it is It is good stuff. I'm sorry I did that, but we are extremely involved.

**Scott Buck | Analyst, Titan Partners:**

That was the \$2 million. I just wanted to ask the question. You mentioned Iowa. Where in Iowa is that work happening?

**Doug Recker | Chief Executive Officer:**

The name is called Muskogee. I always say it wrong. Muskogee, Muskogee, Iowa. I'll put it out there. We have a press release coming here next It's right outside of Illinois, so I still get that low latency down to CERMAC, which is important. And our hyperscale customer wants that location, and they want the one in Texas as well. The one in Texas is right outside of Amarillo. So we're partnering now with somebody that is going to be a great partner of ours moving forward.

**Scott Buck | Analyst, Titan Partners:**

They're already a partner. It's not a major metro area in Iowa, I take it.

**Doug Recker | Chief Executive Officer:**

No, no. But, yeah, but you're only, you know, 20 miles out of the major market area. Yeah, sure. And that's where power was stranded. That's where the power is there. I literally, if I had 10 megawatt worth of infrastructure, like, coming off the line, I could light 10 megawatt there today. It's there. It's transmission down.

**Scott Buck | Analyst, Titan Partners:**

It's beautiful. Okay. Okay. I think I have two more questions. Sure. So... Around this whole backlog, like revenue, the fact that you do the work now, but it's not showing up. And then, you know, I saw some backlog things. Even earlier in the Q&A, you were talking about deploying 30 megs. You know, there's a lot of like language barrier for like, are we deploying something? What is that translating to revenue? So just to try to, for the sake of getting things like understandable for And even, like, in the release, it said after the quarter you received a \$15 million prepayment from a customer. So, like, it's just trying to make sense of the different wording and what numbers are what. I am hopeful, like, the backlog numbers looked like they were broken down into booked backlog, data center was \$43.5 million. tech solutions look like it was 14 million. Are those numbers right? That sounds right? Yes, absolutely. So that just means that the 43.5 and the 14 are booked to business for what type of timeframe or is there a timeframe? This year. Okay. Is that something that you will start to report moving forward as like a broken down um um like that was too yes yeah it would be very helpful if you did so on it if if you would that this this really helps clear up your story yeah so then yeah for 43.5 million in backlog is that inclusive of the 15 million dollar prepayment

**Leah Brown | Chief Financial Officer:**

So the \$15 million prepayment, which there's going to be an additional \$3 million that is pending right now, we will recognize that over the life of the contract. So the three-year customer contract, you won't see \$18 million being booked immediately. That will be over the life of the customer contract.

**Scott Buck | Analyst, Titan Partners:**

So my question is, the \$15 million prepayment that you highlighted in that release, is that like cash flow coming in, and is that included? So is that different than your reported booked backlog?

**Leah Brown | Chief Financial Officer:**

That is included in our reported backlog. Okay. But that will not be recognized until – the life of the contract, which is three years.

**Scott Buck | Analyst, Titan Partners:**

So, yes, you get what I'm saying, right, is just to try to make sense and get the clearest picture. And you highlighted the \$15 million prepayment in the call, and then I'm just not sure where that fit in with some of the other numbers. And then, you know, the guide is, like Doug is on the megawatts, And so there's a megawatt guide and then there's also a revenue guide. And so I just want to make sure that we're always talking about the same things and we're not talking about megawatts booked and built versus revenue because I feel like that pendulum kind of swings back and forth with the conversation. So obviously for the sake of getting everyone on the same page to get your stock to be valued with all of these good things that you're doing to try to just get the picture as clear as possible. And it sounds like we're on the cusp of maybe this rail car and this gas-powered turbine business being removed. And I think that will only help, you know, clean up the situation. So... Absolutely. Absolutely. Okay. last one is just around like the actual unit so you mentioned competition more competition you mentioned armada on this call um you mentioned there's a lot of like interest in this five to ten uh megawatt range and that to me is is semi-new information just from the standpoint of you know you guys are the only ones really doing it uh the clean room is this huge competitive advantage So I just want to clear up, like, what I, you know, I watch a video of them with a semi-mobile data center, you know, and someone is lowering one onto a Navy ship. Like, is that a VR thing? Is it real?

**Doug Recker | Chief Executive Officer:**

Yeah. Nico, is it real? Yeah. It's a totally different application.

**Justin Tapper | Analyst, Shea Capital:**

Yeah.

**Doug Recker | Chief Executive Officer:**

It's a totally different application that we're doing. Yeah. So, they're really, when I say there's people going in the market, I was just talking more, you know, modular, right? So, they're not going to deploy 3 meg, 4 meg, 5 meg. They're not doing that. And they're not for multi-customer, right? They're just for one privatized customer. They do a lot for the government. So, I was just using that as an example. But you see a lot now if you go out in the industry and you're in it like us, you'll see a lot of 3D renderings. You'll see a lot of people saying, look, we're doing inference, we're doing this. No one's actually done it. And that's why the two main hyperscalers that came to our facility, they toured last week, Corpus Christi, and they went down there to physically see it. Now, that pod is not the high-density pod. They wanted to see physical work done, and they wanted to see how we build the quality of work, and they both signed off on it. So that's how we're winning the market is we've done this. I've done this nine years, ten years now. I've put over 30 of them on the ground in my career. You can go look at the first one. You can look at the one we just put down three weeks ago. So

we do know what we're doing, and it's not rocket science, but we've got it down, right? We've got it down.

**Scott Buck | Analyst, Titan Partners:**

So your comment was more of a positive that there's a lot more interest in this modular type of idea rather than there's a lot more, like, competition coming. Yeah. Okay.

**Doug Recker | Chief Executive Officer:**

I'm positive. The reason why I'm positive, Ego, is because of this. One, it brings hype to the industry, right? Everybody's starting to look at it. People are starting to make moves. The second is I'll go up against any of them every day. And if you were part of my sales organization, I have one trick. Here's my trick. When we go to sell somebody, like this is how we won our first hyper, I said, look, I'll pay for you to go see their pod. I'll fly you there. We'll take a tour together. And then we'll go see mine. And if there's no pod to see, you have to sign with me. And I haven't lost yet.

**Scott Buck | Analyst, Titan Partners:**

This is what I meant by the fired up. This is what I'm talking about. Sorry. You know what I mean? I'll go up against anybody who tells me that you're confident in your unit. What I meant by who's real is like what you just said. There's a lot of prototypes, but who can actually make, who can manufacture this at scale? Is it you and Armada? Is that really the only ones for this place where you would And then what, is there any difference between you and Armada? Is it the clean room? You know, is that enough to protect you if this, you know, if there's not really barriers to making a rectangular box, like, and there's all this interest, is that clean room enough to protect you?

**Doug Recker | Chief Executive Officer:**

Yeah, cleaner is enough to protect, but they're using more of a shipping container. And I started my career with those 10 years ago. You can't do high density in there. So what they're doing is one customer, one to two cabinets. My customers, nobody wants that. It's really for, let's just say Johnson & Johnson or a hospital or a manufacturing plant. They just need a small one for their own privatized compute in AI. That's what they do. So they're in a different market, but they are deploying modular. That's it. So we're not even apples to apples. I just wanted to mention that there's somebody going modular. A lot of people see, oh, somebody else is going it. It's not the same thing at all, and it's more privatized. But it does get hype out there, right? And I like that.

**Scott Buck | Analyst, Titan Partners:**

No, you're right. If you Google it, this stuff's everywhere, so... Yeah, so you mentioned that you've done 30 of these. You also mentioned being able to sell these GPUs at the end of the contract if needed. And I'm pretty sure somewhere over in the last year and a half of talk, you mentioned that the first data center you ever built with one of these is still packed with that older technology. It's still fully leased out. Do you really think that you would ever sell the GPUs? I mean, unless something goofy happened with AI. I mean... someone would want that based on the comment about your first one built 20 years ago or whatever place.

**Doug Recker | Chief Executive Officer:**

Absolutely, somebody's going to want it. So, you know, in full disclosure, there's people wanting it. They're trying to buy our hydro hose contract right now. Oh, really? Oh, yeah. Oh, are you kidding me? We could call – I'm telling you right now, gentlemen, if I had enough capital to deploy 10 – 10 meg sites, 10, 10 meg sites, they would be full. I would put them up for auction on a Tuesday and they would all be gone by Thursday.

**Scott Buck | Analyst, Titan Partners:**

Well, that's got to be, there's got to be someone that's hearing that and understanding that a 10 megawatt unit produces revenue that would be worth, you know, putting up, what, three years worth of that capital to borrow it to you or whatever, however that's structured. Anyway, you don't need to answer that. That's more of a thought. No, no, yeah. Yeah, go ahead if you want to.

**Doug Recker | Chief Executive Officer:**

Remember our strategy. Our strategy was to do this and to show that we can do this, number one, and we can house GPU and we can deploy quickly. And whose eyes did we want to get on this? We want to get the NVIDIAs, Supermicro, those folks, because to be honest with you, I'm not going out for any – I don't want to go out for any more equity. I don't. If I can't have somebody backstop me like an NVIDIA or a Dell or somebody like that, which they see the need, number one, they're seeing it now, and you're going to start seeing them do this. I want to be first in line because we're the first guys out there holding the flag saying, look, come look at our stuff. It's real. We're doing it. You can talk to our customer. We have \$144 million worth of GPU, so we're in.

**Scott Buck | Analyst, Titan Partners:**

Well, if anything, if I look at you and think, why would you be talking to NVIDIA, would it be correct to say you would help NVIDIA because they have this backlog of GPUs that their customers have bought but can't take delivery of because they have nowhere to put them, and you can do these things in 120 days where these things are being pushed back on being built in these rural areas, the big data centers? If anything, they're incentivized to help you get these things built because it actually releases their own backlog to them to recognize?

**Doug Recker | Chief Executive Officer:**

You got it. You've been sneaking in my office reading my playbook.

**Scott Buck | Analyst, Titan Partners:**

But yeah, that's it. No, that's right. It just logically makes sense. These big data centers are getting pushed back and so you guys can do them quicker anyways. There's advantage to an NVIDIA or someone like that, you know, is the reality. Okay, last question is on power. At some point with all this stuff being built, we're going to hit the capacity of our electrical grid. I'm sure you know more about this than I do. I'm hoping that you do. Something has to happen if this really is going to continue at the pace that they're saying it will for a power. And so I've heard a lot of ideas out there. One of them that's, like, this holy grail but has a lot of, like, skepticism is nuclear with, like, this nuclear top SMR, whatever they call it, that's, like, a power source. Yeah, when we hit the electrical grid capacity. And then, you know, number three is like my understanding of these things is like, yeah, it's great energy and efficient and low power, but it's also like a bomb that will be sitting

next to your hardware, like the most important stuff you want to save. So even if it works in practice, people even use it.

**Doug Recker | Chief Executive Officer:**

Yeah. So here's our secret, right? The FMR is going to take a long time, right? I don't see a lot of communities allowing a nuclear mini plant coming in. I think that's years out. It would be a good idea if it happens years out. We're not looking that far out. We're looking for today. So if you noticed and you heard on my earnings call, I talked about an alternative green company, right? Well, you've seen... You've seen the guys like Ed Bloom that have done this for Google, just basically bought out their production for the next two years. Those are fired on natural gas. They can deploy on our side probably six months, six to seven months. They can bring 10 megawatt up where you're not touching the grid at all. And it's somewhat green. It's good on the environment. It's not bad for the environment. It doesn't use water. It's all natural gas. Those are the type of partnerships and things that we're pushing to go down those paths, and hopefully you'll hear something soon, but that's the way to go. I'm telling you right now. It doesn't touch the local community, and you can deploy those, and it takes natural gas.

**Scott Buck | Analyst, Titan Partners:**

Sure. Well, that's your next idea after this clean room is you should patent this building with an electrical windmill. on top of the solar panels. And then, I mean, even the pushback on the nuclear, even if it worked, it's like, I think it's just, that's what I was asking you, is just, like, public perception, where, like, you have your boiler, and they think, well, that's safe, or that, you know, boilers blow up all the time, so.

**Doug Recker | Chief Executive Officer:**

Yeah, I can take that offline. Yeah, I'll call you. Okay, thank you, thank you so much, sir.

**Conference Call Operator | Operator:**

Thank you. And next question is coming from Richard Jackson from . Thank you.

**Scott Buck | Analyst, Titan Partners:**

That last conversation was extremely helpful. Most of my questions were covered. I got two more here, one short, one long. You said that when you, when the client owns the video chips, your responsibility is the maintenance, the power, and the connection. I'm assuming that means it's your financial responsibility to connect these new centers with fiber?

**Doug Recker | Chief Executive Officer:**

Yes, yes. So, the fiber carriers come. So, when we find the site, we make sure that it's rich in fiber around there. Traditionally, long-haul fiber or by a highway where that's where all the fiber runs down, and then the carrier actually brings it in, because once the customer says he's there, The carriers come because they use so much bandwidth. It's worth them to build into the infrastructure, and they need multiple paths. So we actually don't own the fiber. We don't own the connectivity. The carrier does, and they sell directly to the customer. But that's what brings them in. Once you build power in the customer side, that's when they come in.

**Scott Buck | Analyst, Titan Partners:**

Okay, so the fiber is up to your responsibility, but you obviously strategically place these places where – the cost of the carrier is minimal to the contract, correct? Exactly. Exactly correct. Okay, that's helpful. That really helped me crystallize what's going on here. Bill Radford's a treasured employee you got there. He's awesome.

**Doug Recker | Chief Executive Officer:**

Oh, so you actually went to the site?

**Scott Buck | Analyst, Titan Partners:**

I did. I did.

**Doug Recker | Chief Executive Officer:**

Oh, excellent.

**Scott Buck | Analyst, Titan Partners:**

Thank you. What the hell are you doing here?

**Doug Recker | Chief Executive Officer:**

So what were your thoughts? A lot of our investors don't get the opportunity to go to see the actual pods. What was your impression?

**Scott Buck | Analyst, Titan Partners:**

The two things that I found most enlightening was, number one, you don't use water. It's a pure air cooling system, but the way Bill structures the stacks... He was explaining that air can do what it typically can't in other centers because of the way he has the airflow. That's right. It helped me understand how you get away with that and still provide 100% availability. And I understood why the marginal costs are so low. The center pretty much runs itself. You just got to react to problems. Yeah. Anyway, that was very helpful for me. But I'm having a tough time modeling all this, and maybe a phone call offline would be better. Yes.

**Doug Recker | Chief Executive Officer:**

That way we can take our time and go through it, but that would be great. We'd love to have that call.

**Scott Buck | Analyst, Titan Partners:**

Okay, great. Let me just throw out three assumptions I got. You tell me if I'm way off on these, all right? Sure. So it costs somewhere between \$1 million to \$1.4 million to build these 10-megawatt centers, correct? Correct.

**Doug Recker | Chief Executive Officer:**

No, no. Per megawatt, it's about \$6.5 million per megawatt. The 1.4s are for the 300 kW ones. Oh, yes.

**Scott Buck | Analyst, Titan Partners:**

\$6.5 million per megawatt. Okay. And you're trying to lease these out, and it doesn't seem like it's too difficult to do it within a reasonable amount of time. a lease rate that's in the ballpark of 30% to 50% of that construction cost. Is that about right?

**Doug Recker | Chief Executive Officer:**

Yeah, it's a little under \$2 million per megawatt in revenue.

**Scott Buck | Analyst, Titan Partners:**

Okay. Okay, okay. So it's costing you \$6.5. You're generating \$2. Okay. And that equivalent is pretty sturdy. I mean, how long do you think – Those things are good for it, ballpark.

**Doug Recker | Chief Executive Officer:**

Oh, they're good. Your generators, everything else is good for 20 years. The only thing that you're going to swap out are your batteries, right, your UPS. Those batteries are going to 8 to 10 your life. So when you swap those out, you're looking at another infusion of probably, let's say, high side, 80 grand.

**Scott Buck | Analyst, Titan Partners:**

Okay, okay, okay. Now I'm getting excited. Okay. Now... On the revenues that you're posting, are these revenues people pay you to build your centers, or are these monthly lease revenues, or is it all mixed up and I should probably go over it line by line?

**Doug Recker | Chief Executive Officer:**

No, it's what they pay us to lease. Traditionally, there's a one-time install charge that we charge a customer to move them in, but our model, our revenue comes from reoccurring So that's what the customer pays to be in that facility a month. And they pay based on power. So how much power they use is how much you can base their revenue on.

**Scott Buck | Analyst, Titan Partners:**

So the revenue you're targeting at the end of the year, how much that's going to be repeated every year? Half, 80%?

**Rafay Khalid | Analyst, Ascendian Capital Markets:**

Yeah, okay. Yeah, go ahead.

**Leah Brown | Chief Financial Officer:**

The recurring revenue is going to be through the life of the contract. So for our GPU as a service, that's a three-year contract. And then most of our co-location contracts are anywhere from five to seven years. So that's recurring.

**Doug Recker | Chief Executive Officer:**

Yeah. So the ones that aren't recurring are obviously the infrastructure division side. That's the equipment side where we sell equipment to data center operators like ourselves. You'll see that.

**Scott Buck | Analyst, Titan Partners:**

I love that you said you're hoping to not go to equity anymore, to finances, and I understand it didn't happen, but in your mind, when do you think the monthly free cash flow self-finances this growth? Two years out? Four years out?

**Doug Recker | Chief Executive Officer:**

Well, in our business, it's a very capex, and when you're in the data center business, it's a very capex-sensitive business, right? So, it just depends on your model. My model is to keep growing. So what we're going to do, and this is why we're doing what we're doing, we're going to go after debt finance. We're almost there as a company. After we get another one of these on the ground, we should be able to do that all day long. With our model and the customers we're bringing on, that shouldn't be an issue. So that's how we're going to fund this business going forward, because we're always going to be building facilities. because you want to. We're like a REIT, right? We want to have as much assets out there as possible, because the value there, for example, I built that site in Iowa, and I built 10 meg there. In four years, three years, save those contracts for five-year deals. In five years, say that customer moves out. I've got 10 megawatt available there. Every data center, big brick-and-mortar data centers that I've owned and sold over the years, not one of them have gone the other way. and every one of them is at capacity. So once you own the power and the infrastructure, it's golden.

**Scott Buck | Analyst, Titan Partners:**

Okay. That's very reassuring. So I'm walking away from this thinking, and I would like to take your offer up on just, you know, looking at three or four different forecasts.

**Conference Call Operator | Operator:**

That's what we do, sir.

**Scott Buck | Analyst, Titan Partners:**

Within a year or two, you're generating enough energy cash flow where you're making a margin of, let's say, at least 15, and you're financing hopefully under 10 debt. Am I in the ballpark on that? Yeah, if we're at 15, we're in the wrong business. Okay, good. I'm glad to hear that. I'm thinking more should be 25 or better, right?

**Doug Recker | Chief Executive Officer:**

9% we're financing at, but we should be in the 70% range of margins.

**Scott Buck | Analyst, Titan Partners:**

Okay, great. That's all very helpful, Doug, and thank you for the offer.

**Doug Recker | Chief Executive Officer:**

Yeah, we look forward to your call. Thank you, sir.

**Conference Call Operator | Operator:**

Thank you. Our next question is coming from Nathan Frankovich from Cancer for Children. Your line is now live.

**Scott Buck | Analyst, Titan Partners:**

Hey, good morning, guys. Thank you for taking my question. I think you touched on this a bit earlier, but if you could just add a bit more color on the success of the high-power 1 to 2.5 EDCs.

**Justin Tapper | Analyst, Shea Capital:**

Can you just talk a bit more about why customers would want these versus what we see a lot of other companies talking about with the mega data centers at 100 megawatts plus?

**Scott Buck | Analyst, Titan Partners:**

You know, like, what kind of companies would want these and what the use is for?

**Doug Recker | Chief Executive Officer:**

Sure. So, obviously, number one, these big facilities you see are these big, huge training facilities, right, that you're building. These are huge facilities that are way out there, right? So now with inference, you have to be where the data is, right? These aren't training. These are inference, right? So they have to compute what we call the eyeballs are. So where the data is forming and transmitting, it's got to be close to that. So that's why you're starting to see the Googles of the world and the Carusos and everybody else deploying the inference sites. And you have to do that somewhat close to the data. So that's why you'll see us going into these tier three markets, Prime example, Corpus Christi. Corpus Christi, I can still get five milliseconds to Houston. So, Amarillo, the same thing. Waco. Those markets, you can still get that. And in those markets, they need inference as well. So, the local hospital, the local government, gaming, all that stuff, you're starting to see that

the data needs to be where the eyeballs are. And we've seen it for years, but now it's really starting to kick in where the amounts of massive data and compute have to be done localized. And that's why before, back in the day, a cabinet with 10, you know, max 10 KW, well, the type of compute you have now, it's 100 KW a cabinet. You can't put that in a normal data center. So, you have to build for that category. So, that's why you see all these new builds going up for this new imprint. And you're going to see it. You're going to see a lot. And I'm keeping my eye close on Google. Because I would like to get into Google and say, look, we can do this for you. You're doing it anyway. You don't want to be in this game. We do it. We do it well. You just want to be an OpEx model, not a CapEx model. We can do that. They just want to compute. They don't want to have to maintain facilities. So, obviously, it's going to grow in everything. You know, you guys are one of the best at it. Obviously, you guys know this business better than most. And you see where it's going as far as inference and how you can deploy a lot quicker. So, the yield clouds of the world are wanting to get their GPU out burning, and this is an even faster way for them to do that as well. If that makes sense.

**Justin Tapper | Analyst, Shea Capital:**

Yes, thank you. That's helpful, and I appreciate that. And then, I guess, I think you already spoke to the revenue per megawatt on COLO, but in terms of the economics of scaling, can you just touch again on EBITDA margins, you know, based on that capex and revenue? EBITDA margins for megawatts? Sure.

**Leah Brown | Chief Financial Officer:**

Sure. So our EBITDA margins for full year is 17%, and adjusted EBITDA is 27% full year consolidated.

**Scott Buck | Analyst, Titan Partners:**

Great. But then specifically to the co-location business, do you have that broken out?

**Leah Brown | Chief Financial Officer:**

Yeah. For a high-powered co-location, our EBITDA margins are about 80%. GPU as a service is around there as well.

**Justin Tapper | Analyst, Shea Capital:**

Fantastic. All right. Thank you so much.

**Doug Recker | Chief Executive Officer:**

Thank you.

**Conference Call Operator | Operator:**

Thank you. Next question is coming from Caroline Ganji from Arana Show.

**Caroline Ganji | Analyst, Arana Show:**

Hi. Thank you. Most of my questions are answered. Congratulations on the quarter. So it sounds just like just to kind of sum this up. So in my view, you're going to be going from 25% to 40 megawatts this year to the next year, and you made the comment that you can sell significantly more systems if you had capital, and you mentioned you would hit the debt markets for that. Do you think that you would be able to find a strategic investor? And then finally, I think, you know, part of the confusion with the stock is that the company is kind of misunderstood. It's a lot of moving parts. You're, you know, changing business models. divesting certain businesses, when do you think you'll get coverage for the stock, equity coverage? Thank you.

**Doug Recker | Chief Executive Officer:**

Absolutely. Thank you for the questions. To answer that last question quickly, I think soon, because what's going on now is people are actually starting to see our deployments. They're starting to see the revenue come in. And obviously, once this hydro host deal hits, hopefully in the next 30, 40 business days, that'll really drive. We have talked to a bunch of analysts that we're in the middle of with right now that have come in and they've done a deep dive. Now they understand. Even the analysts didn't understand what we do. And they're helping us get the story out. So I would predict hopefully we see something in the next 30 days. And there's going to be some other drivers that are coming up that are going to push them to come see us. So I'm looking forward to that as well.

**Caroline Ganji | Analyst, Arana Show:**

Okay, got it. And then, you know, my other question about A strategic investor, is that something that's possible instead of having to raise money?

**Doug Recker | Chief Executive Officer:**

Absolutely. So that's why we're, you know, I want to say we're still in our proof of concept model, but we're really not, right? We're executing now. So now is the time, and this has been my job, to get in front of the NVIDIAs of the world that could backstop us on something like this because they like what we're doing. They see that inference obviously is the way to go. They want to sell their GPU. They also have a lot of GPU customers that are sitting on. They want to move those so they can buy more. So that would be one of my strategic partners. But also, these folks that back the data centers, right, Blackstone and all the big guys, DigitalBridge, they all have stakes in these big data centers, right, Vantage and DataBank. Well, what's going to happen with those data centers? They're going to look at us as a hub and spoke. They obviously are doing training modules, but they are going to want those inference modules out there. So when I say hub and spoke, you've got the main data centers in Dallas, but you don't have anything in Corpus Christi. You don't have anything in Waco, in these suburbs, in these outer, smaller Tier 3 markets, Tier 2 markets. So you put these out there. and they're going to buy them because now they have their hub and spoke model where they can sell their services there, and that customer, 90% of the time that customer is in that pod, is in their core data center. So I see, just like my first company, you know, edge presence, we did this before, and DataBank funded us. DataBank funded us \$35 million to prove that concept out. Unfortunately, we were bought before we could prove that out, but that's where I see this partnership coming. And it makes complete sense, and it would make complete sense to do it that way.

**Caroline Ganji | Analyst, Arana Show:**

Great. Thank you. I'm looking forward to that coverage just so I can understand it better and so can the street.

**Doug Recker | Chief Executive Officer:**

Thank you again. Me too. Me too, country. There's only so many calls I could do a day, and I still got to sell.

**Caroline Ganji | Analyst, Arana Show:**

Yep. More important to get out there and sell. Thank you.

**Conference Call Operator | Operator:**

Thank you. Thank you. We reached the end of our question and answer session. I'd like to turn the floor back over to Mr. Rector for any further closing comments.

**Doug Recker | Chief Executive Officer:**

Well, I want to thank everybody, and hopefully you got a good vision of where we're going, and we are running 150%, and I think you should be proud of us. We'll keep going, and we're excited to see some good announcements this week as well. So I look forward to talking to each one of you. Please call me anytime with questions. I'm here all the time. Thank you so much for your support. We look forward to talking to you soon. Thank you so much.

**Conference Call Operator | Operator:**

Thank you. Before we conclude today's call, I'd like to provide Dual's safe harbor statement that includes important questions regarding forward-looking statements made during this call. This earnings call contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking terminology such as believes, expects, may, will, should, anticipates, plans, other opposites, or similar expressions are intended to identify forward-looking statements. We caution you that these statements are not guarantees of future performance or events and are subject to a number of uncertainties and risks and other influences, many of which are beyond our control, which may influence the accuracy of the statements and the projections upon which the statements are based. and could cause DUO's Technologies Group in its actual results to differ materially from those anticipated by the forward-looking statements. These risks and uncertainties include, but are not limited to, those described in Item 1A in DUO's Annual Report on Form 10-K, which is expressly incorporated herein by reference, and other factors as may periodically be described as DUO's filings with the SEC. Thank you for joining us today for DUO's Technologies Group's First quarter 2026 earnings call. You may now disconnect.

**Scott Buck | Analyst, Titan Partners:**

Thank you.