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

FORM 10-Q

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

For the quarterly period ended March 31, 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: **001-36532**

Sphere 3D Corp.

(Exact name of Registrant as specified in its charter)

Ontario, Canada	**98-1220792**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
243 Tresser Blvd, 17th Floor **Stamford, CT**	**06901**
(Address of principal executive offices)	*(Zip Code)*

647 952-5049
(Registrant's Telephone Number, Including Area Code)

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 Shares	ANY	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 and posted 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 and post 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 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 May 13, 2026, there were 4,243,822 shares of the registrant's common shares outstanding.

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

Sphere 3D Corp.

Condensed Consolidated Balance Sheets
(in thousands of U.S. dollars, except shares)
(unaudited)

	March 31, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 3,145	$ 3,707
Bitcoin	1,785	3,263
Other current assets	1,794	1,707
Total current assets	6,724	8,677
Property and equipment, net	13,552	14,608
Intangible assets, net	1,238	1,610
Other non-current assets	225	225
Total assets	$ 21,739	$ 25,120
Liabilities, Temporary Equity, and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 197	$ 427
Accrued liabilities	693	544
Accrued payroll and employee compensation	836	831
Total current liabilities	1,726	1,802
Commitments and contingencies (Note 12)		
Temporary equity:		
Series H preferred shares, no par value, unlimited shares authorized, 161 shares issued and outstanding as of both March 31, 2026 and December 31, 2025	18	18
Shareholders' equity:		
Common shares, no par value; unlimited shares authorized, 3,767,086 and 3,392,541 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	504,215	503,414
Accumulated other comprehensive loss	(1,811)	(1,811)
Accumulated deficit	(482,409)	(478,303)
Total shareholders' equity	19,995	23,300
Total liabilities, temporary equity, and shareholders' equity	$ 21,739	$ 25,120

See accompanying notes to condensed consolidated financial statements.

Sphere 3D Corp.

Condensed Consolidated Statements of Operations
(in thousands of U.S. dollars, except share and per share amounts)
(unaudited)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Revenues:		
Bitcoin mining revenue	$ 1,916	$ 2,817
Operating costs and expenses:		
Cost of revenue (exclusive of depreciation and amortization shown below)	1,603	2,194
General and administrative	2,451	3,169
Depreciation and amortization	1,145	1,606
Loss on disposal of property and equipment	241	808
Change in fair value of Bitcoin	606	228
Total operating costs and expenses	6,046	8,005
Loss from operations	(4,130)	(5,188)
Other income (expense):		
Investment loss	—	(3,650)
Other income, net	25	53
Net loss before taxes	(4,105)	(8,785)
Provision for income taxes	1	—
Net loss	$ (4,106)	$ (8,785)
Net loss per share:		
Basic and diluted	$ (1.18)	$ (3.23)
Shares used in computing net loss per share:		
Basic and diluted	3,480,663	2,721,044

See accompanying notes to condensed consolidated financial statements.

Sphere 3D Corp.

Condensed Consolidated Statements of Comprehensive Loss
(in thousands of U.S. dollars)
(unaudited)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Net loss	$ (4,106)	$ (8,785)
Other comprehensive loss:		
Foreign currency translation adjustment	—	(3)
Total other comprehensive loss	—	(3)
Comprehensive loss	$ (4,106)	$ (8,788)

See accompanying notes to condensed consolidated financial statements.

Sphere 3D Corp.
Condensed Consolidated Statements of Shareholders' Equity
(in thousands of U.S. dollars, except shares)
(unaudited)

	Common Shares		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance at January 1, 2026	3,392,541	$ 503,414	$ (1,811)	$ (478,303)	$ 23,300
Issuance of common shares for reverse stock split fractional shares	38,263	—	—	—	—
Issuance of common shares, net	256,142	415	—	—	415
Issuance of common shares for settlement of liabilities	45,532	61	—	—	61
Issuance of common shares for vested restricted stock units	34,608	—	—	—	—
Share-based compensation	—	325	—	—	325
Net loss	—	—	—	(4,106)	(4,106)
Balance at March 31, 2026	3,767,086	$ 504,215	$ (1,811)	$ (482,409)	$ 19,995

	Common Shares		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance at January 1, 2025	2,545,342	$ 497,957	$ (1,821)	$ (456,821)	$ 39,315
Issuance of common shares, net	21,045	108	—	—	108
Issuance of common shares pursuant to vesting of restricted stock units, net of shares withheld for income taxes	751	—	—	—	—
Exercise of pre-funded warrants	50,700	—	—	—	—
Share-based compensation	—	71	—	—	71
Other comprehensive loss	—	—	(3)	—	(3)
Net loss	—	—	—	(8,785)	(8,785)
Balance at March 31, 2025	2,617,838	$ 498,136	$ (1,824)	$ (465,606)	$ 30,706

See accompanying notes to condensed consolidated financial statements.

Sphere 3D Corp.
Condensed Consolidated Statements of Cash Flows
(in thousands of U.S. dollars)
(unaudited)

	Three Months Ended March 31, 2026	Three Months Ended March 31, 2025
Operating activities:		
Net loss	$ (4,106)	$ (8,785)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,145	1,606
Change in fair value of Bitcoin	606	228
Share-based compensation	325	71
Loss on disposal of property and equipment	241	808
Unrealized loss on investment in equity securities	—	3,650
Change in fair value of warrant liabilities	—	(28)
Changes in operating assets and liabilities:		
Mining of Bitcoin	(1,916)	(2,817)
Accounts payable and accrued liabilities	26	496
Accrued payroll and employee compensation	5	(1,100)
Other assets and liabilities, net	(44)	1,793
Net cash used in operating activities	(3,718)	(4,078)
Investing activities:		
Proceeds from sale of Bitcoin	2,788	2,110
Payments for purchase of property and equipment	—	(1,025)
Proceeds from sale of property and equipment	—	247
Net cash provided by investing activities	2,788	1,332
Financing activities:		
Proceeds from issuance of common shares, net	419	108
Payments for issuance costs for common shares	(51)	—
Net cash provided by financing activities	368	108
Net decrease in cash and cash equivalents	(562)	(2,638)
Cash and cash equivalents, beginning of period	3,707	5,425
Cash and cash equivalents, end of period	$ 3,145	$ 2,787
Supplemental disclosures of non-cash investing and financing activities:		
Property and equipment exchanged for new mining equipment	$ 1,165	$ —
Issuance of common shares for settlement of liabilities	$ 61	$ —
Amount accrued for purchases of property and equipment	$ —	$ 357
Property and equipment exchanged for settlement of liabilities	$ —	$ 69

See accompanying notes to condensed consolidated financial statements.

Sphere 3D Corp.

Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Organization and Business

Sphere 3D Corp. was incorporated under the *Business Corporations Act (Ontario)* on May 2, 2007 as T.B. Mining Ventures Inc. On March 24, 2015, the Company completed a short-form amalgamation with a wholly-owned subsidiary. In connection with the short-form amalgamation, the Company changed its name to "Sphere 3D Corp." Any reference to the "Company", "Sphere 3D", "we", "our", "us", or similar terms refers to Sphere 3D Corp. and its subsidiaries. In January 2022, the Company commenced operations of its Bitcoin mining business and is dedicated to becoming a leader in the blockchain and cryptocurrency industry. The Company has established and plans to continue to grow an enterprise-scale mining operation through the procurement of mining equipment and infrastructure, and partnering with experienced service providers.

Business Combination

On March 5, 2026, the Company and Cathedra Bitcoin Inc. ("Cathedra"), entered into a definitive agreement to combine the two companies in an all-stock transaction (the "Arrangement Agreement"). Under the terms of the Arrangement Agreement, the Company has agreed to acquire all of the issued and outstanding shares of Cathedra (the "Transaction"), subject to customary closing conditions, including regulatory, court, and shareholder approvals, such that upon consummation of the Transaction, Cathedra will be a wholly-owned subsidiary of the Company. If the Arrangement Agreement is terminated in certain specified circumstances, the Company or Cathedra would be required to pay the other party a termination fee of $0.5 million. The Arrangement Agreement is currently expected to close in the second quarter of 2026.

Share Consolidation

On February 9, 2026, the Company filed an Articles of Amendment to effect a share consolidation (also known as a reverse stock split) of its issued and outstanding common shares in the ratio of 1-for-10. The share consolidation was effective on February 9, 2026. The Company's common shares began trading on an adjusted basis on the Nasdaq Capital Market ("Nasdaq") at the opening of trading on February 10, 2026. All share and per share amounts have been restated for all periods presented to reflect the share consolidation.

Going Concern

Management has projected that based on our recurring losses, negative cash flows from operating activities, and our hashing rate at March 31, 2026, cash on hand may not be sufficient to allow the Company to continue operations and there is substantial doubt about our ability to continue as a going concern within 12 months from the date of issuance of our financial statements if we are unable to raise additional funding for operations. We expect our working capital needs to increase in the future as we continue to expand and enhance our operations. Our ability to raise additional funds for working capital through equity or debt financings or other sources may depend on the financial success of our business and successful implementation of our key strategic initiatives, financial, economic and market conditions and other factors, some of which are beyond our control. We require additional capital and if we are unsuccessful in raising that capital at a reasonable cost and at the required times, or at all, we may not be able to continue our business operations in the cryptocurrency mining industry or we may be unable to advance our growth initiatives, either of which could adversely impact our business, financial condition and results of operations. In an effort to mitigate these risks we are taking steps to lower our cost of mining and have refreshed our mining fleet to increase our mining efficiency.

Significant changes from our current forecasts, including but not limited to: (i) shortfalls from projected mining earning levels; (ii) increases in operating costs; (iii) decreases in the value of cryptocurrency; and (iv) if we do not maintain compliance with the requirements of Nasdaq and/or we do not maintain our listing with Nasdaq it could have a material adverse impact on our ability to access the level of funding necessary to continue operations at current levels. These factors, among others, should they occur may result in our inability to continue as a going concern within 12 months from the date of issuance of our financial statements. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The condensed consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in the United States of America ("GAAP"), applied on a basis consistent for all periods. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for a complete set of financial statements. These condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission on March 27, 2026. In the opinion of management, all adjustments of a normal recurring nature considered necessary for a fair presentation have been included. The results of operations of any interim period are not necessarily indicative of the results of operations to be expected for the full fiscal year. These condensed consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been appropriately eliminated in consolidation.

Use of Estimates

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Foreign Currency Translation

The financial statements of the Company's subsidiary, for which the functional currency is the local currency, is translated into U.S. dollars using the exchange rate at the consolidated balance sheet date for assets and liabilities and a weighted-average exchange rate during the year for revenue, expenses, gains and losses. Translation adjustments are recorded as accumulated other comprehensive income (loss) within shareholders' equity. Gains or losses from foreign currency transactions are recognized in the condensed consolidated statements of operations. Such transactions resulted in minimal gains or losses for the three months ended March 31, 2026 and 2025.

Cash and Cash Equivalents

Highly liquid investments with insignificant interest rate risk and original maturities of three months or less, when purchased, are classified as cash equivalents. Cash equivalents are composed of money market funds. Cash and cash equivalents that exceed federally insured limits are maintained with financial institutions. The Company has not experienced any losses related to these balances and believes credit risk to be minimal.

Bitcoin

Bitcoin is included in current assets in the consolidated balance sheets as the Company has the ability to sell it in a highly liquid marketplace, and the sale of Bitcoin is used to fund operating expenses to support operations. Bitcoin is expected to be realized in cash or sold during the Company's normal operating cycle. Bitcoin held are accounted for as intangible assets with indefinite useful lives. Bitcoin awarded to the Company through its mining activities was included within operating activities on the consolidated statements of cash flows. The proceeds from the sale of Bitcoin are included within operating or investing activities in the consolidated statements of cash flows depending on the length of time the Bitcoin is held. Bitcoin is valued at fair value at the end of each reporting period with changes in fair value recorded in operating expenses in the consolidated statements of operations. The fair value of Bitcoin is measured using the period-end closing price from the Company's principal market. When Bitcoin is sold, the gains and losses from such transactions are measured as the difference between the cash proceeds and the carrying basis of the Bitcoin as determined on a first in-first out ("FIFO") basis and are recorded within the same line item, Change in Fair Value of Bitcoin, in the consolidated statements of operations.

Property and Equipment

Property and equipment primarily consists of mining equipment and infrastructure and is stated at cost, including purchase price, shipping and custom fees, and is depreciated using the straight-line method over the estimated useful lives of the assets, generally three years to ten years.

The carrying amounts of property and equipment are reviewed when events or changes in circumstances indicate the assets may not be recoverable. If any such indication exists, the fair value of the asset is estimated in order to determine the extent of the impairment loss, if any.

Intangible Assets

For intangible assets purchased in a business combination, the estimated fair values of the assets received are used to establish their recorded values. For intangible assets acquired in a non-monetary exchange, the estimated fair values of the assets transferred (or the estimated fair values of the assets received, if more clearly evident) are used to establish their recorded values. Valuation techniques consistent with the market approach, income approach and/or cost approach are used to measure fair value.

Supplier agreements are amortized on a straight-line basis over their economic lives of five years as this method most closely reflects the pattern in which the economic benefits of the assets will be consumed.

Impairment of Intangible Assets

Regular reviews of intangible assets are performed to determine if any event has occurred that may indicate that intangible assets with finite useful lives and other long-lived assets are potentially impaired. Triggering events for impairment reviews may be indicators such as adverse industry or economic trends, restructuring actions, lower projections of profitability, or a sustained decline in the Company's market capitalization. Intangible assets are quantitatively assessed for impairment, if necessary, by comparing their estimated fair values to their carrying values. If the carrying value exceeds the fair value, the difference is recorded as an impairment.

Warrants

Warrants are accounted for as either equity-classified or liability-classified instruments based on an assessment of the warrant's specific terms and applicable authoritative guidance. Warrants that meet the definition of a derivative financial instrument, and that also meet the equity scope exception criteria, are classified as equity. Equity classified warrants are recorded at their initial fair value and are not subject to fair value remeasurement provided that the criteria for equity classification continues to be met. Warrants that are classified as liabilities are accounted for at fair value, subject to fair value remeasurement at each balance sheet date with changes in fair value recognized in other income, net. The classification of warrants is re-assessed at the end of each reporting period. The fair value of both equity-classified and liability-classified warrants are determined using the Black-Scholes options pricing model ("Black-Scholes model") which includes Level 3 inputs.

Revenue Recognition

Revenue is accounted for pursuant to ASU 2014-09, *Revenue from Contracts with Customers* and all the related amendments (“Topic 606”). Under Topic 606, an entity is required to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and contract consideration will be recognized on a “sell-in basis” or when control of the purchased goods or services transfer to the distributor.

The Company is engaged with Bitcoin mining pool operators, its customers, to provide a service to perform hash calculations for the mining pool operator, which is the Company’s only performance obligation. Providing hash calculation services is an output of the Company’s ordinary activities. The Company has a service agreement with Foundry Digital LLC, a cryptocurrency mining pool operator, to provide a service to perform hash calculations. In exchange for providing the service, the Company is entitled to Full Pay Per Share (“FPPS”), which is a fractional share of the fixed Bitcoin award the mining pool operator receives, plus a fractional share of the transaction fees attached to that blockchain less net Bitcoin fees due to the mining pool operator over the measurement period, as applicable. The pay-outs received are based on the expected value from the block reward plus the transaction fee reward, regardless of whether the mining pool operator successfully records a block to the blockchain.

The Company’s fractional share is based on a contractual formula, which primarily calculates the hashrate provided to the mining pool as a percentage of total network hashrate and other inputs. The contracts, which are less than 24 hours and continuously renew throughout the day, are terminable at any time by either party without compensation and the Company’s enforceable right to compensation only begins when the Company starts providing the service to the mining pool operator, which begins daily at midnight Universal Time Coordinated (“UTC”). The terms, conditions, and compensation are at the current market rates, and accordingly the renewal option is not a material right. The contract arises at the point that the Company provides hash calculation services to the mining pool operator, which is the beginning of the contract day at midnight UTC time (contract inception), as customer consumption is in tandem with daily earnings of delivery of the service. According to the customer contract, daily earnings are calculated from midnight-to-23:59:59 UTC time, and the payout is made one hour later at 1:00 AM UTC time.

The Company satisfies its performance obligation over time with daily settlement in Bitcoin. The Company’s performance is completed as it transfers the hashrate computations over the continuously renewed contract periods, which are less than 24 hours. The Company has full control of the mining equipment utilized in the mining pool and if the Company determines it will increase or decrease the processing power of its machines and/or fleet (i.e., for repairs or when power costs are excessive) the service provided to the customer will be adjusted.

The transaction consideration the Company receives is noncash consideration in the form of Bitcoin, which the Company measures at fair value at contract inception, midnight UTC time. The noncash consideration is variable, since the amount of block reward earned depends on the amount of hash calculation services, the amount of transaction fees awarded, and operator fees over the same period. The Company does not constrain this variable consideration because it is probable that a significant reversal in the amount of revenue recognized from the contract will not occur when the uncertainty is subsequently resolved and recognizes the noncash consideration on the same day that control is transferred, which is the same day as contract inception. The fair value used to calculate the noncash consideration is based on the Bitcoin spot price in the Company’s principal market at the beginning of the day (midnight UTC time) at contract inception. Expenses associated with running the Bitcoin mining operations, such as hosting, operating supplies, utilities, and monitoring services are recorded as cost of revenues.

Comprehensive Income (Loss)

Comprehensive income (loss) and its components encompass all changes in equity other than those arising from transactions with shareholders, including net income (loss) and foreign currency translation adjustments, and is disclosed in the condensed consolidated statements of comprehensive income (loss).

Concentration Risk

The Company maintains its cash and cash equivalent balances with three major commercial banks. Deposits held with the financial institutions exceed the amount of insurance provided on such deposits. The Company is exposed to credit risk in the event of a default by the financial institutions holding the cash and cash equivalents to the extent recorded on the consolidated balance sheets. The accounts offered by the custodian of the Company's Bitcoin are not insured by the Federal Deposit Insurance Corporation (FDIC). There have not been any losses in such accounts.

Revenue is concentrated with one mining pool operator, Foundry Digital LLC, and all Bitcoin resided with one custodian.

The Company is dependent on a small number of Bitcoin mining equipment suppliers to provide a supply of new generation Bitcoin mining machines. The growth in the Company's business is directly related to increased demand for hosting services and Bitcoin which is dependent in large part on the availability of new generation mining machines offered for sale at a price conducive to profitable Bitcoin mining. As more companies seek to enter the mining industry, the demand for machines may outpace supply and create mining machine equipment shortages. Currently there is not an agreement with suppliers to purchase additional machines, and therefore there is no guarantee that the Company will be able to purchase machines on terms acceptable to it.

Share-based Compensation

Share-based awards, and similar equity instruments, granted to employees, non-employee directors, and consultants are accounted for in accordance with the authoritative guidance for share-based compensation. Share-based compensation award types may include stock options and restricted stock units ("RSUs"), restricted stock awards ("RSAs"), and performance stock units ("PSUs"). Share-based compensation expense is recognized on a straight-lined basis over the requisite service period (usually the vesting period) except for options with graded vesting which is recognized pursuant to an accelerated method. Share-based compensation expense for an award with a performance condition is recognized when the achievement of such performance condition is determined to be probable. If the outcome of such performance condition is not determined to be probable or is not met, no compensation expense is recognized and any previously recognized compensation expense is reversed. Forfeitures are recognized as a reduction of share-based compensation expense as they occur.

Operating Segment

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision–making group, in deciding how to allocate resources and assess performance. The Company's CODM is the Chief Executive Officer. The Company operates as one operating segment and uses net income or loss as a measure of profit or loss on a consolidated basis in making decisions regarding resource allocation and performance assessment. Additionally, the CODM regularly reviews the Company's expenses on a consolidated basis. The financial metrics used by the CODM help make key operating decisions, such as determination of capital expenditure purchases and significant acquisitions and allocation of budget between cost of revenues and general and administrative expenses. The measure of segment assets is reported on the consolidated balance sheet as total consolidated assets. The significant expense categories regularly provided to the CODM include cost of revenue, general and administrative expenses, depreciation and amortization, impairment of property and equipment, and change in fair value of Bitcoin. These expense categories are reported as separate line items in the consolidated statements of operations.

Recently Issued Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board ("FASB") that are adopted by the Company as of the specified effective date. If not discussed, the Company believes that the impact of recently issued standards, which are not yet effective, will not have a material impact on the Company's consolidated financial statements upon adoption.

In September 2025, the FASB issued accounting standards update ("ASU") No. 2025-07, *Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Scope Clarification and Accounting for Certain Contracts and Customer Share-Based Consideration* ("ASU 2025-07"), which narrows the types of contracts subject to derivative accounting by excluding those whose payouts depend solely on an entity's own operational metrics, rather than market-based variables, and clarifies that share-based or warrant consideration received from a customer is accounted for under Topic 606 until the right to retain the instrument is unconditional, after which the guidance in Topic 815 and 321 applies. The amendments are effective for annual periods beginning after December 15, 2026, which early adoption permitted, and may be applied prospectively or on a modified retrospective basis with an option to elect or revoke the fair value option for certain instruments upon transition. The Company is currently evaluating the impact of ASU 2025-07 but does not expect it to have a material effect on its consolidated financial statements.

In May 2025, the FASB issued ASU 2025-03, *Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity*, which amends existing guidance to allow entities to apply the same principles used in other business combinations when determining the accounting acquirer in a transaction involving a variable interest entity (VIE) that is a business and where consideration is primarily in the form of equity interests. This update addresses comparability concerns and provides for more consistent application of acquisition accounting principles. The amendments are effective for annual periods beginning after December 15, 2026, and interim periods within those years, with early adoption permitted. The Company is currently assessing the potential impact of the standard but does not anticipate that it will have a material impact on its consolidated financial statements.

In May 2025, the FASB also issued ASU 2025-04, *Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer*, to address diversity in practice and improve the operability of accounting for share-based consideration granted to customers. The amendments clarify how to distinguish between service and performance conditions for vesting, require entities to estimate forfeitures for all share-based consideration payable to customers, and specify that variable consideration guidance in ASC 606 does not apply when measuring such awards. The guidance is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. The Company is currently evaluating the impact of this standard on its financial statements but does not expect it to have a material impact on its consolidated financial statements.

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*. The guidance is to improve the disclosure of expenses in commonly presented expense captions. The new guidance requires a public entity to provide tabular disclosure, on an annual and interim basis, of amounts for the following expense categories: (1) purchases of inventory, (2) employee compensation, (3) depreciation and (4) intangible asset amortization, as included in each relevant expense caption. A relevant expense caption is an expense caption presented on the face of the income statement that contains any of the expense categories noted. The guidance is effective for 2027 annual reporting, and in the first quarter of 2028 for interim reporting, with early adoption permitted, to be applied on a prospective basis, with retrospective application permitted. The Company will adopt the guidance when it becomes effective, in its 2027 annual reporting and each quarter thereafter, on a prospective basis. The Company is evaluating the impact the updated guidance will have on its disclosures.

3. Fair Value Measurements

The authoritative guidance for fair value measurements establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

Financial instruments include cash equivalents, Bitcoin, accounts payable, and accrued liabilities. Fair value estimates of these instruments are made at a specific point in time, based on relevant market information. These estimates may be subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. The carrying amount of cash equivalents, accounts payable and accrued liabilities are generally considered to be representative of their respective fair values because of the short-term nature of those instruments.

The following tables provide a summary of the assets that are measured at fair value on a recurring basis (in thousands):

	March 31, 2026			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Bitcoin	$ 1,785	$ 1,785	$ —	$ —

	December 31, 2025			
	Fair Value	Level 1	Level 2	Level 3
Assets:				
Bitcoin	$ 3,263	$ 3,263	$ —	$ —

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

Non-financial assets such as property and equipment and intangible assets are recorded at fair value when an impairment is recognized or at the time acquired in an asset acquisition or business combination measured using significant unobservable inputs (Level 3). For the three months ended March 31, 2026 and 2025, there were no impairments recognized.

4. Bitcoin

The following table presents the activities of Bitcoin (in thousands):

Balance at January 1, 2026	$ 3,263
Revenue recognized from Bitcoin mined	1,916
Proceeds from sale of Bitcoin	(2,788)
Change in fair value of Bitcoin	(606)
Balance at March 31, 2026	$ 1,785

The following table presents Bitcoin holdings (in thousands except for number of Bitcoin):

	March 31, 2026	December 31, 2025
Number of Bitcoin held	26.2	37.3
Carrying basis of Bitcoin	$ 1,990	$ 3,835

For the three months ended March 31, 2026 and 2025, the Company had a realized loss on the sale of Bitcoin of $1.0 million and $0.1 million, respectively.

All additions of Bitcoin were generated by the Company's Bitcoin mining operations. All dispositions of Bitcoin were the result of sales on the open market and used to fund operations. Bitcoin holdings are not subject to sale restrictions and do not serve as collateral for any agreements. As of March 31, 2026 and December 31, 2025, the Company held no other cryptocurrency.

5. Note Receivable

Rainmaker Promissory Note

In September 2020, the Company entered into a Senior Secured Convertible Promissory Note with Rainmaker Worldwide Inc. (the "Rainmaker Note"). The Rainmaker Note is secured as a registered lien under the Uniform Commercial Code and the Personal Property Security Act (Ontario) against the assets of Rainmaker. In January 2025, the Company and Rainmaker entered into Amendment No. 4 to the Rainmaker Note and the principal amount was revised to $4.6 million and the due date was extended to January 14, 2026.

In January 2026, the Company and Rainmaker entered into a settlement agreement to the Rainmaker Note and both parties agreed the outstanding amount would be settled by a one-time payment of $0.5 million by February 27, 2026 (the "Settlement Date"). Such payment was not received by the Settlement Date, and based on the settlement agreement, the amount increases by $50,000 the first business day of each month following the Settlement Date. All amounts related to the Rainmaker Note have been fully reserved.

6. Certain Balance Sheet Items

The following table summarizes other current assets (in thousands):

	March 31, 2026	December 31, 2025
Bitcoin mining hosting deposits	$ 1,025	$ 870
Prepaid insurance	320	364
Prepaid mining hosting services	167	259
Prepaid services	144	137
Other	138	77
Other current assets	$ 1,794	$ 1,707

The following table summarizes property and equipment, net (in thousands):

	March 31, 2026	December 31, 2025
Mining equipment	$ 14,418	$ 24,019
Infrastructure	1,516	1,516
Total	15,934	25,535
Accumulated depreciation	(2,382)	(10,927)
Property and equipment, net	$ 13,552	$ 14,608

Depreciation expense for property and equipment was $0.8 million and $1.2 million for the three months ended March 31, 2026 and 2025, respectively.

Mining Equipment

In February 2026, the Company completed the sale of older generation mining equipment not in service for proceeds of $1.2 million, which was applied to the purchase of new mining equipment.

7. Intangible Assets

The following table summarizes intangible assets, net (in thousands):

	March 31, 2026	December 31, 2025
Supplier agreements	$ 37,525	$ 37,525
Accumulated amortization	(36,287)	(35,915)
Intangible assets, net	$ 1,238	$ 1,610

Amortization expense for intangible assets was $0.4 million for both the three months ended March 31, 2026 and 2025.

Estimated amortization expense for intangible assets is approximately $1.1 million for the remainder of 2026 and $0.1 million in fiscal year 2027.

8. Preferred Shares

Series H Preferred Shares

On October 1, 2021, the Company filed articles of amendment to create a series of preferred shares, being, an unlimited number of Series H Preferred Shares and to provide for the rights, privileges, restrictions and conditions attaching thereto. The Series H Preferred Shares are convertible provided (and only if and to the extent) that prior shareholder approval of the issuance of all Sphere 3D common shares issuable upon conversion of the Series H Preferred Shares has been obtained in accordance with the rules of Nasdaq, at any time from time to time, at the option of the holder thereof, into 14.286 Sphere 3D common shares for every Series H Preferred Share. Each holder of the Series H Preferred Shares, may, subject to prior shareholder approval, convert all or any part of the Series H Preferred Shares provided that after such conversion the common shares issuable, together with all the common shares held by the shareholder in the aggregate would not exceed 9.99% of the total number of outstanding common shares of the Company. Each Series H Preferred Share has a stated value of $1,000. The Series H Preferred Shares are non-voting and do not accrue dividends. These features include, in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, deemed liquidation or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, the Series H Preferred Shares shall entitle each of the holders thereof to receive an amount equal to the Series H subscription price per Series H Preferred Share, as defined in the agreement, to be paid before any amount is paid or any assets of the Company are distributed to the holders of its common shares.

In accordance with the authoritative guidance for distinguishing liabilities from equity, the Company has determined that its Series H preferred shares carry certain redemption features beyond the control of the Company. Accordingly, the Series H Preferred Shares are presented as temporary equity.

9. Share Capital

At-the-Market Offering Program

On January 3, 2025, the Company entered into a sales agreement (the “ATM Agreement”) with A.G.P./Alliance Global Partners (the “Sales Agent”). In accordance with the terms of the ATM Agreement, the Company may offer and sell from time to time through or to the Sales Agent, as agent or principal, the Company's common shares having an aggregate offering price of up to $8.0 million (the “Placement Shares”). The ATM Agreement can be terminated by either party by giving two days written notice.

Neither the Company nor the Sales Agent are obligated to sell any Placement Shares pursuant to the ATM Agreement. Subject to the terms and conditions of the ATM Agreement, the Sales Agent will use commercially reasonable efforts, consistent with its normal trading and sales practices and applicable state and federal law, rules and regulations and the rules of Nasdaq, to sell the Placement Shares from time to time based upon the Company’s instructions, including any price, time or size limits or other customary parameters or conditions the Company may impose. Sales of the Placement Shares, if any, will be made on Nasdaq at market prices by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415 of the Securities Act of 1933, as amended. For the three months ended March 31, 2026 and 2025, under the ATM Agreement the Company issued 256,142 and 21,045 common shares, respectively, for $0.4 million and $0.1 million of net proceeds, respectively.

Unlimited authorized shares of common shares at no par value are available to the Company. At March 31, 2026, the following table summarizes outstanding warrants to purchase common shares:

Date issued	Contractual life (years)	Exercise price	Number outstanding	Expiration
September 2021	5	$665.00	142,955	September 8, 2026
February 2022	5	$280.00	1,429	February 7, 2027
February 2022	5	$350.00	1,429	February 7, 2027
February 2022	5	$420.00	1,429	February 7, 2027
April 2023	3	$13.42	7,356	April 17, 2026
August 2023	3	$27.50	80,000	August 11, 2026
August 2023	3	$27.50	216,293	August 23, 2026
October 2025	5	$9.40	873,643	January 15, 2031
			1,324,534	

10. Equity Incentive Plan

Stock Options

The fair value of option awards are estimated on the date of grant using the Black-Scholes model. Expected volatility was based on historical volatility of the Company's common shares. The expected term of options granted was based on the simplified method. The risk-free interest rate was based on the U.S. Treasury yield for a period consistent with the expected term of the option in effect at the time of the grant. The dividend yield assumption was based on the expectation of no future dividend payments. Option awards can be granted for a maximum term of up to 10 years. There were no options granted for the three months ended March 31, 2026 and 2025.

The following table summarizes option activity:

	Shares Subject to Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Options outstanding — January 1, 2026	56,586	$ 36.18		
Exercised	—	$ —		
Forfeited	(8,035)	$ 126.00		
Options outstanding — March 31, 2026	48,551	$ 21.31	3.9	$ —
Vested and expected to vest — March 31, 2026	48,551	$ 21.31	3.9	$ —
Exercisable — March 31, 2026	33,601	$ 27.27	3.4	$ —

Restricted Stock Units

The following table summarizes RSU activity:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding — January 1, 2026	179,165	$ 6.23
Granted	472,222	$ 1.38
Vested and released	(34,608)	$ 5.94
Forfeited	—	$ —
Outstanding — March 31, 2026	616,779	$ 2.53
Vested and unreleased — March 31, 2026	8,985	$ 9.30

The estimated fair value of RSUs was based on the closing market value of the Company's common shares on the date of grant. RSUs typically vest over a period of 12 months to three years from the original date of grant. The total grant date fair value of RSUs vested during the three months ended March 31, 2026 and 2025 was approximately $0.2 million and $0.4 million, respectively. The fair value of RSUs vested during the three months ended March 31, 2026 and 2025 was approximately $51,000 and $0.2 million, respectively.

Restricted Stock Units with a Performance Condition

In July 2025, the Company entered into a financial advisory agreement and issued to non-employees RSU grants with a performance condition, of which 50% of the RSUs were vested on the date of grant and the common shares issued. The remaining outstanding will vest upon achievement of a specific performance condition and expire 12 months from the date of grant. See Note 12 Commitments and Contingencies for more information on the related financial advisory agreement.

The following table summarizes RSU with performance condition activity:

	Number of Shares	Weighted Average Grant Date Fair Value
Outstanding — January 1, 2026	37,036	$ 6.25
Vested	—	$ —
Forfeited	—	$ —
Outstanding — March 31, 2026	37,036	$ 6.25

Restricted Stock Awards

During the three months ended March 31, 2026, there were 45,532 fully vested RSAs granted in lieu of cash payment for services performed. The fair value of the RSAs granted of approximately $0.1 million was based on the closing price of the Company's common shares on the date of grant. There were no RSAs granted during the three months ended March 31, 2025.

Share-Based Compensation Expense

The following compensation expense related to share-based compensation awards was recorded (in thousands):

	Three Months Ended March 31,	
	2026	2025
Total share-based compensation expense - general and administrative	$ 325	$ 71

Total unrecognized estimated compensation cost by type of award and the weighted-average remaining requisite service period over which such expense is expected to be recognized (in thousands, unless otherwise noted):

	March 31, 2026	
	Unrecognized Expense	Remaining Weighted-Average Recognition Period (years)
RSUs	$ 1,231	1.0
Stock options	$ 17	0.2

11. Net Loss per Share

Basic net loss per share is computed by dividing net loss applicable to common shareholders by the weighted-average number of common shares outstanding during the period. Common share purchase warrants, options and RSUs outstanding, and preferred shares are considered common stock equivalents and are only included in the calculation of diluted earnings per common share when net income is reported and their effect is dilutive. For all periods presented, there is no difference in the number of shares used to calculate basic and diluted shares outstanding due to the Company's net loss position.

Anti-dilutive common share equivalents excluded from the computation of diluted net loss per share were as follows:

	Three Months Ended March 31,	
	2026	2025
Common share purchase warrants	1,324,534	891,899
Options and RSUs outstanding	702,366	140,389
Preferred shares	2,300	2,300

12. Commitments and Contingencies

Hosting Agreements

On November 1, 2025, the Company entered into a Hosting Agreement with North Campbell HostCo LLC (the "Campbell Hosting Agreement"), for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company's mining equipment. The Campbell Hosting Agreement has an initial term of 12 months and can be terminated based on certain defaults defined in such agreement. A deposit of $0.4 million has been made based on the Campbell Hosting Agreement. For the three months ended March 31, 2026, the Company incurred costs under the Campbell Hosting Agreement of $0.9 million.

On April 19, 2024, the Company entered into a Master Hosting Agreement with Simple Mining LLC ("Simple Mining") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company's mining equipment (the "Simple Mining Hosting Agreement"), as amended. Effective November 22, 2025, the Simple Mining Hosting Agreement was mutually terminated. For the three months ended March 31, 2026 and 2025, the Company incurred costs under the Simple Mining Hosting Agreement of nil and $1.5 million, respectively.

On October 18, 2023, the Company entered into a Hosting Agreement with Joshi Petroleum, LLC (the "Joshi Hosting Agreement") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company's mining equipment. Effective January 2, 2026, the Joshi Hosting Agreement was assigned to Evolution Technology LLC. The Joshi Hosting Agreement has an initial term of three years with subsequent one year renewal periods until either party provides written notice to the other party of its desire to avoid and given renewal term at least 30 days in advance of the conclusion of the prior initial term or renewal period. As required by the Joshi Hosting Agreement, the Company paid a deposit of $0.3 million representing the last two months of estimated service fees. For the three months ended March 31, 2026 and 2025, the Company incurred costs under the Joshi Hosting Agreement of $0.1 million and $0.4 million, respectively.

On April 4, 2023, the Company entered into a Master Hosting Services Agreement with Rebel Mining Company, LLC (the "Rebel Hosting Agreement") for rack space, network services, electrical connections, routine facility maintenance, and technical support of certain of the Company's mining equipment. On January 16, 2025, the Company terminated the Rebel Hosting Agreement and agreed to a settlement amount of $2.4 million payable to the Company in satisfaction of all obligations of the Rebel Hosting Agreement and it constitutes a final settlement of all amounts owed by either party of the Rebel Hosting Agreement. During the third quarter ended September 30, 2025, the Company recorded a $0.3 million impairment for the remaining outstanding portion of the settlement that is in default. For the three months ended March 31, 2026 and 2025, the Company incurred costs under the Rebel Hosting agreements of nil and $0.1 million, respectively.

Management Agreement

In March 2025, the Company entered into a management services agreement with Simple Mining to manage its self-owned 8 megawatt facility in Iowa ("Iowa Site") for a term of 12 months, with automatic renewals for subsequent terms of 12 months unless terminated by either party with written notice 30 days prior to the expiration of the then current term. For the three months ended March 31, 2026 and 2025, management services fees paid to Simple Mining were approximately $44,000 and $12,000, respectively.

Financial Advisory Agreement

In July 2025, the Company entered into a financial advisory and consulting agreement for a term of 12 months, with automatic one month renewal periods. The agreement can be canceled by either party at any time with 10 days written notification to the other party. Fees are $25,000 per month for ongoing work, and a $1.45 million fee for certain transactions, payable in cash and equity. For the three months ended March 31, 2026, fees paid under the financial and advisory agreement were approximately $0.1 million.

Letters of Credit

During the ordinary course of business, the Company provides standby letters of credit to third parties as required for certain transactions initiated by the Company. As of March 31, 2026, the Company had no outstanding standby letters of credit.

Litigation

The Company is, from time to time, subject to claims and suits arising in the ordinary course of business. The Company cannot predict the final outcome of such proceedings. Where appropriate, the Company vigorously defends such claims, lawsuits and proceedings. Paid expenses related to the defense of such claims are recorded by the Company as incurred and paid. On the basis of current information, the Company does not believe there is a reasonable possibility that a material loss, if any, will result from any claims, lawsuits and proceedings to which the Company is subject to either individually, or in the aggregate.

13. Subsequent Events

Subsequent to March 31, 2026, the Company granted 86,871 fully vested RSAs with a fair value of approximately $0.1 million based on the closing price of the Company's common shares on the date of grant.

At-the-Market Offering Program

Subsequent to March 31, 2026, under the ATM Agreement the Company issued 389,865 common shares for $0.6 million of net proceeds.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following quarterly management's discussion and analysis ("MD&A") should be read in conjunction with our unaudited condensed consolidated financial statements and the accompanying notes of Sphere 3D Corp. (the "Company") for the three months ended March 31, 2026. The condensed consolidated financial statements have been presented in United States ("U.S.") dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Unless the context otherwise requires, any reference to the "Company," "Sphere 3D," "we," "our," "us" or similar terms refers to Sphere 3D Corp. and its subsidiaries. Unless otherwise indicated, all references to "$" and "dollars" in this discussion and analysis mean U.S. dollars.

This report includes forward-looking statements that are subject to risks and uncertainties. This forward-looking information includes, but is not limited to, statements with respect to management's expectations regarding the future growth, results of operations, performance and business prospects of Sphere 3D. This forward-looking information relates to, among other things, future business plans and business planning process, uses of cash, and may also include other statements that are predictive in nature, or that depend upon or refer to future events or conditions. The words "could", "expects", "may", "will", "anticipates", "assumes", "intends", "plans", "believes", "estimates", "guidance", and similar expressions are intended to identify statements containing forward-looking information, although not all forward-looking statements include such words. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Many factors could cause actual results, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, but not limited to: the inability to maintain compliance with the requirements of the Nasdaq Capital Market ("Nasdaq") and/or inability to maintain listing with Nasdaq; the impact of competition; the investment in technological innovation; the retention or maintenance of key personnel; the possibility of significant fluctuations in operating results; the ability of Sphere 3D to maintain business relationships; financial, political or economic conditions; financing risks; future acquisitions; volatility in the market price for the common shares of the Company; compliance by Sphere 3D with financial reporting and other requirements as a public company; conflicts of interests; future sales of common shares by Sphere 3D's directors, officers and other shareholders; dilution and future sales of common shares. For more information on these risks, you should refer to the Company's filings with the securities regulatory authorities, including the Company's most recently filed Annual Report on Form 10-K, which is available on SEDAR at www.sedar.com and EDGAR at www.sec.gov. In evaluating such statements, we urge you to specifically consider various factors identified in this report, any of which could cause actual results to differ materially from those indicated by such forward-looking statements. Forward-looking statements speak only as of the date of this report and we undertake no obligation to publicly update any forward-looking statements to reflect new information, events or circumstances after the date of this report. Actual events or results may differ materially from such statements.

Business Combination

On March 5, 2026, the Company and Cathedra Bitcoin Inc. ("Cathedra"), entered into a definitive agreement to combine the two companies in an all-stock transaction (the "Arrangement Agreement"). Under the terms of the Arrangement Agreement, the Company has agreed to acquire all of the issued and outstanding shares of Cathedra (the "Transaction"), subject to customary closing conditions, including regulatory, court, and shareholder approvals, such that upon consummation of the Transaction, Cathedra will be a wholly-owned subsidiary of the Company. If the Arrangement Agreement is terminated in certain specified circumstances, the Company or Cathedra would be required to pay the other party a termination fee of $0.5 million. The Arrangement Agreement is currently expected to close in the second quarter of 2026.

Share Consolidation

On February 9, 2026, we filed an Articles of Amendment to effect a share consolidation (also known as a reverse stock split) of our issued and outstanding common shares in the ratio of 1-for-10. The share consolidation was effective on February 9, 2026. Our common shares began trading on an adjusted basis on Nasdaq at the opening of trading on February 10, 2026. All share and per share amounts have been restated for all periods presented to reflect the share consolidation.

Overview

In January 2022, we commenced operations of our Bitcoin mining business and are dedicated to becoming a leader in the blockchain and cryptocurrency industry. We have established and continue to grow an enterprise-scale mining operation through the procurement of mining equipment and infrastructure, and partnering with experienced service providers.

We obtain Bitcoin as a result of our mining operations, and when necessary, we sell Bitcoin to support our operations and strategic growth. We mine Bitcoin in states that do not have any material state-specific regulatory restrictions on the mining of Bitcoin. However, it is possible that these states or other states in which we may seek to operate may create laws that would impede Bitcoin mining. We do not currently plan to engage in regular trading of Bitcoin other than sales to convert our Bitcoin into U.S. dollars. Decisions to hold or sell our Bitcoin is currently determined by management by analyzing forecasts and monitoring the market in real time. We have a hybrid treasury strategy to hold Bitcoin when possible and sell to fund working capital requirements.

As of March 31, 2026, we have a total hashrate capacity of 0.84 exahash per second (“EH/s”). We are strategizing for our future growth and have refreshed a significant portion of our fleet with newer-generation machines to bolster efficiency. In February 2026, we completed the sale of older generation mining equipment not in service for proceeds of $1.2 million, which was applied to the purchase of new mining equipment. As of March 2025, we have a self-owned 8 megawatt facility in Iowa (“Iowa Site”). Vertically integrating with self-owned facilities, such as our Iowa Site, allows us to reduce our reliance on third-parties and decrease our overall cost to mine a Bitcoin. As a result of our recent strategic changes, mining production has decreased as we focused on our long-term goals of (i) transitioning to lower-cost hosting sites, (ii) vertically integrating to own our own sites, and (iii) refreshing our fleet with newer-generation machines.

During the three months ended March 31, 2026, we mined 25.3 Bitcoin, which represented a decrease of 17.0% over the 30.5 Bitcoin we mined during the three months ended March 31, 2025. The decrease was primarily due to our transition to lower-cost hosting sites and refreshing our fleet with newer-generation machines. Based on our existing operations and expected deployment of miners we have purchased, we anticipate continuing to increase exahash throughout 2026. We do not have scheduled downtime for our miners. We periodically perform both scheduled and unscheduled maintenance on our miners. Depending on the type of repair, the miner may run at a reduced speed or be taken offline. We use software programs to monitor the performance of our machines. The miners operating as of March 31, 2026 have an average efficiency (joules per terahash – “J/th”) of 17.1 J/th. The miner efficiency is an indication of how efficiently we can earn Bitcoin and minimize cost to run the miner. Currently, we intend only to mine Bitcoin and we hold no other cryptocurrency other than Bitcoin. We do not have any power purchase agreements for the supply of power.

As of March 31, 2026, we held approximately 26.2 Bitcoin. The fair value of our Bitcoin as of March 31, 2026 was approximately $1.8 million on our consolidated balance sheet.

Results of Operations

The First Quarter of 2026 Compared with the First Quarter of 2025

Revenue

During the first quarter of 2026 and 2025, we had revenues of $1.9 million and $2.8 million, respectively. The $0.9 million decrease in revenue is primarily due to the process of removing older mining equipment and replacing it with newer generation machines resulting in fewer machines mining and less Bitcoin mined, and a decrease in the fair value of Bitcoin. The refreshing of our mining equipment is substantially complete as of the end of the first quarter of 2026. During the first quarter of 2026 and 2025, all of our revenue was derived from Bitcoin mining.

Operating Expenses

Cost of Revenue (exclusive of depreciation and amortization expense)

During the first quarter of 2026 and 2025, direct cost of revenues were $1.6 million and $2.2 million, respectively. The $0.6 million decrease in cost of revenue was primarily due to lower hosting fees related to older machines taken offline, sold, and replaced with newer generation machines, as well as lower cost of revenue at our Iowa Site.

General and Administrative Expense

General and administrative expenses were $2.5 million and $3.2 million for the first quarter of 2026 and 2025, respectively. The $0.7 million decrease was primarily due to a $1.1 million decrease in legal fees related to a resolved litigation, and a $0.1 million decrease in insurance expense. These decreases were offset by a $0.3 million increase in costs related to strategic business growth efforts, and a $0.2 million increase in share-based compensation.

Depreciation and Amortization Expense

Depreciation and amortization expense was $1.1 million and $1.6 million for the first quarter of 2026 and 2025, respectively.

Loss on Disposal of Property and Equipment

Loss on disposal of property and equipment was $0.2 million and $0.8 million for the first quarter of 2026 and 2025, respectively, and related to the sale of mining equipment.

Change in Fair Value of Bitcoin

Change in fair value of Bitcoin was a loss of $0.6 million and $0.2 million for the first quarter of 2026 and 2025, respectively. The loss was the change in fair value of Bitcoin held, as well as the loss from when Bitcoin was sold.

Non-Operating Income and Expenses

Investment Loss

Investment loss was nil and loss of $3.7 million for the first quarter of 2026 and 2025, respectively, and related to unrealized losses on our equity investment in Core Scientific Inc.

Liquidity and Capital Resources

Our principal sources of liquidity are our existing cash and cash equivalents. We expect to fund our operations going forward with existing cash resources, revenue from our Bitcoin mining operation, and cash that we may raise through future financing transactions. At March 31, 2026, we had cash and cash equivalents of $3.1 million compared to cash and cash equivalents of $3.7 million at December 31, 2025. As of March 31, 2026, we had working capital of $5.0 million, reflecting a decrease of $1.9 million since December 31, 2025.

At-the-Market Offering Program. On January 3, 2025, we entered into a sales agreement (the "ATM Agreement") with A.G.P./Alliance Global Partners (the "Sales Agent"). In accordance with the terms of the ATM Agreement, we may offer and sell from time to time through or to the Sales Agent, as agent or principal, the Company's common shares having an aggregate offering price of up to $8.0 million (the "Placement Shares"). The ATM Agreement can be terminated by either party by giving two days written notice. We expect that any proceeds received from the facility will be used primarily for working capital and general corporate purposes and in furtherance of our corporate strategy which may include to accelerate efficiency, for the purchase/upgrade of the Company's mining fleet, and vertical integration of infrastructure.

Neither us nor the Sales Agent are obligated to sell any Placement Shares pursuant to the ATM Agreement. Subject to the terms and conditions of the ATM Agreement, the Sales Agent will use commercially reasonable efforts, consistent with its normal trading and sales practices and applicable state and federal law, rules and regulations and the rules of Nasdaq, to sell the Placement Shares from time to time based upon our instructions, including any price, time or size limits or other customary parameters or conditions we may impose. Sales of the Placement Shares, if any, will be made on Nasdaq at market prices by any method permitted by law deemed to be an "at the market offering" as defined in Rule 415 of the Securities Act of 1933, as amended. For the three months ended March 31, 2026 and 2025, under the ATM Agreement the Company issued 256,142 and 21,045 common shares, respectively, for $0.4 million and $0.1 million of net proceeds, respectively. Subsequent to March 31, 2026, under the ATM Agreement we issued 389,865 common shares for $0.6 million of net proceeds.

Management has projected that based on our recurring losses, negative cash flows from operating activities, and our hashing rate at March 31, 2026, cash on hand may not be sufficient to allow us to continue operations and there is substantial doubt about our ability to continue as a going concern within 12 months from the date of issuance of our financial statements if we are unable to raise additional funding for operations. We expect our working capital needs to increase in the future as we continue to expand and enhance our operations. Our ability to raise additional funds for working capital through equity or debt financings or other sources may depend on the financial success of our business and successful implementation of our key strategic initiatives, financial, economic and market conditions and other factors, some of which are beyond our control. We require additional capital and if we are unsuccessful in raising that capital at a reasonable cost and at the required times, or at all, we may not be able to continue our business operations in the cryptocurrency mining industry or we may be unable to advance our growth initiatives, either of which could adversely impact our business, financial condition and results of operations. In an effort to mitigate these risks we are taking steps to lower our cost of mining and have refreshed our mining fleet to increase our mining efficiency.

Significant changes from our current forecasts, including but not limited to: (i) shortfalls from projected mining earning levels; (ii) increases in operating costs; (iii) decreases in the value of cryptocurrency; and (iv) if we do not maintain compliance with the requirements of Nasdaq and/or we do not maintain our listing with Nasdaq it could have a material adverse impact on our ability to access the level of funding necessary to continue operations at current levels. These factors, among others, should they occur may result in our inability to continue as a going concern within 12 months from the date of issuance of our financial statements. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business and do not include any adjustments that might result from the outcome of this uncertainty.

The following table shows a summary of our cash flows (used in) provided by operating activities, investing activities, and financing activities (in thousands):

	Three Months Ended March 31,	
	2026	**2025**
Net cash used in operating activities	$ (3,718)	$ (4,078)
Net cash provided by investing activities	$ 2,788	$ 1,332
Net cash provided by financing activities	$ 368	$ 108

Net cash used in operating activities. The use of cash during the first three months of 2026 was primarily a result of our net loss of $4.1 million, offset by $2.3 million in noncash items, which primarily included depreciation and amortization, share-based compensation expense, loss on disposal of property and equipment, and change in fair value of Bitcoin.

Net cash provided by investing activities. During the first three months of 2026, we received $2.8 million from proceeds from the sale of Bitcoin. During the first three months of 2025, we received $2.1 million of proceeds from the sale of Bitcoin, and $0.2 million of proceeds from the sale of older mining machines, offset by $1.0 million of payments for the purchase of property and equipment consisting of newer generation mining machines.

Net cash provided by financing activities. For the first three months of 2026 and 2025, we received $0.4 million and $0.1 million of net proceeds from the issuance of common shares through our ATM Agreement.

Off-Balance Sheet Information

During the ordinary course of business, we may provide standby letters of credit to third parties as required for certain transactions initiated by us. As of March 31, 2026, we have no standby letters of credit outstanding.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations are based on our condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of our condensed consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. We review our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions. Management has determined that there are no critical accounting estimates that require disclosure. Our significant accounting policies are outlined in Note 2 to the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Recent Accounting Pronouncements

Refer to *Note 2 - Summary of Significant Accounting Policies* to our condensed consolidated financial statements for a discussion of recent accounting pronouncements and their effect, if any, on us.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal accounting officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Rules 13a-15(e) or 15d-15(e) under the Exchange Act. Based on this evaluation, our principal executive officer and our principal accounting officer concluded that our disclosure controls and procedures were effective to give reasonable assurance that information required to be publicly disclosed is recorded, processed, summarized, and reported on a timely basis as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

For a discussion of our legal proceedings, see Note 12. *Commitments and Contingencies* to our Consolidated Financial Statements.

Item 1A. Risk Factors.

An investment in our Company involves a high degree of risk. In addition to the risk factors and other information included or incorporated by reference to this report, you should carefully consider each of the risk factors described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025, which is available on SEDAR at www.sedar.com and EDGAR at www.sec.gov. Furthermore, various risk factors applicable to us, our business and Cathedra in connection with the proposed Transaction with Cathedra are described under the heading “Risk Factors” in the definitive proxy statement filed with the Securities and Exchange Commission on April 16, 2026, which risk factors are incorporated herein by reference. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the risks occur, our business and financial results could be harmed and the trading price of our common shares could decline.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description	Filed Herewith	Incorporated by Reference		
			Form	File No.	Date Filed
2.1*	Arrangement Agreement, dated as of March 5, 2026, by and among Sphere 3D Corp., S3D Acquisition Corp. and Cathedra Bitcoin Inc.		8-K	001-36532	3/11/2026
3.1	Certificate and Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	3/25/2015
3.2	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	7/17/2017
3.3	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	10/2/2018
3.4	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	11/5/2018
3.5	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	11/14/2018
3.6	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	7/12/2019
3.7	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	11/8/2019
3.8	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	5/8/2020
3.9	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	9/29/2020
3.10	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	1/7/2021
3.11	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	7/15/2021
3.12	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		6-K	001-36532	10/4/2021
3.13	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	6/28/2023
3.14	Certificate of Amendment to the Articles of Amalgamation of Sphere 3D Corp.		8-K	001-36532	2/12/2026
3.15	By-law No. 1, as Amended		6-K	001-36532	7/17/2017
3.16	By-law No. 1 Amending Agreement		6-K	001-36532	2/1/2022
3.17	By-law No. 1 Amending Agreement		8-K	001-36532	1/13/2023
3.18	By-law No. 2		6-K	001-36532	5/12/2017
10.1	Form of Support Agreement		8-K	001-36532	3/11/2026
10.2+	Amendment No. 1 to Employment Agreement, dated as of March 5, 2026, by and among Kurt Kalbfleisch and Sphere 3D Corp.		8-K	001-36532	3/11/2026

Exhibit Number	Description	Filed Herewith	Incorporated by Reference		
			Form	File No.	Date Filed
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
31.2	Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X			
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
32.2	Certification of Chief Accounting Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X			
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	X			
101.SCH	Inline XBRL Taxonomy Extension Schema	X			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase	X			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase	X			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase	X			
101.PRE	Inline XBRL Taxonomy Presentation Linkbase	X			
104	Cover Page Interactive Data File (formatted as inline XBRL as contained in Exhibit 101)	X			

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* Certain of the schedules to this exhibit have been omitted in accordance with Regulation S-K Item 601(a)(5). Sphere agrees to furnish supplementally a copy of all omitted exhibits and schedules to the Securities and Exchange Commission upon its request.

\+ Management contract or compensation plan or arrangement.

SIGNATURE

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.

Sphere 3D Corp.

Date:	May 15, 2026	By:	*/s/ Kurt L. Kalbfleisch*
			Kurt L. Kalbfleisch
			Chief Executive Officer
			(Principal Executive and Financial Officer)

Exhibit 31.1

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

I, Kurt L. Kalbfleisch, Chief Executive Officer of Sphere 3D Corp. certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sphere 3D Corp.;

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 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 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: May 15, 2026

/s/ *Kurt L. Kalbfleisch*

Kurt L. Kalbfleisch
Chief Executive Officer

Exhibit 31.2

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

I, Tiah Reppas, Chief Accounting Officer of Sphere 3D Corp. certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sphere 3D Corp.;

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: May 15, 2026

/s/ *Tiah Reppas*
Tiah Reppas
Chief Accounting 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 of Sphere 3D Corp. (the "Registrant") on Form 10-Q for the quarterly period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kurt L. Kalbfleisch, Chief Executive Officer of the Registrant, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 15, 2026

/s/ *Kurt L. Kalbfleisch*

Kurt L. Kalbfleisch
Chief Executive Officer

Exhibit 32.2

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 of Sphere 3D Corp. (the “Registrant”) on Form 10-Q for the quarterly period ended March 31, 2026, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tiah Reppas, Chief Accounting Officer of the Registrant, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 15, 2026

/s/ *Tiah Reppas*
Tiah Reppas
Chief Accounting Officer