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CIRCLE8 GROUP INC

FORM 10-Q
(Quarterly Report)

Filed 11/23/26 for the Period Ending 09/30/26

Address	270 SYLVAN AVENUE SUITE 2230 ENGLEWOOD CLIFFS, NJ, 07632
Telephone	2018994470
CIK	0001605888
Symbol	CIRC
SIC Code	7363 - Services-Help Supply Services
Industry	Employment Services
Sector	Industrials
Fiscal Year	12/31

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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 September 30, 2026

OR

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

For the Transition period from_____ to _____

Commission file number 001-40760

CIRCLE8 GROUP INC.

(Exact name of registrant as specified in its charter)

Delaware	**46-5319744**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
270 Sylvan Avenue, Suite 2230 Englewood Cliffs NJ	**07632**
(Address of principal executive offices)	**(Zip Code)**

(201) 899-4470
(Registrant's telephone number, including area code)

Atlantic International Corp
(Former name, former address, and former fiscal year if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:
None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of November 13, 2026, 117,608,649 shares of the common stock, $0.00001 par value, of the registrant were outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

CIRCLE8 GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2026	December 31, 2025
	(Unaudited)	
Assets		
Current assets		
Cash and cash equivalents	$ 20,464,755	$ 81,134
Accounts receivable, net of allowance of $2,809,950 and $3,222,723	172,509,984	65,750,593
Contract assets	98,665,468	—
Unbilled accounts receivable	10,739,820	4,242,245
Due from related parties, current	628,809	—
Prepaid expenses and other current assets	4,672,399	3,123,447
Deposits, current	8,000,000	8,000,000
Total current assets	**315,681,235**	**81,197,419**
Non-current assets		
Property and equipment, net	1,267,496	239,207
Operating leases right-of-use assets	3,824,651	2,933,582
Finance leases right-of-use assets, net	2,279,341	—
Goodwill	411,792,271	—
Intangible assets, net	180,613,382	26,602,223
Due from related parties	381,354	—
Other assets	1,295,645	2,257,405
Total non-current assets	**601,454,140**	**32,032,417**
Total assets	**$ 917,135,375**	**$ 113,229,836**
Liabilities, mezzanine equity and stockholders' equity		
Current liabilities		
Accounts payable	$ 165,223,112	$ 5,110,155
Accrued expenses and other current liabilities	181,837,081	19,647,785
PEO liability and accrued interest	46,191,891	32,894,331
Due to related parties	3,866,258	—
Current operating lease liabilities	1,921,823	1,459,704
Current finance lease liabilities	751,618	—
Warrant liabilities, current	6,900,000	—
Line of credit, current portion	49,639,083	49,308,253
Notes payable, current portion	65,195,625	1,375,000
Notes payable, current portion – related parties	58,318,719	1,950,000
Convertible note payable – related parties	161,961,751	—
Factoring debt, current portion	201,452,489	3,205,506
Other short-term debt	2,469,419	—
Contingent consideration liability – related parties	2,390,000	—
Total current liabilities	**948,118,869**	**114,950,734**
Non-current liabilities		
Notes payable, net of current portion	19,832,495	—

Notes payable, net of current portion - related parties	—	28,826,281
Warrant liabilities, non-current	725,724	—
Non-current operating lease liabilities	1,985,130	1,543,091
Non-current finance lease liabilities	1,582,571	—

Deferred tax liability	22,476,197	—
Other liabilities	818,620	—
Total non-current liabilities	**47,420,737**	**30,369,372**
Total liabilities	**995,539,606**	**145,320,106**
Commitments and contingencies		
Mezzanine Equity		
Preferred stock, $0.00001 par value; 20,000,000 shares authorized at September 30, 2026 and December 31, 2025		
Series B convertible preferred stock, 5% cumulative dividends, 15,000 and 0 shares designated at September 30, 2026 and December 31, 2025, respectively; 90 and 0 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively, redemption amount of $220,745 and $0 as of September 30, 2026 and December 31, 2025, respectively	83,230	—
Redeemable noncontrolling interest	3,346,005	—
Stockholders' equity/(deficit)		
Common stock, $0.00001 par value; 300,000,000 shares authorized; 114,906,923 and 55,713,259 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	1,150	557
Additional paid-in capital	334,871,384	162,819,982
Accumulated deficit	(409,769,998)	(194,910,809)
Accumulated other comprehensive loss	(6,936,002)	—
Total stockholders' equity/(deficit)	**(81,833,466)**	(32,090,270)
Total liabilities, mezzanine equity and stockholders' equity	**$ 917,135,375**	**$ 113,229,836**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIRCLE8 GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Service revenue, net	$ 321,688,351	$ 110,127,203	$ 891,382,019	$ 315,833,003
Cost of revenue	300,451,903	97,725,227	824,916,255	280,826,211
Gross profit	**21,236,448**	**12,401,976**	**66,465,764**	**35,006,792**
Selling, general and administrative	42,773,243	19,888,692	109,536,723	58,158,706
Loss on impairment of goodwill	26,915,000	—	26,915,000	—
Depreciation and amortization	4,883,763	1,230,307	13,649,664	3,699,446
(Loss) income from operations	**(53,335,558)**	**(8,717,023)**	**(83,635,623)**	**(26,851,360)**
Loss on debt extinguishment	—	—	4,826	—
Loss from recognition of joint and several debt and related settlement	44,436,897	—	101,309,679	—
Interest expense	5,079,660	2,094,177	12,911,073	5,402,959
Loss on financing	—	—	11,613,736	—
Realized and unrealized (gain)/loss on warrants and derivative liabilities	(130,172)	—	3,173,851	—
Gain on extinguishment of contingent consideration liability	(5,600,000)	—	(5,600,000)	—
Other expenses, gains and losses	3,006,837	—	11,594,063	—
Net loss before provision for income taxes	**(100,128,780)**	**(10,811,200)**	**(218,642,851)**	**(32,254,319)**
Income tax benefit/(expense)	2,451,003	(9,144)	3,907,232	(28,379)
Net loss	**$ (97,677,777)**	**$ (10,820,344)**	**$ (214,735,619)**	**$ (32,282,698)**
Net income attributable to redeemable noncontrolling interest	(66,569)	—	(123,570)	—
Net loss attributable to Circle8	**(97,744,346)**	**(10,820,344)**	**(214,859,189)**	**(32,282,698)**
Net loss per share attributable to common stockholders, basic and diluted	$ (0.92)	$ (0.20)	$ (2.41)	$ (0.59)
Weighted-average shares outstanding, basic and diluted	106,150,046	55,119,781	86,913,479	54,553,945
Comprehensive loss:				
Net loss	$ (97,677,777)	$ (10,820,344)	$ (214,735,619)	$ (32,282,698)
Change in foreign currency translation, net of income taxes	149,840	—	(6,936,002)	—
Other comprehensive (income)/loss attributable to redeemable noncontrolling interest	61,152	—	(36,472)	—
Total comprehensive loss	**$ (97,466,785)**	**$ (10,820,344)**	**$ (221,708,093)**	**$ (32,282,698)**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIRCLE8 GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY
(Unaudited)

	Mezzanine Equity				Stockholders' Equity					
	Preferred Stock				Common Stock					
	Shares	Amount	Redeemable Noncontrolling Interest	Total Mezzanine Equity	Shares	Amount	Additional Paid in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance - December 31, 2025	**-**	**$ -**	**$ -**	**$ -**	**55,713,259**	**$ 557**	**$162,819,982**	**$(194,910,809)**	**$ -**	**$ (32,090,270)**
Net income (loss)	-	-	57,001	57,001	-	-	-	(30,746,125)	-	(30,746,125)
Recognition of redeemable noncontrolling interest, Circle8 Acquisition	-	-	1,255,237	1,255,237	-	-	-	-	-	-
Other comprehensive income	-	-	(66,978)	(66,978)	-	-	-	-	(1,217,248)	(1,217,248)
Accretion of redeemable noncontrolling interest	-	-	2,142,883	2,142,883	-	-	(2,142,883)	-	-	(2,142,883)
Issuance of Series B convertible preferred stock, net of issuance costs of $21,261	5,600	8,927,475	-	8,927,475	-	-	-	-	-	-
Stock-based compensation	-	-	-	-	-	-	3,830,985	-	-	3,830,985
Stock issued for RSUs	-	-		-	7,059,687	71	(2,694,964)	-	-	(2,694,893)
Dividends payable	-	-	-	-	-	-	(9,986)	-	-	(9,986)
Shares issued as partial consideration for a business	-	-	-	-	12,516,070	125	48,311,905	-	-	48,312,030
Premium from issuance of convertible note as partial consideration of a business combination	-	-	-	-	-	-	43,744,381	-	-	43,744,381
Shares issued to designee of the Circle8 Seller as partial consideration for a business	-	-	-	-	4,000,000	40	15,439,960	-	-	15,440,000
Balance - March 31, 2026	**5,600**	**$ 8,927,475**	**$ 3,388,143**	**$12,315,618**	**79,289,016**	**$ 793**	**$269,299,380**	**$(225,656,934)**	**$ (1,217,248)**	**$ 42,425,991**
Net loss	-	-	-	-	-	-	-	(86,368,718)	-	(86,368,718)
Other comprehensive income	-	-	(30,646)	(30,646)	-	-	-	-	(5,868,594)	(5,868,594)
Other issuance of Series B convertible preferred stock	150	140,784	-	140,784	-	-	-	-	-	-
Exercise of Series										

B Preferred Stock warrants	3,200	3,003,392	-	3,003,392	-	-	-	-	-	-
Exercise of Common Stock warrants	-	-	-	-	1,268,933	13	833,164	-	-	833,177
Redemption of Series B Preferred Stock	(8,710)	(11,847,637)	-	(11,847,637)	9,380,796	94	17,125,183	-	-	17,125,277
Equity-classified contingent consideration issued as partial consideration for a business	-	-	-	-	-	-	5,600,000	-	-	5,600,000
Stock based compensation	-	-	-	-	-	-	772,933	-	-	772,933
Stock issued for services	-	-	-	-	24,429	-	75,000	-	-	75,000
Dividends payable	-	-	-	-	-	-	(136,618)	-	-	(136,618)
Balance - June 30, 2026	**240**	**$ 224,014**	**$ 3,357,497**	**$ 3,581,511**	**89,963,174**	**$ 900**	**$293,569,042**	**$ (312,025,652)**	**$ (7,085,842)**	**$ (25,541,552)**
Net loss	-	-	66,569	66,569	-	-	-	(97,744,346)	-	(97,744,346)
Other comprehensive loss	-	-	61,152	61,152	-	-	-	-	149,840	149,840
Accretion of redeemable noncontrolling interest	-	-	(139,213)	(139,213)	-	-	139,213	-	-	139,213
Exercise of Series B Preferred Stock warrants	600	563,136	-	563,136	-	-	-	-	-	-
Exercise of Common Stock warrants	-	-	-	-	1,298,444	13	953,704	-	-	953,717
Redemption of Series B Preferred Stock	(896)	(754,739)	-	(754,739)	1,161,379	12	1,342,558	-	-	1,342,570
Stock based compensation	-	-	-	-	-	-	97,332	-	-	97,332
Shares issued for services	-	-	-	-	500,000	5	232,945	-	-	232,950
Stock issued for RSUs	-	-	-	-	-	-	-	-	-	-
Stock issued in troubled debt restructuring	-	-	-	-	21,983,926	220	(220)	-	-	-
Gain on troubled debt restructuring with related party	-	-	-	-	-	-	38,541,995	-	-	38,541,995
Settlement of dividends payable	146	50,819	-	50,819	-	-	-	-	-	-
Dividends payable	-	-	-	-	-	-	(5,185)	-	-	(5,185)
Balance - September 30, 2026	**90**	**$ 83,230**	**$ 3,346,005**	**$ 3,429,235**	**114,906,923**	**$ 1,150**	**$334,871,384**	**$ (409,769,998)**	**$ (6,936,002)**	**$ (81,833,466)**

	Stockholders' (Deficit)				
	Common Stock				
	Shares	Amount	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' (Deficit)
Balance - December 31, 2024	53,130,946	**$ 531**	**$ 123,462,703**	**$ (135,479,890)**	**$ (12,016,656)**

Net loss	-	-	-	(10,744,185)	(10,744,185)
Stock-based compensation	-	-	6,039,973	-	6,039,973
Stock issued for services	65,148	1	326,399	-	326,400
Stock issued for legacy stockholders	764,486	8	2,359,263	-	2,359,271
Stock issued for RSUs	593,221	6	(6)	-	-
Balance - March 31, 2025	**54,553,801**	**$ 546**	**$ 132,188,332**	**$ (146,224,075)**	**$ (14,035,197)**
Net loss	-	-	-	(10,718,169)	(10,718,169)
Stock based compensation	-	-	6,269,751	-	6,269,751
Stock issued for legacy stockholders	9,458	-	19,200	-	19,200
Balance - June 30, 2025	**54,563,259**	**$ 546**	**$ 138,477,283**	**$ (156,942,244)**	**$ (18,464,415)**
Net loss	-	-	-	(10,820,344)	$ (10,820,344)
Stock based compensation	-	-	6,709,761	-	6,709,761
Stock issued for services	150,000	2	509,998		510,000
Stock issued for RSUs	1,000,000	10	(10)	-	-
Balance - September 30, 2025	**55,713,259**	**$ 558**	**$ 145,697,032**	**$ (167,762,588)**	**$ (22,064,998)**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIRCLE8 GROUP INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
Net loss	**$ (214,735,619)**	**$ (32,282,698)**
Adjustments to reconcile net loss to net cash provided by operating activities:		
Bad debt expense	5,594,427	456,054
Non-customer valuation allowance	9,138,604	—
Amortization, deferred financing cost	697,272	130,271
Interest paid in kind	1,333,284	—
Loss on debt extinguishment	4,826	—
Other loss on settlement agreement	1,942,039	—
Loss on recognition of joint and several debt	101,309,679	—
Loss on impairment of goodwill	26,915,000	—
Change in estimated fair value of contingent consideration	291,426	—
Change in fair value of warrants	2,870,115	—
Change in fair value of bifurcated derivatives	968,324	—
Loss on financing transaction	11,613,736	—
Gain on warrant exercise	(664,588)	—
Gain on extinguishment of contingent consideration liability	(5,600,000)	—
Payment of fee by issuance of Preferred Stock	239,192	—
Deferred income taxes	(9,392,670)	—
Settlement claim to be paid in shares	—	—
Shares issued for services	307,950	836,400
Depreciation and amortization expense	13,155,545	3,699,446
Right-of-use asset amortization	1,862,423	1,249,288
Share-based compensation	4,701,250	19,019,485
Changes in operating assets and liabilities:		
Accounts receivable	(9,676,539)	16,166,836
Contract assets	4,558,323	—
Unbilled accounts receivable	(6,497,575)	(3,037,446)
Prepaid expenses and other current assets	(250,368)	(859,600)
Due from related parties	(1,607,815)	(6,492,863)
Other assets	3,552,174	26,628
Accounts payable	20,350,043	3,270,258
Due to related parties	815,632	(2,091,035)
Income taxes payable	714,644	—
Accrued expenses and other current liabilities	18,155,881	4,935,696
Operating lease liability	(1,362,666)	(1,244,669)
Other liabilities	(12,355)	—
Net cash (used in) provided by operating activities	**(18,708,406)**	**3,782,051**
Cash flows from investing activities		
Purchase of property and equipment	(545,216)	(44,495)
Net cash (used in) investing activities	**(545,216)**	**(44,495)**
Cash flows from financing activities		
Acquisition, net - cash acquired	32,651,398	—
Borrowings on revolving line of credit	354,675,011	355,432,899

Payments on revolving line of credit	(354,391,268)	(359,577,374)
Payments on notes payable	(2,246,063)	—
Borrowings on factoring debt	1,000,000	—
Payments on factoring debt	(1,648,504)	—
Borrowings on other short-term debt	3,050,000	—
Payments on other short-term debt	(570,157)	—
Proceeds from issuance of preferred stock and warrants, net of issuance costs	5,543,739	—
Proceeds received upon exercise of warrants	3,800,000	—
Payments of legal fees for troubled debt restructuring	(176,638)	—
Debt issuance costs payment	(40,500)	(188,351)
Finance lease repayments	(486,946)	—
Net cash provided by (used in) by financing activities	**41,160,072**	**(4,332,826)**
Effect of exchange rates on cash and cash equivalents	(1,522,829)	—
Net increase (decrease) in cash and cash equivalents	20,383,621	(595,270)
Cash and Cash Equivalents – Beginning of period	81,134	678,676
Cash and Cash Equivalents – End of period	**$ 20,464,755**	**$ 83,406**
Supplemental Disclosures of Cash Flow Information		
Cash paid during the period for:		
Interest	$ 6,195,851	$ 3,509,168
Non-cash investing and financing activities:		
Settlement shares issued to legacy stockholders	$ —	$ 2,378,471
Share settled earnout value	$ 5,600,000	$ —
Fair value of common shares issued as partial consideration for a business	$ 48,312,030	$ —
Contingent consideration arrangement issued as partial consideration for a business	$ 2,098,574	$ —
Fair value of convertible note issued as partial consideration for a business	$ 205,706,131	$ —
Fair value of common shares issued to designee of the Circle8 Seller as partial consideration for a business	$ 15,440,000	$ —
Refinancing of factoring agreements	$ 2,221,965	$ —
Fair value of Common Stock issued to satisfy redemption of Series B Preferred Stock	$ 10,968,812	$ —
Gain on troubled debt restructuring with related party	$ 38,718,633	$ —

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

CIRCLE8 GROUP INC. AND SUBSIDIARIES
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1: Organization and Nature of Operations

On June 18, 2024 (the "Closing Date"), Atlantic International Corp ("Atlantic", formerly known as SeqLL Inc.) completed the acquisition (the "Merger") of Lyneer Investments, LLC and its operating subsidiaries, including Lyneer Staffing Solutions, LLC (collectively, "Lyneer"). On January 23, 2026, the Company completed the acquisition ("Circle8 Closing Date" or the "Circle8 Acquisition") of Circle8 Group B.V. ("Circle8 Group B.V."). See Note 2: *Merger and Acquisition* for further information. On June 29, 2026, Atlantic changed its name from Atlantic International Corp to Circle8 Group Inc. ("Circle8" or the "Company"). The Company started trading under the Nasdaq ticker CIRC on July 2, 2026.

The Company was incorporated in Delaware under the name SeqLL Inc. on April 1, 2014. The Company historically operated as a commercial-stage life science instrumentation and research services company engaged in development of scientific assets and novel intellectual property across multiple "Omics" fields. Pursuant to the terms and conditions of the Amended and Restated Agreement and Plan of Reorganization dated as of June 4, 2024, as amended (the "Merger Agreement"), all of the legacy SeqLL business operations were sold to SeqLL Omics, a newly formed company owned by our former employees and management. Our operating business became that of Lyneer and our corporate headquarters were relocated to 270 Sylvan Avenue, Suite 2230, Englewood Cliffs, New Jersey 07632.

Lyneer Investments, LLC ("Lyneer Investments") is a limited liability company formed in the State of Delaware on January 9, 2018. Lyneer Investments is owned by its members and is now a wholly-owned subsidiary of the Company. The members of Lyneer Investments have limited personal liability for the obligations and debts of Lyneer Investments under Delaware law. Lyneer Holdings, Inc. ("Lyneer Holdings"), a wholly-owned subsidiary of Lyneer Investments, and Lyneer Staffing Solutions, LLC ("LSS"), a wholly-owned subsidiary of Lyneer Holdings, were also incorporated and formed, respectively, in the State of Delaware on January 9, 2018. Lyneer Investments, Lyneer Holdings, and LSS are collectively referred to herein as "Lyneer."

Circle8 Group B.V. was formed in 1987, under the laws of the Netherlands. Until its acquisition by Atlantic on January 23, 2026, Circle8 Group B.V. was owned by Axiom Partners GmbH ("Axiom"), which, in turn, is 100% owned by Mr. Guus Franke. Mr. Franke became Executive Chairman of the Board upon the completion of the Circle8 Acquisition and Chief Executive Officer on June 29, 2026.

In the United States of America ("USA"), the Company specializes in the placement of temporary and temporary-to-permanent labor across various industries. The Company primarily places individuals in accounting and finance, administrative and clerical, information technology, legal, light industrial, and medical roles. The Company is also a provider of productivity consulting and workforce management solutions. The Company has more than one hundred locations throughout the USA.

In Europe, the Company specializes in providing workforce solutions to enterprises, technology companies, financial institutions, and public-sector organizations. Circle8 Group B.V. focuses on sourcing, deploying, and managing highly skilled professionals in information technology and related digital disciplines. Circle8 Group B.V. is an IT and technology staffing companies, operating across Europe through a portfolio of specialized brands. Circle8 Group B.V. manages approximately 8,100 technology professionals and specializes in software development, data analytics, cybersecurity, project management, and emerging technologies.

On October 29, 2024, the Company formed a subsidiary in Delaware. This inactive subsidiary is named A36 Merger Sub, Inc. and all 100 shares of its common stock are owned by the Company.

Note 2: Merger and Acquisition

Merger

On May 29, 2023, Circle8 Group Inc., formerly known as Atlantic International Corp. and prior to June 2024 known as SeqLL, Inc., a Delaware corporation ("Circle8"), SeqLL Merger, LLC, a Delaware limited liability company ("SeqLL Merger Sub"), Atlantic Acquisition Corp., a Delaware corporation ("Atlantic"), Atlantic Merger LLC, a Delaware limited liability company and a majority-owned subsidiary of Atlantic ("Atlantic Merger Sub"), Lyneer, IDC Technologies, Inc., a California corporation ("IDC") and Lyneer Management Holdings, LLC ("LMH"), a Delaware limited liability company ("Lyneer Management") entered into an Agreement and Plan of Merger (the "Merger Agreement"), which was

subsequently amended on June 23, 2023, October 5, 2023, October 17, 2023, November 3, 2023, January 16, 2024, March 7, 2024 and April 15, 2024, entered into an Agreement and Plan of Merger (the "Merger Agreement"), pursuant to which (i) Atlantic Merger Sub was merged with and into Lyneer with Lyneer continuing as the surviving entity and as an approximately 41.7%-owned subsidiary of Atlantic, and an approximately 58.3%-owned subsidiary of IDC, and (ii) SeqLL Merger Sub was subsequently to be merged with and into Lyneer, with Lyneer continuing as the surviving entity and a wholly-owned subsidiary of the Company (collectively referred to as the "Merger").

On June 4, 2024, the Company entered into an Amended and Restated Agreement and Plan of Reorganization (the "Amended Merger Agreement"), which amended certain provisions of the Merger Agreement: (i) fixed the number of shares of SeqLL common stock to be issued, (ii) replaced the Cash Consideration that was to be paid with a short-term promissory note, (iii) deleted the requirements of the closing of the Capital Raise and the listing of SeqLL common stock on a national securities exchange as conditions to the closing of the Merger, and (iv) provided for certain additional issuances of SeqLL common stock to IDC if such common stock is not listed on a national securities exchange on or prior to September 30, 2024. On June 12, 2024, the Amended Merger Agreement was amended ("Amendment 1") to reflect a per share price change from the previous $3.10 to $2.36 and to reflect the Merger price determined by the parties at the time of the Merger.

On June 18, 2024 (the "Closing Date"), Atlantic International Corp ("Atlantic" or the "Company," formerly known as SeqLL Inc.) completed the acquisition (the "Merger") of Lyneer.

Pursuant to the terms of the Merger, the Company changed its corporate name from SeqLL Inc. to Atlantic International Corp and its trading symbol to ATLN.

The consideration for the Acquisition was the issuance to IDC, the then current owner of Lyneer: (a) a convertible promissory note in the principal amount of $35,000,000 that was originally due on or before September 30, 2024, which was extended to March 31, 2027, which was subsequently assigned to another party who ultimately released and cancelled the instrument in August of 2026 as part of a troubled debt restructuring ("TDR") (see Note 8: *Debt* and Note 16: *Related Party Transactions fo*r further information); and (b) 25,423,729 shares of the Company's common stock at a market value of $2.36 per share, or $60,000,000 in the aggregate. Certain of these shares serve as collateral under a joint and several debt obligation as further discussed in Note 8: *Debt* and Note 16: *Related Party Transactions.* The stockholders of Atlantic Acquisition Corp. were issued an aggregate of 18,220,338 shares of the Company's common stock at a market value of $2.36 per share or $43,000,000 in the aggregate (the "Atlantic Consideration").

In addition, upon the closing of the Merger:

- Atlantic Acquisition Corp ("AAC") entered into an Assignment and Assumption Agreement pursuant to which AAC irrevocably assigned and transferred to the Company all of AAC's rights, title and interest to various intangible assets in exchange for a portion of the Atlantic Consideration. The Company assumed all of the employment and consulting agreements of AAC personnel and paid or expects to pay approximately $4.4 million of accrued wages and bonuses. The Company assumed obligations of AAC to issue 593,221 shares to certain advisors upon completion of the Merger, and an additional 1.3 million shares under a directors agreement. See Note 9: *Accrued Expenses and Other Current Liabilities* for further information.
- The Company escrowed 4,704,098 shares of common stock that may be issued to certain of the Company's stockholders of record as of September 26, 2023, as part of a settlement offer (the "Settlement Offer") to be commenced within 90 days of the closing of the Merger to settle any claims for the failure to declare and pay certain previously-announced dividends of cash and common stock.
- In addition, following completion of the Merger, subject to the terms and conditions of an Asset Purchase Agreement dated as of May 29, 2023, between the Company and SeqLL Omics, an entity formed by Daniel Jones, the Company's former Chairman and Chief Executive Officer, and certain other former employees of the Company for the purpose of carrying on the Company's pre-Merger business following the Merger, SeqLL Omics purchased from the Company for a purchase price of $1,000 all of the Company's assets, including cash and cash equivalents, and transferred all liabilities other than a promissory note in the principal amount of $1,375,000 to a former co-founder of SeqLL that was due on July 31, 2025 and a one-year leasehold obligation. On January 23, 2026, the Company and St. Laurent Investments LLC ("St. Laurent") entered into a Confidential Settlement Agreement which satisfied the Promissory Notes in total. See Note 8: *Debt* for further information.

Determination of Accounting Acquirer

The Merger was accounted for as a reverse recapitalization in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP"). Under this method of accounting, although SeqLL acquired all of the

outstanding equity interests of Lyneer in the Merger, Atlantic was treated as the "acquiree" and Lyneer was treated as the "acquirer" for financial reporting purposes. Accordingly, the Merger was recorded as the equivalent of Lyneer issuing shares for SeqLL's net assets, followed by a recapitalization whereby no goodwill or other intangible assets were recorded. The statements of operations presented for periods prior to the Merger were those of Lyneer. There was no change in the historical carrying amount of Lyneer's assets or liabilities because of the Merger. The Merger did not represent a business combination accounted for under Accounting Standards Codification ("ASC") 805 — *Business Combinations* ("ASC 805"), because neither Atlantic Merger LLC nor SeqLL met the definition of a business.

Having considered Topic 12 of the SEC Financial Reporting Manual, Lyneer was determined to be the continuing entity for accounting purposes and the Merger represents a reverse recapitalization with regard to Atlantic. We considered the following factors in completing the accounting analysis, with greater weight being given to (a), (d) and (e):

a) Lyneer was the largest entity, in terms of substantive operations;

b) Subsequent to SeqLL's sale of assets to SeqLL Omics, SeqLL had no or nominal assets and no or nominal operations, and did not meet the definition of a business;

c) Atlantic Merger LLC had no operations and did not meet the definition of a business;

d) Following the Merger, it was expected that Lyneer's operations would comprise the ongoing operations of the combined entity as the only company with historical operations;

e) Upon consummation of the Merger all of Lyneer's employees continued to have an employment relationship with the combined entity;

f) No affiliate entities or individual stockholders of Lyneer, Atlantic or SeqLL had voting control of the Company's board of directors immediately following the Merger; and

g) Individuals affiliated with Atlantic were appointed as the Chief Executive Officer and Chief Financial Officer of the Company following the Merger

Circle8 Acquisition

On January 23, 2026, the Company completed the Circle8 Acquisition. Circle8 Group B.V. is a company organized under the laws of the Netherlands. The Circle8 Acquisition was consummated pursuant to the terms of the Acquisition Agreement, dated January 22, 2026 (the "Acquisition Agreement"), by and among the Company, Axiom (or "the Circle8 Seller") and Circle8 Group B.V. The Company determined it was the accounting acquirer for this transaction because it incurred liabilities payable to the Circle8 Seller, including a Convertible Note, and became contingently obligated to transfer assets to the seller, all in exchange for a controlling financial interest in Circle8 Group B.V. Accordingly, upon the consummation of the Circle8 Acquisition, Circle8 Group B.V. ceased to be under the control of Axiom. This conclusion was reached as Axiom did not control the Company post-acquisition as demonstrated by its inability to appoint the majority of the Company's directors. The Circle8 Acquisition was accounted for as a business combination using the acquisition method of accounting under ASC 805. Refer to purchase consideration transferred described in more detail below.

The Company is pursuing a strategy of building a global staffing organization through strategic acquisitions. Through the acquisition of Circle8 Group B.V., the Company has extended its capabilities into specialized high-growth information technology and other technological staffing capabilities across Europe, complementing the Company's North American industrial staffing operations.

ASC 805 dictates that if the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Provisional amounts may be revised during the "measurement period." The measurement period ends as soon as the acquirer receives all necessary information about the facts and circumstances that existed as of the acquisition date for the provisional amounts (or otherwise learns that more information is not obtainable). However, the measurement period cannot exceed one year from the acquisition date. During the measurement period, the acquirer adjusts the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer recognizes adjustments to the provisional amounts with a corresponding adjustment to goodwill in the reporting period in which the adjustments to the provisional amounts are determined. Thus, the acquirer shall adjust its financial statements as needed, including recognizing in its current-period earnings, the full effect of changes in depreciation, amortization, or other income effects, by line item, if

any, as a result of the change to the provisional amounts calculated as if the accounting had been completed at the acquisition date.

The Company is in the process of obtaining and validating information about Circle8 Group B.V.'s balance sheet related to substantially all categories of assets and liabilities, as well as related to the valuation of certain elements of the consideration and other elements of the transaction. Further details are provided below.

On the Circle8 Closing Date, the Company acquired 100% of the outstanding voting equity of Circle8 Group B.V. However, upon the closing of the Circle8 Acquisition, a third party retained a noncontrolling 20% equity interest ("Redeemable NCI") in Circle8 Consulting GmbH ("Circle8 Consulting"). Circle8 Consulting was a consolidated subsidiary of Circle8 Group B.V. immediately prior to the Circle8 Acquisition and became a consolidated subsidiary of the Company upon the closing thereof. The Company recorded the Redeemable NCI at its estimated fair value as of the Circle8 Closing Date using a discounted cash flow ("DCF") model. The DCF model utilizes estimated future cash flows which are discounted to present value using a discount rate. Cash flow projections are based on management's estimates of economic and market conditions, which drive key assumptions of revenue growth rates, operating margins, capital expenditures and working capital requirements. The discount rate is based on the weighted-average cost of capital and may be adjusted for the relevant risks associated with business-specific characteristics and any uncertainty related to the business' ability to execute on the projected future cash flows. The provisional estimated fair value of the Redeemable NCI on the Circle8 Acquisition Date amounted to $1,255,237. The Company is in the process of validating and verifying certain assumptions and inputs in this valuation and will record any material revisions to the estimated acquisition date fair value during the measurement period. See Note 15: *Warrants, Mezzanine Preferred Stock and Mezzanine Equity* for more information about the Redeemable NCI.

The provisional fair values assigned to identifiable intangible assets acquired as well as components of the consideration transferred and the Redeemable NCI, were valued based on provisional estimates and assumptions and were determined using variations of the income and market approaches. The provisional fair values of assets acquired and liabilities assumed are as follows:

	January 23, 2026
Cash and cash equivalents	$ 33,642,710
Accounts receivable	102,951,695
Contract assets	93,122,923
Prepaid expenses and other current assets	1,647,291
Customer relationships	151,447,142
Trademarks	2,246,866
Trade name	14,649,376
Software	3,874,655
Website	124,311
Property and equipment	1,529,215
Operating lease right-of-use assets	1,511,191
Finance lease right-of-use assets	2,242,945
Other assets	658,372
Accounts payable	151,870,794
Accrued expenses and other current liabilities	136,864,410
Notes and loans payable	263,821,414
Operating lease liabilities	1,519,336
Finance lease liabilities	2,293,156
Deferred tax liabilities, net	33,266,355
Other liabilities	2,653,033
Net identifiable liabilities assumed	(182,639,806)
Goodwill	462,043,091
Net assets acquired	$ 279,403,285

Purchase consideration at fair value	$ 278,148,048
Fair value of redeemable noncontrolling interest retained	$ 1,255,237

The provisional aggregate fair value of purchase consideration transferred for Circle8 amounted to $278,148,048 on the Circle8 Closing Date and consisted of the following:

- 12,516,070 shares of the Company's common stock, par value $0.00001 per share ("Common Stock") with an aggregate fair value of $48,312,030 issued to the Circle8 Seller (the "Initial Equity Consideration"). The fair value of these shares was measured using the per share closing price of the Company's Common Stock, $3.86, on the Circle8 Acquisition Date (the "Per Share Closing Price"), a Level 1 measurement.
- The Company entered into an obligation to issue 4,000,000 shares of the Company's Common Stock with an aggregate fair value of $15,440,000 on the Circle8 Acquisition Date to settle a liability for transaction expenses incurred by Circle8 (the "Advisor Equity Payment"). The Advisor Equity Payment represents an obligation to the investment banking firm that represented and advised Circle8 Group B.V. in connection with the Circle8 Acquisition and was settled via the issuance of Common Stock on January 28, 2026. The fair value of these shares was also measured using the Per Share Closing Price, a Level 1 measurement.
- A convertible promissory note (the "Convertible Note") payable to the Circle8 Seller with a provisional fair value of $205,706,132. The provisional fair value of the Convertible Note at issuance was equal to the product of the Per Share Closing Price and the number of shares into which the Convertible Note is eligible to convert if the conditions described in Note 8: *Debt* are met. The amount initially recognized is considered provisional as the Company is in the process of evaluating the initial approach selected and the validity of certain assumptions related thereto.
- A contingent consideration arrangement pursuant to which the Company is obligated to pay the Circle8 Seller a fixed amount totaling $2,500,000 if Circle8 Group B.V.'s revenue equals or exceeds €600 million (the equivalent of approximately $693 million at September 30, 2026) during the calendar year ended December 31, 2026 (the

"Circle8 Contingent Consideration"). The Company has assigned a provisional fair value of $2,098,574 to the Circle8 Contingent Consideration as of the Circle8 Acquisition Date. The Circle8 Contingent Consideration was measured using a Monte Carlo Simulation. The amount is provisional as the Company is in the process of evaluating the significant inputs and the valuation approach. See Note 12: *Fair Value Measurements* for additional information related to the valuation of the contingent consideration.

- In exchange for the Circle8 Group B.V. business, the Company has agreed to make an additional payment (if greater than $0) to the Circle8 Seller equal to the net profit of Circle8 Group B.V. as set forth on the Circle8 Group B.V. financial statements for the year ended December 31, 2025, less any post-acquisition cash payments made to Circle8 in calendar year 2026 by the Company to support Circle8 Group B.V.'s operations (the "Profit Payment Amount"). The Company has recorded a provisional fair value of $0 for the Circle8 Profit Payment which is subject to revision as the Company is currently evaluating whether this appropriately considers the facts and circumstances of the Circle8 Acquisition Date and accurately reflects the fair value that would be assigned to this obligation by a market participant. The Company and Circle8 Group B.V. are in the process of determining Circle8 Group B.V.'s 2025 net profit, which entails the preparation of a set of consolidated audited financial statements to be prepared by Circle8 Group B.V. Because the Profit Payment Amount depends on the level of support provided by the Company in 2026, the Company considers the obligation to be a contingent consideration arrangement. There is no contractual cap or limit to the Profit Payment Amount.

- As consideration for the Circle8 Acquisition, the Company became obligated to issue additional shares of Common Stock to Axiom in the event of conversion of the Merger Note issued to IDC on June 18, 2024 ("Share Settled Earnout"). On August 7, 2026, the Merger Note was cancelled and therefore cannot be converted. Accordingly, on that date, the Company was relieved of the contingent obligation to issue shares to Axiom under the provisions of the Share Settled Earnout and derecognized the Share Settled Earnout on August 7, 2026. The resulting provisional gain, representing the carrying amount of the Share Settled Earnout of $5,600,000, was recognized in "gain on extinguishment of contingent consideration liability" on the unaudited condensed consolidated statements of operations and comprehensive loss. The Company's provisional accounting for the Share Settled Earnout through the date of its settlement was to record it as a freestanding obligation with respect to the Convertible Note; however, the Company is in the process of obtaining additional information to validate and confirm this preliminary conclusion. Because the Share Settled Earnout required the potential transfer of additional equity securities to the Circle8 Seller upon the occurrence of an uncertain future event, the Company has concluded that, at inception, it represented a contingent consideration obligation. At its inception, the Company assigned a provisional fair value of $5,600,000 to the Share Settled Earnout, but is obtaining additional information regarding the nature of the obligation and whether this provisional fair value reflects the approach and assumptions that a market participant would use in the calculation thereof. The number of additional shares of Common Stock that would be issued to Axiom under this arrangement if the Merger Note were to be settled in shares amounted to 7,498,346 on the Circle8 Acquisition Date.

- In connection with the Circle8 Acquisition, the Company became obligated to reimburse certain costs incurred by the Circle8 Seller. The Company evaluates all payments made to the seller or sellers of a business in connection with a business combination to determine whether such amounts represent consideration transferred for the business combination or separate transactions. In connection with the Circle8 Acquisition, the Circle8 Seller incurred costs for certain transaction-related costs, including due diligence and advisory fees. The payment of these costs by the Company was negotiated as part of the overall purchase arrangement. The total amount of such costs incurred was $991,313. The Company paid $887,400 in March 2026 and the remaining $103,913 has not yet been paid, but is included in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets. The Company recorded the $991,313 as a component of consideration transferred. This classification reflects the substance of the payments as part of the exchange for control of the acquiree rather than as separate transaction costs or expenses.

Cash and cash equivalents were recognized at their carrying values which approximate fair value due to their short-term nature.

Accounts receivable, contract assets, prepaid expenses and other current assets, accounts payable and accrued expenses were valued at the existing carrying values as they represented a reasonable approximation of the fair value due to their short-term nature. However, these values are provisional as the Company is in the process of validating the propriety of cutoff and classification of the recorded amounts and other information provided by Circle8 Group B.V. and these balances are subject to potential adjustment within the measurement period.

Intangible assets recognized as a result of the Circle8 Acquisition consist of customer relationships, trademarks, a trade name and software and these have been recorded using provisional values as of the Circle8 Acquisition Date. These valuations include multiple assumptions about the underlying business as well as various inputs which the Company is evaluating and may refine during the measurement period.

The Company used the multi-period excess earnings method to provisionally value the customer relationship intangible assets. The multi-period excess earnings method determines the fair value of an intangible asset as the present value of excess cash flows attributable to a specific intangible asset after an appropriate return for all other assets used in the operation of the business have been accounted for. The significant assumptions used to estimate the fair value of customer relationships included projected future cash flows related to existing customer relationships, customer attrition rates, useful lives, and discount rates. The provisional valuations are based on projected cash flows related to existing customer relationships for each Circle8 Group B.V. sub-group according to the underlying business plans. Determining the useful lives of customer relationships requires judgment, as it involves estimating the retention of existing customer relationships. The Company has provisionally assigned useful lives ranging from 10 to 20 years. The provisional valuations incorporate sub-group-specific weighted-average costs of capital ranging from 10.5% - 11.5%.

The Company's trademarks relate to the "Seven Stars", "FixedToday" and "Swisslinx" brands and the trade name relates to "Circle8", which it uses in various geographic locations. The Company has derived a provisional fair value of these trademarks and trade name using the relief-from-royalty method. The principle of the relief-from-royalty method is that the value of the intangible asset is equal to the present value of the after-tax royalty savings attributable to owning the asset as opposed to paying a third party for its use. For the valuation of the identified trademarks and trade name, the significant assumptions used to estimate the fair value include projected revenues, royalty rates, useful lives and discount rates. The revenues of the respective sub-group according to the underlying business plan were taken into account. Accordingly, for the "Circle8" trade name, the valuation was based on the revenues of Circle8 Germany and Circle8 Benelux, as these entities operate under the "Circle8" trade name. For the continuing legacy trademarks "Swisslinx", "FixedToday", and "Seven Stars", the valuation was based on the revenues of the respective sub-groups to which these trademarks directly relate. The provisional valuation incorporates a royalty rate of 0.5% for the Circle8 brand and 0.25% for the other brands. The valuation is based on the period-specific EBITDA margins of the respective sub-groups according to the underlying business plan. The provisional valuation incorporates sub-group-specific weighted-average costs of capital ranging from 10.5% - 11.5%. The Company has provisionally assigned a ten-year useful life to both its trademarks and trade name.

Circle8 Group B.V.'s intangible assets representing software have been provisionally recognized at the historical net book value of Circle8 Group B.V. prior to the Circle8 Acquisition. The Company is obtaining information from the Circle8 Seller related to the cost, nature, and age of these assets and will determine within the measurement period if an adjustment to the provisionally recognized amounts is necessary.

Property and equipment have been provisionally recognized using Circle8 Group B.V.'s net book value as of the Circle8 Acquisition Date. The Company is in the process of validating certain information provided by Circle8 Group B.V. and considering if the recorded value differs materially from the value that would be assigned by a market participant. The Company is obtaining information about the type, age and location, and condition of the assets acquired and will finalize the acquisition date accounting during the measurement period.

Operating lease right-of-use assets and operating lease liabilities have been recorded using the legacy carrying amounts of Circle8 Group B.V. These amounts are provisional as the Company is in the process of verifying the accuracy of the reported amounts and will evaluate the need to apply an incremental borrowing rate calculation and potential adjustment for off-market lease terms to the initial amount recognized, based on materiality.

Finance lease right-of-use assets and finance lease liabilities have been provisionally recorded using the historical carrying amounts of Circle8 Group B.V. The Company is in the process of obtaining information about these obligations and the underlying assets and determining if adjustments to the recorded amounts are necessary.

Notes and loans payable have been provisionally recognized at the historical carrying amounts of Circle8 Group B.V. The Company is in the process of obtaining information about outstanding balances, recorded items and loan terms in order to evaluate if the recorded value of these instruments approximates the fair value as of the Circle8 Acquisition Date.

Deferred tax assets and deferred tax liabilities are provisional, and the Company is in the process of obtaining and validating information about the initial income tax bases for these assets. Additionally, measurement period changes to other assets and liabilities on Circle8 Group B.V.'s opening balance sheet, as well as other items currently being recognized on a provisional basis could materially impact the final deferred tax asset and liability amounts recognized on the Circle8 Acquisition Date.

Other liabilities consist primarily of a warrant payable to the seller of a business to Circle8 Group B.V. in a prior acquisition. It has been provisionally recognized as a liability in the amount of approximately $1,795,491. This warrant is the "Circle8 Benelux Warrant" discussed in further detail in Note 15: *Warrants, Mezzanine Preferred Stock and Mezzanine Equity* and Note 12: *Fair Value Measurements.* The Company is in the process of evaluating the inputs used and certain elements of the valuation methodology and may revise this amount during the measurement period.

The excess of the sum of the fair value of the consideration transferred and fair value of the redeemable noncontrolling interest retained over the fair value of the net tangible and identifiable intangible assets acquired and liabilities assumed was recorded as goodwill. The factors contributing to the recognition of goodwill were based on benefits that were expected to be realized from this acquisition, including an organized workforce and operating synergies. The goodwill recognized was allocated to the Circle8 Group B.V. reporting unit. The Company is currently evaluating whether it will recognize any material tax-deductible goodwill as a result of the Circle8 Acquisition.

The Company incurred $744,920 of acquisition related expenses, consisting primarily of legal fees and bonuses and these amounts are included in "selling, general and administrative" on the accompanying unaudited condensed consolidated statement of operations and comprehensive loss for the nine months ended September 30, 2026. Costs to issue debt and equity securities in connection with the Circle8 Acquisition were de minimis and charged to expense at the time they were incurred.

Contingent liabilities

On September 2, 2026, Circle8 Group B.V., Circle8 Group Switzerland AG, and Circle8 Netherlands B.V. entered into a settlement agreement (the "Swisslinx Settlement Agreement"). Under the Swisslinx Settlement Agreement, the Company and a counterparty agreed to settle certain liabilities related to Circle8 Swisslinx International AG and Circle8 Switzerland AG's acquisition thereof which were previously in dispute for certain specified amounts. The Company believes that the amounts agreed upon under the Swisslinx Settlement Agreement reflect conditions in place as of the Acquisition Date and further represent the fair value that a market participant would assign to these obligations as of the Acquisition Date. Accordingly, the Company has recorded a measurement period adjustment in the third quarter of 2026. The effect of these measurement period adjustments was to reduce notes payable by approximately $16.5 million and increase accrued expenses by approximately $9.5 million with a resulting net decrease to provisional goodwill in the amount of approximately $7.0 million. See Note 11: *Commitments and Contingencies* for further information.

Circle8 Group B.V. and its subsidiaries are subject to various claims and legal proceedings in the ordinary course of business. The Company is evaluating all known claims and potential contingencies in accordance with ASC 450 — *Contingencies* ("ASC 450"). As part of its assessment, management is considering the nature of each matter, the progress of the case, the opinions of legal counsel, and management's experience with similar matters, as well as any available insurance coverage. This assessment is provisional and will be subject to change during the measurement period.

Based on the evaluation performed as of the date of this Form 10-Q filing, other than as disclosed in Note 11: *Commitments and Contingencies,* management has not identified any pending or threatened legal matters that are probable of resulting in a material loss.

Pro Forma Information

Revenue and net loss of Circle8 Group B.V. included in the accompanying condensed consolidated statements of operations and comprehensive loss for the period from January 23, 2026 through September 30, 2026, amounted to $551,007,542 and $50,802,251, respectively. Components of these amounts in some cases were dependent on the use of provisional values for assets and liabilities on the Circle8 Acquisition Date.

The Company has made reasonable efforts to obtain the information necessary to disclose about Circle8 Group B.V.'s operating results for the period from January 1, 2026 through January 23, 2026, pursuant to U.S. GAAP, and has not been able to obtain this information. Reporting this information with accuracy involves the application of U.S. GAAP to financial statements historically prepared under other frameworks for a multitude of legal entities in various overseas jurisdictions, the use of specialists to assist with estimation of fair values for assets acquired in multiple prior business combinations, the identification, calculation and validation of pro-forma adjustments and other information which makes the exercise impracticable given the Company's filing deadlines. For the same reasons the Company has also found it to be impracticable to obtain the necessary information to present pro forma information. The Company is actively working with Circle8's legacy reporting team as well as external accounting advisors to obtain and validate this information and fully intends to include it in future filings once it is available.

Board Service Agreement, Employment Agreement and Consulting Agreements

In connection with the Circle8 Acquisition, the Company and Guus Franke entered into an Employment and Board Service Agreement (the "Franke Agreement") which has provisionally been accounted for separately from the Circle8 Acquisition. Amounts payable under the Franke Agreement during 2026 have been accounted for as compensation expense during the period in which they are incurred. The Company is currently evaluating whether any part of the Franke Agreement should be accounted for as a component of the consideration transferred for Circle8 Group B.V. and will complete this analysis during the measurement period. Amounts recognized as expense under the Franke Agreement during the three and nine months ended September 30, 2026, amounted to $400,648 and $1,115,632, respectively, and are included in "selling, general and administrative" in the accompanying unaudited condensed consolidated statement of operations and comprehensive loss.

Axiom and an affiliated entity, Axiom Partners Group B.V. ("Axiom Netherlands") each entered into separate consulting agreements with Circle8 on January 20, 2026. These agreements are referred to in these footnotes individually as the "Axiom Consulting Agreement" and the "Axiom Netherlands Consulting Agreement", and collectively as the "Axiom Consulting Agreements". The Axiom Consulting Agreements remained in force following the Circle8 Acquisition. The Company is currently evaluating whether any part of either of the Axiom Consulting Agreements should be accounted for as a component of the consideration transferred for Circle8 and will complete this analysis during the measurement period. See Note 16: *Related Party Transactions* for disclosure of amounts incurred under the Axiom Consulting Agreements from the Circle8 Acquisition Date through September 30, 2026.

Note 3: Summary of Significant Accounting Policies

Basis of Presentation

The unaudited condensed consolidated financial statements of the Company are prepared following the requirements of the U.S. Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain notes or other financial information that is required by GAAP for complete financial statements can be condensed or omitted. Certain information and footnote disclosures normally included in our annual audited financial statements for the fiscal year ended December 31, 2025, have been condensed or omitted. These interim financial statements, in the opinion of management, reflect all normal recurring adjustments necessary for a fair presentation of the financial position and results of operations for the interim periods ended September 30, 2026 and 2025.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2025. The results of operations for any interim period are not necessarily indicative of, nor comparable to, the results of operations for a full year.

The unaudited condensed consolidated financial statements reflect the operations of Lyneer Investments and our wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated. We operate as two operating segments: Domestic and International.

Liquidity and Going Concern

Significant assumptions underlie this belief, including, among other things, that there will be no material adverse developments in our business, liquidity, capital requirements and that our credit facilities with lenders will remain available to us.

The Company operates through established businesses with significant operating histories, including its Dutch operating businesses ("Circle8 Europe") and the other European Circle8 companies, which have been in operation for more than 40 years, and Lyneer Staffing Solutions ("Lyneer"), its wholly owned U.S. subsidiary, which has operated for more than 25 years.

Circle8's European companies (Netherlands, Belgium, Luxembourg, Germany and Switzerland) maintain sufficient liquidity to support its ongoing operations and working capital requirements and are not subject to cross-default provisions associated with Lyneer's debt obligations. The European operating businesses maintain separate operating activities, customer relationships, and financing arrangements from Lyneer. Accordingly, the liquidity challenges and financing defaults affecting Lyneer do not, in themselves, constitute defaults under Circle8 Europe's financing arrangements.

The Company's working capital requirements are primarily driven by personnel-related payments and collections of accounts receivable from customers. Because payments to personnel generally precede customer collections, periods of revenue growth may result in increased working capital requirements.

Since its Nasdaq listing in 2024, management has undertaken strategic initiatives designed to strengthen the Company's consolidated capital structure, improve operating performance, enhance financial flexibility, and address legacy financing obligations.

During the current quarter, the Company took significant steps to reduce certain debt obligations by approximately $38 million in connection with its settlement agreement with SPP Credit Advisors. This initiative represents an important component of management's broader strategy to address legacy financing obligations, simplify the Company's capital structure, and strengthen its consolidated financial position.

Management continues to implement operational and financial initiatives focused on margin enhancement, expense reductions, improved working capital efficiency, and stronger cash flow generation. These initiatives have been incorporated into the Company's long-range financial plan and are intended to improve financial performance and flexibility over both the near and longer term.

The Company also continues to evaluate opportunities to refinance or restructure remaining debt obligations, pursue additional financing alternatives, and support future organic growth and strategic acquisition opportunities.

Going Concern Assessment

In accordance with ASC Topic 205-40 — *Presentation of Financial Statements, Going Concern ("ASC 205-40")*, management evaluates whether conditions and events, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern for one year following the issuance of its financial statements.

Management's assessment considers the Company's consolidated financial condition, including historical net losses, negative working capital, forecasted liquidity requirements, and obligations and covenants under existing credit facilities.

Management emphasizes that the liquidity challenges affecting Lyneer, the Company's wholly owned U.S. subsidiary, are distinct from the financial condition and operating liquidity of Circle8 European companies. The European businesses have operated for more than 40 years, maintain sufficient liquidity to fund their ongoing operations, and are not subject to cross-default provisions arising from Lyneer's financing arrangements.

While these distinctions are important to understanding the Company's operating structure and financial condition, Lyneer's financial results, obligations, and liquidity requirements remain relevant to the Company's consolidated financial statements and going-concern assessment.

Management is actively addressing the conditions contributing to this assessment through debt reduction and restructuring initiatives, evaluation of alternative financing arrangements, operating efficiencies, and efforts to strengthen the Company's consolidated financial position.

Management's strategic priorities include maintaining the financial stability and liquidity of Circle8 European companies while addressing Lyneer's financing challenges and reducing the Company's exposure to legacy financial obligations. These initiatives are intended to improve the Company's consolidated capital structure and provide a stronger foundation for sustainable operations and long-term growth.

Although management believes these initiatives represent meaningful steps toward improving the Company's financial condition, their successful execution remains subject to operating performance, financing availability, completion of contemplated transactions, and prevailing market conditions. Accordingly, there can be no assurance that these plans will generate sufficient liquidity to alleviate the substantial doubt regarding the Company's ability to continue as a going concern.

The accompanying unaudited condensed consolidated financial statements have been prepared on a going-concern basis and do not include adjustments relating to the recoverability or classification of assets, or the amounts or classification of liabilities, that might be necessary if the Company were unable to continue as a going concern.

The Company is also actively pursuing additional equity and debt financing alternatives and strategic partnerships. These plans are subject to successful execution and prevailing market conditions, and there can be no assurance that they will generate sufficient liquidity to alleviate the substantial doubt.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. The

Company evaluates its estimated assumptions based on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results and outcomes may differ from management's estimates and assumptions. Changes in estimates are reflected in reported results in the period in which they become known.

Reclassification of Prior Period Presentation

Certain prior quarter and prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the unaudited condensed consolidated balance sheets. Compared to the periods presented on the June 30, 2026, interim unaudited condensed consolidated statement of operations and comprehensive loss, the Company changed the presented income statement caption from "loss on settlement" to "loss from recognition of joint and several debt and related settlement" in the current quarter to better describe the nature of the losses reported. This naming change had no impact on net loss.

Foreign Currency Translation

Generally, the functional currency of operations outside the U.S. is the respective local currency, including the European Union euro and the Swiss franc. The assets and liabilities of all international subsidiaries are translated from the respective local currency to the U.S. dollar using exchange rates at the balance sheet date. Related translation adjustments are recorded as a component of accumulated other comprehensive loss. The Company's unaudited condensed consolidated statements of operations and comprehensive loss of all international subsidiaries are translated from the respective local currencies to the U.S. dollar using average exchange rates for the period covered by the statements of operations and comprehensive loss.

Net Loss per Share

The Company computes earnings per share in accordance with ASC 260 — *Earnings per Share* ("ASC 260"). Basic Earnings Per Share ("EPS") is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Net income (loss) attributable to common stockholders is determined after consideration of amounts attributable to noncontrolling interests and after deducting dividends or dividend-like adjustments attributable to securities senior to common stock, including cumulative preferred dividends and other adjustments required to arrive at income (loss) available to common stockholders. ASC 260 requires basic and diluted EPS to be presented for entities with common stock or potential common stock and requires reconciliation of the numerators and denominators used in the calculations.

Diluted EPS is computed by dividing net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period, adjusted for the effect of potentially dilutive securities. Potentially dilutive securities include stock options, restricted stock units, warrants, convertible instruments, contingently issuable shares and other equity-linked instruments, to the extent their effect is dilutive. The Company applies the treasury stock method to stock options, warrants and similar instruments and the if-converted method to convertible instruments, as applicable. Contingently issuable shares are included in basic EPS only when all necessary conditions for issuance have been satisfied and are included in diluted EPS based on the number of shares, if any, that would be issuable if the end of the reporting period were the end of the contingency period, to the extent dilutive. Share-based awards issued to employees and non-employees which vest upon satisfaction of only a service condition are not considered contingently issuable shares under U.S. GAAP and are treated as having vested for the purpose of calculating diluted EPS.

The Company's capital structure includes participating securities. Participating securities are securities that may participate in undistributed earnings with common stock. The Series B Preferred Stock is entitled to participate in certain distributions with common stockholders, and as a result the Company applies the two-class method when required. Under the two-class method, earnings are allocated to common stockholders and participating securities based on their respective rights to receive dividends and share in undistributed earnings for the period, as if all current-period earnings had been distributed. Participating securities reduce EPS even if dividends are not actually paid. If the Company reports a net loss and the participating security does not have a contractual obligation to share in losses, no allocation of net loss is made to that participating security beyond the deduction of any earned or accumulated dividends. The Series B Preferred Stock does not have a contractual obligation to share in losses. The Company considers the settlements of its Series B Preferred Stock that occurred during the three and nine months ended September 30, 2026, and were effectuated by the issuance of the Company's common stock to represent variable share-settled "redemptions" of the Series B Preferred Stock rather than fixed-share conversions. When accounting for such settlements the fair value of the common stock issued is recorded at its fair value on the settlement date and the difference between the fair value of these shares and the carrying value of the

stock, inclusive of the settlement date fair value of the embedded bifurcated derivatives is recorded as a gain or loss directly to additional paid-in capital and increases or decreases net income (loss) available to common shareholders for basic and diluted EPS.

The Company also evaluates the effect of redeemable noncontrolling interests on EPS. When a redeemable noncontrolling interest is in the form of common stock redeemable at other than fair value, adjustments to increase the carrying amount of the instrument to its redemption value may affect the EPS numerator. The Company has elected to treat the full periodic adjustment to redemption value of such redeemable noncontrolling interests as a deemed dividend to the holder. Accordingly, such adjustments reduce net income (loss) available to common stockholders in the calculation of basic and diluted EPS. This election is applied consistently.

In periods in which the Company reports a net loss, diluted EPS is typically the same as basic EPS because the inclusion of potential common shares is usually anti-dilutive. However, the Company must consider the effect of each instrument representing potential common shares on the diluted EPS calculation including potential dilutive effects of assumed conversion or exercise.

Fair Value Measurements

The Company is required to measure certain assets and liabilities at fair value in accordance with ASC Topic 820 — *Fair Value Measurement*. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company determines fair value using valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These techniques include the market approach, income approach and cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach converts future amounts, such as cash flows or earnings, into a single present value amount using current market expectations. The cost approach is based on the amount that would be required currently to replace the service capacity of an asset.

The Company applies a three-level hierarchy to categorize inputs used in fair value measurements: Level 1 — quoted prices in active markets for identical assets or liabilities; Level 2 — observable inputs other than Level 1 inputs, including quoted prices for similar assets or liabilities or inputs corroborated by market data; and Level 3 — unobservable inputs reflecting the Company's assumptions about the assumptions market participants would use in pricing the asset or liability. Assets and liabilities are classified within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. The determination of fair value often requires the use of significant estimates and assumptions, and actual results could differ from those estimates.

Warrant Instruments

The Company has issued various warrant instruments which, upon exercise, may entitle the holder to receive equity instruments of the Company or a subsidiary. The Company accounts for warrants as either equity-classified or liability classified based on an assessment of the instruments' specific terms and applicable authoritative guidance pursuant to ASC Topic 480 — *Distinguishing Liabilities from Equity* ("ASC 480") and ASC Topic 815 — *Derivatives and Hedging* ("ASC 815"). The assessment considers whether the instruments are freestanding pursuant to ASC 480, meet the definition of a liability pursuant to ASC 480, and whether the instruments meet all of the requirements for equity classification under ASC 815, including whether the instruments are indexed to the Company's own Common Stock and whether the instrument holders could potentially require net cash settlement in a circumstance outside of the Company's control, among other conditions for equity classification. This assessment is conducted at the time of warrant issuance and at each reporting period end date while the warrants are outstanding. Liability classified warrants are initially measured at their fair value and remeasured at each reporting date with changes in fair value recognized within "other expenses, gains and losses" in the Company's unaudited condensed consolidated statement of operations and comprehensive loss. When liability classified warrants are exercised, they are remeasured immediately prior to exercise with changes in fair value recognized within "other expense, gains and losses" in the Company's unaudited condensed consolidated statement of operations and comprehensive loss.

Embedded Derivatives

The Company has issued certain convertible and redeemable preferred stock and debt instruments that meet the definition of hybrid instruments. Pursuant to ASC 815, the Company evaluates embedded features in hybrid instruments to determine whether such features must be bifurcated from the host instrument and accounted for separately as derivative instruments. An embedded feature is bifurcated if: (i) the economic characteristics and risks of the embedded feature are not clearly and closely related to the host instrument, (ii) the feature meets the definition of a derivative, and (iii) the hybrid

instrument is not remeasured at fair value with changes in fair value reported in earnings. If a feature qualifies for bifurcation, it is initially measured at fair value and subsequently remeasured at each reporting date until the host instrument is extinguished or the feature no longer qualifies for separate accounting. Gains and losses on bifurcated derivatives are reported within "other expenses, gains and losses" in the Company's unaudited condensed consolidated statements of operations and comprehensive loss.

Preferred Stock

The Company evaluates its preferred stock issuances using guidance of ASC 480, specifically the SEC Materials guidance of ASC 480-10-S99-3A, which requires preferred securities of SEC registrants that are redeemable for cash or other assets to be classified outside of permanent equity if they are redeemable (i) at a fixed or determinable price on a fixed or determinable date, (ii) at the option of the holder or (iii) upon the occurrence of an event that is not solely within the control of the issuer. The Company classifies its issued and outstanding preferred securities that are mandatorily redeemable as liabilities, whereas under ASC 480 the Company classifies its preferred securities whose redemption is contingent upon an event not entirely within the control of the Company as mezzanine equity. The resulting classification is then evaluated quarterly to determine whether any change to the classification is required.

Redeemable Noncontrolling Interests ("NCI")

Redeemable noncontrolling interests represent ownership interests in consolidated subsidiaries that are not attributable to the Company but are subject to redemption provisions that are not solely within the Company's control.

The Company classifies noncontrolling interests within mezzanine equity in accordance with ASC 480 and the SEC guidance in ASC 480-10-S99-3A if such interests are (i) currently redeemable at the option of the holder (ii) redeemable or contingently redeemable in the future at the option of the holder or (iii) redeemable automatically upon the occurrence of a specified event that is not certain to occur and is not solely within the control of the Company.

Subsequent to initial recognition, if a redeemable noncontrolling interest is reflected in mezzanine equity and is currently redeemable, the Company adjusts the carrying amount of the redeemable noncontrolling interests to the greater of (i) the carrying amount after attribution of the noncontrolling interest's share of net income (loss) and other comprehensive income (loss) and (ii) the maximum redemption value at the end of each reporting period. If the redemption value exceeds the carrying amount after attribution, the Company records an adjustment to increase the carrying amount to redemption value.

For redeemable noncontrolling interests that are not currently redeemable, but probable of becoming redeemable in the future, the Company recognizes the adjustment to carry it at the redemption value (provided this exceeds the value of the instrument after the attribution of allocable gains and losses) either immediately or over time using the effective interest method, depending on which method management determines best reflects the economics of the instrument. As of September 30, 2026, the Company had one outstanding redeemable noncontrolling interest. This redeemable noncontrolling interest resulted from the Circle8 Acquisition. The Company's redeemable noncontrolling interest was probable of becoming redeemable in the future and accreted to its full redemption value during the nine months ended September 30, 2026.

Adjustments to the redemption value are recorded as equity transactions and are recognized as reductions of retained earnings, or, in the absence of retained earnings due to an accumulated deficit, as reductions of additional paid-in capital.

For purposes of earnings per share, the Company has elected to treat adjustments to the redemption value of redeemable noncontrolling interests as deemed dividends to the holders of such interests. Accordingly, these adjustments reduce net income (loss) attributable to common stockholders in the calculation of basic and diluted earnings per share.

Joint and Several Liability Arrangements

On August 31, 2021, in connection with IDC obtaining a controlling financial interest in Lyneer Investments by acquiring ninety percent (90%) of Lyneer Investments' outstanding equity (the "Transaction"), Lyneer entered into several debt facilities under which it is joint and several liable for repayment with IDC. The Company measures obligations resulting from joint and several liability arrangements in accordance with ASC 405-40 — *Obligations Resulting from Joint and Several Liability Arrangements* ("ASC 405-40"). ASC 405-40 requires that when determining the amount of liability to recognize under a joint and several obligation, a reporting entity which is an obligor under a joint and several liability arrangement first look to the terms of a related agreement with its co-obligors and record an amount equal to what it is obligated to pay under that agreement, plus any amount it expects to pay on behalf of the co-obligors. If no agreement with the co-obligors exists a reporting entity should recognize the full amount that it could be required to pay under the joint and several liability obligations. The amounts recognized in the Company's financial statements represent its portion of

amounts Lyneer expects to repay under its respective joint and several liability agreements as of September 30, 2026 and December 31, 2025, respectively. As of the date of the Merger, the Company derecognized certain joint and several debt obligations as it believed at that time it was reasonably probable that IDC had the ability to repay their portion of the obligation; however, during the nine months ended September 30, 2026, the Company determined that based on facts and circumstances existing during that period of time that certain joint and several obligations should be recognized as liabilities on its balance sheet and accordingly these obligations are included therein as of September 30, 2026. See Note 8: *Debt* for more information and discussion regarding the Debt Allocation agreement and the Company's joint and several obligations with IDC.

Segments

Operating segments are defined as components of an entity for which discrete financial information is available that is regularly reviewed by the Chief Operating Decision Maker ("CODM") in deciding how to allocate resources to an individual segment and in assessing performance. The Company's Chief Executive Officer ("CEO") is the CODM. The CODM reviews financial information presented on a consolidated domestic and consolidated international basis for purposes of making operating decisions, allocating resources, and evaluating financial performance. As such, the Company has two operating and reportable segments, which are Domestic and International operations.

Business Combinations

Business Combinations are accounted for under the acquisition method in accordance with ASC 805. The acquisition method requires identifiable assets acquired and liabilities assumed and any noncontrolling interest in the business acquired to be recognized and measured at fair value on the acquisition date, which is the date that the acquirer obtains control of the acquired business. Acquisitions that do not meet the definition of a business under ASC 805 are accounted for as asset acquisitions. Asset acquisitions are accounted for by allocating the cost of the acquisition to the individual assets acquired and liabilities assumed on a relative fair value basis. Goodwill is not recognized in an asset acquisition; rather, the fair value of consideration transferred over the fair value of the net assets acquired is allocated to acquired assets on a relative fair value basis. Transaction costs are expensed in a business combination and are considered a component of the cost of the acquisition in an asset acquisition.

Goodwill

Goodwill represents the excess of the sum of the fair value of the purchase price, the fair value of any noncontrolling interest retained, and the fair value of any previously held equity interest in the target over the fair value of the identifiable net assets acquired in a business combination. Goodwill is not amortized but is reviewed for impairment. In accordance with ASC Topic 350 — *Intangibles-Goodwill and Other* ("ASC 350"), goodwill is tested for impairment annually, at the reporting unit level and between annual tests if events and circumstances indicate it is more likely than not that the fair value of a reporting unit is less than its carrying value. The Company tests impairment annually during the fourth calendar quarter and conducts further periodic tests to the extent indicators of impairment are identified between annual impairment tests. Events that could indicate impairment include, but are not limited to, current macroeconomic and market conditions, including a significant adverse change in legal factors, business climate, operational performance of the business or key personnel, and an adverse action or assessment by a regulator.

When testing for goodwill impairment, the Company utilizes the single step approach prescribed under ASC 350. This requires a comparison of the carrying value of the reporting unit to its estimated fair value and to the extent the carrying value exceeds the fair value, a charge is recorded up to the amount of goodwill in the reporting unit.

Contingent Consideration

Our acquisitions may include contingent consideration, which requires us to recognize the fair value of the estimated liability at the time of the acquisition. Subsequent changes in the estimate of the amount to be paid under the contingent consideration arrangement are recognized on the unaudited condensed consolidated statements of operations and comprehensive loss. Cash payments to settle the contingent consideration liability within a relatively short period of time after the acquisition is completed are classified as investing activities in the unaudited condensed consolidated statements of cash flows. Cash payments to settle the contingent consideration liability up to the acquisition date fair value (including measurement period adjustments) that are not within a relatively short period of time are recorded as financing activities in the unaudited condensed consolidated statements of cash flows. Cash payments to settle a contingent consideration liability in excess of the acquisition date fair value are recorded as operating activities in the unaudited condensed consolidated statements of cash flows. Alternatively, in connection with acquisitions, we may enter into obligations to make contingent payments to certain selling shareholders, which are in substance, compensation for future services and not payment for the

acquired business. Arrangements of this nature are considered transactions separate from the business combination, and costs incurred thereunder are accounted for as compensation expense.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company assesses, on a quarterly basis, the likelihood that deferred tax assets will be realized in accordance with the provisions of ASC Topic 740 — *Income Taxes* ("ASC 740"). ASC 740 requires that a valuation allowance be established when it is "more likely than not" that all, or a portion of, deferred tax assets will not be realized. The assessment considers all available positive or negative evidence, including the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies.

The Company recognizes uncertain tax positions that it has taken or expects to take on a tax return. Management makes a determination as to whether it is more likely than not that an income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the Company were to incur an income tax liability from an uncertain tax position in the future, interest on any income tax liability would be reported as interest expense and penalties on any income tax liability would be reported as income taxes.

Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analyses of tax laws, regulations and interpretations thereof as well as other factors.

Subleases

If a leased building or portion thereof is subleased to a third party, the Company accounts for the sublease in accordance with ASC 842. The lease liability and Right-of-Use ("ROU") asset for the original lease remain on the balance sheet. Sublease rental income is recognized over the term of the sublease on a straight-line basis unless another systematic basis is more representative of the pattern of benefits. Costs related to the leased asset continue to be recognized as lease expense according to the original lease classification (operating or finance).

Deferred Financing Costs

Costs that are incremental and direct to obtaining debt financing are capitalized and amortized as a component of "interest expense" on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss, over the term of the related debt based on the effective interest method. Unamortized deferred financing fees are presented as a contra-liability with respect to the associated outstanding debt on the Company's consolidated balance sheets.

Revenue Recognition

The Company derives its revenues from four service lines: Temporary Placement Services; Brokerage Services; Payrolling; and Permanent Placement and Other Services. Revenues are recognized when promised services are delivered to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. To determine revenue recognition for arrangements within the scope of ASC Topic 606 — *Revenue from Contracts with Customers* ("ASC 606"), the Company applies the following five steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

Temporary Placement Services Revenue

In Temporary Placement Services revenue, the Company provides a fully managed professional who meets the customer's specifications for the duration of an assignment. The services performed by the Company include sourcing and recruiting the candidate, contracting and onboarding, payroll administration, compliance monitoring, and ongoing assignment management. As these services are interrelated, they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

Temporary Placement Services revenue is recognized in the amount that the Company has the right to invoice when services are rendered by the contracted professionals assigned to customer engagements. Customers are invoiced concurrently with the cycle of approved timesheets, which align with the services provided. Most customers are invoiced monthly and payment terms can vary, but customers primarily have payment terms of between 14 and 30 days. As such, revenue is recognized over time with the delivery of services. As the business is driven primarily by large customers with high credit scores, credit checks are not usually performed in our International segment. Revenues that have been recognized but not invoiced for Temporary Staffing Services customers are included in "unbilled accounts receivable" on the accompanying consolidated balance sheets and represent a contract asset under ASC 606. Terms of collection vary based on the customer; however, payment generally is due within 30 days.

None of the engagement professionals placed on temporary assignment by the Company are employees of the Company; however, the Company assumes the risk of acceptability of its engagement professionals to its customers. In addition, the Company bears the responsibility to address performance issues related to the professional on assignment, and to arrange replacements for this professional when requested by the customer.

The Company records Temporary Staffing Services revenue on a gross basis as a principal. It has concluded that gross reporting is appropriate because it (i) performs the sourcing, recruiting, and qualification of suitable professionals through its supplier network, (ii) is primarily responsible for the fulfillment of the services to the end customer, (iii) bears the risk associated with performance issues, including the obligation to replace a professional if required by the customer, (iv) has discretion in setting the prices for their services, and (v) bears the inventory risk, as they are obligated to pay the professional regardless of whether the company is paid.

Brokerage Services Revenue

Brokerage Services include both Contract Management and Managed Service Provider ("MSP") services, both of which consist of administrative-related functions in which the Company does not control the professionals' services to customers.

Contract Management Revenue

For Contract Management revenue, the Company provides administrative, contractual, payroll, and compliance management for a professional already selected by the end-customer. The Company does not perform sourcing or recruiting activities. The Company's role is to act as an arranger, managing and coordinating the administrative activities described in the agreement rather than providing the underlying professional services. The services performed by the Company include drafting and executing assignment documentation, onboarding the contractor into the Company's systems, administering time capture and invoicing workflows, processing payroll, ensuring tax and regulatory compliance, and monitoring ongoing assignment requirements. As these administrative services are interrelated, they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

Contract Management revenues are recognized in the amount the Company has the right to invoice for administrative, contractual, payroll, and compliance support provided for professionals who have been selected directly by the customer. The Company invoices customers based on approved hours worked by the customer-designated professional, applying a fixed administrative fee or marginal rate for these activities provided by the Company. In most cases, the customer sets the hourly rate for the professional and also sets the Company's administrative fee. Most customers are invoiced monthly and payment terms can vary, but customers primarily have payment terms of approximately 14 to 30 days. As such, revenue is recognized over time with the delivery of services. As the business is driven primarily by large customers with high credit scores, credit checks are not usually performed. Revenues that have been recognized but not invoiced for Contract Management customers are included in "contract assets" on the accompanying unaudited condensed consolidated balance sheets and represent a contract asset under ASC 606. Terms of collection vary based on the customer; however, payment generally is due within 30 days.

The Company enters into a contractor agreement directly with each professional assigned to an engagement. However, this is solely for the purpose of the contract management services and does not render the professional a legal employee of the Company. The Company is not responsible for performance issues related to the work of the professional, and it is only allowed to replace the professional upon request and approval from the customer.

The Company records Contract Management revenue on a net basis as an agent. The Company has concluded that net reporting is appropriate because the services provided under Contract Management constitute administrative and brokerage-related activities rather than control over the underlying services. Specifically, (i) the Company does not have discretion over choosing the professional who is performing the services, as the individuals have been chosen directly by the customer, (ii) the Company's role is limited to administrative and compliance-related functions rather than activities

which relate to the services performed by the professional, and (iii) the Company has limited discretion over pricing, as the administrative fee is usually set by the customer.

Managed Service Provider ("MSP") Services

For Managed Service Provider ("MSP") revenue, the Company provides end-to-end hiring management services for customers seeking to hire temporary labor, seconded staff, and self-employed professionals. The services performed by the Company include coordination with pre-approved workforce suppliers during the hiring process, posting and managing job vacancies, onboarding and offboarding contractors, and performing hiring administration. As these services are interrelated, they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

Managed Service Provider revenues are recognized in the amount the Company has the right to invoice for supplier coordination and hiring administration. The Company invoices customers based on approved hours worked by the customer-designated professional, applying a fixed administrative fee as agreed upon in the contract. Most customers are invoiced monthly and payment terms can vary, but customers primarily have payment terms of approximately 14 to 30 days. As such, revenue is recognized over time with the delivery of services. As the business is driven primarily by large customers with high credit scores, credit checks are not usually performed. Revenues that have been recognized but not invoiced for Managed Service Provider customers are included in "contract assets" on the accompanying unaudited condensed consolidated balance sheets and represent a contract asset under ASC 606. Terms of collection vary based on the customer; however, payment generally is due within 30 days.

The Company enters into a separate agreement directly with each professional who is contracted for temporary employment at the end customer. However, this is solely for the purpose of the administrative services and does not render the professional a legal employee of the Company. The Company is not responsible for performance issues related to the work of the professional.

The Company records Managed Service Provider revenue on a net basis as an agent. The Company has concluded that net reporting is appropriate because the services represent arranger and administrative activities rather than control over the underlying professional services. Specifically, (i) the Company does not have full discretion over choosing the professional who is performing the services, as it merely facilitates the hiring process among the pre-approved suppliers, (ii) the Company's role is limited to administrative, coordination, and hiring management functions rather than activities related to providing or directing the performance of the professional, and (iii) the Company does not assume responsibility for, nor does it control, the performance or quality of services provided by the professional.

Payrolling Revenue

For Payrolling revenue, the Company provides professionals it employs to customers for assignments. The Company assumes employer obligations, including social contributions, compliance, and other legal responsibilities, while the client maintains operational supervision over the specific assignment. As these services are interrelated, they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

Payrolling revenue is recognized in the amount which the Company has a right to invoice when the services are rendered by its engagement professionals. The Company invoices its customers for temporary placement services concurrently with each periodic payroll which coincides with the services provided. While all customers are invoiced weekly and payment terms vary, the majority of our customers have payment terms of 14 to 30 days. As such, revenue is recognized over time with the delivery of services. As the business is driven primarily by large customers with high credit scores, credit checks are not usually performed. Revenues that have been recognized but not invoiced for temporary staffing customers are included in "contract assets" on the accompanying unaudited condensed consolidated balance sheets and represent a contract asset under ASC 606. Terms of collection vary based on the customer; however, payment generally is due within 30 days.

The engagement professionals placed on assignment by the Company are legally employees of the Company while they are working on assignments. The Company pays all related costs of employment, including workers' compensation insurance, state and federal unemployment taxes, social security, and certain fringe benefits. The Company assumes the risk of acceptability of its employees to its customers.

The Company records Payrolling revenue on a gross basis as a principal, as there is no third party involved.

Other Comprehensive Loss

Other comprehensive loss is recorded in accumulated other comprehensive loss as a component of stockholders' equity and consists of foreign currency translation adjustments from foreign subsidiaries and noncontrolling interests where the functional currency is not the U.S. dollar,

Recent Accounting Pronouncements

Standards Recently Adopted

In May 2025, the FASB issued ASU 2025-03 — *Business Combinations (Topic 805) and Consolidation (Topic 810)* ("ASU 2025-03") to improve the requirements for identifying the accounting acquirer in Topic 805. Under ASU 2025-03, when a business combination is affected primarily through the exchange of equity interests, the reporting entity must apply the factors in ASC 805-10-55-12 through 55-15 to determine the accounting acquirer, regardless of whether the legal acquiree is a variable interest entity ("VIE"). Accordingly, we evaluate the guidance in ASC 805-10-55-12 through 55-15 to determine which entity should be identified as the accounting acquirer. The Company adopted ASU 2025-03 in the interim period ended March 31, 2026; however, the guidance was not applicable to the Circle8 transaction.

On April 23, 2026, the FASB issued ASU 2026-01 — *Equity (Topic 505), Initial measurement of Paid-in-Kind Dividends on Equity-Classified Preferred St*ock ("ASU 2026-01"). The ASU requires paid-in-kind ("PIK") dividends to be initially measured on the basis of the PIK dividend rate stated in the preferred stock agreement. The measurement will be used for both recording the dividend in the financial statements and calculating earnings per share. The new guidance does not change when PIK dividends are recorded or when they impact earnings per share. It is effective for all entities for annual reporting periods beginning after December 15, 2026 (and interim periods within those annual periods) with early adoption permitted. The Company early adopted ASU 2026-01 in the interim period ending March 31, 2026.

The Company does not believe these ASUs have a material effect on its consolidated financial statements.

Standards Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03 — *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2024-03") to improve the disclosures about an entity's expenses and provide more detailed information about the types of expenses. The guidance is effective for annual reporting periods beginning after December 15, 2026. Early adoption is permitted. See ASU 2025-01 below for revision of effective date.

In January 2025, the FASB issued ASU 2025-01 — *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40)* ("ASU 2025-01") to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company plans to adopt ASU 2025-01 for the annual reporting period ending December 31, 2027 and interim periods for the quarterly reporting period March 31, 2028.

In December 2025, the FASB issued ASU 2025-11 — *Interim Reporting (Topic 270)* ("ASU 2025-11") to clarify interim disclosure requirement and the applicability of Topic 270. An amendment added a principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments are effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, for public business entities. The Company plans to adopt ASU 2025-11 for the reporting period December 31, 2028.

The Company does not believe any other recently issued but not yet effective accounting pronouncements will have a material effect on its consolidated financial statements.

Note 4: Revenue Recognition and Accounts Receivable

The Company's disaggregated revenues are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Temporary placement services	$ 316,560,146	$ 108,804,521	$ 876,091,996	$ 312,664,321
Brokerage services	3,739,792	—	8,222,604	—
Payrolling services	533,426	—	2,666,538	—
Permanent placement and other services	854,987	1,322,682	4,400,881	3,168,682
Total service revenues, net	**$ 321,688,351**	**$ 110,127,203**	**$ 891,382,019**	**$ 315,833,003**

When disaggregating revenue, the Company considered all of the economic factors that may affect its revenues. Because substantially all of its revenues are from placement services, there are no differences in the nature, timing and uncertainty of the Company's revenues and cash flows from its revenue generating activities. For the three and nine months ended September 30, 2026, and the three and nine months ended September 30, 2025, no customers accounted for more than 10% of the Company's consolidated revenues. Economic factors specific to this customer could impact the nature, timing and uncertainty of the Company's revenues and cash flows.

Contract assets consist of revenue recognized related to claims for which clients have received economic value but that have not completed the clients' standard approval procedures. Approval is expected, and upon approval the amounts owed will become unbilled accounts receivable if they have not yet been invoiced or accounts receivable upon invoicing. The Company records contract liabilities (deferred revenue) when payments are made or due prior to the related performance obligations being satisfied. The current portion of contract liabilities is included in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets. Refer to Note 9: *Accrued Expenses and Other Current Liabilities* for further information. The Company does not have any long-term contract liabilities. Contract assets were $98,665,468 and $0 as of September 30, 2026 and December 31, 2025, respectively

Unbilled accounts receivable were $10,739,820 and $4,242,245 as of September 30, 2026 and December 31, 2025, respectively. Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment upon receipt of invoice.

The components of accounts receivable are as follows:

	September 30, 2026	December 31, 2025
Accounts receivable	$ 175,319,934	$ 68,973,316
Allowance for doubtful accounts	(2,809,950)	(3,222,723)
Accounts receivable, net	**$ 172,509,984**	**$ 65,750,593**

The Company's accounts receivable serve as collateral for the Revolver. The Term Note has a second lien after the Revolver. See Note 8: *Debt* for further informaiton.

The Company recognized $5,594,427 and $456,054 of bad debt expense during the periods ended September 30, 2026 and September 30, 2025, respectively.

None of the Company's customers accounted for more than 10% of the Company's accounts receivable as of September 30, 2026 and December 31, 2025.

Note 5: Property and Equipment

Property and equipment consisted of the following:

	September 30, 2026	December 31, 2025	Estimated Useful Life
Computer equipment and software	$ 1,886,075	$ 870,685	2 years to 5 years
Office equipment	1,168,099	94,876	2 years to 5 years
Furniture and fixtures	1,807,912	169,258	3 years to 7 years
Vehicles	69,433	—	5 years to 7 years
Buildings	53,004	—	10 years
Leasehold improvements	67,335	18,420	Lesser of lease term or asset life
Total	**$ 5,051,858**	**$ 1,153,239**	
Less: accumulated depreciation and amortization	(3,784,362)	(914,032)	
Property and equipment, net	**$ 1,267,496**	**$ 239,207**	

Total depreciation expense of $133,049 and $31,974 was recorded during the three months ended September 30, 2026 and 2025, respectively, and $377,231 and $104,446 was recorded during the nine months ended September 30, 2026 and 2025, respectively, and is included in “depreciation and amortization” in the accompanying unaudited condensed consolidated statements of operations and comprehensive loss.

Note 6: Intangible Assets and Goodwill

Intangible assets consisted of the following:

	September 30, 2026			December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer Relationships	$ 180,545,387	$ (18,442,226)	$ 162,103,161	$ 35,000,000	$ (10,117,777)	$ 24,882,223
Trade Name	26,549,459	(13,377,722)	13,171,737	12,400,000	(10,680,000)	1,720,000
Trademarks	2,150,470	(148,324)	2,002,146	—	—	—
Software	7,750,901	(4,516,294)	3,234,607	—	—	—
Website	137,408	(35,677)	101,731	—	—	—
Total intangible assets	**$ 217,133,625**	**$ (36,520,243)**	**$ 180,613,382**	**$ 47,400,000**	**$ (20,797,777)**	**$ 26,602,223**

Total amortization expense of $4,256,595 and $1,198,334 was recorded during the three months ended September 30, 2026 and 2025, respectively, and $12,778,314 and $3,595,000 was recorded during the nine months ended September 30, 2026 and 2025, The Company continuously monitors for events and circumstances that could indicate that it is more likely than not that its finite lived intangible assets and other long-lived assets are impaired or not recoverable (a triggering event), requiring an interim impairment test.

During the nine months ended September 30, 2026, the Company considered a number of factors including, but not limited to, current macroeconomic conditions such as inflation, economic growth, and interest rate movements, industry and market considerations, Company share price and overall financial performance of the Company.

The Company performed its annual impairment test in the quarter ended December 31, 2025, and determined that there was no impairment to definite lived intangible assets. The Company determined that a potential triggering event had occurred due to a significant decline in its stock price beginning in late March 2026, which resulted in a decrease in its market capitalization. Management continued to monitor this decline during the second quarter of 2026 and determined that the share price had begun to recover in late June 2026 so with no other qualitative factors present, the decline did not represent a triggering event for quantitative impairment testing.

During the third quarter of 2026, there was a significant decline in the Company’s stock price which management determined, in relation to past quarters, represents a sustained decrease in market capitalization. Additionally, the Company

also considered additional factors including, but not limited to, ongoing legal disputes, debt covenant violations, and substantial doubt about our ability to continue as a going concern, concluding that there were sufficient triggering events for the International reporting unit to complete an interim goodwill impairment test pursuant to the guidelines of ASC Topic 350. The Domestic reporting unit had no goodwill presented as of any reporting date on the balance sheet date and no impairment test was conducted.

The process of testing goodwill for impairment involves numerous judgments, assumptions and estimates made by management which inherently reflect a high degree of uncertainty. In the impairment test's two step quantitative assessment, the fair value of each reporting unit is determined and compared to the book value of the reporting unit as determined under step one. If the fair value of the reporting unit is less than the book value, including goodwill, then step two is performed to compare the carrying amount of reporting unit goodwill to the implied fair value of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized for that excess with a charge to operations.

The fair values of the International reporting unit in the quantitative impairment tests were determined using a combination of an income approach, which estimates fair value based upon projections of future revenues, expenses, and cash flows discounted to their respective present values, and a market approach. Key assumptions used in the development of the discounted cash flow include:

- Future revenues and margins. The discounted cash flows are based on a five-year forecast with an estimate of terminal values, which are most sensitive to revenue and gross margin assumptions.
- Discount rate commensurate with risks involved in the overall forecast. The Company applied a discount rate to its expected cash flows based on a variety of factors, including market dynamics, economic conditions, and operational risk. A higher discount rate decreases the net present value of cash flows.

The quantitative impairment test determined that the fair value of the reporting unit was less than its carrying amount and therefore a non-cash goodwill impairment of $26,915,000 was recorded in the International reporting unit. The impairment loss is included in the "loss on impairment of goodwill" line of the unaudited condensed consolidated statement of operations and comprehensive loss.

Subsequent decreases in the estimated fair value of the reporting unit or increases in its carrying amount could result in additional impairment charges in future periods.

A summary of the activities related to the Company's goodwill consists of the following:

		Goodwill
Net book value at December 31, 2025	$	—
Additions		469,071,654
Measurement period adjustment		(7,028,563)
Loss on impairment		(26,915,000)
Currency translation effects		(23,335,820)
Net book value at September 30, 2026	**$**	**411,792,271**

Note 7: Leases

We determine whether an arrangement is a lease at inception and whether such leases are operating or financing leases. For each lease agreement, the Company determines its lease term as the non-cancellable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that it will exercise that option. We use these options in determining our capitalized financing and right-of-use assets and lease liabilities.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. To determine the discount rate to use in determining the present value of the lease payments, we use the rate implicit in the lease if determinable; otherwise, we use our incremental borrowing rate.

The Company maintains operating leases for corporate and field offices. The Company's leases have initial terms ranging from one month to five years, some of which include the option to renew, and some of which include an early termination option. During the nine months ended September 30, 2026, the Company extended certain of its leases for periods ranging from one to three years.

The Company maintains finance leases for vehicles that have a lease term of four to five years.

Subleases

The Company has entered into sublease agreements for portions of its leased office buildings. The remaining enforceable lease term of the original lease is one year. The Company continues to recognize the right-of-use asset and lease liability for the original lease, while rental income from the subleases is recognized over the term of the sublease. The Company recognized rental income of $137,833 and $372,416 for the three and nine months ended September 30, 2026, respectively. The Company recognized rental income of $0 for both the three and nine months ended September 30, 2025.

The following table summarizes the weighted-average remaining lease term and discount rate for operating and finance leases as of September 30, 2026 and December 31, 2025:

	September 30, 2026	December 31, 2025
Weighted-average remaining lease term for operating leases	2.10 years	2.31 years
Weighted-average discount rate for operating leases	4.00%	6.15%
Weighted-average remaining lease term for finance leases	3.12 years	N/A
Weighted-average discount rate for finance leases	3.75%	N/A

The following table summarizes the future minimum payments for operating and finance leases as of September 30, 2026, due in each year ending December 31:

	Minimum Lease Payments	
Year	**Operating Leases**	**Finance Leases**
Remainder of 2026	$ 702,629	$ 215,225
2027	2,023,634	805,321
2028	923,315	673,832
2029	435,733	519,365
2030	59,859	226,708
Thereafter	6,448	31,886
Total lease payments	**4,151,618**	**2,472,337**
Less: imputed interest	(244,665)	(138,148)
Present value of lease liabilities	**$ 3,906,953**	**$ 2,334,189**

Note 8: Debt

Some of the Company's debt obligations consist of joint and several liabilities with the Company's previous parent which are accounted for under ASC 405-40. Lyneer will remain jointly and severally liable with IDC to the lenders of the debt obligations until such time as such joint and several indebtedness is restructured in a manner that removes that entity as an obligor, repaid, or otherwise discharged. As of the date of the Merger, the Company derecognized the joint and several liabilities that are subject to the Debt Allocation Agreement, dated December 31, 2023, between Lyneer and IDC; however, due to subsequent changes to circumstances and conditions during the nine-month period ended September 30, 2026, the Company determined that under US GAAP certain joint and several obligations should be recognized as liabilities on its unaudited condensed consolidated balance sheet. See below for further information.

The table below provides a summary of the Company's recognized debt:

	September 30, 2026	December 31, 2025
Revolver	$ 49,738,144	$ 49,454,401
Term Loan	5,761,882	—
Term Note - related party	54,162,496	—
Merger Note - related party	—	28,943,615
Credit Agreement - related party	4,156,223	1,950,000
Seller Notes	7,875,000	—
Earnout Notes	20,435,654	—
Promissory Note	—	1,375,000
Convertible Note	161,961,751	—
Factoring debt	201,466,609	3,266,445
Other short-term debt	2,479,843	—
Acquisition loans	49,428,871	—
Seller loans	2,271,000	—
Less: unamortized debt issuance costs	(867,892)	(324,421)
Total debt	**$ 558,869,581**	**$ 84,665,040**
Current portion	$ 539,037,086	$ 55,838,759
Non-current portion	$ 19,832,495	$ 28,826,281

On April 29, 2025, the Company closed on a new revolving credit facility with a maturity date of April 29, 2028. See below for further information.

Debt Allocation Agreement

Lyneer and IDC entered into a debt allocation agreement (the "Allocation Agreement") dated as of December 31, 2023, which specifies and allocates responsibility for repaying (or refinancing) the joint and several debts between Lyneer and IDC. The Allocation Agreement, which continues to be a valid and enforceable contract between Lyneer and IDC, states that repayment (or refinancing) of the Term Note, Seller Notes and Earnout Notes was assumed by and the responsibility of IDC. In the event IDC cannot repay any of the assumed debt and Lyneer is required to make payments, IDC is obligated to repay Lyneer for amounts paid on IDC's behalf. The Company reassessed its accounting for joint and several liabilities under ASC 405-40 as of December 31, 2025, and concluded it is reasonably probable that IDC can repay their portion of the debt allocated per the Allocation Agreement and the Company does not expect to repay additional amounts on behalf of IDC. As a result, the Company has not recorded any liability related to these joint and several debt obligations in accordance with ASC 405-40 as of December 31, 2025. Throughout 2026, the Company reassessed its accounting for certain joint and several liabilities under ASC 405-40. Following changes to circumstances and conditions, the Company determined that certain joint and several obligations should be recognized as liabilities on its unaudited condensed consolidated balance sheet. See the Seller Notes, Earnout Notes and Term Loan as discussed below.

Revolver

The Company maintained a Revolver with BMO Bank, N.A. ("BMO" and "BMO Revolver") as a co-borrower with its former parent company, IDC, with an initial available borrowing capacity of up to $125,000,000, when originally executed in 2022. The facility was partially used to finance the acquisition of Lyneer Investments by IDC in August 2021, with additional borrowing capacity available under the BMO Revolver to finance the Company's working capital. All the Company's cash collections and disbursements are currently linked with bank accounts associated with the Lender and funded using the Revolver. These borrowings are determined by the Company's availability based on a formula of billed and unbilled accounts receivable as defined in the loan agreement.

On April 29, 2025, the Company's subsidiary, Lyneer Staffing Solutions, LLC ("Lyneer") entered into a Loan and Security Agreement (the "Loan Agreement") with North Mill Capital, LLC (d/b/a SLR Business Credit ("SLR")), providing for a $70 million ("Advanced Limit") senior secured revolving credit facility (the "Revolver"). The Loan

Agreement replaced Lyneer's prior senior secured revolving credit facility provided by BMO. Lyneer's previous lender entered into a Term Loan shortfall of $6,000,000 with IDC and Lyneer for IDC's shortfall owed to BMO. See below for discussion related to the Term Loan. The Company incurred $188,351 in issuance costs and, according to ASC 470 — *Debt* ("ASC 470"), is deferring these costs and will amortize as an adjustment to interest expense over the remaining term using the effective interest method.

The interest rate on the Revolver is calculated as 1.00% per annum above the Prime Rate, but not less than 5.75% per annum. The interest rate as of September 30, 2026, was 8.00% per annum.

The Revolver matures on April 29, 2028, unless the lender, at its option, in writing agrees to extend for a period of one year.

As of September 30, 2026, and December 31, 2025, the Company has recognized liability balances on the Revolver of $49,639,083, including $99,061 of unamortized deferred issuance costs and $49,308,253, including $146,148 of unamortized deferred issuance costs, respectively.

The Revolver contains certain customary covenants, including affirmative and negative covenants. On April 17, 2026, SLR notified Lyneer Staffing Solutions, LLC ("Lyneer") of certain Events of Default as a result of (a) the occurrence of Events of Default described in the below-described letter from SPP to Atlantic dated March 30, 2026, and (b) Lyneer making certain payments to or for the benefit of Atlantic. On August 7, 2026, the Company and SPP entered into a settlement agreement. See Note 11: *Commitments and Contingencies* for further discussion. On October 15, 2026, SLR notified the Company it intends to conduct a sale of substantially all assets owned by Lyneer Staffing Solutions, LLC. under Article 9 of the Uniform Commercial Code See Note 20: *Subsequent Events* for further discussion.

Under the terms of the Revolver, the Company is prohibited from paying dividends or distributions to owners who are not also co-borrowers on the Revolver.

Total available borrowing capacity on the Revolver as of September 30, 2026, was $1,418,713.

Term Loan

As discussed above, Lyneer's previous revolving credit lender entered into a $6,000,000 term loan with IDC and Lyneer to finance IDC's remaining obligation under the former BMO revolving credit facility (the "Term Loan"). The Term Loan also provides for a $1,000,000 exit fee. IDC and Lyneer are jointly and severally liable for these obligations; however, under the Allocation Agreement described above, IDC is responsible for their repayment. The term loan matures on March 31, 2027, and bears interest at a stated rate of 10.00% per annum. In connection with the financing, BMO assumed 3,439,803 shares of Circle8 common stock previously owned by IDC as collateral, which may be sold and the proceeds applied to amounts outstanding under the Term Loan. BMO has garnished assets of IDC and sold Circle8 common stock which were applied to the balance of this debt.

As discussed above under the Debt Allocation Agreement, the Company determined that certain joint and several obligations should be recognized as liabilities and therefore recognized the Term Loan as a liability as of September 30, 2026.

As of September 30, 2026, and December 31, 2025, the Company has recognized liability balances on the Term Loan of $5,761,882, including the exit fee, and $0, respectively. The Term Loan obligation is joint and several with IDC and is subject to IDC's obligation under the Debt Allocation Agreement with IDC discussed above.

Term Note

On August 31, 2021, Lyneer Investments and IDC as co-borrowers entered into a Term Note in the amount of $30,300,000. The proceeds of this loan were primarily used to finance the acquisition of Lyneer by IDC in August 2021. The Term Note matured on February 28, 2026, at which time all outstanding balances were due and payable. There were no scheduled principal payments on the Term Note prior to its maturity date. The Term Note is subordinated to the Revolver and bears an initial stated rate of 14% per annum, and currently has a default interest rate of 16%.

On August 12, 2024, the Company entered into the Tenth Amendment with its Term Note lender, under which the lender waived all existing events of default as of the date of the agreement and agreed to forbear from exercising its rights and remedies with respect to such events of default under the Term Note through September 30, 2024. The Initial Capital Raise milestone and the uplisting milestone dates were subsequently extended to September 15, 2025, or later as agreed to between the parties. Due to the remaining amount outstanding from IDC on the BMO Revolver being converted to a term

loan and the new Revolver taking first position, the terms of the Tenth Amendment were superseded by the terms of the Revolver.

On April 28, 2025, the Term Note lender foreclosed on IDC's remaining 21,983,926 shares of Atlantic International Corp common stock ("IDC Shares"), after taking into consideration the shares assumed by BMO discussed above. This foreclosure was only related to IDC's security provided to the lender under the Term Note and did not extend to the Company or its subsidiaries. The value of the IDC Shares on the day of the foreclosure was approximately $77,383,420 which far exceeded the liability due under the Term Note. As a result, and considering the Allocation Agreement, the Company did not recognize a joint and several liability owed to SPP for the Term Note as of December 31, 2025.

On August 7, 2026, the Company and SPP entered into a settlement agreement which provided a framework to settle obligations under the Term Note. The Company is jointly and severally liable with IDC under the Term Note and the Company has recognized the $54,162,496 liability owed to SPP under the Term Note within the "Loss on settlement" line within the condensed unaudited consolidated statement of operations and comprehensive loss as of September 30, 2026.

The Company has a recognized liability balance on the Term Note Agreement Note of $54,162,496 and $0 as of September 30, 2026, and December 31, 2025, respectively.

Troubled debt restructuring ("TDR")

On August 7, 2026, the Company and SPP entered into a settlement agreement (the "SPP Settlement Agreement") resolving all outstanding litigation between the parties, releasing, cancelling, and discharging the Company's $35 million Merger Note due March 2027 and substantially restructuring the Company's remaining legacy financing arrangements with SPP. The SPP Settlement Agreement cured purported defaults under the Company's obligations to SPP, restored the remaining indebtedness to its contractual non-default interest rate, eliminated default interest and established an orderly framework for settling the remaining indebtedness. The provisions of the SPP Settlement Agreement include the following:

- Release, cancellation and discharge of the Company's $35 million Merger Note due March 2027, eliminating all associated future payments and stock conversion rights, including potential equity dilution.
- Resolution of all outstanding litigation between the parties and existing defaults, including dismissal of the Delaware and New York litigation and mutual releases among the parties.
- Capital structure protection through irrevocable share retirement rights. As part of the SPP Settlement Agreement, SPP granted the Company an irrevocable option to purchase approximately 21.9 million previously issued shares (the "Old Shares") for $0.00001 per share (the "Call Option") which SPP obtained from IDC. The Old Shares were previously issued and outstanding (for both legal and accounting purposes); however, are subject to litigation between SPP and Gold Cap LLC in the Supreme Court of the State of New York in which the court will determine which party has rights to the Old Shares. If SPP is successful and the Old Shares are transferred to its accounts, the Company will be able to exercise the Call Option purchase such shares. The Call Option has a ten-year exercise term, beginning on August 7, 2026.
- The Company agreed to issue approximately 21.9 million newly registered shares of its Common Stock to SPP ("New Shares"). The New Shares were issued to SPP on August 13, 2026. SPP is obligated to make commercially reasonable efforts to sell the New Shares into the public markets over an 18-month period (the "Disposition Period") and proceeds received by SPP will reduce the remaining indebtedness on a dollar-for-dollar basis (see additional details below).
- The18-month Disposition Period creates a framework designed to facilitate repayment obligations while supporting an orderly market for the Company's common stock. Proceeds received by SPP from the sale of New Shares will reduce indebtedness owed under the SPP Settlement Agreement, which is $62.5 million on August 7, 2026 (the "SPP Indebtedness"). Of the $62.5 million, approximately $56.9 million relates to the SPP term note for which the Company is jointly and severally liable with IDC. The Debt Allocation Agreement between the Company and IDC remains valid and legally enforceable, such that the Company can take legal action against IDC if SPP proceeds from the sale of New Shares do not cover the obligation. The Company recognized only the par value of the New Shares at issuance. As New Shares are sold and the proceeds are applied to the indebtedness. the Company expects to recognize a reduction of its debt balance and corresponding increase to additional paid-in capital equal to the amount for which SPP sells the New Shares.
- To the extent that the sale of the New Shares during the Disposition Period does not satisfy the outstanding indebtedness to SPP, the residual shortfall owed to SPP will convert into a 13-month term note. In the event the

SPP Indebtedness is paid in full prior to all of the New Shares being sold, any remaining unsold New Shares shall be returned to the Company and retired by the Company.

- Immediate relinquishment of shareholder rights. Effective upon closing, SPP will irrevocably relinquish all voting, dividend and other shareholder rights associated with the Old Shares pending their retirement.
- Elimination of default interest and restoration of the remaining indebtedness to a 5.0% non-default stated interest rate.
- Favorable changes to the exit fee calculation terms under the SPP Term Note

Accounting for the troubled debt restructuring

The Company analyzed the August 7, 2026 agreement with SPP for considerations in accordance with U.S. GAAP and has accounted for the elements of the agreement as follows:

- No consideration under the SPP Settlement Agreement was determined to represent settlement of litigation under ASC 450 and instead the Company applied the provisions of ASC 470 to account for the agreement. In making this decision, the Company considered whether it had a basis for reasonably estimating the fair value of the litigation it settled. As the Company has no similar experience with claims of this nature and the Company had no other basis for determining such a fair value, no amount was recognized for litigation settlement.
- SPP was determined to be a related party and a shareholder. Accordingly, the Company concluded that any settlement gains would be recognized within additional paid-in capital ("APIC").
- The Company concluded that it was experiencing financial difficulties evidenced by the inability to make timely interest and principal payments on certain of its obligations, and determined that SPP granted a concession through the forgiveness of principal amounts and other actions favorable to the Company as stipulated in the SPP Settlement Agreement, and the agreement was accounted for as a TDR
- The Company recognized a total gain on the TDR of $38,541,995. All of this amount was recognized as an increase to additional paid-in capital and is classified within "gain on troubled debt restructuring with related party" during the period ended September 30, 2026 in the accompanying unaudited condensed consolidated statement of changes in mezzanine equity and stockholders' equity (deficit). The release and forgiveness of the Merger Note was accounted for as a gain of $34,939,247 which represents the carrying value of the loan prior to its extinguishment. The Company recognized a $3,779,386 gain on the restructuring of the SPP Term Note measured by comparing the future undiscounted cash flows payable on that loan pursuant to the SPP Settlement Agreement (including contingent payment amounts) to its carrying amount immediately prior to the SPP Settlement Agreement.
- The Company has determined that the Call Option meets the requirements for equity classification; however, the Company has not recognized the Call Option in its financial statements as it does not believe that a market participant would assign a value to the right that would be material to the Company's financial statements as a whole. The Company reached this decision based on consideration of the following inputs on August 7, 2026: the Call Option's exercise price, the closing market price of the Company's Common Stock and the belief that the uncertainty around whether the Company may ultimately be able to exercise the right would result in a significantly lower value than a market participant would assign if such uncertainty were not present. The exercise of the option is predicated on the outcome of the SPP and Gold Cap LLC litigation which is outside of the control of management and the Company will account for the acquisition of shares pursuant to the Call Option if and when it is exercised.
- As previously discussed in this footnote, the Company recorded the issuance of New Shares as an equity transaction, with no net impact on the total balance of shareholders' equity. As SPP sells shares and indebtedness is reduced, the Company will (i) credit APIC and (ii) debit debt, to reflect the reduction of debt. On the Restructuring Date, the Company has accounted for the future proceeds received by SPP from the sale of the New Shares as a contingent reduction of its restructured debt balance and not removed such amounts from the undiscounted future payments used in measuring the gain on the TDR. This is because the dollar-for-dollar reduction is contingent on SPP's actual sale of the shares, and further, the amount of debt reduction that will be realized is not known or knowable prior to the sale of the New Shares. The Company believes this is consistent with the TDR accounting guidance related to contingently payable amounts.

- The Company accounted for its own legal fees incurred in connection with executing the agreement as a reduction of the gain on the troubled debt restructuring within additional paid-in-capital.
- Pursuant to the SPP Settlement Agreement, the Company has agreed to issue approximately 2 million registered shares of its common stock to SPP in addition to the New Shares as an agreed-upon mechanism to compensate SPP for its legal fees incurred in matters related to the SPP Settlement Agreement (the "SPP Legal Fee Shares"). SPP is required to use commercially reasonable efforts to sell the SPP Legal Fee shares over a 60-day period. In the event that proceeds from the sale of the SPP Legal Fee Shares do not equal the actual amount of eligible legal expenses incurred by SPP (up to a maximum of $1,800,000), the Company is obligated to issue additional shares to SPP with an aggregate market value of $1,000,000 (the Legal Fee Short-Fall Amount). The Company has accounted for both the $1,800,000 maximum payment for the SPP Legal Fee Shares and the $1,000,000 Legal Fee Short-Fall Amount as contingently payable amounts under the SPP term loan obligation, reducing the amount of gain recognized as of the restructuring date.

Merger Note

In connection with the closing of the Merger, we issued to IDC the Merger Note in the principal amount of $35,000,000 with an original maturity date of September 30, 2024. The Merger Note does not bear interest and is not convertible prior to an event of default under the Merger Note. If an event of default should occur under the Merger Note, the Merger Note will bear interest at the rate of 7% per annum commencing upon the date of such event of default and will be convertible into shares of our common stock at a price per share that equals the lowest daily volume weighted-average price per share ("VWAP") during the five trading days immediately preceding the date on which the applicable conversion notice is delivered to us, but not less than 80% of the price per share in our Initial Capital Raise, provided, however, that the number of shares of our common stock issuable upon conversion of the Merger Note will not exceed 19.99% of the number of our outstanding shares of common stock without shareholder approval. An event of default under the Merger Note may result in an additional event of default under the Revolver and our other indebtedness for borrowed funds.

On September 12, 2024, the Company entered into Amendment No 1 to the Convertible Promissory Note ("Amendment 1 to the Merger Note") which extended the maturity date to the earlier of March 31, 2026, or the completion of at least a $40 million capital raise. Amendment 1 to the Merger Note was treated as a modification after the Company's analysis according to ASC 470 and as such, the Company is deferring the $300,000 amendment fee and will amortize as an adjustment to interest expense over the remaining term using the effective interest method.

On April 29, 2025, the Company and IDC entered into an Amended and Restated Convertible Promissory Note which further extended the maturity date to the earlier of March 31, 2027, or the completion of at least a $40 million capital raise. Pursuant to the Amended and Restated Convertible Promissory Note, any amounts paid to BMO will be in satisfaction of this Note. The Company offset the December 31, 2025 balance related to the IDC receivable that was remaining on the BMO Revolver and rolled into the current Revolver as allowed per the Amended and Restated Convertible Promissory Note. See Note 16: *Related Party Transactions* for IDC's gross and net offsetting receivables amounts. Below is presented the calculation of the net liability of the Merger Note, excluding unamortized deferred issuance costs as of December 31, 2025.

	Gross Amount	Amount Offset	Net Amount on Consolidating Balance Sheet
Merger Note	$ 34,882,666	$ (6,056,385)	$ 28,826,281

On August 7, 2026, the Company and SPP agreed to a settlement agreement which provided a framework to settle obligations due to SPP, which included the release, discharge and cancellation of the Merger Note and therefore the Company has a recognized liability balance on the Merger Note of $0, as of September 30, 2026. As of December 31, 2025, the Company has a recognized liability balance on the Merger Note of $28,826,281, including $117,334 of unamortized deferred issuance costs.

Credit Agreement

On June 18, 2024, the Company entered into a secured bridge loan ("Credit Agreement") in the principal amount of $1,950,000 at an interest rate of 5% per annum. The maturity date of the Credit Agreement was originally September 30, 2024. However, mandatory prepayments shall be made from the Initial Capital Raise, on the issuance of new debt or new equity interests, or upon a change of control. Conditions have not been met to make mandatory prepayments.

On July 22, 2024, the Company entered into an amendment to extend the maturity date of the Credit Agreement to June 18, 2026. The Company did not make the payment by the maturity date and is in default. On April 17, 2026, the lender notified the Company of certain defaults. See Note 11: *Commitments and Contingencies* for discussion.

On August 7, 2026, the Company and SPP agreed to a settlement agreement which provided a framework to settle obligations under the Credit Agreement. The Company recognized a $1.9 million loss on the settlement which is reported in "other expenses, gains and losses" on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss as of September 30, 2026.

The Company has a recognized liability balance on the Credit Agreement Note of $4,156,223 and $1,950,000 as of September 30, 2026, and December 31, 2025, respectively.

Seller Notes

As part of the purchase price consideration for the Transaction, Lyneer Investments and IDC as co-borrowers issued various Seller Notes to former owners totaling $15,750,000. Payments on the Seller Notes are due in quarterly installments of $1,575,000, and $3,150,000 due at their amended maturity date of April 30, 2024. The Seller Notes bear interest at an amended fixed rate of 11.25% per annum. Payments to Seller Notes debt holders are prohibited by the administrative agent of the previous lender under the BMO Revolver and the current Revolver. As provided in the inter-creditor agreement between SLR and the Seller Note holders, Lyneer is prevented from making payments and the Seller Note holders are prevented from accepting payments from Lyneer.

As discussed above under the Debt Allocation Agreement, the Company determined that certain joint and several obligations should be recognized as liabilities and therefore recognized the Seller Notes as a liability as of September 30, 2026.

As of September 30, 2026, the Company recognized a liability of $7,875,000 for the joint and several obligations of the Seller Notes. As of December 31, 2025, the Company had derecognized the Seller Notes, as discussed above; therefore, the Company recognized a liability balance of $0. The Seller Notes obligation is joint and several with IDC and is subject to IDC's obligation under the Allocation Agreement with IDC discussed above. The Seller Notes are currently in default, but the note holders can take no action pursuant to the inter-creditor agreement with SLR.

Earnout Notes

As contingent consideration milestones are met in connection with the membership interest purchase agreement ("Transaction Agreement"), the Company can elect to pay the obligation in cash or issue notes payable. During 2023, the Company and IDC as co-borrowers issued nine notes payable with an aggregate value of $13,494,133. Payments on each of the Earnout Notes were due in quarterly installments through their amended maturity date of January 31, 2025, and each note bears an amended stated interest rate of 11.25% per annum. On January 16, 2024, the Company and IDC as co-borrowers issued six notes payable with an aggregate value of $6,941,521. Payments on each of the Earnout Notes were due in quarterly installments through their maturity date of January 16, 2026, and each note bears interest at a rate of 6.25% per annum. The Company did not make principal and interest payments due to the notice received from the Revolver's administrative agent of the lender restricting payments to other lenders and the interest rate was increased to the default rate of 11.25% for the January Earnout Notes.

Payments to any other debt holders are prohibited by the administrative agent of the previous lender under the BMO Revolver and the current Revolver. As provided in the inter-creditor agreement between SLR and the Earnout Note holders, Lyneer is prevented from making payments and the Earnout Note holders are prevented from accepting payments from Lyneer.

As discussed above under the Debt Allocation Agreement, the Company determined that certain joint and several obligations should be recognized as liabilities and therefore recognized the Earnout Notes as a liability as of September 30, 2026.

As of September 30, 2026, the Company recognized a liability of $20,435,654 for the joint and several debt obligations of the Earnout Notes. As of December 31, 2025, the Company had derecognized the Earnout Notes, as discussed above; therefore, the Company recognized a liability balance of $0. The Earnout Notes obligation is joint and several with IDC and is subject to IDC's obligation under the Allocation Agreement with IDC discussed above. The Earnout Notes are currently in default, but the note holders can take no action pursuant to the inter-creditor agreement with SLR.

Promissory Note

From April 29, 2019 to April 29, 2020, the Company entered into a series of non-convertible promissory notes (the "Promissory Notes") with St. Laurent Investments LLC amounting to $1,375,000. The Promissory Notes had a one-year term, most recently extended through July 31, 2025, or a later date to be mutually agreed upon. The Promissory Notes bear interest accruing at the rate of 5% per annum, and increased to 10% for the period from August 1, 2024, through July 31, 2025. On January 23, 2026, the Company and St. Laurent entered into a Confidential Settlement Agreement pursuant to which the entire $1,375,000 principal amount of the Notes was paid in full on January 29, 2026. All interest and penalties in the amount of $757,805 were waived by St. Laurent.

Convertible Note

As discussed in Note 2: *Merger and Acquisition,* on January 23, 2026, in connection with the Circle8 Acquisition, the Company issued a Convertible Note to Axiom as a component of consideration transferred for the business. The Convertible Note has a stated principal amount of $161,961,751 and is non-interest-bearing. The Convertible Note matures twelve months from the issuance date, at which time the principal amount becomes payable in cash; however, the Convertible Note may be settled prior to this date through the issuance of shares of the Company's Common Stock if a majority of the Company's stockholders vote to approve this conversion. If the aforementioned stockholder approval is obtained, the Convertible Note will convert into an aggregate of 53,291,744 shares of the Company's Common Stock. The number of shares issuable in settlement of the Convertible Note is fixed at inception and is not subject to variability, other than customary anti-dilution provisions for stock splits, stock dividends, and similar recapitalization events.

The Convertible Note was measured initially at fair value of $205,706,132 (53,291,744 shares valued at the Company's closing stock price on the Circle8 Closing Date of $3.86) on the Circle8 Closing Date. The fair value of the Convertible Note exceeds the stated principal amount resulting in a substantial premium of $43,744,381. Accordingly, the Company recorded the Convertible Note as short-term debt at its stated principal amount of $161,961,751, with the substantial premium recorded as a component of additional paid-in-capital within permanent equity. Issuance costs incurred to issue the Convertible Note were de minimis and expensed when incurred.

The Convertible Note contains provisions that relate to certain defined events of default, including bankruptcy, change of control or liquidation, cessation of operations, or failure to satisfy certain covenants contained in the Acquisition Agreement. Upon the occurrence of an event of default, the holder may declare the entire outstanding principal amount immediately due and payable. In addition, in the event of a default, interest accrues on the outstanding principal amount at a rate of 10% per annum from the date of the event of default until payment, together with any other amounts due under the Convertible Note. As of September 30, 2026, no events of default have occurred. The Company concluded the holder's put option upon an event of default meets the definition of a derivative requiring bifurcation; however, the fair value of such derivative was of nominal value.

Other than in the case of default, the Convertible Note does not provide the holder with one or more contingent redemption options.

As of September 30, 2026, the outstanding principal balance of the Convertible Note is $161,961,751, which reflects its carrying amount as of that date. The Company is accounting for the liability portion of the note using the stated interest rate of zero; accordingly, no interest has been recognized for the quarter ended September 30, 2026. Due to the amount of the Company's outstanding stock owned by the holder of the Convertible Note, the holder is a related party with respect to the Company and accordingly the Convertible Note is considered a note payable to a related party.

Factoring Debt

In connection with the Circle8 Acquisition, the Company assumed a receivables purchase agreement between Circle8 Group B.V. and Argentum Securities Ireland Plc ("Argentum"), which permits Circle8 Group B.V. to sell eligible billed and unbilled receivables to Argentum for cash proceeds in certain circumstances. This arrangement is akin to a revolving line of credit with a borrowing base of approximately 90% of Circle8 Group B.V.'s eligible receivables and a borrowing capacity limit of €174.9 million (approximately $198.6 million as of September 30, 2026). As of the acquisition date of January 23, 2026, Circle8 Group B.V. had previously borrowed up to the facility limit of €174.9 million (approximately $198.6 million as of September 30, 2026). The facility includes multiple financial and non-financial covenants, including an over-collateralization provision requiring Circle8 Group B.V. to maintain an eligible receivables balance greater than 1.1111 times the amount borrowed under the facility. The facility matures on the earlier of May 18, 2029, or (i) upon an event of default or (ii) if Argentum exercises a subjective acceleration clause, which would require the facility to be repaid within 85 days. The Company pays a facility fee to Argentum monthly which is recognized in "other expenses, gains and losses" on the unaudited condensed consolidated statements of operations and comprehensive loss. The Company can

repay the facility at any time. The Company concluded that the facility, while legally described as a factoring agreement, does not qualify as a sale of a financial instrument under ASC Topic 860 — *Transfers and Servicing,* and continues to recognize receivables on the balance sheet and records a liability to reflect the consideration received. Circle8 Group B.V. was in compliance with all provisions of the facility as of September 30, 2026.

During 2025 and the nine months ended September 30, 2026, the Company entered into the following agreements to sell future receivables which allow for the factoring of receivables.

- On October 1, 2025, the Company sold $3,150,000 of receivables and received cash proceeds of $2,500,000 less $50,000 in origination fees. The weekly payments are $62,500 and the imputed interest rate is 48.58%.
- On October 21, 2025, the Company sold $1,905,000 of receivables and received cash proceeds of $1,500,000 less $30,000 in origination fees. The weekly payments are $37,798 and the imputed interest rate is 50.61%.
- On January 23, 2026, the Company sold $1,250,000 of receivables and received cash proceeds of $1,000,000 less $10,000 in origination fees. The weekly payments are $24,802 and the imputed interest rate is 47.10%.
- On April 29, 2026, the Company refinanced the then outstanding balances of its October 2025 factoring agreements above, into a new factoring agreement for $2,805,511 of receivables. The cash of $2,221,965, less $22,444 in origination fees, was used for the payoff. The refinancing was treated as a debt extinguishment after the Company's analysis of ASC 470 and the Company recorded a $237,848 loss on debt extinguishment. The weekly payments are $55,665 and the imputed interest rate is 47.10%.

As of September 30, 2026, and December 31, 2025, the Company has recognized liability balances on the factoring agreements of $201,452,489, including $14,120 of unamortized deferred issuance costs and $3,205,506, including $60,939 of unamortized deferred issuance costs, respectively.

Other short-term debt

During the nine months ended September 30, 2026, the Company entered into the following business loan service agreements with the same lender of the domestic factoring agreements above.

- On January 23, 2026, the Company entered into a loan for $2,000,000 and $20,000 in origination fees, with contractual payments totaling $2,500,000. The weekly payments are $48,077 and the imputed interest rate is 45.67%.
- On April 30, 2026, the Company entered into a loan for $1,050,000 and $10,500 in origination fees, with contractual payments totaling $1,312,500. The weekly payments are $25,240 and the imputed interest rate is 45.67%.

As of September 30, 2026, and December 31, 2025, the Company has recognized liability balances on other short-term debts of $2,469,419, including $10,425 of unamortized deferred issuance costs and $0, including $0 of unamortized deferred issuance costs, respectively.

The factoring debt and other short-term debt agreements have a good faith term of twelve months, were made without recourse and also allow for a discounted repurchase price if the Company pays the cash proceeds back early. The Company has not made payments on the above remaining agreements from May 21, 2026 through September 30, 2026, and is in default as of September 30, 2026. On August 6, 2026, the Company was notified that it was in default under the agreements dated January 23, 2026, April 29, 2026 and April 30, 2026. At a minimum, it was requested to bring all outstanding balances current by end of day, Monday, August 10, 2026, or the lender would be forced to take legal action. The Company has entered into an agreement to resume payments on a quarterly basis and made a payment of $500,000 on October 9, 2026. As of September 30, 2026, the Company is in default.

Acquisition Loans

Swisslinx Acquisition Loan

In February 2023, Circle8 Switzerland AG entered into a loan agreement with Luzerner Kantonalbank AG ("LUKB") as Lender, for a credit facility of up to CHF29,000,000 (approximately $34,743,000 as of September 30, 2026) to partially finance the acquisition of 100% of the shares in Swisslinx AG and Swisslinx International Ltd. The facility has a maturity date of June 30, 2028. The facility provides for fixed advances with 3 or 6 month terms, or fixed loans with 2 to 5 year terms. The minimum amount per fixed advance or loan is CHF2,000,000 (approximately $2,396,000 as of September 30, 2026), with a maximum of 5 credit tranches. The facility was fully drawn down at inception, with no additional advances

as of September 30, 2026. The interest rate consists of the Swiss Average Overnight Rate ("SARON") plus an applicable margin based on the net debt ratio each reporting period. If the SARON rate is negative, a rate of 0.00% is used as the base rate.

As of September 30, 2026, the margin was 3.70% and the interest rate was 3.70%. As of September 30, 2026, the Company has a recognized liability balance on the Swisslinx acquisition loan of $27,716,646. The Company did not make the June 30, 2026, principal payment of CHF3,750,000 (approximately $4,493,000 as of September 30, 2026); however, a formal default has not been declared by LUKB. Circle8 Switzerland AG and LUKB are in discussions on renegotiation of the loan terms.

Seven Stars Acquisition Loan

On October 26, 2022, Circle8 Group B.V. entered into a credit agreement with Beechbrook Capital, LLP, to partially fund the acquisition of all outstanding shares in the capital of Seven Stars Holding B.V. and each of its subsidiaries. The agreement provides a credit facility ("Facility B") in the aggregate amount of €15,000,000 (approximately $17,033,000 as of September 30, 2026), and an available Accordion Facility for up to €15,000,000 (approximately $17,033,000 as of September 30, 2026) of additional borrowing capacity as an increase to Facility B or, alternatively, an additional term facility on a pari passu basis with Facility B. The maturity date is October 26, 2027. The interest rate on Facility B consists of the three-month EURIBOR ("EURIBOR 3M") plus a margin of 8.50%, per annum. The variable leg of the loan attached to the EURIBOR 3M rate resets each interest period, which is defined as three months. Interest payments became due on December 31, 2022, and each March 31, June 30, September 30, and December 31, thereafter. As of September 30, 2026, the interest rate was 10.93%. As of September 30, 2026, the Company has a recognized liability balance on the Seven Stars acquisition loan of $16,806,872.

Königstein Acquisition Loans

On April 26, 2023, Circle8 GmbH entered into a loan agreement with Sparkasse KölnBonn to finance a portion of the purchase price payable under a share purchase agreement for the acquisition of 80% of the shares outstanding in Konigstein Beratungsgesellschaft für EDV-Dienstleistungen GmbH. This loan agreement provided Circle8 with loans totaling up to €7,000,000 (approximately $7,949,000 as of September 30, 2026) in the following tranches:

Investment Loan A: Up to €4,500,000 (approximately $5,110,000 as of September 30, 2026) as an amortizing loan with payments of €250,000 (approximately $284,000 as of September 30, 2026) due at the end of each quarter, starting on December 30, 2023. The maturity date is March 31, 2028, with quarterly payments of €250,000 (approximately $284,000 as of September 30, 2026). The interest rate on the utilized amounts consists of the EURIBOR 3M, which resets quarterly, plus a margin of 3.20% per annum. As of September 30, 2026, the interest rate was 5.63%. As of September 30, 2026, the Company has a recognized liability balance on the Königstein Investment Loan A of $1,629,699.

Investment Loan B: Up to €2,500,000 (approximately $2,839,000 as of September 30, 2026) as a bullet loan, with payment in full due on the maturity date of September 30, 2028. The interest rate on the utilized amounts consists of the EURIBOR 3M, which resets quarterly, plus a margin of 3.60% per annum. As of September 30, 2026, the interest rate was 6.03%. As of September 30, 2026, the Company has a recognized liability balance on the Königstein Investment Loan B of $2,531,427.

The loan agreement stipulates that certain financial indicators in the form of annual financial statements are due no later than 180 days after the end of each financial year and no later than 45 days after the end of each quarter. Failure to submit these required reports timely constitutes a breach of financial indicators under the loan agreement and will increase the corresponding margin of each loan by 1.50% per annum until such financial reports are submitted to the lender.

Seller Loans Entered into by Circle8 Group B.V.

Swisslinx Seller Loan

In March 2023, Circle8 Switzerland AG entered into a seller loan agreement with Swisslinx AG and Swisslinx International Limited to partially fund the acquisition of 100% of the shares in Swisslinx AG and Swisslinx International Limited. The agreement provided Circle8 Switzerland AG with a loan of CHF13,500,000 (approximately $16,174,000 as of September 30, 2026) with a maturity date of July 1, 2028. The interest rate is 5.00% per annum. Principal payments of CHF3,375,000 (approximately $4,043,000 as of September 30, 2026) and interest payments are due annually. As of September 30, 2026, the Company has provisionally de-recognized the Swisslinx seller loan as part of the settlement of its Seller Loan Suspension Claim and as a measurement period adjustment under ASC 805. See Note 11: *Commitments and Contingencies* for further information.

Fixed Today Seller Loan

In April 2022, Circle8 Group B.V. entered into a seller loan agreement with Payment Secured B.V. to partially fund the acquisition of 100% of the shares in Fixed Today Holding B.V. The agreement provided Circle8 Group B.V. with €2,000,000 (approximately $2,271,000 as of March 31, 2026). The Fixed Today seller loan had a maturity date of April 14, 2024.

As of September 30, 2026, the Company has a recognized liability balance on the Fixed Today seller loan liability of $2,271,000. The Fixed Today seller loan is currently in default in the amount of €2,000,000 (approximately $2,271,000 as of September 30, 2026).

Subsequent to the executed amendments of the Company's debt obligations described herein, the future minimum principal payments on the Company's outstanding debt are as follows:

	As of September 30, 2026
Remainder of 2026	$ 94,946,071
2027	393,061,503
2028	71,729,899
2029	—
2030	—
Thereafter	—
Total	**$ 559,737,473**

Interest Expense

Total interest expense is comprised of a cash and non-cash component as described in the debt arrangements above. The Company also incurred interest expense related to an agreement with a professional employer organization ("PEO") which processes the payroll for the Company, related to the unpaid balance, at 1.5% per calendar month. On May 4, 2026, the PEO notified the Company it was in default and subsequently withdrew the notice of default on May 11, 2026. See Note 20: *Subsequent Events* for further discussion.

Additionally, the Company entered into an agreement with Citibank, N.A. ("Citibank") on March 5, 2019, whereby Citibank purchases specific receivables and pays the invoices at the discounted amount, and the Company incurs a discount charge equal to the Secured Overnight Financing Rate plus 0.75% to process the payments. The discount charged ranged from 4.71% to 5.46% for the nine months ended September 30, 2026.

The Company recognized total interest expense of $5,079,660 and $2,094,177 during the three months ended September 30, 2026 and 2025, respectively, and $12,911,073 and $5,402,959 during the nine months ended September 30, 2026 and 2025, respectively. Interest expense related to the PEO was $1,170,575 and $3,321,321 for the three and nine months ended September 30, 2026, and $863,402 and $1,701,729, respectively, for the three and nine months ended September 30, 2025. Interest expense related to the discount charge was $85,814 and $91,607 for the three months ended September 30, 2026 and 2025, respectively and $231,519 and $563,091 during the nine months ended September 30, 2026 and 2025, respectively. $380,079 and $39,163 of deferred financing costs were recognized as a component of "interest expense" on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss for the three months ended September 30, 2026 and 2025, respectively, and $697,272 and $130,271 for the nine months ended September 30, 2026 and 2025, respectively.

Note 9: Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	September 30, 2026	December 31, 2025
Potential settlement offer for legacy stockholders	$ 8,723,200	$ 8,723,200
Accrued wages and salaries	5,633,328	1,839,016
Accrued commissions and bonuses	23,381,596	2,166,004
Accrued interest	13,291,800	767,717
Income and corporate tax payable	3,620,970	13,913
Invoices not yet received	98,483,892	—
Customer liabilities	359,710	—
VAT payable	5,262,870	—
Other accrued expenses and current liabilities	23,079,715	6,137,935
Total accrued expenses and other current liabilities	**$ 181,837,081**	**$ 19,647,785**

Legacy Stockholder Dividend Settlements

The Company upon the Merger on June 18, 2024, put in escrow 4,704,098 shares at a closing price of $2.36 per share valued at $11,101,671, as a reserve for the potential settlement amounts of Legacy SeqLL stockholders and was required to extend a settlement offer within 90 days from June 18, 2024. On September 16, 2024, the Company extended 30 day offers for settlement to the legacy stockholders, as a result of the Company failing to declare and pay a declared dividend as described in the Company's filings, to issue shares of Atlantic International Corp stock at the then closing stock price of $6.45, which has no impact on the accrued expense balance. During 2025, the Company executed settlement agreements with certain stockholders, which amounted to $2,378,470 of value based on the issuance of 773,944 shares of common stock multiplied by the closing stock price on each respective date of settlement, which ranged from $2.03 - $6.20 per share. Accordingly, the Company reduced its accrued expense balance during 2025 to reflect such issuances. The offer has ended and for the nine months ended September 30, 2026, there have been no additional settlement agreements executed, and no additional shares have been issued.

EF Hutton

In accordance with a settlement and release agreement between the Company and E.F. Hutton ("Hutton"), dated June 6, 2026, the Company agreed to issue to the designee of Hutton 2,000,000 restricted stock units ("RSU") that vest 2 years from the date of the Settlement Agreement. These have not yet been issued due to a delay in identifying the designee.

Professional Employer Organization

The PEO is engaged to process the Company's payroll which is subject to a periodic charge of 1.5% per calendar month for any unpaid balances. The total liability due to the PEO as of September 30, 2026, was $46,191,891, consisting of $39,282,347 of wages and salaries paid by the PEO and workers' compensation accruals and $6,909,544 of accrued interest. The total liability due to the PEO as of December 31, 2025, was $32,894,331, consisting of $29,306,108 of wages and salaries paid by the PEO and $3,588,223 of accrued interest.

Share Settled Redemption Option Granted to PEO

On February 3, 2026, (the "Amendment Date") the Company amended its agreement with the PEO, to whom it had a specific outstanding payable of $2,207,944 ("the Repayment Amount"). At the PEO's option, at any time from March 16, 2026 to January 31, 2031, it may elect to settle any portion of the Repayment Amount by requiring the Company to issue shares of Common Stock with an aggregate value equal thereto, calculated using the quoted per-share closing price, equal to the amount designated by the PEO for share settlement. On June 11, 2026, the PEO exercised 1,268,933 shares at an aggregate value of $833,177 based on the Company's closing price on said date, with an additional 1,298,444 shares issued at an aggregate value of $953,717 based on the Company's closing price on said date. As of September 30, 2026, the carrying value of the remaining obligation that can be settled in shares was $421,050. If the PEO elected full settlement of the remaining obligation on September 30, 2026, the Company would be required to issue 892,244 shares of its Common

Stock to settle the obligation. As the number of shares to be issued varies inversely with the market value of the Company's Common stock, there is no contractual limit on the number of shares that may be issued to settle the obligation.

On May 4, 2026, Employers Personnel, LLC ("EP"), the Company's PEO provider for Lyneer, delivered a notice alleging that Lyneer was in material default under the parties' Professional Employee Services Agreement. EP claimed the outstanding balance owed totaled approximately $37.4 million, which includes over $6.4 million in recent unpaid payroll funding advances, payroll taxes, fees and workers' compensation premiums.

On May 4, 2026, the Company entered into a Common Stock Purchase Warrant Agreement ("CS Purchase Warrant Agreement") with the PEO. The warrants are to satisfy an outstanding payable of $4,144,416. Pursuant to the agreement, the PEO has the option, at any time from May 15, 2026 through January 31, 2031, to elect to settle all or a portion of the repayment amount by requiring the Company to issue shares of its Common Stock having an aggregate value equal thereto, calculated using the quoted per-share closing price, equal to the amount designated by the PEO for share settlement. As of September 30, 2026, the carrying value of the obligation that can be settled in shares was $4,144,416. If the PEO elected full settlement of the obligation on September 30, 2026, the Company would be required to issue 8,782,403 shares of its Common Stock to settle the obligation. As the number of shares to be issued varies inversely with the market value of the Company's Common stock, there is no contractual limit on the number of shares that may be issued to settle the obligation.

On May 11, 2026, EP withdrew the notice of default after the parties entered into the CS Purchase Warrant Agreement. As of the filing date, EP continues to provide payroll funding and workers' compensation coverage under the Professional Employee Services Agreement. While the notice of default was withdrawn, the agreement contains provisions that permit EP to terminate the agreement and/or discontinue payroll funding and related services upon the occurrence of certain events of default, including payment defaults.

On August 5, 2026, EP delivered a notice alleging that Lyneer was in material default under the parties' Professional Employee Services Agreement. EP claimed the outstanding balance owed totaled approximately $37 million in unpaid payroll funding advances, payroll taxes, and workers' compensation premiums.

On August 7, 2026, EP withdrew the notice of default after the parties entered into a term sheet ("Term Sheet"). As of the filing date, EP continues to provide payroll funding and workers' compensation coverage under the Professional Employee Services Agreement. While the notice of default was withdrawn, the agreement contains provisions that permit EP to terminate, suspend, modify or condition continued services or workers' compensation coverage.

On August 7, 2026, the Company and the PEO signed a nonbinding Term Sheet intended to pay $20 million in debt owed by Lyneer through issuance of the Company's shares.

On September 5, 2026, EP delivered a notice alleging that Lyneer was in material default on the parties' Professional Employee Services Agreement. Additionally, EP claimed the Company failed to deliver certain shares referenced in the August 7, 2026 Term Sheet for which no definitive agreement was executed, resulting in no obligation to issue such shares, and no portion of the outstanding debt was reduced. Additionally, EP claimed the Company incurred a shortfall for its most recent payroll, which EP covered.

Despite the alleged defaults above, EP continues to provide payroll funding and maintain workers' compensation coverage for Lyneer's employees while the parties negotiate a resolution.

Note 10: Retirement Plans

The Company maintains a 401(k) plan for qualified U.S. employees. The plan covers substantially all U.S.-based full-time employees of the Company who meet certain age and length of service requirements. There is no requirement for the Company to match employee contributions to the plan. The Company did not contribute to the plan during the nine months ended September 30, 2026.

The Company's European subsidiaries participate in government-mandated social security programs in the jurisdictions in which they operate. The plans cover all employees of the European subsidiaries and function on a "pay-as-you-go" basis whereby contributions are made by the employer and the employee. These programs are administered by the government authorities and do not create any future payment obligations beyond the Company's required contribution amounts as they become due. The Company recorded total statutory social security contributions in "cost of revenue" on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss of $14,295 and $0 for the three months ended September 30, 2026 and 2025, respectively and $58,075 and $0 for the nine months ended September 30, 2026 and 2025, respectively. The Company recorded total statutory social security contributions in "selling, general and administrative" on the accompanying unaudited condensed consolidated statements of operations and

comprehensive loss of $205,628 and $0 for the three months ended September 30, 2026 and 2025, respectively and $1,074,881 and $0 for the nine months ended September 30, 2026 and 2025, respectively.

Note 11: Commitments and Contingencies

Litigation

The Company is subject to lawsuits and other claims arising in the ordinary course of business. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in a particular matter or changes in approach, such as a change in settlement strategy in dealing with these matters. With respect to material matters for which the Company believes an unfavorable outcome is reasonably possible, the Company has disclosed the nature of the matter and an estimate of potential exposure. The Company believes that the loss for any other litigation matters and claims that are reasonably possible to occur will not have a material adverse effect on the Company's results of operations, financial position or cash flows, although such litigation is subject to certain inherent uncertainties.

On October 30, 2019, Rosanna Vargas filed a complaint in the Superior Court of New Jersey at Camden County against Lyneer and various defendants, including Lyneer's client, alleging severe personal injury sustained at work. The case is now closed as to all parties. As a result of the matter, Lyneer's client sought indemnification from Lyneer pursuant to an indemnification demand issued to Lyneer on June 10, 2022. Accordingly, Lyneer agreed to pay approximately $1,030,000 over 36 months, beginning in July 2023, to settle the claim. As of September 30, 2026, the Company owes $32,857 and has accrued this full amount, which is recognized in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets.

On January 6, 2021, a class action wage and hour complaint was filed in the Superior Court of California, Los Angeles County, by Enrique Briseno as class representative. The Complaint was filed only against the Company's client. The matter settled for $425,000, $300,000 of which is to be paid by the Company, and the remaining $125,000 is to be paid by the client. The settlement agreement was signed on December 17, 2024, and has been finalized and executed and provided to the Court for approval. As of September 30, 2026, the Company owes $75,000, which is recognized in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets plus the employer's side of payroll taxes of $5,674. This payment was due August 31, 2026 and has not yet been paid.

On June 16, 2021, a complaint was filed in the Superior Court of New Jersey Law Division, Middlesex County. The complaint alleges a former minor employee (who obtained employment by providing false information) was injured on October 15, 2020, at the Co-Defendant's worksite. A settlement conference was held on August 28, 2024, but was unsuccessful. The Company's liability insurance carrier and the Company's workers' compensation insurance carrier and the liability insurance carrier for the client held a settlement conference on April 14, 2025, which was unsuccessful. The trial commenced April 28, 2025, and a settlement was reached on May 2, 2025, for a total value of $3,050,000, $2,800,000 in cash and $250,000 by virtue of a lien release, of which the Company is responsible for $200,000, with the insurance carriers collectively responsible for the remainder. The final settlement agreement was executed, and the full settlement amount was paid by the Company in January 2026.

On October 8, 2021, a class action wage and hour complaint was filed in the Superior Court of California, Orange County, by Teresa Alvarez and Mirna Flores as class representatives. The Complaint was filed against the Company as well as the Company's client. The matter settled for $750,000, $650,000 of which is to be paid by the Company, and the remaining $100,000 is to be paid by the client. The settlement agreement was signed November 16, 2023, and has been finalized and executed. The full settlement amount of $671,858, which includes employment taxes, was paid on October 23, 2025, and Lyneer's portion of the settlement has now been paid in full.

On August 1, 2023, a class action wage and hour PAGA complaint was filed in the Superior Court of California, County of San Bernardino, by Maria Reyes as class representative. The matter settled at a mandatory settlement conference held on October 10, 2025, for $925,000, which is recognized in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets. The Judgment on the PAGA settlement was entered on July 20, 2026. The settlement amount was due in 90 days from that date, on or about October 16, 2026.

On December 9, 2024, BAC Rhino 3 Federal LLC ("Rhino") filed a complaint in Suffolk County Superior Court, against Atlantic for breach of contract, seeking damages for accelerated rent, plus costs of collection and outstanding rent to date, for Atlantic's default under the lease and failure to pay monies owed thereunder. On December 18, 2025, the Company and Rhino entered into a settlement agreement whereby the Company shall pay $1,000,000. As of September 30, 2026, the Company owes $680,000 and has accrued this full amount, which is recognized in "accrued expenses and other

current liabilities" on the accompanying unaudited condensed consolidated balance sheets. The Company has agreed to monthly payments of $30,000 until the balance is paid in full.

On April 2, 2026, Atlantic and its Lyneer subsidiaries: Lyneer Investments, LLC, Lyneer Holdings, Inc. and Lyneer Staffing Solutions, LLC (collectively the "Lyneer Subsidiaries") commenced a lawsuit in the Supreme Court of the State of New York, County of New York (Civil Index No. 154264/2026) against SPP. At the same time Atlantic is seeking a preliminary injunction with an Order to Show Cause and Temporary Restraining Order. Atlantic is seeking a preliminary injunction enjoining SPP from continuing to proceed as if the outstanding indebtedness owed under the loans at issue had not been satisfied.

Atlantic has alleged in its complaint that SPP launched a coordinated, pre-planned attack to seize control of the Lyneer subsidiaries based on a fabricated default, set forth in the Default Notices, and in bad faith of its own financial interests. As part of a refinancing transaction in April 2025, SPP obtained, and was supposed to ultimately sell, over $77 million worth of publicly traded shares in Atlantic acquired from IDC. SPP was required to apply the proceeds to satisfy the outstanding debt owed under the term loan that originated in 2021. The value of the Nasdaq publicly traded shares significantly exceeded any outstanding indebtedness arguably remaining owing to SPP (less than $50 million) and, as such, upon SPP's receipt of the collateral, the indebtedness was satisfied and extinguished. SPP acknowledged and understood it took stock worth more than its debt and agreed to remit the surplus back to IDC. It should be noted that SPP's default notices did not demand repayment of the loans, nor include payoff amounts. Instead, they only reflected a hostile takeover. Furthermore, as a subordinate mezzanine lender, SPP has no contractual right to receive capital raise proceeds ahead of the senior lenders in line before it.

Later, on April 2, 2026, Rick Arrowsmith, on behalf of SPP, and in response to the above-described lawsuit brought by the Company, commenced a lawsuit in the Court of Chancery of the State of Delaware against the Company and its officers. Based on the unfounded alleged events of default, the plaintiff was appointed by SPP to take managerial control of the Lyneer subsidiaries. The plaintiff is seeking declaratory relief that he was able to remove all officers of the Company and is entitled to declaratory, preliminary and permanent injunctive relief to take control of the Company.

On March 30, 2026, SPP notified Atlantic and the Lyneer Subsidiaries that certain events of default have occurred and are continuing under the Amended and Restated Loan Agreement dated as of April 29, 2025 (the "Financing Agreement"). SPP asserted that the events of default relate to our failure to satisfy certain financial and non-financial covenants under the Financing Agreement. In its notice to Atlantic, SPP confirmed that the Agents (as defined in the Financing Agreement) and SPP have not waived the specified events of default, and that the Agent and SPP reserve all of their rights and remedies under the Financing Agreement, the Loan Documents (as defined in the Financing Agreement), and any applicable law with respect to the specified events of default, including, without limitation: (i) the right to accelerate the Obligations (as defined in the Financing Agreement); (ii) the right to exercise the Pledge Agreement associated with the ownership of the Lyneer entities; (iii) the right to exercise all voting and economic interests in the Lyneer entities; and (iv) the right to take all actions and exercise all remedies available to the Agents and/or the Lenders under the Loan Documents and applicable law. Additionally, SPP has attempted to exercise its pledge and has sought to try to replace the management of Lyneer. The Company believes it has meritorious defenses to the claims of SPP and, as described above, has commenced a lawsuit to contest SPP's actions.

Simultaneously with the default letter under the Financing Agreement as described above, SPP notified the Company of certain events of default under (a) the Credit Agreement, dated June 18, 2024, and (b) the Pledge and Security Agreement dated as of June 18, 2024.

Similar to the Financing Agreement default notice, SPP has asserted that the events of default also relate to our failure to satisfy certain financial and non-financial covenants under the Credit Agreement. In its notice to Atlantic, SPP has confirmed that the Agent and SPP have not waived the specified events of default, and that the Agent and SPP reserve all of their rights and remedies under the Credit Agreement, the Loan Documents, and any applicable law with respect to the specified events of default, including, without limitation: (i) the right to accelerate the Obligations; (ii) the right to exercise the Pledge Agreement associated with the ownership of the Lyneer Subsidiaries; (iii) the right to exercise all voting and economic interests in the Lyneer Subsidiaries; and (iv) the right to take all actions and exercise all remedies available to the Agents and/or the Lenders under the Loan Documents and applicable law. In addition, SPP has attempted to exercise its pledge and has sought to try to replace the management of Lyneer.

On August 7, 2026, the Company and SPP entered into a settlement agreement. See Note 8: *Debt* and Note 16: *Related Party Transactions* for further discussion.

North Mill Capital LLC d/b/a SLR Business Credit Disposition of Assets

On October 15, 2026, the Company's Lyneer subsidiaries received notice that North Mill Capital LLC's d/b/a SLR Business Credit ("SLR"), as senior secured lender for Lyneer Staffing Solutions, LLC., intends to conduct a sale of substantially all assets owned by Lyneer Staffing Solutions, LLC. under Article 9 of the Uniform Commercial Code in one or more private sales on or after October 27, 2026. The Company has disputed the validity of this notice and is in negotiations to resolve this matter. See Note 20: *Subsequent Events* for further information.

Circle8 Switzerland AG Swisslinx Litigations

Earn-Out Claim and Seller Loan Suspension Claim Settlement – Swisslinx Acquisition

Prior to the Company's acquisition of Circle8 Group B.V. on January 23, 2026, formal legal complaints and arbitration proceedings were active involving Circle8 Switzerland AG and the sellers of Swisslinx International Ltd ("Swisslinx") in connection with alleged breaches of the Share Purchase Agreement dated February 22, 2023 (the "Swisslinx SPA"), including (to the extent this relates to the claim against the sellers) claims related to misleading and/or incorrect information. As these disputes constituted a bona fide litigation contingency existing at the acquisition date, management has evaluated the resolution of these matters as a measurement period adjustment under ASC 805 Business Combinations and interpretive guidance. The definitive resolution provides clear evidence of the fair value of these assumed liabilities as of the acquisition date rather than a new post-acquisition economic event.

On September 2, 2026, the Company entered into a binding Settlement Agreement (the "Swisslinx Settlement") to fully extinguish all pre-existing claims and counter-claims under the Earn-out and Seller Loan agreements. The Swisslinx Settlement provided two holistic cash-flow paths to clear the legacy claims: a primary expedited payment path of CHF10,100,000 (approximately $12,100,000 as of September 30, 2026) if completed by October 31, 2026, or an ultimate cash flow requirement of CHF14,000,000 (approximately $16,773,000 as of September 30, 2026) if the primary path was not executed.

The primary expedited payment of CHF10,100,000 (approximately $12,100,000 as of September 30, 2026) was not executed by the October 31, 2026 milestone because the payment was conflicting with its Swisslinx seller loan agreement with Luzerner Kantonalbank AG, which holds a senior security interest and explicitly restricts payments to lower-seniority obligations. As these credit constraints and legal restrictions existed at the January 23, 2026 acquisition date, the expedited CHF10,100,000 (approximately $12,100,000 as of September 30, 2026) path was contractually unavailable to the Company. Management assessed the final cash flow requirement of CHF14,000,000 (approximately $16,773,000 as of September 30, 2026) as the true reflection of facts, constraints, and circumstances existing at the acquisition date, and has recognized the final settlement liability at CHF14,000,000 (approximately $16,773,000 as of September 30, 2026) in "accrued expenses and other current liabilities" on the unaudited condensed consolidated balance sheets.

AMR GP Limited/Circle8 Group BV Arbitration

On or about September 22, 2026, AMR GP LIMITED ("AMR") and the Company's CIRCLE8 GROUP BV ("BV") European subsidiary filed a request for arbitration in the United Kingdom under the Arbitration Rules of the London Court of Arbitration. The petition alleges that the BV failed to pay amounts due under a Sponsorship Agreement dated May 25, 2024. BV has not responded to the arbitration request and is reviewing the matter and is assessing the veracity of the claims made therein. According to the request, AMR seeks approximately €3,209,856 in fees plus costs. The Company is in discussions with AMR's counsel to resolve the matter amicably.

Note 12: Fair Value Measurements

A summary of the activities of Level 3 fair value measurements is as follows:

	Three Months Ended September 30, 2026					
	Circle8 Benelux Warrant	Preferred Stock Purchase Warrant	Bifurcated Derivatives	Share Settled Earnout	Circle8 Contingent Consideration	Total
Beginning balance	$ 6,080,000	$ 1,526,672	$ 157,454	$ 5,600,000	$ 2,350,000	$ 15,714,126
Issuance	—	—	489,421	—	—	489,421
Settlements	—	(356,772)	(587,830)	(5,600,000)	—	(6,544,602)
Gain on warrant exercise	—	(24,780)	—	—	—	(24,780)
Change in fair value	820,000	(419,396)	(8,974)	—	40,000	431,630
Ending balance	$ 6,900,000	$ 725,724	$ 50,071	$ —	$ 2,390,000	$ 10,065,795

	Nine Months Ended September 30, 2026					
	Circle8 Benelux Warrant	Preferred Stock Purchase Warrant	Bifurcated Derivatives	Share Settled Earnout	Circle8 Contingent Consideration	Total
Beginning balance	$ —	$ —	$ —	$ —	$ —	$ —
Assumed during Circle8 Acquisition	1,795,491	—	—	—	—	1,795,491
Issuance	—	5,970,000	4,947,221	5,600,000	2,098,574	18,615,795
Settlements	—	(2,259,556)	(5,865,474)	(5,600,000)	—	(13,725,030)
Gain on warrant exercise	—	(664,588)	—	—	—	(664,588)
Change in fair value	5,104,509	(2,320,132)	968,324	—	291,426	4,044,127
Ending balance	$ 6,900,000	$ 725,724	$ 50,071	$ —	$ 2,390,000	$ 10,065,795

As of September 30, 2026, the Circle8 Benelux Warrant is recorded in “warrant liabilities, current”, the Preferred Stock Purchase Warrant is recorded in “warrant liabilities, non-current”, the Bifurcated Derivatives are recorded in “other liabilities”, and the Circle8 Contingent Consideration is recorded in “contingent consideration liabilities - related parties” on the accompanying unaudited condensed consolidated balance sheets. Settlements of the Preferred Stock Purchase Warrant in the preceding tables reflect the exercise of these instruments. Issuances of Bifurcated Derivatives shown in the preceding tables are due to the issuance of shares of the Company’s Series B Preferred Stock in which the Bifurcated Derivatives are embedded. Settlements of the Bifurcated Derivatives shown in the preceding tables are due to the redemption of the Company’s Series B Preferred Stock. As discussed in Note 2: *Merger and Acquisition*, during the quarter ended September 30, 2026, the Company concluded that due to the cancellation of the Merger Note, it will not be required to issue shares or any other form of payment under the Share Settled Earnout and accordingly the fair value thereof was adjusted to $0. The settlement of the Share Settled Earnout is recorded in “gain on extinguishment of contingent consideration liability” in the unaudited condensed consolidated statements of operations and comprehensive loss. Changes in the fair value of Preferred Stock Purchase Warrant, the Circle8 Benelux Warrant and the Bifurcated Derivatives, shown in the table above are recorded in “realized and unrealized (gains)/losses on warrants and derivatives” in the unaudited condensed consolidated statements of operations and comprehensive loss. During the three and nine months ended September 30, 2026, the Company recorded aggregate realized gains of $24,780 and $664,588, respectively upon the exercise of the Series B Preferred Stock Warrants, which are included in “realized and unrealized (gains)/losses on warrants and derivative liabilities” in the accompanying unaudited condensed consolidated statement of operations and comprehensive loss. See Note 15: *Warrants, Mezzanine Preferred Stock and Mezzanine Equity* for further discussion regarding the warrants and the additional Series B Preferred Stock issuance.

Valuation Methodology and Assumptions

Circle8 Benelux Warrant

The provisionally recognized fair value of the Circle8 Benelux Warrant amounts to Circle8's pre-acquisition carrying value for the liability on the Circle8 Acquisition Date. This carrying value represented Circle8's estimated fair value of the instrument as measured at December 31, 2025. The Circle8 Benelux Warrant is categorized as a Level 3 fair value measurement because the Company utilized significant unobservable inputs, including expected volatility, expected term, probability weighting of exit and non-exit scenarios, discount for lack of marketability, discount for lack of control, and timing of expected liquidity events.

The provisional fair value and September 30, 2026, fair value of the Circle8 Benelux Warrant was determined using a Monte Carlo simulation model that simulated the equity value based on a Geometric Brownian Motion framework.

Significant inputs used in the model to derive the provisional fair value used as of December 31, 2025, are as follows:

Estimated term	1 year
Estimated annual volatility of underlying stock	46 %
Risk-free interest rate	3.5 %

Significant inputs used in the model at September 30, 2026, are as follows:

Estimated term	0.25 years
Estimated annual volatility of underlying stock	50 %
Risk-free interest rate	4.2 %

Circle8 Contingent Consideration

The provisional fair value of the Circle8 Contingent Consideration was determined using a Monte Carlo simulation model. This valuation technique incorporates significant unobservable inputs, including expected volatility, forecasted financial performance, and a risk-adjusted discount rate. Changes in any of these assumptions could result in a materially higher or lower fair value measurement. Accordingly, the fair value of the Circle8 Contingent Consideration is classified as a Level 3 measurement within the fair value hierarchy. Significant inputs used in the model at January 23, 2026, are as follows:

Expected revenue volatility	4.8 %
Revenue discount rate	4.5 %
Risk-free interest rate	3.4 %

Significant inputs used in the model at September 30, 2026 are as follows:

Expected revenue volatility	25.0 %
Revenue discount rate	8.2 %
Risk-free interest rate	4.2 %

Series B Preferred Stock, Bifurcated Derivatives and Preferred Stock Purchase Warrant

The fair value of the Preferred Stock Purchase Warrant was determined using a Black-Scholes model that incorporates the use of a Monte Carlo simulation to determine the input representing the value of the underlying Series B Preferred Stock. The result was equivalent to a fair value of $403 for each of the remaining 1,800 separately exercisable units of the warrant as of September 30, 2026. The Preferred Stock Purchase Warrant is categorized as a Level 3 fair value measurement because the Company utilizes significant unobservable inputs, including the estimated fair value of the underlying Series B Preferred Stock, estimated volatility and expected term. Significant inputs used in the model at September 30, 2026, are as follows:

Estimated term		0.39 years
Estimated annual volatility		60 %
Annual variance		36 %
Risk-free interest rate		4.2 %
Strike price for each underlying share	$	1,000

The underlying per share fair value of the Series B Preferred Stock as of September 30, 2026, was determined as follows:

Common Stock prices were simulated using Geometric Brownian Motion on a daily basis through the end of the term. Then the Series B Preferred Stock was determined to either convert to Common Stock or receive its stated value plus accrued but unpaid dividends, whichever was more economically advantageous. Significant inputs used in the model at September 30, 2026, are as follows:

Common Stock price	$	0.47
Simulation Term		4.75 years
Risk-free interest rate		4.18 %
Expected annual volatility		60 %
Annual dividend rate		5% - 18%

The initial fair value of the Series B Preferred Stock was also measured at March 20, 2026, using the same methodology employed at March 31, 2026, which resulted in a per share fair value of $2,002. Significant inputs used in the model at March 20, 2026, are as follows:

Common Stock price	$	4.38
Simulation Term		5 years
Risk-free interest rate		4.0 %
Expected annual volatility		60 %
Annual dividend rate		5% - 18%

For the Series B Preferred Stock, the Company concluded that the host instrument is equity-like. The Company further concluded that certain embedded features were not clearly and closely related to that equity-like host and therefore required bifurcation. These bifurcated features include: (i) the contingent increase in the dividend rate, and (ii) embedded redemption features, which include certain terms labeled in the governing documents as “conversion features” but functioning economically in a manner akin to share-settled redemption features, as well as the redemption features described in Note 15: *Warrants, Mezzanine Preferred Stock and Mezzanine Equity.* These features were bifurcated and accounted for together as a single compound derivative liability (the “Bifurcated Derivatives”).

The fair value of the Bifurcated Derivatives at issuance was determined using a Monte Carlo simulation model applying a “with and without” valuation method. Under this approach, the Company estimated the fair value of the Series B Preferred Stock including the Bifurcated Derivatives (the “with” scenario) and compared it to the fair value of an otherwise similar instrument excluding those features (the “without” scenario). The difference between these two scenarios represented the fair value of the Bifurcated Derivatives. The Monte Carlo simulation utilized Geometric Brownian Motion to model the Company’s common stock price on a daily basis over the expected term of approximately 5.28 years and incorporated 100,000 simulation trials. The March 20, 2026, issuance-date fair value of the Bifurcated Derivatives was $2,260,000.

The “with” scenario at March 20, 2026, produced an estimated per share fair value of the Series B Preferred Stock of approximately $2,002 resulting in an aggregate fair value of approximately $11,210,000 for the Series B Preferred Stock. The corresponding “without” scenario produced an estimated per share fair value of the Series B Preferred Stock of approximately $1,598, resulting in aggregate fair values of approximately $8,950,000 for the Series B Preferred Stock. The approximate $2,260,000 difference between the “with” and “without” scenarios was recorded as the initial fair value of the Bifurcated Derivatives. The Company subsequently remeasured the bifurcated derivatives attributable to the remaining 90 shares outstanding at September 30, 2026, using a consistent valuation methodology, resulting in a fair value of $50,071 or $556 per share versus $404 per share at issuance. The increase in fair value during the period was primarily due to changes

in the Company's common stock price and the resulting effect on the expected economic outcomes of the bifurcated features.

The bifurcated derivative liability is classified as a Level 3 fair value measurement because the valuation relies on significant unobservable inputs and simulation-based techniques.

Note 13: Segment Reporting

The Company reports information about operating segments in accordance with ASU 2023-07 — *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which requires financial information to be reported based on the way management organizes segments within a company for making operating decisions and evaluating performance. Circle8 Group B.V. and Lyneer each provide similar staffing/consulting services and use similar service delivery processes. However, Circle8 Group B.V. focuses on the European market, providing workplace solutions to enterprises, technology companies, financial institutions, and public-sector organizations, while Lyneer focuses on accounting, finance, customer service, hospitality, professional and medical, and light industrial staffing placement in the U.S. market.

In the U.S., revenue is derived from hourly fees charged from the placement of "light industrial" temporary staffing and placement fees earned from the placement of professional permanent employees at its customers. Revenues are accounted for and tracked by each branch location by temporary or permanent placement. The direct costs are not reported by temporary or permanent placement, but rather reported together. Direct costs, primarily payroll and payroll-related costs are included in cost of goods sold. Each branch's operating expenses are not separated into temporary or permanent placement costs, but are reported in total at the branch level. So ultimately the segment manager does not review discrete financial information summarized by temporary or permanent placement, but rather totals by operating branch.

Circle8 Group B.V. is comprised of multiple entities in various European countries, and each country's operation (e.g., staffing company brand) is its own business unit and has its own business activities, managing director, and subsidiaries with discrete financial information. Accordingly, each business unit/country operation represents a component under ASC 280. The managing directors are all accountable to the Circle8 Group B.V. segment manager.

Therefore, the Company has two reportable segments, Domestic and International, which are in the business of providing commercial staffing solutions.

The accounting policies of the two reportable segments are the same as those described in Note 3: *Summary of Significant Accounting Policies*.

The Company's CEO is the Chief Operating Decision Maker ("CODM") and reviews financial information presented at the Lyneer/U.S. and Circle8/European level for purposes of making operating decisions, allocating resources, and evaluating financial performance. While business unit/country level financial information is available, the CODM holds the segment manager accountable for the operating results of Circle8 consolidated and relies on them to appropriately manage performance of their segment and related business units. The CODM also evaluates performance at the U.S and European level because that is the level investors focus on, with particular focus on revenues, profitability, growth trends, headwinds and other key trends.

The CODM uses net income/(loss) to evaluate income/(loss) generated from segment assets (return on assets) in deciding whether to reinvest profits into the current business segment or into other parts of the entity or parent, such as for acquisitions or other public costs such as investor relations and marketing and does not evaluate operating segments using asset or liability information.

The Company does not have intra-entity sales. Transfers between the segments were immaterial for the three and nine months ended September 30, 2026.

Segment information for the three and nine months ended September 30, 2026, consisted of the following:

	Three Months Ended September 30, 2026		Nine Months Ended September 30, 2026	
	Domestic	International	Domestic	International
Service revenue, net	$ 121,919,915	$ 199,768,436	$ 340,374,477	$ 551,007,542
Cost of revenue	113,166,030	187,285,873	310,528,511	514,387,744
Gross profit	8,753,885	12,482,563	29,845,966	36,619,798
Selling, general and administrative	26,913,141	15,860,102	72,746,264	36,790,459
Loss on impairment of goodwill	—	26,915,000	—	26,915,000
Depreciation and amortization	1,105,071	3,778,692	3,557,818	10,091,846
Loss from operations	**(19,264,327)**	**(34,071,231)**	**(46,458,116)**	**(37,177,507)**
Loss on debt extinguishment	—	—	4,826	—
Loss from recognition of joint and several debt and related settlement	44,436,897	—	101,309,679	—
Interest expense	4,296,754	782,906	9,905,443	3,005,630
Loss on financing	—	—	11,613,736	—
Realized and unrealized (gain)/loss on warrants and derivative liabilities	(956,002)	825,830	(2,016,396)	5,190,247
Gain on extinguishment of contingent consideration liability	(5,600,000)	—	(5,600,000)	—
Other expenses, gains and losses	(1,057,148)	4,063,985	2,233,465	9,360,598
Net loss before provision for income taxes	**(60,384,828)**	**(39,743,952)**	**(163,908,869)**	**(54,733,982)**
Income tax benefit/(expense)	(8,370)	2,459,373	(24,499)	3,931,731
Net loss	**$ (60,393,198)**	**$ (37,284,579)**	**$ (163,933,368)**	**$ (50,802,251)**

The Company had one reportable segment as of September 30, 2025, and segment information for the three and nine months ended September 30, 2025, consisted of the following:

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
	Domestic	
Service revenue, net	$ 110,127,203	$ 315,833,003
Cost of revenue:	97,725,227	280,826,211
Gross profit	**12,401,976**	**35,006,792**
Selling, general and administrative	19,888,692	58,158,706
Depreciation and amortization	1,230,307	3,699,446
Loss from operations	**(8,717,023)**	**(26,851,360)**
Interest expense	2,094,177	5,402,959
Net loss before provision for income taxes	**(10,811,200)**	**(32,254,319)**
Income tax expense	(9,144)	(28,379)
Net loss	**$ (10,820,344)**	**$ (32,282,698)**

Note 14: Concentrations of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable.

Cash in Excess of FDIC Insured Limits

The Company places its cash and cash equivalents with financial institutions which it believes are of high creditworthiness. The Company has bank accounts in the U.S. as well as countries in Europe in which it operates. The

Company's Deposits in the U.S. are with banks insured by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The FDIC insures deposits at member banks up to $250,000 per depositor. The Company also holds a portion of its cash and cash equivalents in accounts with foreign financial institutions that are not federally insured. The Company's cash balances with US banks in excess of FDIC insured limits amounted to $2,384,362 and $0 as of September 30, 2026 and December 31, 2025, respectively.

The Company has not experienced any losses with regard to its bank accounts and believes it does not pose a significant credit risk to the Company.

Other Concentrations

As of September 30, 2026 and December 31, 2025, the Company had a deposit related to workers' compensation insurance in the amount of $8,000,000 with a professional employer organization ("PEO"). The PEO is the employer of record for substantially all of the Company's engagement professionals, and as such certain costs of revenue are paid to the PEO and subsequently distributed to Company engagement professionals. See Note 9: *Accrued Expenses and Other Current Liabilities* for information concerning notice of defaults sent by the PEO.

Note 15: Warrants, Mezzanine Preferred Stock and Mezzanine Equity

Series B 5% Convertible Preferred Stock and Preferred Stock Purchase Warrant

On March 20, 2026, the Company filed with the Secretary of State of the State of Delaware a Certificate of Designations, Preferences, Rights and Limitations of Series B 5% Convertible Preferred Stock (the "Certificate of Designations") to its Amended and Restated Certificate of Incorporation. The Company has authorized 20,000,000 shares of preferred stock, none of which was issued or outstanding prior to the filing of the Certificate of Designations. The Certificate of Designations authorized the issuance of up to 15,000 shares of Series B 5% Convertible Preferred Stock, par value $0.00001 per share (the "Series B Preferred Stock"). The Certificate of Designations establishes and sets forth the designations, preferences, powers and rights, and limitations of the Series B Preferred Stock.

Concurrent with the filing of the Certificate of Designations, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with an institutional investor (the "Purchaser"), whereby it agreed to sell to the Purchaser (the "Offering") (i) 5,600 shares of the newly established Series B Preferred Stock, which has a stated value of $1,070 per share (the "Stated Value") for a purchase price of $1,000 per share, and warrants (the "Preferred Stock Purchase Warrants") to purchase up to 5,600 shares of Series B Preferred Stock at an exercise price of $1,000 per share, subject to adjustment (the "Warrant Shares").

The Offering was completed on March 20, 2026 (the "Series B Preferred Stock Closing Date"). The cash proceeds from the Offering were $5,565,000, which is net of a deduction of $35,000 to compensate the holder for the transaction expenses incurred by them.

The Series B Preferred Stock ranks senior to the Company's Common Stock with respect to dividend payments, redemption rights, distributions and payments upon the liquidation, dissolution and winding up of the Company. Each share of Series B Preferred Stock entitles the holder to dividends initially equal to 5.0% of the stock's Stated Value, per annum payable quarterly in cash or shares of Series B Preferred Stock, at the option of the Company. The dividends are cumulative. The Company recognized $146,604 of dividends payable for the period from the Series B Preferred Share Closing Date through June 30, 2026, which were paid in-kind through the issuance of 146 shares of Series B Preferred Stock on July 9, 2026. As of September 30, 2026, the Company has accrued $5,185 of dividends payable to Series B Preferred Shareholders.

If the closing value of the Company's Common Stock is less than an established Floor Price (initially set at $2.25 per share) then in effect, for five consecutive days, the dividend rate increases to 18.0% of the Stated Value of the Series B Preferred Stock per annum. The Floor Price is subject to adjustment on the 40th business day after the Series B Preferred Share Closing Date (the "Floor Reset Date"). The adjusted Floor Price will be equal to 65% of the lowest closing price of the Common Stock during the 15 trading days immediately preceding the Floor Reset Date but in no case will the adjustment increase the Floor Price. The Floor Reset Date occurred on May 15, 2026, at which time the Floor Price was reset to $0.8255. During the nine-month period ended September 30, 2026 the Company's Common Stock closed below the Floor Price for five consecutive days and the dividend rate was therefore adjusted to 18.0% effective April 23, 2026.

The Series B Preferred Stock may be converted into such number of shares of Common Stock as is equal to the Stated Value of the Series B Preferred Stock divided by the applicable Market Conversion Price (defined below). The Conversion Price is initially equal to $4.38 (the "Initial Conversion Price"), which was the Closing Price of the Common Stock at the

opening of trading on the Series B Preferred Share Closing Date, unless during the first 30 calendar days following the Series B Preferred Share Closing Date (the "Initial Conversion Price Period") the lowest Closing Price of the Common Stock falls below 85% of the Initial Conversion Price, in which case the conversion will be at the Market Conversion Price. During the Initial Conversion Price Period, the Market Conversion Price will equal the average of the three lowest closing prices of the Common Stock during the ten trading days immediately preceding the applicable conversion date. After the Initial Conversion Price Period, the Market Conversion Price will be the lesser of: (i) 90% of the average of the three lowest closing prices of the Common Stock during the ten trading days immediately preceding the applicable conversion date and (ii) 110% of the Closing Price on the Series B Preferred Stock Closing Date. In no case will the applicable Market Conversion Price be less than the Floor Price then in effect. In the event that the Company issues Common Stock at a price lower than the conversion price that would otherwise be in effect for the Series B Preferred Stock or issues securities other than certain exempted transactions that may be converted into or exercised to acquire the Company's Common Stock that have a conversion price or an exercise price lower than the conversion price that would otherwise be in effect for the Series B Preferred Stock the conversion price of the Series B Preferred Stock will decrease to the aforementioned sale, conversion, or exercise price as applicable. No conversion shall be effective if, after conversion and giving consideration to attribution parties of the holder, the holder will have a beneficial ownership interest in the Company exceeding 9.99% of the number of shares of Common Stock outstanding immediately after the conversion.

The Company's Series B Preferred Stock contains variable share settlement provisions which are predominantly based upon a fixed monetary amount. Accordingly, settlements of the Company's Series B Preferred Stock pursuant to such terms are accounted for as share-settled redemptions, rather than fixed share conversions. During the Initial Conversion Price Period the closing price of the Company's Common Stock fell below 85% of the Initial Conversion Price and as a result, the Market Conversion Price became effective for all settlements of Series B Preferred Stock that occurred during the nine months ended September 30, 2026. Share settled redemptions occurred on various dates during the nine months ended September 30, 2026, at prices ranging from $0.8255 per share to $3.09 per share.

On June 25, 2026, the Company issued an additional 150 shares of Series B Preferred Stock to the Holder as a fee for a waiver of certain obligations under the Certificate of Designations. The shares were issued for no additional consideration and the fair value of the Series B Preferred Stock, inclusive of bifurcated derivatives, was $239,193 which the Company recorded as an expense. The waiver fee is included in "selling, general and administrative" expenses on the accompanying unaudited condensed consolidated statement of operations and comprehensive loss.

As of September 30, 2026, the Company had 90 shares of outstanding shares of Series B Preferred Stock which are convertible into 116,657 shares of the Company's Common Stock.

The Company may, at any time commencing on the thirtieth business day after the Series B Preferred Stock Closing Date, at its sole option, redeem some or all of the Series B Preferred Stock then outstanding, at a redemption price equal to the sum of (i) 110% of the aggregate Stated Value of the outstanding Series B Preferred Stock, (ii) accrued but unpaid dividends, and (iii) all liquidated damages and other amounts due in respect to the Series B Preferred Stock (the "Optional Redemption Amount"), upon a prior written notice to the holder given at least thirty (30) days before such redemption (the "Optional Redemption Notice"). The holder shall continue to have the right to convert the Series B Preferred Stock at the Conversion Price then in effect after receipt of an Optional Redemption Notice and prior to the payment of the Optional Redemption Amount. If the Company fails to meet certain requirements specified in the Certificate of Designations at any time between delivery of the Optional Redemption Notice and payment of the Optional Redemption Amount, the holder can nullify the redemption by giving three days' notice.

Upon the occurrence of a "Triggering Event" as defined in the Certificate of Designations which includes failure to maintain or provide effective registration statements for issuable shares, failure to maintain an adequate reserve of Common Stock shares to satisfy conversions, violation of negative covenants contained in the Certificate of Designations, redemption of more than a de minimis number of securities junior to the Series B Preferred Stock, becoming party to a "Fundamental Transaction" (as defined in the Certificate of Designations and discussed in more detail below) or a change of control transaction, bankruptcy, a monetary judgment against the Company or any subsidiary in excess of $500,000 that is unvacated, unbonded, or unstayed for a period of 60 calendar days, or a payables litigation that is unvacated, unbonded or unstayed for a period of 45 days, the holders of the Series B Preferred Stock will have the option to require the Company to redeem all of the Series B Preferred Stock held by the holder (the "Triggering Event Redemption"). The Triggering Event Redemption shall be paid in cash at a price equal to the sum of (a) the greater of (i) 120% of the aggregate Stated Value then outstanding and (ii) the product of (y) the "Volume Weighted-Average Price" (as defined in the Certificate of Designations) on the trading day immediately preceding the date of the Triggering Event and (z) the Stated Value divided by the then Conversion Price, (b) all accrued but unpaid dividends thereon and (c) all liquidated damages and other amounts due in respect of the Series B Preferred Stock (the "Triggering Redemption Amount"). Upon the occurrence of a Triggering Event, the Floor Price shall also be reset to equal the lesser of (i) the Floor Price then in effect and (ii) 20% of

the Closing Price on the Series B Preferred Stock Closing Date. In addition to the foregoing, upon the occurrence of a Triggering Event, the Company shall pay each holder of Series B Preferred Stock an amount in cash equal to $100,000 as liquidated damages. The Company is contractually obligated to pay the Triggering Redemption Amount in cash within five trading days of receiving a put notice.

If the average daily closing price of the Company's Common Stock during the six calendar months immediately following the Series B Preferred Stock Closing Date is less than the Floor Price then in effect at the end of such period (the "Put Trigger"), then each holder shall have the right, exercisable at any time within 30 trading days following the end of such six calendar month period, to require the Company to redeem up to 50% of such holders then-outstanding shares of Series B Preferred Stock. The redemption shall be at a price equal to the Triggering Redemption Amount (the "Holder Put Right").

Upon the consummation of a Fundamental Transaction by the Company, which includes a merger, sale of all or substantially all the assets of the Company, recapitalization, reorganization, or the sale by the Company of shares resulting in more than 50% ownership by a person or group, the holders of the Series B Preferred Stock shall have the right to convert their shares into the shares of common stock of the successor or acquiring corporation or shares of common stock of the Company, if it is the surviving entity, and receive any additional consideration receivable as a result of such Fundamental Transaction by a holder of shares of Common Stock

Upon any issuance by the Company or any of its subsidiaries of Common Stock, Common Stock equivalents for cash consideration, indebtedness or a combination of units thereof (the "Subsequent Financing"), the Purchaser shall have the right to participate in up to 25% of the aggregate amount of such Subsequent Financing on the same terms, conditions and price provided for in the Subsequent Financing, during a period of 24 months after the Series B Preferred Share Closing Date.

The Series B Preferred Stock is not considered mandatorily redeemable; however, the Series B Preferred Stock is redeemable upon events not solely in the Company's control. Accordingly, the Company determined that mezzanine treatment is appropriate for the Series B Preferred Stock and has presented it as such in the unaudited condensed consolidated balance sheets and unaudited condensed consolidated statements of changes in mezzanine equity and stockholders' deficit.

The Company concluded that the holder redemption features within the Series B Preferred Stock met all requirements for bifurcation, and accordingly, the Company separately recognized a liability embodying the estimated fair value of these features (the "Bifurcated Derivatives") upon both the initial issuance, and subsequent issuances upon the exercise of Series B Preferred Stock Warrants, of Series B Preferred Stock. Refer to Note 12: *Fair Value Measurements* for additional information regarding the valuation of the Bifurcated Derivatives.

The Preferred Stock Purchase Warrant was issued as part of the Offering and was initially accounted for as a liability by the Company and accordingly is required to be measured initially and subsequently at fair value with changes thereto recorded within net income. The Company valued the Preferred Stock Purchase Warrant initially at fair value upon issuance using a Black-Scholes model (see Note 12: *Fair Value Measurements* for additional information). The Company concluded that the fair value of the Preferred Stock Purchase Warrant on the Series B Closing Date was $5,970,000, which exceeded the gross proceeds received. Accordingly, the Company determined that the appropriate accounting for the Offering was to value all instruments issued to the Purchaser at fair value and record the excess of this fair value over the proceeds received as a loss within net income. The Company concluded that the aggregate fair value of the Series B Preferred Stock issued amounted to $11,208,736 and accordingly recognized a loss upon the consummation of the Offering as follows:

Series B Preferred Stock, fair value (inclusive of Bifurcated Derivatives)	$	11,208,736
Preferred Stock Purchase Warrant, fair value		5,970,000
Less: Proceeds received		5,565,000
Loss on issuance	$	(11,613,736)

The Company determined certain features embedded in the Series B Preferred Stock met the requirements to be separately accounted for as derivative instruments. These features have been accounted for as a single compound derivative and had a fair value on March 20, 2026, of $2,260,000. The residual Series B Preferred Stock host had a fair value of $8,948,736 (the "Initial Host Amount"). At issuance, the Company recognized the Series B Preferred Stock at the Initial Host Amount. See Note 12: *Fair Value Measurements* for additional information about the valuation of the Series B Preferred Stock and the Bifurcated Derivatives.

The Preferred Stock Purchase Warrant is exercisable at any time on or after March 20, 2026, and expires on February 20, 2027, subject to extension under certain circumstances. The Preferred Stock Purchase Warrant is a freestanding instrument. The Company determined that the Preferred Stock Purchase Warrant did not satisfy the conditions to be accounted for as an equity instrument and, accordingly, classified the warrant as a liability upon issuance. Refer to Note 12: *Fair Value Measurements* for additional information regarding the valuation of the Preferred Stock Purchase Warrant liability. As of September 30, 2026, the aggregate outstanding Preferred Stock Purchase Warrant was convertible into 1,800 shares of Series B Preferred Stock. If the Preferred Stock Purchase Warrant was exercised on September 30, 2026 the 1,800 shares of Series B Preferred Stock received upon exercise would be convertible into 2,333,131 shares of the Company's Common Stock.

Circle8 Benelux Warrants

As a result of the Circle8 Acquisition, the Company assumed a warrant (the "Circle8 Benelux Warrant") that had been previously issued by Circle8 Benelux B.V. ("Circle8 Benelux"). Upon the consummation of the Circle8 Acquisition, Circle8 Benelux became a consolidated subsidiary of the Company. The Circle8 Benelux Warrant expires on April 1, 2027. The Circle8 Benelux Warrant enables the holder to acquire a 9.8% equity interest in Circle8 Benelux for an aggregate exercise price of €784,000 (approximately $890,000 at September 30, 2026). The holder of the Circle8 Benelux Warrant may also elect to cash-settle the warrant during the final year during which it is outstanding, for an amount that is equal to 9.8% of the product of eight times the prior year EBITDA of Circle8 Benelux, less downward adjustments for certain debt-like items. The Circle8 Benelux Warrant has been recorded in "warrant liabilities, current" on the accompanying unaudited condensed consolidated balance sheet. The Circle8 Benelux Warrant was provisionally measured on the Circle8 Acquisition Date based on Circle8's carrying value thereon, and revalued at September 30, 2026. Refer to Note 12: *Fair Value Measurements* for additional information regarding the valuation of the Circle8 Benelux Warrants.

Redeemable NCI

20% of the outstanding equity in the Company's subsidiary, Circle8 Consulting, is owned by a third party (the "Redeemable NCI Holder"). The Redeemable NCI consists of 5,000 common shares of Circle8 Consulting. Under the terms of the shareholders' agreement, the Redeemable NCI Holder holds an option to put the Redeemable NCI to the Company for cash at any time after November 1, 2026 (the "NCI Put Option"). The amount of cash to be received by the Redeemable NCI Holder upon the exercise of the NCI Put Option is determined using a contractually defined option base amount derived from Circle8 Consulting's consolidated EBITDA for 2025, multiplied by a contractual EBITDA multiple, and then multiplied by the percentage of Circle8 Consulting's registered share capital represented by the Redeemable NCI (the "Redeemable NCI Put Price"). The Company also has the option to acquire the Redeemable NCI from the Redeemable NCI Holder upon the occurrence of certain specified events relating to changes to the composition of upper management of Circle8 Consulting (the "Redeemable NCI Call Option"). The exercise price of the Redeemable NCI Call Option is calculated in the same manner as the Redeemable NCI Put Price, except that it is calculated using the EBITDA figure for the most recently completed year preceding the exercise of the NCI Call Option. See Note 20: *Subsequent Events for discussion on the exercise of the NCI Put Option.*

The Company has elected to accrete the Redeemable NCI to the Redeemable NCI Put Price which is the full redeemable amount of $3,388,143 as of March 31, 2026. Accretion of $2,003,670 was accounted for as a reduction of paid-in capital and an increase of the carrying value of the Redeemable NCI during the nine months ended September 30, 2026.

See to Note 2: *Merger and Acquisition* for further information about the Redeemable NCI.

Note 16: Related Party Transactions

Transactions with Officers

As of September 30, 2026, the Company has a receivable from officers of $628,809 related to payroll taxes as a result of RSU vestings, which is included in "due from related parties, current" in the accompanying unaudited condensed consolidated balance sheets.

Transactions with IDC

The Company and IDC were co-borrowers and were jointly and severally liable for principal and interest payments under the Term Loan related to the BMO Revolver, the Term Note, the Seller Notes and the Earnout Notes.

As a result of the Merger, the Company was required to file short-period income tax returns for the periods of January 1, 2024 to June 18, 2024, and June 19, 2024 to December 31, 2024. For the first short-period, Lyneer and IDC filed consolidated income tax returns in certain states. In connection with this arrangement the Company has recorded a liability

payable to IDC for taxes payable by IDC which represented taxes attributable to the Company's operations included on consolidated state and local income tax returns filed by IDC. These amounts were determined by calculating the Company's taxable income multiplied by the applicable tax rate. Amounts payable to IDC of this nature amounted to $548,432 as of both September 30, 2026 and December 31, 2025, and are included in "other assets", on the accompanying unaudited condensed consolidated balance sheets. For the second short-period ended December 31, 2024 and the full year ended December 31, 2025, Lyneer has filed consolidated income tax returns with Atlantic International Corp.

Total amounts receivable from IDC amounted to $0 as of September 30, 2026, due to a valuation allowance of $9,138,604 during the nine months ended September 30, 2026, related to the Company fully reserving the net IDC receivable balance. Total amounts receivable from IDC amounted to $1,369,833 as of December 31, 2025, and are included in "other assets", on the accompanying unaudited condensed consolidated balance sheets. This consists of $500,000 related to the expenses paid by Lyneer for the balance remaining on the BMO Revolver rolled into the current Revolver, $1,418,265 related to expenses incurred by IDC and paid by the Company and $548,432 payable to IDC for taxes payable. There are no formalized repayment terms.

Pursuant to the Amended and Restated Convertible Promissory Note, any amounts paid to BMO will be in satisfaction of this Note. The Company offset the December 31, 2025 balance related to the IDC receivable that was remaining on the BMO Revolver and rolled into the current Revolver as allowed per the Amended and Restated Convertible Promissory Note. See Note 8: *Debt* for the Company's gross and net offsetting liability amounts. Below is presented the calculation of the net amount of the receivable from IDC as of December 31, 2025, included in "other assets" on the accompanying consolidated balance sheets.

	Gross Amount	Amount Offset	Net Receivable from IDC included in "Other assets" on Consolidating Balance Sheet
Receivable from IDC included in "Other assets"	$ 7,426,218	$ (6,056,385)	$ 1,369,833

On June 18, 2024, the Company entered into a $35,000,000 Merger Note with IDC. See Note 8: *Debt* for further discussion. Additionally, IDC was issued 25,423,729 shares of the Company's common stock at a market value of $2.36 per share, or $60,000,000 in the aggregate.

On April 28, 2025, IDC was no longer considered a related party according to ASC Topic 850 — *Related-party Disclosures*.

Transactions with SPP Credit Advisors, LLC ("SPP")

SPP is a related party due to being a principal owner of more than 5% of the Company's Common Stock. See Note 8: *Debt* and Note 11: *Commitments and Contingencies* for further discussion related to the troubled debt restructuring and other SPP transactions.

Transactions with Axiom and Related Entities

The Axiom Consulting Agreement and Axiom Netherlands Consulting Agreement stipulate that Axiom and Axiom Netherlands, respectively, will provide ongoing services consisting of advisory, management, strategic, operational and transaction support services to Circle8. The Axiom Consulting Agreements have an initial term of one year, and thereafter automatically renew for successive periods of one year, unless terminated by either party giving at least 3 months prior written notice. Pursuant to the Axiom Netherlands Consulting Agreement, the Company is required to pay Axiom Netherlands €2,400,000 (approximately $2,725,000 as of September 30, 2026) annually, with four equal payments invoiced in advance on a quarterly basis and payable within 30 days of the invoice date. Pursuant to the Axiom Consulting Agreement, the Company is required to pay Axiom €1,200,000 (approximately $1,363,000 as of September 30, 2026) annually, with four equal payments invoiced in advance on a quarterly basis and payable within 30 days of the invoice date. The Company recognized $2,969,674 as expense under the Axiom Consulting Agreements during the nine months ended September 30, 2026, which is included in "selling, general and administrative" in the accompanying unaudited condensed consolidated statement of operations and comprehensive loss.

The Company additionally incurred $1,008,794 related to independent contractors placed by Axiom during nine months ended September 30, 2026. These expenses are included in "selling, general and administrative" in the accompanying unaudited condensed consolidated statement of operations and comprehensive loss.

In connection with the Circle8 Acquisition, the Company issued a Convertible Note to Axiom as a component of consideration transferred for the business. The Convertible Note has a stated principal amount of $161,961,751 and is non-interest-bearing.

Note 17: Stock-Based Compensation

Upon the consummation of the Merger, the 2023 Equity Incentive Plan (the "2023 Incentive Plan") became effective. The 2023 Incentive Plan provides for the grant of stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), dividend equivalents, and other stock or cash-based awards, or collectively, awards to officers, employees, non-employee directors, and consultants and those of our subsidiaries as selected from time to time by the plan administrator in its discretion. Unless otherwise set forth in an individual award agreement, each award shall vest over a four-year period, with one-quarter of the award vesting on the first annual anniversary of the date of grant, with the remainder of the award vesting monthly thereafter.

On July 22, 2024, the Company filed a registration statement on Form S-8 to register up to 15% (initially 7,309,322 shares) of the number of shares of common stock, par value $0.00001, to be outstanding immediately following consummation of the Initial Capital Raise following the Merger issuable pursuant to outstanding unvested or unexercised stock options, stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, and other stock or cash based awards (collectively, "Awards") granted under the Company's 2023 Incentive Plan which became effective upon the consummation and completion of the Merger.

On November 7, 2025, the stockholders approved the 2025 Omnibus Equity Incentive Plan (the "2025 Incentive Plan"). The Company initially reserved 10,000,000 shares of our Common Stock, par value $0.00001, for issuance under the 2025 Incentive Plan. The number of shares of Common Stock reserved for issuance under the 2025 Incentive Plan shall be adjusted upward to reflect 15% of the number of shares issued and outstanding as of December 31st of each year.

Shares underlying any awards under the 2023 Incentive Plan and 2025 Incentive Plan that are forfeited, cancelled, held back to cover the exercise price or tax withholding, satisfied without the issuance of stock or otherwise terminated (other than by exercise) will be added back to the shares available for issuance under the 2023 Incentive Plan and 2025 Incentive Plan. The payment of dividend equivalents in cash shall not count against the share reserve.

Restricted Stock Units

The Company has granted 1,170,510 RSUs to employees, which are fully vested, and 1,000,000 RSUs to non-employees, which are fully vested, during the nine months ended September 30, 2026. As of September 30, 2026, the Company had 0 unvested RSUs.

The following table summarizes the Company's restricted stock activity consisting of RSUs:

	Shares Outstanding	Weighted-average Grant Date Fair Value
Outstanding at December 31, 2025	6,754,124	$ 4.91
Granted	2,170,510	$ 1.59
Vested	(8,924,634)	$ 4.10
Unvested at September 30, 2026	—	**$** —

The vesting date fair value of RSUs that vested during the nine months ended September 30, 2026 and 2025 was $4.10 and $2.17, respectively. 8,924,634 and 1,241,938 shares vested during the nine months ended September 30, 2026 and 2025, respectively. The weighted-average grant date fair value per share of awards granted during the nine months ended September 30, 2026 and 2025 was $1.59 and $4.55, respectively. As of September 30, 2026, there was $0 of unrecognized stock-based compensation related to RSUs outstanding.

Stock Options

Stock options to purchase the Company's common stock are granted to employees and directors, upon approval by the Board of Directors, with an exercise price equal to the fair market value of the stock on the date of grant. Options generally become exercisable in four years, in equal installments beginning one year from the date of grant, and generally expire five years from the date of grant. The fair value of the Company's stock options is estimated on the date of grant using the

Black-Scholes option-pricing model. The Company has granted 1,655,000 stock options to employees during the nine months ended September 30, 2026. The weighted-average grant date fair value of the stock options granted during the nine months ended September 30, 2026 and 2025 was $1.67 and $2.37, respectively.

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

	Stock Options	Weighted-Average Exercise Price Per Share	Aggregate Intrinsic Value
Outstanding at December 31, 2025	1,000,000	$ 2.67	$ —
Granted	1,655,000	$ 1.84	
Forfeited	(1,100,000)	$ 2.25	
Outstanding at September 30, 2026	**1,555,000**	**$ 1.82**	**$ —**
Exercisable at September 30, 2026	—	$ —	$ —
Vested or expected to vest at September 30, 2026	1,555,000	$ 1.82	$ —

As of September 30, 2026, there was $1,057,416 of unrecognized stock-based compensation related to stock options outstanding and the average remaining contractual life on outstanding options was 3.33 years.

Stock-based compensation expense, included in "selling, general and administrative" on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock-based compensation expense	$ 97,332	$ 6,709,761	$ 4,701,250	$ 19,019,485

Shares retained to fund withholding taxes and the value of shares retained to fund withholding taxes were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Shares retained to fund withholding taxes	—	—	2,026,237	—
Value of shares retained to fund withholding taxes	$ —	$ —	$ 2,694,895	$ —

Common Stock Issuances for Services Performed

During the nine months ended September 30, 2026, the Company issued 524,429 shares of the Company's common stock outside of the Incentive Plan for prior services performed at an issuance stock price range of $0.47 - $3.07. During the nine months ended September 30, 2025, the Company issued 215,148 shares of the Company's common stock outside of the Incentive Plan for prior services performed at an issuance stock price range of $3.40 - $5.85.

Note 18: Income Taxes

For the three months ended September 30, 2026 and 2025, the Company recorded an income tax benefit (expense) of $2,451,003 and $(9,144), respectively. For the the nine months ended September 30, 2026 and 2025, the Company recorded an income tax benefit (expense) of $3,907,232 and $(28,379), respectively. The Company's effective tax rate for the three months ended September 30, 2026 and 2025 was 2.4% and (0.1)%, respectively. The Company's effective tax rate for the nine months ended September 30, 2026 and 2025 was 1.8% and (0.1)%, respectively. The effective tax rate for the nine months ended September 30, 2026 differs from the statutory rate primarily as a result of having a full valuation allowance maintained against our U.S. net deferred tax assets, along with certain foreign deferred tax assets, as well as foreign rate differential on foreign jurisdictions for which we do not maintain a valuation allowance. The change in

effective tax rate between the periods was primarily due to the tax benefit associated with foreign jurisdictions where we do not maintain a valuation allowance.

The application of purchase accounting resulted in a provisional recognition as of January 23, 2026, of $33,266,355 in deferred tax liabilities, net related to book-to-tax temporary differences for recognized intangible assets. As of September 30, 2026, the deferred tax asset was $0 and the deferred tax liability was $22,476,197.

As of September 30, 2026, the Company maintained a valuation allowance against all of its U.S. deferred tax assets for which realization cannot be considered more likely than not at this time. Management assesses the need for the valuation allowance on a quarterly basis. In assessing the need for a valuation allowance, the Company considers all positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and past financial performance.

Note 19: Earnings per Share

Basic net loss per share is computed by dividing net loss attributable to the Company's common stockholders by the weighted-average number of the Company's common shares outstanding during the period.

Series B Preferred Stock is a participating security for purposes of ASC 260. The Company applies the two-class method in computing earnings per share. Because the Series B Preferred Stock does not participate in losses or negative undistributed earnings beyond its earned dividend for the period, no residual net loss was allocated to the Series B Preferred Stock for the nine months ended September 30, 2026. For purposes of determining diluted earnings per share, the Company evaluates the Series B Preferred Stock under both the two-class method and the if-converted method and reports the more dilutive result, if any. Preferred stock dividends reduce income available to common stockholders in basic EPS, and when there is a net loss, the preferred dividend increases the loss attributable to common stockholders. The "gain on redemption of preferred stock" results from the variable share-settled redemptions of Series B Preferred Stock effectuated through the issuance of the Company's Common Stock.

On January 23, 2026, in connection with the Circle8 Acquisition, the Company recognized a redeemable NCI representing the common stock of Circle8 Consulting held by the noncontrolling holder. The Company elected to treat the full change in redemption value of that redeemable NCI as a deemed dividend for earnings per share purposes. Because the redeemable NCI is in the form of common stock redeemable at an amount other than fair value, the periodic accretion affects the EPS numerator. Consistent with the Company's policy election, the $2,003,670 accretion recorded during the nine months ended September 30, 2026, was treated as a reduction of income available to the Company's common stockholders. Because the Company had an accumulated deficit as of September 30, 2026, the accretion was recorded as a reduction of additional paid-in capital rather than retained earnings. The redeemable NCI represents common stock of Circle8 Consulting, not the Company's common stock, and therefore does not increase the denominator of the Company's basic or diluted earnings per share.

For the nine months ended September 30, 2026, net loss attributable to the Company's common stockholders for basic and diluted earnings per share was further reduced by the earned and payable Series B Preferred Stock dividend of $151,788. ASC 260 requires the Company to start from income (loss) attributable to the parent after allocation to NCI and then deduct preferred dividends and other dividend-like adjustments in arriving at income (loss) available to common stockholders.

Diluted net loss per share reflects the potential dilution that could occur if securities or other contracts to issue the Company's common stock were exercised, converted, or settled in shares. For the nine months ended September 30, 2026 and 2025, the Company reported net losses and, accordingly, all potential common shares were antidilutive and excluded from diluted earnings per share. As a result, diluted net loss per share equals basic net loss per share for each period presented.

The following table summarizes the computation of basic and diluted net loss per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				
Net loss attributable to Circle8	$ (97,744,346)	$ (10,820,344)	$ (214,859,189)	$ (32,282,698)
Less: Series B Preferred Stock dividend	(5,185)	—	(151,788)	—
Plus: Gain on redemption of preferred stock	354,794	—	7,499,038	—
Less: Deemed dividend from accretion of redeemable NCI	139,213	—	(2,003,670)	—
Net loss available to Circle8 common stockholders	$ (97,255,524)	$ (10,820,344)	$ (209,515,609)	$ (32,282,698)
Denominator:				
Weighted-average Circle8 common shares outstanding, basic and diluted	106,150,046	55,119,781	86,913,479	54,553,945
Net loss per share, basic and diluted	$ (0.92)	$ (0.20)	$ (2.41)	$ (0.59)
Excluded anti-dilutive shares	67,293,759	7,080,051	67,293,759	5,529,902

The Company used the following methods in evaluating potential common shares for diluted earnings per share:

- Stock options and RSUs — treasury stock method. 1,555,000 shares related to stock options and 322,580 shares related to RSUs were anti-dilutive for the nine months ended September 30, 2026.
- Series B Preferred Stock — two-class method for basic earnings per share because the instrument is a participating security, and the if-converted method for diluted earnings per share, with the more dilutive result reported when applicable. 116,657 shares were anti-dilutive for the nine months ended September 30, 2026.
- Convertible Note — if-converted method, subject to the satisfaction of any conversion contingencies. Because the Convertible Note was contingently exercisable as of September 30, 2026, the Company evaluated the instrument under the applicable contingently convertible/contingently issuable share guidance. 53,291,744 shares were anti-dilutive for the nine months ended September 30, 2026.
- Share Settled Payable outstanding indebtedness — If-converted method. 9,674,647 shares were anti-dilutive for the nine months ended September 30, 2026.
- Preferred Stock Purchase Warrants — treasury stock method. 2,333,131 shares were anti-dilutive for the nine months ended September 30, 2026.
- Circle8 Benelux Warrant — not included in Atlantic’s denominator as settlement is not in the Company’s common stock.

Note 20: Subsequent Events

The Company has evaluated subsequent events through November 23, 2026, as detailed below.

Series B Preferred Stock

From September 30, 2026, through the date of this filing, 88 shares of Series B Preferred Stock were converted into 114,064 shares of Common Stock at a conversion price of $0.8255 per share.

Consultant warrants

From September 30, 2026, through the date of this filing, the Company entered into multiple Common Stock Purchase Warrant agreements with a consultant. The warrants are to satisfy outstanding consulting fees (214,950 warrants) and a funding bonus (660,000 warrants) related to services associated with financing and investor relations.

Employers Personnel, LLC

On October 10, 2026, Employers Personnel, LLC ("EP"), the Company's professional employer organization ("PEO") provider for Lyneer, delivered a continuing notice of default alleging that Lyneer was in material default under the parties'

Professional Employee Services Agreement. EP claimed that since September, Lyneer has failed to provide the funds required to meet its payroll and payroll-related obligations.

On October 23, 2026, EP delivered a restated and continuing notice of default alleging Lyneer is continuing to be in material default under the parties' Professional Employee Services Agreement and demanding payment in full.

Despite the alleged defaults above, EP continues to provide payroll funding and maintain workers' compensation coverage for Lyneer's employees while the parties negotiate a resolution.

North Mill Capital LLC d/b/a SLR Business Credit Disposition of Assets

On October 15, 2026, the Company's Lyneer subsidiaries received notice that North Mill Capital LLC d/b/a SLR Business Credit ("SLR"), as senior secured lender for Lyneer Staffing Solutions, LLC., intends to conduct a sale of substantially all assets owned by Lyneer Staffing Solutions, LLC. under Article 9 of the Uniform Commercial Code in one or more private sales on or after October 27, 2026. The Company has disputed the validity of this notice and is in negotiations to resolve this matter.

NCI Put Option

On November 2, 2026, the Redeemable NCI Holder exercised the NCI Put Option. The Put Option Price cannot be calculated until the completion of the 2025 audit.

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

The following discussion relates to Circle8 Group, Inc. (Circle8 or the Company) and its consolidated subsidiaries and should be read together with the Company's Unaudited Condensed Consolidated Financial Statements and accompanying notes included in Part I, Item 1.—Financial Statements of this Quarterly Report on Form 10-Q.

Overview

On June 29, 2026, Atlantic changed its name from Atlantic International Corp to Circle8 Group Inc. ("Circle8" or the "Company"). The Company started trading under the Nasdaq ticker "CIRC" on July 2, 2026.

Circle8, through its subsidiaries, is a worldwide strategic staffing firm. The Company was formed under the principles of honesty and integrity, and with the view of becoming the preferred outside employer of choice. Since its formation, the Company has grown from a regional operation to a worldwide staffing firm with offices and geographic reach across the United States and Europe. The Company's domestic operations primarily place individuals in accounting and finance, administrative and clerical, information technology, legal, light industrial, and medical roles. The Company is also a leading provider of productivity consulting and workforce management solutions. With the addition of Circle8 Group ("Circle8 Group B.V.") on January 23, 2026, Atlantic extended its capabilities into specialized high-growth IT and technology staffing capabilities across Europe, complementing Atlantic's domestic industrial staffing operations. Circle8 Group B.V. is a European IT-technology talent and consulting enablement platform that provides specialized workforce solutions to enterprises, technology companies, financial institutions, and public-sector organizations. Circle8 Group B.V. focuses on sourcing, deploying, and managing highly skilled professionals in information technology and related digital disciplines. Circle8 Group B.V. is one of the fastest-growing IT and technology staffing companies, operating across Europe through a portfolio of specialized brands. Circle8 manages over 8,100 technology professionals and specializes in software development, data analytics, cybersecurity, project management, and emerging technologies. Circle8 Group B.V. is founder-led and will continue to be led by Mr. Guus Franke who joined the Company's Board of Directors as Executive Chairman and further was appointed as the Company's Chief Executive Officer on June 29, 2026.

Circle8 is headquartered in Englewood Cliffs, New Jersey and has more than 100 locations in the USA. Circle8 Group B.V. is headquartered in Amsterdam, Netherlands.

Circle8 is a high-growth outsourced services and workforce solutions company with management who have more than a 28-year operating record. Based on their knowledge of the industry, and through its mergers and acquisitions strategy, Circle8 is building a global staffing organization that redefines the way companies grow professional teams. Our mission is to leverage new technologies and business partnerships to create streamlined hiring processes that resolve the challenges of modern-day employment economics.

Circle8's corporate acquisition strategy is designed to assist its client companies in the transformation of stagnation into growth to achieve sustainable results through their most important asset: people. Circle8's goal is to create a business designed to deliver to its clients targeted industry talent at speed and scale while also growing the pool of in-demand talent for this same constituency. Circle8's recruiters will provide specific and data-driven guidance, development, training, and access to jobs. It believes this approach is particularly applicable in several growth sectors, including legal and financial services, technology, and healthcare. The current climate of industry fragmentation and overall economic uncertainty creates a moment that Circle8 believes is ripe for strategic consolidation. Circle8 plans to integrate companies and maximize synergies and economics to improve sales and lower operating costs, while, at the same time, continuing to focus and expand on its acquisition strategy of high-margin profitable outsourced services and workforce solution providers.

Circle8's acquisition of Circle8 Group B.V. demonstrated its strategic rationale, as follows:

- Diversification of revenue and end markets, balancing industrial staffing with higher-margin, higher-growth IT and technology talent solutions;
- Expanded multinational customer coverage, enabling cross-regional workforce support for global enterprises;
- Enhanced scale and operating leverage, supporting long-term margin expansion and cash flow generation;
- Increased revenue visibility, driven by long-term government contracts and blue-chip enterprise customers; and
- Platform for disciplined future growth, leveraging Circle8 Group B.V.'s completed acquisition phase and transition to operational excellence.

The Company's management understands that finding the perfect candidate starts before the job requisition even comes in. Domestically, the Company employs the strategy of proactive recruitment to build a pipeline of pre-vetted candidates for order fulfillment. The Company's client mix consists of both small- and medium-size businesses, and large national and multinational client relationships. Client relationships with small- and medium-size businesses are based on a local or regional relationship, and tend to rely less on longer-term contracts, and the competitors for this business are primarily locally owned businesses. The large national and multinational clients, on the other hand, will frequently enter into non-exclusive arrangements with several firms, with the ultimate choice among them being left to local managers. As a result, employment services firms with a large network of offices compete most effectively for this business, which generally has agreed-upon pricing or mark-up on services performed.

Internationally, the Company's specialized workplace solutions support organizations that require specialized technology capabilities to design, build, operate, and secure digital systems and digital infrastructure. Circle8 Group B.V. operates through a portfolio of operating companies and brands that provide staffing, recruitment, and consulting-related services focused primarily on technology professionals. Circle8 Group B.V. delivers services through a range of workforce solutions, including temporary staffing, contract staffing, and payrolling services. Circle8 Group B.V.'s clients include both private-sector enterprises and public-sector institutions that rely on specialized technology talent to support digital transformation initiatives and the ongoing operation of mission-critical IT systems. Circle8 Group B.V. generates the substantial majority of its revenue from the placement of technology professionals on temporary and contract assignments, where it bills clients based on hourly or daily rates for services performed.

Results of Operations

The following discussion summarizes the key factors Circle8's management team believes are necessary for an understanding of Circle8's financial statements.

Comparison of the Three and Nine Months Ended September 30, 2026 and 2025:

Certain related party and non-related party financial statement line-item amounts have been aggregated for purposes of analysis below, which is consistent with management's evaluation of its business results.

The following table summarizes our results of operations for the periods presented:

	Three months ended September 30,		Change	
	2026	**2025**	**Amount**	**Percent**
Service revenue, net	$ 321,688,351	$ 110,127,203	$ 211,561,148	+
Cost of revenue	300,451,903	97,725,227	202,726,676	+
Gross profit	**21,236,448**	**12,401,976**	**8,834,472**	**71.2 %**
Selling, general and administrative	42,773,243	19,888,692	22,884,551	+
Loss on impairment of goodwill	26,915,000	—	26,915,000	100.0 %
Depreciation and amortization	4,883,763	1,230,307	3,653,456	+
Loss from operations	**(53,335,558)**	**(8,717,023)**	**(44,618,535)**	**+**
Loss from recognition of joint and several debt and related settlement	44,436,897	—	44,436,897	100.0 %
Interest expense	5,079,660	2,094,177	2,985,483	+
Realized and unrealized gain on warrants and derivative liabilities	(130,172)	—	(130,172)	100.0 %
Gain on extinguishment of contingent consideration liability	(5,600,000)	—	(5,600,000)	100.0 %
Other expenses, gains and losses	3,006,837	—	3,006,837	100.0 %
Net loss before provision for income taxes	**(100,128,780)**	**(10,811,200)**	**(89,317,580)**	**+**
Income tax benefit/(expense)	2,451,003	(9,144)	2,460,147	+
Net loss	**$ (97,677,777)**	**$ (10,820,344)**	**$ (86,857,433)**	**+**
Net loss per share, basic and diluted	$ (0.92)	$ (0.20)	$ (0.72)	+
Weighted average shares outstanding, basic and diluted	106,150,046	55,119,781	51,030,265	92.6 %

+ - change greater than ± 100%

	Nine Months Ended September 30,		Change	
	2026	2025	Amount	Percent
Service revenue, net	$ 891,382,019	$ 315,833,003	$ 575,549,016	+
Cost of revenue	824,916,255	280,826,211	544,090,044	+
Gross profit	**66,465,764**	**35,006,792**	**31,458,972**	**89.9 %**
Selling, general and administrative	109,536,723	58,158,706	51,378,017	88.3%
Loss on impairment of goodwill	26,915,000	—	26,915,000	100.0 %
Depreciation and amortization	13,649,664	3,699,446	9,950,218	+
Loss from operations	**(83,635,623)**	**(26,851,360)**	**(56,784,263)**	**+**
Loss on debt extinguishment	4,826	—	4,826	100.0 %
Loss from recognition of joint and several debt and related settlement	101,309,679	—	101,309,679	100.0 %
Interest expense	12,911,073	5,402,959	7,508,114	+
Loss on financing	11,613,736	—	11,613,736	100.0 %
Realized and unrealized loss on warrants and derivative liabilities	3,173,851	—	3,173,851	100.0 %
Gain on extinguishment of contingent consideration liability	(5,600,000)	—	(5,600,000)	100.0 %
Other expenses, gains and losses	11,594,063	—	11,594,063	100.0 %
Net loss before provision for income taxes	**(218,642,851)**	**(32,254,319)**	**(186,388,532)**	**+**
Income tax benefit/(expense)	3,907,232	(28,379)	3,935,611	+
Net loss	**$ (214,735,619)**	**$ (32,282,698)**	**$ (182,452,921)**	**+**
Net loss per share, basic and diluted	$ (2.41)	$ (0.59)	$ (1.82)	+
Weighted average shares outstanding, basic and diluted	86,913,479	54,553,945	32,359,534	59.3 %

+ - change greater than ± 100%

Service Revenue, Net

Service revenue, net of discounts, for the three and nine months ended September 30, 2026 and 2025 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Temporary placement services	$ 316,560,146	$ 108,804,521	$ 876,091,996	$ 312,664,321
Brokerage services	3,739,792	—	8,222,604	—
Payrolling services	533,426	—	2,666,538	—
Permanent placement and other services	854,987	1,322,682	4,400,881	3,168,682
Total service revenues, net	**$ 321,688,351**	**$ 110,127,203**	**$ 891,382,019**	**$ 315,833,003**

Service revenue, net was $321,688,351 and $110,127,203 for the three months ended September 30, 2026 and 2025, respectively, an increase of $211,561,148, or 192.1%. The Circle8 Acquisition accounted for $199,768,436 of the increase, including the full increase in brokerage and payrolling services. The remaining $11,792,712 increase is primarily a result of the historical Company's temporary placement services business, increasing $12,199,533 in the three months ended September 30, 2026 as compared to the same period in 2025 due to a strong sales initiative and increase in demand for light industrial labor.

Service revenue, net was $891,382,019 and $315,833,003 for the nine months ended September 30, 2026 and 2025, respectively, an increase of $575,549,016, or 182.2%. The Circle8 Acquisition accounted for $551,007,542 of the increase, including the full increase in brokerage and payrolling services. The remaining $24,541,474 increase is primarily a result of the historical Company's temporary placement services business, increasing $24,360,037 in the nine months ended September 30, 2026 as compared to the same period in 2025 due to a strong sales initiative which resulted in new customers and an increase in demand for light industrial labor.

Cost of Revenue and Gross Profit

Gross profit reflects the difference between realized service revenue, net and cost of revenues. Cost of revenue consists primarily of fixed and variable direct costs, including payroll, payroll taxes and employee benefit costs. Cost of revenue and gross profit for the three and nine months ended September 30, 2026 and 2025 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Service revenue, net	$ 321,688,351	$ 110,127,203	$ 891,382,019	$ 315,833,003
Cost of revenue	300,451,903	97,725,227	824,916,255	280,826,211
Gross profit	**$ 21,236,448**	**$ 12,401,976**	**$ 66,465,764**	**$ 35,006,792**

Cost of revenue for the three months ended September 30, 2026 and 2025 was $300,451,903 and $97,725,227, respectively, an increase of $202,726,676 or 207.4%. The Circle8 Acquisition accounted for $187,285,873 of the increase. The remaining $15,440,803 increase was due to the historical Company's higher service revenues. Gross profit for the three months ended September 30, 2026 and 2025 was $21,236,448 and $12,401,976, respectively, an increase of $8,834,472 or 71.2%. The Circle8 Acquisition accounted for $12,482,563 of the increase. Gross profit for the historical Company decreased $3,648,091. As a percentage of service revenue, net, gross profit was 6.6% and 11.3% for the three months ended September 30, 2026 and 2025, respectively. The reduction in margin was primarily attributable to international operations including certain European jurisdictions which have lower margins compared to the Company's domestic business. As a percentage of service revenue, net, the gross profit was 6.6% and 11.3% for the three months ended September 30, 2026 and 2025, respectively, for the historical Company, which decreased due to higher workers' compensation premiums.

Cost of revenue for the nine months ended September 30, 2026 and 2025 was $824,916,255 and $280,826,211, respectively, an increase of $544,090,044 or 193.7%. The Circle8 Acquisition accounted for $514,387,744 of the increase. The remaining $29,702,300 increase was due to the historical Company's higher service revenues. Gross profit for the nine months ended September 30, 2026 and 2025 was $66,465,764 and $35,006,792, respectively, an increase of $31,458,972 or 89.9%. The Circle8 Acquisition accounted for $36,619,798 of the increase. The historical Company was essentially flat. As a percentage of service revenue, net, gross profit was 7.5% and 11.1% for the nine months ended September 30, 2026 and 2025, respectively. The reduction in margin primarily attributed to international operations including certain European jurisdictions which have lower margins compared to the Company's domestic business. As a percentage of service revenue, net, the gross profit was 8.8% and 11.1% for the nine months ended September 30, 2026 and 2025, respectively, for the historical Company, which decreased due to higher workers' compensation premiums.

Total Operating Expenses

Total operating expenses for the three and nine months ended September 30, 2026 and 2025 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Selling, general and administrative	$ 42,773,243	$ 19,888,692	$ 109,536,723	$ 58,158,706
Loss on impairment of goodwill	26,915,000	—	26,915,000	—
Depreciation and amortization	4,883,763	1,230,307	13,649,664	3,699,446
Total operating expenses	**$ 74,572,006**	**$ 21,118,999**	**$ 150,101,387**	**$ 61,858,152**

The changes in each financial statement line item for the respective periods are described below.

Selling, General and Administrative Costs

Selling, general and administrative expenses for the three months ended September 30, 2026 and 2025 were $42,773,243 and $19,888,692, respectively, an increase of $22,884,551, or 115.1%. The Circle8 Acquisition accounted for $15,860,102 of the increase. The remaining $7,024,449 increase primarily relates to transaction costs related to the Circle8 Acquisition, a non-customer valuation allowance of $6,235,320 and bad debt expense of $3,631,382 in the three months ended September 30, 2026.

As a percentage of service revenue, net, selling, general and administrative costs were 13.3% in the three months ended September 30, 2026 as compared to 18.1% in the three months ended September 30, 2025. As a percentage of service revenue, net, selling, general and administrative costs were 22.1% and 18.1% for the three months ended September 30, 2026 and 2025, respectively, for the historical Company, due primarily to increased costs related to the Circle8 Acquisition, a non-customer valuation expense of $6,235,320 and bad debt expense of $3,631,382.

Selling, general and administrative expenses for the nine months ended September 30, 2026 and 2025 were $109,536,723 and $58,158,706, respectively, an increase of $51,378,017, or 88.3%. The Circle8 Acquisition accounted for $36,790,459 of the increase. The remaining $14,587,558 increase primarily relates to transaction costs related to the Circle8 Acquisition, a non-customer valuation expense of $9,138,604 and bad debt expense of $5,594,427 in the nine months ended September 30, 2026.

As a percentage of service revenue, net, selling, general and administrative costs were 12.3% in the nine months ended September 30, 2026 as compared to 18.4% in the nine months ended September 30, 2025. As a percentage of service revenue, net, selling, general and administrative costs were 21.4% and 18.4% for the nine months ended September 30, 2026 and 2025, respectively, for the historical Company, due primarily to increased costs related to the Circle8 Acquisition, a non-customer valuation charge of $9,138,604 and bad debt expense of $5,594,427.

Loss on impairment of goodwill

Loss on impairment of goodwill for the three and nine months ended September 30, 2026 relates the Company performing a quantitative impairment test which determined that the fair value of the reporting unit was less than its carrying amount and therefore a non-cash goodwill impairment was recorded in the International reporting unit.

Depreciation and Amortization

Depreciation and amortization expense for the three months ended September 30, 2026 and 2025 was $4,883,763 and $1,230,307, respectively, an increase of $3,653,456 or 297.0%. The Circle8 Acquisition accounted for $3,778,692 of the increase. The historical Company was essentially flat with expense of $1,105,071 and $1,230,307 for the three months ended September 30, 2026 and 2025, respectively.

Depreciation and amortization expense for the nine months ended September 30, 2026 and 2025 was $13,649,664 and $3,699,446, respectively, an increase of $9,950,218 or 269.0%. The Circle8 Acquisition accounted for $10,091,846 of the increase. The historical Company was essentially flat with expense of $3,557,818 and $3,699,446 for the nine months ended September 30, 2026 and 2025, respectively.

Loss on Debt Extinguishment

Loss on debt extinguishment for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Loss on debt extinguishment	$ —	$ —	$ 4,826	$ —

Loss on debt extinguishment during the nine months ended September 30, 2026, relates to the refinancing of certain factoring agreements which were treated as a debt extinguishment after the Company's analysis according to ASC 470 — *Debt* ("ASC 470"), partially offset by the Company and St. Laurent entering into a Confidential Settlement Agreement pursuant to which the entire $1,375,000 principal amount of the Notes was paid in full on January 29, 2026. All interest and penalties were waived by St. Laurent.

Loss from recognition of joint and several debt and related settlement

Loss from recognition of joint and several debt and related settlement for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Loss from recognition of joint and several debt and related settlement	$ 44,436,897	$ —	$ 101,309,679	$ —

Loss on recognition of joint and several debt for the three and nine months ended September 30, 2026, resulted from the Company's reassessment of its accounting for certain joint and several liabilities under ASC 405-40, Following changes in circumstances and conditions, the Company determined that certain joint and several obligations should be recognized as liabilities on its unaudited condensed consolidated balance sheet.

Interest Expense

Interest expense for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Interest expense	$ 5,079,660	$ 2,094,177	$ 12,911,073	$ 5,402,959

Interest expense for the three months ended September 30, 2026 and 2025 was $5,079,660 and $2,094,177, respectively. The Circle8 Acquisition accounted for $782,906 of the increase. The historical Company's interest expense was $4,296,754 and $2,094,177 for the three months ended September 30, 2026 and 2025. The increase of $2,202,577, primarily attributed to the Company incurring interest expense on the unpaid balance related to an agreement with a professional employer organization ("PEO") which processes the payroll for the Company, and interest expense related to the new factoring agreements and other short-term debt, partially offset by lower interest rates for the Revolver as compared to the Revolver with BMO Bank, N.A. ("BMO" and "BMO Revolver").

Interest expense for the nine months ended September 30, 2026 and 2025 was $12,911,073 and $5,402,959, respectively. The Circle8 Acquisition accounted for $3,005,630 of the increase. The historical Company's interest expense was $9,905,443 and $5,402,959 for the nine months ended September 30, 2026 and 2025. The increase of $9,933,822, primarily attributed to the Company incurring interest expense on unpaid balance related to an agreement with a professional employer organization ("PEO") which processes the payroll for the Company, and interest expense related to the new factoring agreements and other short-term debt, partially offset by lower interest rates for the Revolver as compared to the Revolver with BMO Bank, N.A. ("BMO" and "BMO Revolver").

Loss on impairment of goodwill

Loss on impairment of goodwill for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Loss on impairment of goodwill	$ 26,915,000	$ —	$ 26,915,000	$ —

Loss on impairment of goodwill for the three and nine months ended September 30, 2026 relates to loss on the impairment of goodwill after the quantitative impairment test determined that the fair value of the reporting unit was less than its carrying amount and therefore a non-cash goodwill impairment was recorded in the International reporting unit.

Loss on financing

Loss on financing for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Loss on financing	$ —	$ —	$ 11,613,736	$ —

Loss on financing for the nine months ended September 30, 2026 relates to the loss on the preferred stock and warrant offerings.

Realized and unrealized (gain)/loss on warrants and derivative liabilities

Realized and unrealized (gain)/loss on warrants and derivative liabilities for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Realized and unrealized (gain)/loss on warrants and derivative liabilities	$ (130,172)	$ —	$ 3,173,851	$ —

Realized and unrealized (gain)/loss on warrants and derivative liabilities for the three and nine months ended September 30, 2026 relates to the change in the fair value of the Series B preferred stock warrants and bifurcated derivatives and the Benelux warrants and the gain related to the exercise of the preferred stock warrants.

Gain on extinguishment of contingent consideration liability

Gain on extinguishment of contingent consideration liability for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Gain on extinguishment of contingent consideration liability	$ (5,600,000)	$ —	$ (5,600,000)	$ —

Gain on extinguishment of contingent consideration liability for the three and nine months ended September 30, 2026 relates to the Share Settled Earnout. The SPP settlement on August 7, 2026, cancelled the Merger Note and eliminated its conversion into shares for payment. As a result, the Company was relieved of the contingent obligation to issue shares to Axiom under the provisions of the Share Settled Earnout and derecognized the Srelated liability on that date.

Other expenses, gains and losses

Other expenses, gains and losses for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Other expenses, gains and losses	$ 3,006,837	$ —	$ 11,594,063	$ —

Other expenses, gains and losses for the three and nine months ended September 30, 2026 primarily relate to facility fees related to the International factoring agreements, sublease income and the change in fair value of the Circle8 Contingent Consideration.

Income Tax Benefit(Expense)

Income tax benefit/(expense) for the three and nine months ended September 30, 2026 and 2025 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Income tax benefit/(expense)	$ 2,451,003	$ (9,144)	$ 3,907,232	$ (28,379)

Income tax benefit/(expense) for the three months ended September 30, 2026 and 2025 was $2,451,003 and $(9,144), respectively. The change between the periods was primarily due to the tax benefit recorded in jurisdictions where we do not maintain a valuation allowance.

Income tax benefit/(expense) for the nine months ended September 30, 2026 and 2025 was $3,907,232 and $(28,379), respectively. The change between the periods was primarily due to the tax benefit recorded in jurisdictions where we do not maintain a valuation allowance.

On July 4, 2025, the "One Big Beautiful Bill Act" ("OBBBA") was signed into law, which is considered the enactment date under U.S. GAAP. Key corporate tax provisions include the restoration of 100% bonus depreciation, immediate expensing for domestic research and experimental expenditures, changes to Internal Revenue Service ("IRS") Section 163(j) interest limitations, updates to "Global Intangible Low-Taxed Income" ("GILTI"), and "Foreign-Derived Intangible Income" ("FDII") rules, amendments to energy credits, and expanded IRS Section 162(m) aggregation requirements. In accordance with ASC Topic 740 — *Income Taxes* ("ASC 740"), the effects of the new tax law were recognized in the period of enactment, our quarter ended September 30, 2025. We are currently evaluating the impact of the OBBBA, and do not expect the legislation to have a material financial statement effect.

In accordance with ASC 740, the effects of new tax legislation are recognized in the period of enactment. Management has evaluated the provisions of OBBBA, recalculated temporary differences, reassessed valuation allowances, and considered any necessary adjustments. Based on this evaluation, management concluded that the effects of the OBBBA are not material to the Company's unaudited condensed consolidated financial statements for the current period. Management will continue to monitor forthcoming guidance, interpretations, and technical clarifications to assess whether any future adjustments or additional disclosures may be required.

Liquidity & Capital Resources

The Company operates through established businesses with significant operating histories, including its Dutch operating businesses ("Circle8 Europe") and the other European Circle8 companies, which have been in operation for more than 40 years, and Lyneer Staffing Solutions ("Lyneer"), its wholly owned U.S. subsidiary, which has operated for more than 25 years.

Circle8's European companies (Netherlands, Belgium, Luxembourg, Germany and Switzerland) maintain sufficient liquidity to support its ongoing operations and working capital requirements and are not subject to cross-default provisions associated with Lyneer's debt obligations. The European operating businesses maintain separate operating activities, customer relationships, and financing arrangements from Lyneer. Accordingly, the liquidity challenges and financing defaults affecting Lyneer do not, in themselves, constitute defaults under Circle8 Europe's financing arrangements.

The Company's working capital requirements are primarily driven by personnel-related payments and collections of accounts receivable from customers. Because payments to personnel generally precede customer collections, periods of revenue growth may result in increased working capital requirements.

Since its Nasdaq listing in 2024, management has undertaken strategic initiatives designed to strengthen the Company's consolidated capital structure, improve operating performance, enhance financial flexibility, and address legacy financing obligations.

During the current quarter, the Company took significant steps to reduce certain debt obligations by approximately $38 million in connection with its settlement agreement with SPP Credit Advisors. This initiative represents an important component of management's broader strategy to address legacy financing obligations, simplify the Company's capital structure, and strengthen its consolidated financial position.

Management continues to implement operational and financial initiatives focused on margin enhancement, expense reductions, improved working capital efficiency, and stronger cash flow generation. These initiatives have been incorporated into the Company's long-range financial plan and are intended to improve financial performance and flexibility over both the near and longer term.

The Company also continues to evaluate opportunities to refinance or restructure remaining debt obligations, pursue additional financing alternatives, and support future organic growth and strategic acquisition opportunities.

Going Concern Assessment

In accordance with ASC Topic 205-40 — *Presentation of Financial Statements, Going Concern ("ASC 205-40")*, management evaluates whether conditions and events, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern for one year following the issuance of its financial statements.

Management's assessment considers the Company's consolidated financial condition, including historical net losses, negative working capital, forecasted liquidity requirements, and obligations and covenants under existing credit facilities.

Management emphasizes that the liquidity challenges affecting Lyneer, the Company's wholly owned U.S. subsidiary, are distinct from the financial condition and operating liquidity of Circle8 European companies. The European businesses have operated for more than 40 years, maintain sufficient liquidity to fund their ongoing operations, and are not subject to cross-default provisions arising from Lyneer's financing arrangements.

While these distinctions are important to understanding the Company's operating structure and financial condition, Lyneer's financial results, obligations, and liquidity requirements remain relevant to the Company's consolidated financial statements and going-concern assessment.

Management is actively addressing the conditions contributing to this assessment through debt reduction and restructuring initiatives, evaluation of alternative financing arrangements, operating efficiencies, and efforts to strengthen the Company's consolidated financial position.

Management's strategic priorities include maintaining the financial stability and liquidity of Circle8 European companies while addressing Lyneer's financing challenges and reducing the Company's exposure to legacy financial obligations. These initiatives are intended to improve the Company's consolidated capital structure and provide a stronger foundation for sustainable operations and long-term growth.

Although management believes these initiatives represent meaningful steps toward improving the Company's financial condition, their successful execution remains subject to operating performance, financing availability, completion of contemplated transactions, and prevailing market conditions. Accordingly, there can be no assurance that these plans will generate sufficient liquidity to alleviate the substantial doubt regarding the Company's ability to continue as a going concern.

The accompanying unaudited condensed consolidated financial statements have been prepared on a going-concern basis and do not include adjustments relating to the recoverability or classification of assets, or the amounts or classification of liabilities, that might be necessary if the Company were unable to continue as a going concern.

The Company is also actively pursuing additional equity and debt financing alternatives and strategic partnerships. These plans are subject to successful execution and prevailing market conditions, and there can be no assurance that they will generate sufficient liquidity to alleviate the substantial doubt.

On December 31, 2023, IDC, Lyneer and Prateek Gattani, IDC's Chief Executive Officer and our then Chairman of the Board until April 2025, entered into an Allocation Agreement ("Allocation Agreement"). Pursuant to the terms of the Allocation Agreement, IDC agreed that, subject to subordination to the taxes as between IDC and Lyneer, in connection with the Merger, the Term Note and the Seller Notes, will either be paid in full or assumed by IDC, and Lyneer will have no further liability or responsibility for such indebtedness. However, as IDC and Lyneer were unable to obtain the release of Lyneer from the holders of such indebtedness, Lyneer will remain jointly and severally liable with IDC to such lenders until such time as such joint and several indebtedness is restructured. At that time IDC will be obligated to repay in full all remaining amounts payable under the Term Note ($54,162,496 as of September 30, 2026), the Seller Notes ($7,875,000 as of September 30, 2026), the Earnout Notes ($20,435,654 as of September 30, 2026), along with the Term Loan for the shortfall from the restructuring of the previous revolving credit facility ($5,761,882 as of September 30, 2026). In the event IDC does not repay any of this debt and the Company is required to make payments, IDC will be obligated to repay the Company for the amounts paid on IDC's behalf. The Company reassessed its accounting for joint and several liabilities under ASC 405-40 as of December 31, 2025 and concluded it is reasonably probable that IDC can repay their portion of the debt allocated per the Allocation Agreement and the Company does not expect to repay additional amounts on behalf of IDC. As a result, the Company has not recorded any liability related to these joint and several debt obligations in accordance with ASC 405-40 as of December 31, 2025. Throughout 2026, the Company reassessed its accounting for certain joint and several liabilities under ASC 405-40 and due to subsequent changes to circumstances and conditions, the Company determined that certain joint and several obligations should be recognized as liabilities on its unaudited condensed consolidated balance sheet. See the Seller Notes, Earnout Notes and Term Loan as discussed below.

The Term Note, Seller Notes and Earnout Notes are currently in default, but the Seller and Earnout note holders can take no action pursuant to the inter-creditor agreement with SLR. See Note 8: *Debt* for further information related to the Term Note purported default.

On April 29, 2025, the Company and IDC entered into an Amended and Restated Convertible Promissory Note for the Merger Note which extended the maturity date to March 31, 2027. On April 29, 2025, the Company closed on a new revolving credit facility, replacing the BMO Revolver, with a maturity date of April 29, 2028. On August 7, 2026, the Company and SPP agreed to a settlement agreement which provided a framework to settle obligations due to SPP, which included the release, discharge and cancellation of the Merger Note. See below for further information related to the troubled debt restructuring.

On April 29, 2025, the previous BMO Revolver lender funded the shortfall of $6,000,000, the IDC portion owed, and IDC entered into a Term Loan for this amount, plus a $1,000,000 exit fee. Certain junior lenders assumed portions of IDC's publicly owned stock of Atlantic International Corp as collateral.

Cash flows for the nine months ended September 30, 2026 and 2025 consisted of the following:

	Nine Months Ended September 30,	
	2026	2025
Net cash (used in) provided by operating activities	$ (18,708,406)	$ 3,782,051
Net cash (used in) investing activities	(545,216)	(44,495)
Net cash provided by (used in) by financing activities	41,160,072	(4,332,826)
Effect of exchange rates on cash and cash equivalents	(1,522,829)	—
Net increase (decrease) in cash and cash equivalents	$ 20,383,621	$ (595,270)

Operating Activities

Cash flows (used in) provided by operating activities for the nine months ended September 30, 2026 compared to the nine months September 30, 2025 was lower primarily due to the Circle8 Acquisition.

Investing Activities

Cash used in investing activities for the nine months ended September 30, 2026 increased compared to September 30, 2025 and consisted entirely of purchases of property and equipment.

Financing Activities

Cash provided by (used in) financing activities increased for the nine months ended September 30, 2026 compared to September 30, 2025 primarily due to the Circle8 Acquisition, proceeds from issuance of preferred stock and warrants, proceeds received upon exercise of warrants, and also consisted of borrowings and payments under the Company's debt arrangements.

Debt Allocation Agreement

Lyneer and IDC entered into a debt allocation agreement (the "Allocation Agreement") dated as of December 31, 2023, which specifies and allocates responsibility for repaying (or refinancing) the joint and several debts between Lyneer and IDC. The Allocation Agreement, which continues to be a valid and enforceable contract between Lyneer and IDC, states that repayment (or refinancing) of the Term Note, Seller Notes and Earnout Notes was assumed by IDC and became IDC's responsibility. In the event IDC cannot repay any of the assumed debt and Lyneer is required to make payments, IDC is obligated to repay Lyneer for amounts paid on IDC's behalf. The Company reassessed its accounting for joint and several liabilities under ASC 405-40 as of December 31, 2025 and concluded it is reasonably probable that IDC could repay its portion of the debt allocated per the Allocation Agreement and the Company does not expect to repay additional amounts on behalf of IDC. As a result, the Company had not recorded any liability related to these joint and several debt obligations in accordance with ASC 405-40 as of December 31, 2025. Throughout 2026, the Company reassessed its accounting for certain joint and several liabilities under ASC 405-40 and due to subsequent changes to circumstances and conditions, the Company determined that certain joint and several obligations should be recognized as liabilities on its unaudited condensed consolidated balance sheet. See the Seller Notes, Earnout Notes and Term Loan as discussed below.

Revolver

Until April 29, 2025, as described below, the Company maintained the BMO Revolver as a co-borrower with IDC with an available initial borrowing capacity of up to $125,000,000. The facility was partially used to finance the acquisition of Lyneer by IDC in August 2021, with additional borrowing capacity available under the BMO Revolver to finance Lyneer's working capital. All of Lyneer's cash collections and disbursements were linked with bank accounts associated with the lender and funded using the Revolver. These borrowings were determined by Lyneer's availability based on a formula of billed and unbilled accounts receivable as defined in the loan agreement.

On April 29, 2025, the Company's subsidiary, Lyneer Staffing Solutions, LLC ("Lyneer") entered into a Loan and Security Agreement (the "Loan Agreement") with North Mill Capital, LLC (d/b/a SLR Business Credit ("SLR")), providing for a $70 million ("Advanced Limit") senior secured revolving credit facility (the "Revolver"). The Loan Agreement replaced Lyneer's prior senior secured revolving credit facility provided by BMO. Lyneer's previous lender entered into a term loan of $6,000,000 with IDC and Lyneer for IDC's shortfall owed to BMO. See below for discussion related to the Term Loan. The Company incurred $188,351 in issuance costs and, according to ASC 470, is

deferring these costs and will amortize these costs as an adjustment to interest expense over the remaining term using the effective interest method.

The Revolver contains certain customary covenants, including affirmative and negative covenants. On April 17, 2026, SLR notified Lyneer Staffing Solutions, LLC ("Lyneer") of certain Events of Default as a result of (a) the occurrence of Events of Default described in the below-described letter from SPP to Atlantic dated March 30, 2026, and (b) Lyneer making certain payments to or for the benefit of Atlantic. On August 7, 2026, the Company and SPP entered into a settlement agreement. See Note 11: *Commitments and Contingencies* for further discussion.

As of September 30, 2026, and December 31, 2025, the Company has recognized liability balances on the Revolver of $49,639,083, including $99,061 of unamortized deferred issuance costs and $49,308,253, including $146,148 of unamortized deferred issuance costs, respectively.

Term Loan

As discussed above, Lyneer's previous lender entered into a term loan shortfall of $6,000,000 with IDC and Lyneer for IDC's shortfall owed to BMO, plus a $1,000,000 exit fee. The original $6,000,000 term loan and $1,000,000 exit fee are joint and several with IDC and are subject to IDC's obligation under the Allocation Agreement with IDC discussed above. BMO also initially assumed 3,439,803 shares of Atlantic International Corp previously owned by IDC as collateral for the new Term Loan, which can be sold to pay down the Term Loan. BMO has garnished assets of IDC and sold Circle8 common stock which were applied to the balance of this debt.

As discussed above under the Debt Allocation Agreement, the Company determined that certain joint and several obligations should be recognized as liabilities and therefore recognized the Term Loan as a liability as of September 30, 2026.

As of September 30, 2026, and December 31, 2025, the Company has recognized liability balances on the Term Loan of $5,761,882, including the exit fee, and $0, respectively. The Term Loan obligation is joint and several with IDC and is subject to IDC's obligation under the Allocation Agreement with IDC discussed above.

Term Note

On August 31, 2021, Lyneer Investments and IDC as co-borrowers entered into a Term Note in the amount of $30,300,000. The proceeds of this loan were primarily used to finance the acquisition of Lyneer by IDC in August 2021. The Term Note matured on February 28, 2026, at which time all outstanding balances were due and payable. There were no scheduled principal payments on the Term Note prior to its maturity date. The Term Note is subordinated to the Revolver and bears an initial stated rate of 14% per annum, and currently has a default interest rate of 16%.

On August 12, 2024, the Company entered into the Tenth Amendment with its Term Note lender, under which the lender waived all existing events of default as of the date of the agreement and agreed to forbear from exercising its rights and remedies with respect to such events of default under the Term Note through September 30, 2024. The Initial Capital Raise milestone and the uplisting milestone dates were subsequently extended to September 15, 2025, or later as agreed to between the parties. Due to the remaining amount outstanding from IDC on the BMO Revolver being converted to a term loan and the new Revolver taking first position, the terms of the Tenth Amendment were superseded by the terms of the Revolver.

On April 28, 2025, the Term Note lender foreclosed on IDC's remaining 21,983,926 shares of Atlantic International Corp common stock ("IDC Shares"), after taking into consideration the shares assumed by BMO discussed above. This foreclosure was only related to IDC's security provided to the lender under the Term Note and did not extend to the Company or its subsidiaries. The value of the IDC Shares on the day of the foreclosure was approximately $77,383,420 which far exceeded the liability due under the Term Note. As a result, and considering the Allocation Agreement, the Company did not recognize a joint and several liability owed to SPP for the Term Note as of December 31, 2025.

On August 7, 2026, the Company and SPP entered into a settlement agreement which provided a framework to settle obligations under the Term Note. The Company is jointly and severally liable with IDC under the Term Note and the Company has recognized the $54,162,496 liability owed to SPP under the Term Note within the "Loss on

settlement" line within the condensed unaudited consolidated statement of operations and comprehensive loss as of September 30, 2026.

The Company has a recognized liability balance on the Term Note Agreement Note of $54,162,496 and $0 as of September 30, 2026, and December 31, 2025, respectively.

Troubled debt restructuring ("TDR")

On August 7, 2026, the Company and SPP entered into a settlement agreement (the "SPP Settlement Agreement") resolving all outstanding litigation between the parties, releasing, cancelling, and discharging the Company's $35 million Merger Note due March 2027 and substantially restructuring the Company's remaining legacy financing arrangements with SPP. The SPP Settlement Agreement cured purported defaults under the Company's obligations to SPP, restored the remaining indebtedness to its contractual non-default interest rate, eliminated default interest and established an orderly framework for settling the remaining indebtedness. See Note 8: *Debt* for further information.

Merger Note

In connection with the closing of the Merger on June 18, 2024, we issued to IDC the Merger Note in the principal amount of $35,000,000 that originally matured on September 30, 2024. The Merger Note does not bear interest and is not convertible prior to an event of default under the Merger Note. If an event of default should occur under the Merger Note, the Merger Note will bear interest at the rate of 7% per annum commencing upon the date of such event of default and will be convertible into shares of our common stock at a price per share that equals the lowest daily volume weighted-average price per share (VWAP) during the five trading days immediately preceding the date on which the applicable conversion notice is delivered to us, but not less than 80% of the price per share in our Initial Capital Raise, provided, however, that the number of shares of our common stock issuable upon conversion of the Merger Note will not exceed 19.99% of the number of our outstanding shares of common stock without shareholder approval. As we do not currently believe we will have sufficient liquidity and capital resources to pay the Merger Note in full when due, as well as to restructure our joint and several debt obligations, we believe we will have to sell additional equity or debt securities prior to the maturity date of the Merger Note to pay or refinance the Merger Note when due. An event of default under the Merger Note may result in an additional event of default under the Revolver and our other indebtedness for borrowed funds.

On September 12, 2024 the Company entered into Amendment No 1 to the Convertible Promissory Note ("Amendment 1 to the Merger Note") which extended the maturity date to the earlier of March 31, 2026 or the completion of at least a $40 million capital raise. Amendment 1 to the Merger Note was treated as a modification after the Company's analysis according to ASC 470 and as such, the Company is deferring the $300,000 amendment fee and will amortize as an adjustment to interest expense over the remaining term using the effective interest method.

On April 29, 2025, the Company and IDC entered into an Amended and Restated Convertible Promissory Note which further extended the maturity date to the earlier of March 31, 2027 or the completion of at least a $40 million capital raise. See Note 8: *Debt* for further information. On August 7, 2026, the Company and SPP entered into a settlement agreement. See Note 20: *Subsequent Events* for further discussion regarding the release, discharge and cancellation of the Merger Note.

Pursuant to the Amended and Restated Convertible Promissory Note, any amounts paid to BMO will be in satisfaction of this Note. The Company offset the December 31, 2025 balance related to the IDC receivable that was remaining on the BMO Revolver and rolled into the current Revolver as allowed per the Amended and Restated Convertible Promissory Note. See Note 16: *Related Party Transactions* for IDC's gross and net offsetting receivables amounts. Below is presented the calculation of the net liability of the Merger Note, excluding unamortized deferred issuance costs as of December 31, 2025.

	Gross Amount	Amount Offset	Net Amount on Consolidating Balance Sheet
Merger Note	$ 34,882,666	$ (6,056,385)	$ 28,826,281

On August 7, 2026, the Company and SPP agreed to a settlement agreement which provided a framework to settle obligations due to SPP, which included the release, discharge and cancellation of the Merger Note and therefore the Company has a recognized liability balance on the Merger Note of $0, as of September 30, 2026. As of December 31,

2025, the Company has a recognized liability balance on the Merger Note of $28,826,281, including $117,334 of unamortized deferred issuance costs.

Credit Agreement

As part of the Merger on June 18, 2024, the Company entered into a secured bridge loan ("Credit Agreement") in the principal amount of $1,950,000 at an interest rate of 5% per annum. The maturity date of the Credit Agreement was originally September 30, 2024. However, mandatory prepayments shall be made from the Initial Capital Raise (as defined), on the issuance of new debt or new equity interests, or upon a change of control. Conditions have not been met to make mandatory prepayments.

On July 22, 2024, the Company entered into an amendment to extend the maturity date of the Credit Agreement to June 18, 2026. The Company did not make the payment by the maturity date and is in default. On April 17, 2026, the lender notified the Company of certain defaults. See Note 11: *Commitments and Contingencies* for discussion.

On August 7, 2026, the Company and SPP agreed to a settlement agreement which provided a framework to settle obligations under the Credit Agreement. The Company recognized a $1.9 million loss on the settlement and which is reported in "other expenses, gains and losses" on the accompanying unaudited condensed consolidated statements of operations and comprehensive loss as of September 30, 2026.

The Company has a recognized liability balance on the Credit Agreement Note of $4,156,223 and $1,950,000 as of September 30, 2026 and December 31, 2025, respectively.

Seller Notes

As part of the purchase price consideration for the Transaction, Lyneer Investments and IDC as co-borrowers issued various Seller Notes to former owners in the aggregate principal amount of $15,750,000. Principal payments on the Seller Notes are due in quarterly installments of $1,575,000, and $3,150,000 is due at their amended maturity dates of April 30, 2024. The Seller Notes bear interest at an amended fixed rate of 11.25% per annum. The Seller Notes represent unsecured borrowings and are subordinated to the Revolver and to the Term Note.

Payments to Seller Notes debt holders are prohibited by the administrative agent of the previous lender under the BMO Revolver and the current Revolver. As provided in the inter-creditor agreement between SLR and the Seller Note holders, Lyneer is prevented from making payments and the Seller Note holders are prevented from accepting payments from Lyneer.

As discussed above under the Debt Allocation Agreement, the Company determined that certain joint and several obligations should be recognized as liabilities and therefore recognized the Seller Notes as a liability as of September 30, 2026.

As of September 30, 2026, the Company recognized a liability of $7,875,000 for the joint and several obligations of the Seller Notes. As of December 31, 2025, the Company had derecognized the Seller Notes, as discussed above; therefore, the Company recognized a liability balance of $0. The Seller Notes obligation is joint and several with IDC and is subject to IDC's obligation under the Allocation Agreement with IDC discussed above. The Seller Notes are currently in default, but the note holders can take no action pursuant to the inter-creditor agreement with SLR.

Earnout Notes

As contingent consideration milestones are met in connection with the Transaction Agreement, Lyneer and IDC can elect to pay the milestone payments in cash or to issue notes payable. During 2022, Lyneer and IDC as co-borrowers issued nine promissory notes in the aggregate principal amount of $13,494,133. Payments on each of the Earnout Notes are due in quarterly installments through their amended maturity date of January 31, 2025 and each note bears an amended stated interest rate of 11.25% per annum. On January 16, 2024, Lyneer and IDC as co-borrowers issued six notes payable with an aggregate value of $6,941,521. Payments on each of the Earnout Notes were due in quarterly installments through their maturity date of January 16, 2026 and each note bears interest at a rate of 6.25% per annum. The Company missed the March 31, 2024 principal and interest payment and all subsequent payments and the interest rate increased to the default rate of 11.25%.

Payments to any other debt holders were prohibited by the administrative agent of the previous lender under the BMO Revolver and the current Revolver. As provided in the inter-creditor agreement between SLR and the Earnout Note holders, Lyneer is prevented from making payments and the Earnout Note holders are prevented from accepting payments from Lyneer.

As discussed above under the Debt Allocation Agreement, the Company determined that certain joint and several obligations should be recognized as liabilities and therefore recognized the Earnout Notes as a liability as of September 30, 2026.

As of September 30, 2026, the Company recognized a liability of $20,435,654 for the joint and several debt obligations of the Earnout Notes. As of December 31, 2025, the Company had derecognized the Earnout Notes, as discussed above; therefore, the Company recognized a liability balance of $0. The Earnout Notes obligation is joint and several with IDC and is subject to IDC's obligation under the Allocation Agreement with IDC discussed above. The Earnout Notes are currently in default, but the note holders can take no action pursuant to the inter-creditor agreement with SLR.

Promissory Note

From April 29, 2019 to April 29, 2020, the Company entered into a series of non-convertible promissory notes (the "Promissory Notes") with St. Laurent Investments LLC ("St. Laurent") amounting to $1,375,000. The Promissory Notes had a one-year term, most recently extended through July 31, 2025 or a later date to be mutually agreed upon. The Promissory Notes bear interest accruing at the rate of 5% per annum, and increased to 10% for the period from August 1, 2024 through July 31, 2025. On January 23, 2026, the Company and St. Laurent entered into a Confidential Settlement Agreement pursuant to which the entire $1,375,000 principal amount of the Notes was paid in full on January 29, 2026. All interest and penalties were waived by St. Laurent.

Convertible Note

As discussed in Note 2: *Merger and Acquisition,* on January 23, 2026, in connection with the Circle8 Acquisition, the Company issued a Convertible Note to Axiom as a component of consideration transferred for the business. The Convertible Note has a stated principal amount of $161,961,751 and is non-interest-bearing. The Convertible Note matures twelve months from the issuance date, at which time the principal amount becomes payable in cash; however, the Convertible Note may be settled prior to this date through the issuance of shares of the Company's Common Stock if a majority of the Company's stockholders vote to approve this conversion. If the aforementioned stockholder approval is obtained, the Convertible Note will convert into an aggregate of 53,291,744 shares of the Company's Common Stock. The number of shares issuable in settlement of the Convertible Note is fixed at inception and is not subject to variability, other than customary anti-dilution provisions for stock splits, stock dividends, and similar recapitalization events.

The Convertible Note was measured initially at fair value of $205,706,132 (53,291,744 shares valued at the Company's closing stock price on the Circle8 Closing Date of $3.86) on the Circle8 Closing Date. The fair value of the Convertible Note exceeds the stated principal amount resulting in a substantial premium of $43,744,381. Accordingly, the Company recorded the Convertible Note as short-term debt at its stated principal amount of $161,961,751, with the substantial premium recorded as a component of additional paid-in-capital within permanent equity. Issuance costs incurred to issue the Convertible Note were de minimis and expensed when incurred.

The Convertible Note contains provisions that relate to certain defined events of default, including bankruptcy, change of control or liquidation, cessation of operations, or failure to satisfy certain covenants contained in the Acquisition Agreement. Upon the occurrence of an event of default, the holder may declare the entire outstanding principal amount immediately due and payable. In addition, in the event of a default, interest accrues on the outstanding principal amount at a rate of 10% per annum from the date of the event of default until payment, together with any other amounts due under the Convertible Note. As of September 30, 2026, no events of default have occurred. The Company concluded the holder's put option upon an event of default meets the definition of a derivative requiring bifurcation; however, the fair value of such derivative was of nominal value.

Other than in the case of default, the Convertible Note does not provide the holder with one or more contingent redemption options.

As of September 30, 2026, the outstanding principal balance of the Convertible Note is $161,961,751, which reflects its carrying amount as of that date. The Company is accounting for the liability portion of the note using the stated interest rate of zero; accordingly, no interest has been recognized for the quarter ended September 30, 2026. Due to the amount of the Company's outstanding stock owned by the holder of the Convertible Note, the holder is a related party with respect to the Company and accordingly the Convertible Note is considered a note payable to a related party. The Convertible Note is included in "convertible note payable - related parties" in the accompanying unaudited condensed consolidated balance sheet.

Factoring Agreements

In connection with the Circle8 Acquisition, the Company assumed a receivables purchase agreement between Circle8 Group B.V. and Argentum Securities Ireland Plc ("Argentum"), which permits Circle8 Group B.V. to sell eligible billed and unbilled receivables to Argentum for cash proceeds in certain circumstances. This arrangement is akin to a revolving line of credit with a borrowing base of approximately 90% of Circle8 Group B.V.'s eligible receivables and a borrowing capacity limit of €174.9 million (approximately $198.6 million as of September 30, 2026). As of the acquisition date of January 23, 2026, Circle8 Group B.V. had previously borrowed up to the facility limit of €174.9 million (approximately $198.6 million as of September 30, 2026). The facility includes multiple financial and non-financial covenants, including an over-collateralization provision requiring Circle8 Group B.V. to maintain an eligible receivables balance greater than 1.1111 times the amount borrowed under the facility. The facility matures on the earlier of May 18, 2029, or (i) upon an event of default or (ii) if Argentum exercises a subjective acceleration clause, which would require the facility to be repaid within 85 days. The Company pays a facility fee to Argentum monthly which is recognized in "other expenses, gains and losses" on the unaudited condensed consolidated statements of operations and comprehensive loss. The Company can repay the facility at any time. The Company concluded that the facility, while legally described as a factoring agreement, does not qualify as a sale of a financial instrument under ASC Topic 860 — *Transfers and Servicing,* and continues to recognize receivables on the balance sheet and recordes a liability to reflect the consideration received. Circle8 was in compliance with all provisions of the facility as of September 30, 2026.

During 2025 and the nine months ended September 30, 2026, the Company entered into the following agreements to sell future receivables which allow for the factoring of receivables.

- On October 1, 2025, the Company sold $3,150,000 of receivables and received cash proceeds of $2,500,000 less $50,000 in origination fees. The weekly payments are $62,500 and the imputed interest rate is 48.58%.
- On October 21, 2025, the Company sold $1,905,000 of receivables and received cash proceeds of $1,500,000 less $30,000 in origination fees. The weekly payments are $37,798 and the imputed interest rate is 50.61%.
- On January 23, 2026, the Company sold $1,250,000 of receivables and received cash proceeds of $1,000,000 less $10,000 in origination fees. The weekly payments are $24,802 and the imputed interest rate is 47.10%.
- On April 29, 2026, the Company refinanced the then outstanding balances of its October 2025 factoring agreements above, into a new factoring agreement for $2,805,511 of receivables. The cash of $2,221,965, less $22,444 in origination fees, was used for the payoff. The refinancing was treated as a debt extinguishment after the Company's analysis of ASC 470 and the Company recorded a $237,848 loss on debt extinguishment. The weekly payments are $55,665 and the imputed interest rate is 47.10%.

As of September 30, 2026, and December 31, 2025, the Company has recognized liability balances on the factoring agreements of $201,452,489, including $14,120 of unamortized deferred issuance costs and $3,205,506, including $60,939 of unamortized deferred issuance costs, respectively.

Other short-term debt

During the nine months ended September 30, 2026, the Company entered into the following business loan service agreements with the same lender of the domestic factoring agreements above.

- On January 23, 2026, the Company entered into a loan for $2,000,000 and $20,000 in origination fees, with contractual payments totaling $2,500,000. The weekly payments are $48,077 and the imputed interest rate is 45.67%.
- On April 30, 2026, the Company entered into a loan for $1,050,000 and $10,500 in origination fees, with contractual payments totaling $1,312,500. The weekly payments are $25,240 and the imputed interest rate is 45.67%.

As of September 30, 2026, and December 31, 2025, the Company has recognized liability balances on other short-term debts of $2,469,419, including $10,425 of unamortized deferred issuance costs and $0, including $0 of unamortized deferred issuance costs, respectively.

The factoring debt and other short-term debt agreements have a good faith term of twelve months, were made without recourse and also allow for a discounted repurchase price if the Company pays the cash proceeds back early. The Company has not made payments on the above remaining agreements from May 21, 2026 through September 30, 2026 and is in default as of September 30, 2026. On August 6, 2026, the Company was notified that it was in default

under the agreements dated January 23, 2026, April 29, 2026 and April 30, 2026. At a minimum, it was requested to bring all outstanding balances current by end of day, Monday, August 10, 2026, or the lender would be forced to take legal action. The Company has entered into an agreement to resume payments and made a payment of $500,000 on October 9, 2026.

Acquisition Loans

Swisslinx Acquisition Loan

In February 2023, Circle8 Switzerland AG entered into a loan agreement with Luzerner Kantonalbank AG ("LUKB") as Lender, for a credit facility of up to CHF29,000,000 (approximately $34,743,000 as of September 30, 2026) to partially finance the acquisition of 100% of the shares in Swisslinx AG and Swisslinx International Ltd. The facility has a maturity date of June 30, 2028. The facility provides for fixed advances with 3 or 6 month terms, or fixed loans with 2 to 5 year terms. The minimum amount per fixed advance or loan is CHF2,000,000 (approximately $2,396,000 as of September 30, 2026), with a maximum of 5 credit tranches. The facility was fully drawn down at inception, with no additional advances as of September 30, 2026. The interest rate consists of the Swiss Average Overnight Rate ("SARON") plus an applicable margin based on the net debt ratio each reporting period. If the SARON rate is negative, a rate of 0.00% is used as the base rate.

As of September 30, 2026, the margin was 3.70% and the interest rate was 3.70%. As of September 30, 2026, the Company has a recognized liability balance on the Swisslinx acquisition loan of $27,716,646. The Company did not make the June 30, 2026 principal payment of CHF3,750,000 (approximately $4,493,000 as of September 30, 2026); however, a formal default has not been declared by LUKB. Circle8 Switzerland AG and LUKB are in discussions on renegotiation of the loan terms.

Seven Stars Acquisition Loan

On October 26, 2022, Circle8 Group B.V. entered into a credit agreement with Beechbrook Capital, LLP, to partially fund the acquisition of all outstanding shares in the capital of Seven Stars Holding B.V. and each of its subsidiaries. The agreement provides a credit facility ("Facility B") in the aggregate amount of €15,000,000 (approximately $17,033,000 as of September 30, 2026), and an available Accordion Facility for up to €15,000,000 (approximately $17,033,000 as of September 30, 2026) of additional borrowing capacity as an increase to Facility B or, alternatively, an additional term facility on a pari passu basis with Facility B. The maturity date is October 26, 2027. The interest rate on Facility B consists of the three-month EURIBOR ("EURIBOR 3M") plus a margin of 8.50%, per annum. The variable leg of the loan attached to the EURIBOR 3M rate resets each interest period, which is defined as three months. Interest payments became due on December 31, 2022, and each March 31, June 30, September 30, and December 31, thereafter. As of September 30, 2026, the interest rate was 10.93%. As of September 30, 2026, the Company has a recognized liability balance on the Seven Stars acquisition loan of $16,806,872.

Königstein Acquisition Loans

On April 26, 2023, Circle8 Group B.V. entered into a loan agreement with Sparkasse KölnBonn to finance a portion of the purchase price payable under a share purchase agreement for the acquisition of 80% of the shares outstanding in Konigstein Beratungsgesellschaft für EDV-Dienstleistungen GmbH. This loan agreement provided Circle8 Group B.V. with loans totaling up to €7,000,000 (approximately $7,949,000 as of September 30, 2026) in the following tranches:

Investment Loan A: Up to €4,500,000 (approximately $5,110,000 as of September 30, 2026) as an amortizing loan with payments of €250,000 (approximately $284,000 as of September 30, 2026) due at the end of each quarter, starting on December 30, 2023. The maturity date is March 31, 2028, with quarterly payments of €250,000 (approximately $284,000 as of September 30, 2026). The interest rate on the utilized amounts consists of the EURIBOR 3M, which resets quarterly, plus a margin of 3.20% per annum. As of September 30, 2026, the interest rate was 5.63%. As of September 30, 2026, the Company has a recognized liability balance on the Königstein Investment Loan A of $1,629,699.

Investment Loan B: Up to €2,500,000 (approximately $2,839,000 as of September 30, 2026) as a bullet loan, with payment in full due on the maturity date of September 30, 2028. The interest rate on the utilized amounts consists of the EURIBOR 3M, which resets quarterly, plus a margin of 3.60% per annum. As of September 30, 2026, the interest rate was 6.03%. As of September 30, 2026, the Company has a recognized liability balance on the Königstein Investment Loan B of $2,531,427.

The loan agreement stipulates that certain financial indicators in the form of annual financial statements are due no later than 180 days after the end of each financial year and no later than 45 days after the end of each quarter. Failure to submit these required reports timely constitutes a breach of financial indicators under the loan agreement, and will increase the corresponding margin of each loan by 1.50% per annum until such financial reports are submitted to the lender.

Seller Loans Entered into by Circle8 Group B.V.

Swisslinx Seller Loan

In March 2023, Circle8 Switzerland AG entered into a seller loan agreement with Swisslinx AG and Swisslinx International Limited to partially fund the acquisition of 100% of the shares in Swisslinx AG and Swisslinx International Limited. The agreement provided Circle8 Switzerland AG with a loan of CHF13,500,000 (approximately $16,174,000 as of September 30, 2026) with a maturity date of July 1, 2028. The interest rate is 5.00% per annum. Principal payments of CHF3,375,000 (approximately $4,043,000 as of September 30, 2026) and interest payments are due annually. As of September 30, 2026, the Company has provisionally de-recognized the Swisslinx seller loan as part of the settlement of its Seller Loan Suspension Claim and as a measurement period adjustment under ASC 805. See Note 11: *Commitments and Contingencies* for further information.

Fixed Today Seller Loan

In April 2022, Circle8 Group B.V. entered into a seller loan agreement with Payment Secured B.V. to partially fund the acquisition of 100% of the shares in Fixed Today Holding B.V. The agreement provided Circle8 Group B.V. with €2,000,000 (approximately $2,271,000 as of March 31, 2026). The Fixed Today seller loan had a maturity date of April 14, 2024.

As of September 30, 2026, the Company has a recognized liability balance on the Fixed Today seller loan liability of $2,271,000. The Fixed Today seller loan is currently in default in the amount of €2,000,000 (approximately $2,271,000 as of September 30, 2026).

Preferred Stock Financing

The Company entered into the Preferred Stock financing after evaluating a range of potential capital raising alternatives in light of prevailing market conditions, the Company's growth initiatives, acquisition integration activities, and the capital requirements associated with scaling its operations. Management and the Board considered various factors, including the Company's market capitalization, trading liquidity, cost of capital, timing considerations, and the availability and certainty of alternative financing sources.

The Company believes the transaction provided an efficient and executable source of capital that enhanced financial flexibility and supported the Company's strategic objectives. While the financing includes terms that may be viewed as more expensive or potentially dilutive than traditional financing arrangements, management and the Board determined that the structure reflected prevailing market conditions and the structure of comparable financing transactions available to similarly situated public companies, while also providing committed capital with execution certainty and without restrictive operational covenants.

Management and the Board also considered the Company's ongoing strategic initiatives, including acquisition integration efforts, operational expansion opportunities, and broader corporate development objectives, and concluded that the financing was appropriate and in the best interests of the Company and its stockholders at the time the transaction was entered into.

Professional Employer Organization

Lyneer entered into an agreement with Employer's HR, LLC, on February 19, 2018, to process the Company's payroll. The initial term of the agreement was 3 years. The Fifth Amendment with the PEO, effective March 21, 2025, extended the term of the agreement through December 10, 2027. The Sixth Amendment with the PEO ("PEO Sixth Amendment"), effective September 29, 2025, prevented the Company from terminating the agreement until October 1, 2026, excepting any provisions related to default or breach. The PEO Sixth Amendment reduced the claims administration fee to $5,000 from $10,000 per workers' compensation claim. The PEO charges a late payment charge of 1.5% per statement. Any unpaid balance is subject to a 1.5% per calendar month charge until paid in full. The Company is required to prepay collateral in the amount of one or up to two weeks estimated weekly payroll at the discretion of the PEO, which is fully refundable to the Company within 1 year of the date of the final statement. Total amount due to the PEO of $46,191,891 is included in "PEO liability and accrued interest" on the accompanying

unaudited consolidated balance sheets as of September 30, 2026. The PEO has notified the Company it was in default and subsequently withdrew the notice of default several times. On August 7, 2026, the Company and the PEO signed a nonbinding Term Sheet intended to pay $20 million in debt owed by Lyneer through issuance of the Company's shares. Despite the alleged defaults, EP continues to provide payroll funding and maintain workers' compensation coverage for Lyneer's employees while the parties negotiate a resolution. See Note 8: *Debt* for further information regarding notices of default and withdrawals. See Note 20: *Subsequent Events* regarding restated and continuing notices of default.

Interest Expense

Total interest expense is comprised of a cash and non-cash component as described in the debt arrangements described above. The Company also incurred interest expense related to an agreement with a professional employer organization ("PEO") which processes the payroll for the Company, related to the unpaid balance, at 1.5% per calendar month. Additionally, the Company entered into an agreement with Citibank, N.A. ("Citibank") on March 5, 2019, whereby Citibank purchases specific receivables and pays the invoices at the discounted amount and the Company incurs a discount charge equal to the Secured Overnight Financing Rate plus 0.75% to process the payments. The discount charged ranged from 4.71% to 5.46% for the nine months ended September 30, 2026.

For the three and nine months ended September 30, 2026 total interest expense was $5,079,660 and $12,911,073, respectively. For the three and nine months ended September 30, 2025 total interest expense was $2,094,177 and $5,402,959, respectively. Interest expense related to the PEO was $1,170,575 and $3,321,321 for the three and nine month periods ended September 30, 2026, respectively and $1,701,729 and $3,321,321 for the three and nine months ended September 30, 2025, respectively. Total cash paid for interest for the three and nine months ended September 30, 2026 totaled $1,951,848 and $6,195,851, respectively, and $1,202,388 and $3,509,168 for the three and nine months ended September 30, 2025, respectively. Interest expense related to the discount charge was $85,814 and $231,519 for the three and nine months ended September 30, 2026, respectively, and $91,607 and $563,091 for the three and nine months ended September 30, 2025, respectively. The remaining portion of the interest expense was non-cash due to the change in values of the accrued interest liability and amortization of deferred financing costs.

Assessment of Liquidity Position

The Company has assessed its liquidity position as of September 30, 2026 and December 31, 2025. As of September 30, 2026 and December 31, 2025, the total committed resources available were as follows:

	September 30, 2026	December 31, 2025
Cash and Cash Equivalents	$ 20,464,755	$ 81,134
Committed Liquidity Resources Available:		
Committed Liquidity Resources Available/(Over-advanced)	1,418,713	(422,756)
Total Committed Resources Available/(Over-advanced)	**$ 21,883,468**	**$ (341,622)**

The Company closed on a new ABL lender credit facility on April 29, 2025, replacing its obligations under the BMO Revolver, with an increased borrowing capacity of up to $70 million.

Refer to Note 3: *Summary of Significant Accounting Policies.*

Related Party Transactions

Transactions with Officers

As of September 30, 2026, the Company has a receivable from officers of $628,809 related to payroll taxes as a result of RSU vestings, which is included in “due from related parties, current” in the accompanying unaudited condensed consolidated balance sheets.

Transactions with IDC

Lyneer and IDC are co-borrowers and are jointly and severally liable for principal and interest payments under the Term Loan related to the BMO Revolver, the Term Note, the Seller Notes and the Earnout Notes.

As a result of the Merger, the Company was required to file short-period income tax returns for the periods of January 1, 2024 to June 18, 2024 and June 19, 2024 to December 31, 2024. For the first short-period, Lyneer and IDC filed consolidated income tax returns in certain states. In connection with this arrangement the Company has recorded a liability payable to IDC for taxes payable by IDC which represented taxes attributable to the Company’s operations included on consolidated state and local income tax returns filed by IDC. These amounts were determined by calculating the Company’s taxable income multiplied by the applicable tax rate. Amounts payable to IDC of this nature amounted to $548,432 as of both September 30, 2026 and December 31, 2025, and are included in “other assets” on the accompanying condensed consolidated balance sheets. For the second short-period ended December 31, 2024 and the full year 2025, Lyneer filed consolidated income tax returns with Atlantic International Corp.

Total amounts receivable from IDC amounted to $0 as of September 30, 2026 due to a valuation allowance of $9,138,604 related to the Company fully reserving the net IDC receivable balance. Total amounts receivable from IDC amounted to $1,369,833 as of December 31, 2025, and are included in “other assets”, on the accompanying condensed consolidated balance sheets. This consists of $500,000 related to the expenses paid by Lyneer for the balance remaining on the BMO Revolver rolled into the current Revolver, $1,418,265 related to expenses incurred by IDC and paid by the Company and $548,432 payable to IDC for taxes payable. There are no formalized repayment terms.

Pursuant to the Amended and Restated Convertible Promissory Note, any amounts paid to BMO will be in satisfaction of this Note. The Company offset the December 31, 2025 balance related to the IDC receivable that was remaining on the BMO Revolver and rolled into the current Revolver as allowed per the Amended and Restated Convertible Promissory Note. See Note 8: *Debt* for the Company’s gross and net offsetting liability amounts. Below is presented the calculation of the net amount of the receivable from IDC as of December 31, 2025 included in “other assets” on the accompanying consolidated balance sheets.

	Gross Amount	Amount Offset	Net Receivable from IDC included in “Other assets” on Consolidating Balance Sheet
Receivable from IDC included in “Other assets”	$ 7,426,218	$ (6,056,385)	$ 1,369,833

On June 18, 2024, the Company entered into a $35,000,000 Merger Note with IDC. See Note 8: *Debt* for further information. Additionally, IDC was issued 25,423,729 shares of the Company’s common stock at a market value of $2.36 per share, or $60,000,000 in the aggregate.

On April 28, 2025, IDC was no longer considered a related party according to ASC Topic 850 — *Related-party Disclosures*.

Transactions with SPP Credit Advisors, LLC (“SPP”)

SPP is a related party due to being a principal owner of more than 5% of the Company’s Common Stock. See Note 8: *Debt and* Note 11: *Commitments and Contingencies* for further discussion related to the troubled debt restructuring and other SPP transactions.

Transactions with Axiom and Related Entities

The Axiom Consulting Agreement and Axiom Netherlands Consulting Agreement stipulate that Axiom and Axiom Netherlands, respectively, will provide ongoing services consisting of advisory, management, strategic, operational and

transaction support services to Circle8. The Axiom Consulting Agreements have an initial term of one year, and thereafter automatically renew for successive periods of one year, unless terminated by either party giving at least 3 months prior written notice. Pursuant to the Axiom Netherlands Consulting Agreement, the Company is required to pay Axiom Netherlands €2,400,000 (approximately $2,725,000 as of September 30, 2026) annually, with four equal payments invoiced in advance on a quarterly basis and payable within 30 days of the invoice date. Pursuant to the Axiom Consulting Agreement, the Company is required to pay Axiom €1,200,000 (approximately $1,363,000 as of September 30, 2026) annually, with four equal payments invoiced in advance on a quarterly basis and payable within 30 days of the invoice date. The Company recognized $2,969,674 as expense under the Axiom Consulting Agreements during the quarter ended September 30, 2026 and this amount is included in "selling, general and administrative" in the accompanying unaudited condensed consolidated statement of operations and comprehensive loss.

The Company additionally incurred $1,008,794 related to independent contractors placed by Axiom during the quarter ended September 30, 2026. This expenses is included in "selling, general and administrative" in the accompanying unaudited condensed consolidated statement of operations and comprehensive loss.

In connection with the Circle8 Acquisition, the Company issued a Convertible Note to Axiom as a component of consideration transferred for the business. The Convertible Note has a stated principal amount of $161,961,751 and is non-interest-bearing.

Off Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements and does not have any holdings in variable interest entities.

Critical Accounting Policies and Estimates

The preparation of Atlantic's consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent assets and liabilities. On an on-going basis, management evaluates its estimates and judgments, including those related to revenue recognition, allowance for doubtful accounts, intangible assets valuation, income taxes and business combinations. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Revenue Recognition

The Company derives its revenues from four service lines: temporary placement services; brokerage services; payrolling services; and permanent placement and other services. Revenues are recognized when promised goods or services are delivered to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. To determine revenue recognition for arrangements that an entity determines are within the scope of ASC Topic 606 — *Revenue From Contracts with Customers* ("ASC 606"), the Company performs the following five steps: (i) it identifies the contracts with a customer; (ii) it identifies the performance obligations in the contract; (iii) it determines the transaction price; (iv) it allocates the transaction price to the performance obligations in the contract; and (v) it recognizes revenue when (or as) the Company satisfies a performance obligation.

Temporary Placement Services Revenue

Temporary placement services revenue from contracts with customers is recognized in the amount which the Company has a right to invoice when the services are rendered by its engagement professionals. The Company invoices its customers for temporary placement services concurrently with each periodic payroll which coincides with the services provided. While all customers are invoiced weekly and payment terms vary, the majority of our customers have payment terms of 30 days; however, the Company may extend to 150 days from the invoice date. Customers are assessed for credit worthiness upfront through a credit review, which is considered in establishing credit terms for individual customers. Revenues that have been recognized but not invoiced for temporary staffing customers are included in "unbilled accounts receivable" on the accompanying condensed consolidated balance sheets and represent a contract asset under ASC 606. Terms of collection vary based on the customer; however, payment generally is due within 30 days.

Most engagement professionals placed on assignment by the Company are legally our employees while they are working on assignments. The Company pays all related costs of employment, including workers' compensation insurance, state and federal unemployment taxes, social security, and certain fringe benefits. The Company assumes the risk of acceptability of its employees to its customers.

The Company records temporary placement services revenue on a gross basis as a principal, rather than on a net basis as an agent in the presentation of revenues and expenses. The Company has concluded that gross reporting is appropriate because it (i) has the risk of identifying and hiring qualified employees, (ii) has the discretion to select the employees and establish their price and duties, and (iii) bears the risk for services that are not fully paid for by customers.

Permanent Placement and Other Services Revenue

Permanent placement and other services revenue from contracts with customers is primarily recognized when employment candidates accept offers of permanent employment and begin work for the Company's customers. Certain of the Company's permanent placement contracts contain a 30-day guarantee period. The Company has a substantial history of estimating the financial impact of permanent placement candidates who do not remain with its clients through the 30-day guarantee period. In the event that a candidate voluntarily leaves or is terminated for cause prior to the completion of 30 days of employment, we will provide a replacement candidate at no additional cost, as long as the placement fee is paid within 30 days of the candidate's start date. When required, the Company defers the recognition of revenue until a replacement candidate is found and hired, and any associated collected amount is recorded as a contract liability. Fees to clients are generally calculated as a percentage of the new employee's annual compensation. No fees for permanent placement talent solutions services are charged to employment candidates, regardless of whether the candidate is placed.

Brokerage Services Revenue

Brokerage services include both Contract Management and Managed Service Provider ("MSP") services, both of which consist of administrative-related functions in which the Company does not control the professionals' services to customers.

Contract Management Revenue

For Contract Management revenue, the Company provides administrative, contractual, payroll, and compliance management for a professional already selected by the end-customer. The Company does not perform sourcing or recruiting activities. The Company's role is to act as an arranger, managing and coordinating the administrative activities described in the agreement rather than providing the underlying professional services. The services performed by the Company include drafting and executing assignment documentation, onboarding the contractor into the Company's systems, administering time capture and invoicing workflows, processing payroll, ensuring tax and regulatory compliance, and monitoring ongoing assignment requirements. As these administrative services are interrelated, they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

Contract Management revenues are recognized in the amount the Company has the right to invoice for administrative, contractual, payroll, and compliance support provided for professionals who have been selected directly by the customer. The Company invoices customers based on approved hours worked by the customer-designated professional, applying a fixed administrative fee or marginal rate for these activities provided by the Company. In most cases, the customer sets the hourly rate for the professional and also sets Company's administrative fee. Most customers are invoiced monthly and payment terms can vary, but customers primarily have payment terms of approximately 14 to 30 days. As such, revenue is recognized over time with the delivery of services. As the business is driven primarily by large customers with high credit scores, credit checks are not usually performed. Revenues that have been recognized but not invoiced for Contract Management customers are included in "contract assets" on the accompanying condensed consolidated balance sheet and represent a contract asset under ASC 606. Terms of collection vary based on the customer; however, payment generally is due within 30 days.

The Company enters into a contractor agreement directly with each professional assigned to an engagement. However, this is solely for the purpose of the contract management services and does not render the professional a legal employee of the Company. The Company is not responsible for performance issues related to the work of the professional, and it is only allowed to replace the professional upon request and approval by the customer.

The Company records Contract Management revenue on a net basis as an agent. The Company has concluded that net reporting is appropriate because the services provided under Contract Management constitute administrative and brokerage-related activities rather than control over the underlying services. Specifically, (i) the Company does not have discretion over choosing the professional who is performing the services, as the individuals have been chosen directly by the customer, (ii) the Company's role is limited to administrative and compliance-related functions rather than activities

which relate to the services performed by the professional, and (iii) the Company has limited discretion over pricing, as the administrative fee is usually set by the customer.

*Managed Service Provider ("MSP") Service*s

For MSP revenue, the Company provides end-to-end hiring management services for customers seeking to hire temporary labor, seconded staff, and self-employed professionals. The services performed by the Company include coordination with pre-approved workforce suppliers during the hiring process, posting and managing job vacancies, onboarding and offboarding contractors, and performing hiring administration. As these services are interrelated, they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

Managed Service Provider revenues are recognized in the amount the Company has the right to invoice for supplier coordination and hiring administration. The Company invoices customers based on approved hours worked by the customer-designated professional, applying a fixed administrative fee as agreed upon in the contract. Most customers are invoiced monthly and payment terms can vary, but customers primarily have payment terms of approximately 14 to 30 days. As such, revenue is recognized over time with the delivery of services. As the business is driven primarily by large customers with high credit scores, credit checks are not usually performed. Revenues that have been recognized but not invoiced for Managed Service Provider customers are included in "contract assets" on the accompanying condensed consolidated balance sheet and represent a contract asset under ASC 606. Terms of collection vary based on the customer; however, payment generally is due within 30 days.

The Company enters into a separate agreement directly with each professional who is contracted for temporary employment at the end customer. However, this is solely for the purpose of the administrative services and does not render the professional a legal employee of the Company. The Company is not responsible for performance issues related to the work of the professional.

The Company records MSP revenue on a net basis as an agent. The Company has concluded that net reporting is appropriate because the services represent arranger and administrative activities rather than control over the underlying professional services. Specifically, (i) the Company does not have full discretion over choosing the professional who is performing the services, as it merely facilitates the hiring process among the pre-approved suppliers, (ii) the Company's role is limited to administrative, coordination, and hiring management functions rather than activities related to providing or directing the performance of the professional, and (iii) the Company does not assume responsibility for, nor does it control, the performance or quality of services provided by the professional.

Payrolling Services Revenue

For Payrolling revenue, the Company provides professionals it employs to customers for assignments. The Company assumes employer obligations, including social contributions, compliance, and other legal responsibilities, while the client maintains operational supervision over the specific assignment. As these services are interrelated, they are not considered to be individually distinct and therefore are accounted for as a single performance obligation.

Payrolling revenue is recognized in the amount which the Company has a right to invoice when the services are rendered by its engagement professionals. The Company invoices its customers for temporary placement services concurrently with each periodic payroll which coincides with the services provided. While all customers are invoiced weekly and payment terms vary, the majority of our customers have payment terms of 14 to 30 days. As such, revenue is recognized over time with the delivery of services. As the business is driven primarily by large customers with high credit scores, credit checks are not usually performed. Revenues that have been recognized but not invoiced for temporary staffing customers are included in "contract assets" on the accompanying condensed consolidated balance sheets and represent a contract asset under ASC 606. Terms of collection vary based on the customer; however, payment generally is due within 30 days.

The engagement professionals placed on assignment by the Company are legally our employees while they are working on assignments. The Company pays all related costs of employment, including workers' compensation insurance, state and federal unemployment taxes, social security, and certain fringe benefits. The Company assumes the risk of acceptability of its employees to its customers.

The Company records Payrolling revenue on a gross basis as a principal. The Company has concluded that gross reporting is appropriate because the Company (i) has the risk of identifying and hiring qualified employees, (ii) has the discretion to select the employees and establish their price and duties, and (iii) bears the risk for acceptability of its employees to its customers.

Contract liabilities are recorded when cash payments are received or due in advance of performance and are reflected in "accrued expenses and other current liabilities" on the accompanying condensed consolidated balance sheets.

Allowance for Doubtful Accounts

The Company performs credit evaluations of our customers and adjusts credit limits based upon customer payment history and current creditworthiness, as determined by our review of our customers' current credit information. We monitor billing events, collections and payments from our customers and maintain an allowance for doubtful accounts based upon our historical experience and any specific customer collection issues that we have identified. In light of ongoing tight credit market conditions and high interest rates, we continue to see requests from our customers for higher credit limits and longer payment terms. We have, on a limited basis, approved certain customer requests. Also, we can from time to time experience significant increases in the overall level of contract assets (i.e., unbilled receivables) related to large, long-term contracts with certain government, domestic and international customers. We continuously monitor our accounts receivable credit portfolio.

We may not be able to accurately predict our future credit loss experience. Measurement of credit losses requires consideration of historical loss experience, including the need to adjust for changing business conditions, and judgments about the probable effects of relevant observable data, including present economic conditions such as delinquency rates and the financial health of specific customers. Future changes to the estimated allowance for doubtful accounts could be material to our results of operations and financial condition.

Intangible Assets

The Company's identifiable intangible assets as of September 30, 2026 and December 31, 2025 consisted of customer relationships, trade name, trademarks, software and website which were initially recognized as a result of the Transaction and the Circle8 Acquisition and represent definite-lived intangible assets. The Company does not currently have any indefinite-lived intangible assets, excluding goodwill. Intangible assets are amortized using the straight-line method over their estimated useful lives.

In accordance with the accounting standard for the impairment or disposal of long-lived assets under ASC 360, our long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that carrying amounts may not be recoverable (i.e., information indicates that an impairment might exist).

For long-lived assets to be held and used, the Company recognizes an impairment loss only if the carrying amount is not recoverable through its undiscounted cash flows and measures the impairment loss based on the difference between the carrying amount and fair value. For the nine months ended September 30, 2026 and the year ended December 31, 2025 no impairments were recognized on our intangible assets.

Goodwill

We test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred. GAAP requires that goodwill be tested for impairment at a reporting unit level. For segments with a goodwill balance, we determine if our reporting units are the same as our operating and reportable segments based on our organizational structure or one level below our operating segments (the component level).

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company assesses, on a quarterly basis, the likelihood that deferred tax assets will be realized in accordance with the provisions of ASC 740. ASC 740 requires that a valuation allowance be established when it is "more likely than not" that all, or a portion of, deferred tax assets will not be realized. The assessment considers all available positive or negative evidence, including the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies.

Business Combinations

We account for business combinations using the acquisition method of accounting, in which the purchase price is allocated to assets acquired and liabilities assumed and recorded at the estimated fair values at the date of acquisition. Any excess of the purchase price over the estimated fair values of the net assets acquired is recorded as goodwill. Management is required to make significant assumptions and estimates in determining the fair value of the assets acquired, particularly intangible assets. Purchased intangible assets are primarily comprised of an acquired trade name and customer relationships that are recorded at fair value at the date of acquisition. We utilize third-party valuation specialists to assist us in the determination of the fair value of the intangibles. The fair value of trade name intangibles is determined using the relief-from-royalty method, which relies on the use of estimates and assumptions about expected future revenue growth rates, royalty rates and discount rates. The fair value of customer relationship intangibles is determined using the multi-period excess earnings method, which relies on the use of estimates and assumptions about expected future revenue growth rates, customer attrition rates, profit margins and discount rates. Determining the useful lives of intangible assets requires judgment and is inherently uncertain. There is a measurement period of up to one year in which to finalize the fair value determinations and preliminary fair value estimates may be revised if new information is obtained during this period.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

As a Smaller Reporting Company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information required under this item.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the disclosure controls and procedures as of September 30, 2026, the end of the period covered by this report on Form 10-Q. The term "disclosure controls and procedures," as set forth in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act"), means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Additionally, in designing disclosure controls and procedures, our management was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a control system, misstatements due to error or fraud may occur and not be detected.

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Our management, including our Chief Executive Officer and our Chief Financial Officer, has evaluated the effectiveness of our internal control over financial reporting as of September 30, 2026, based on the framework established in Internal Control—Integrated Framework (2023) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Prior to the Merger, we were a private company and had limited accounting and financial reporting personnel with which to address our internal controls and related procedures. Based upon that evaluation, our management concluded that our internal control over financial reporting was not effective as of September 30, 2026, due to the material weaknesses described below.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting as defined under the Exchange Act, as amended, and by the Public Company Accounting Oversight Board (United States), such that there is a reasonable possibility that a material misstatement of our annual financial statements will not be prevented or detected on a timely basis.

This conclusion is based on the identification of material weaknesses in the areas of accounting for complex financial transactions or non-routine transactions. The Company currently consults with third-party experts to overcome this weakness. The Company had a material weakness related to lack of segregation of duties in finance and accounting. There is also an inadequate design of policies and procedures that are tested and monitored to prevent and detect potential errors. Due to our limited accounting and financial reporting personnel, we have ineffective controls over the period end financial disclosure and reporting process. Additionally, the Company also had a significant deficiency due to non-payment of payroll taxes on vested restricted stock units.

We are in the process of implementing measures designed to improve our internal control over financial reporting to remediate the material weaknesses and plan to implement them in the first quarter of 2027. For example, we plan to design and implement improved processes and internal controls, including ongoing senior management review and Audit Committee oversight. Additionally, we plan to further develop and implement formal policies, processes and documentation procedures relating to our financial reporting, including the oversight of third-party service providers. Our actions are subject to ongoing executive management review and will also be subject to Audit Committee oversight.

Notwithstanding the material weaknesses in internal control over financial reporting described above, our management has concluded that our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q are fairly stated in all material respects.

On January 23, 2026, the Company completed the acquisition of Circle8 Group B.V. The Company accounted for this acquisition as a business combination. As this acquisition occurred in the first quarter of 2026, the scope of our assessment of our internal control over financial reporting does not include Circle8 Group B.V. This exclusion is in accordance with the Securities and Exchange Commission’s general guidance that an assessment of a recently acquired business may be omitted from our scope in the year of such acquisition. As of September 30, 2026, Circle8 Group B.V. had total assets that represented approximately 88% of the Company's consolidated total assets and total revenues that represented approximately 22% of the Company's consolidated revenues.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter 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

From time to time, the Company may be involved in various disputes and litigation matters that arise in the ordinary course of business. Atlantic is currently not a party to any material legal proceedings, except as follows.

Rosanna Vargas v. DHL Express (USA), Inc. et al., Case No. L-4352-19

On October 30, 2019, Rosanna Vargas filed a complaint in the Superior Court of New Jersey at Camden County against Lyneer and various defendants, including Lyneer's client, alleging severe personal injury sustained at work. The case is now closed as to all parties. As a result of the matter, Lyneer's client sought indemnification from Lyneer pursuant to an indemnification demand issued to Lyneer on June 10, 2022. Accordingly, Lyneer agreed to pay approximately $1,030,000 over 36 months, beginning in July 2023, to settle the claim. As of September 30, 2026, the Company owes $32,857 and has accrued the full amount, which is recognized in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets.

Enrique Briseno, et al. vs. Three Hands Corporation, et al., Case No. 21STCV00443, Superior Court of the State of California for the County of Los Angeles

On January 6, 2021, a class action wage and hour complaint was filed in the Superior Court of California, Los Angeles County, by Enrique Briseno as class representative. The Complaint was filed only against the Company's client. The matter settled for $425,000, $300,000 of which is to be paid by the Company, and the remaining $125,000 is to be paid by the client. The settlement agreement was signed on December 17, 2024 and has been finalized and executed and provided to the Court for approval. As of September 30, 2026 the Company owes $75,000, which is recognized in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets plus the employer's side of payroll taxes of $5,674. This payment was due August 31, 2026 and has not yet been paid.

Aguilar, et al v Lyneer Staffing Solutions, et al Docket No. MID-L-3595-21 (Middlesex County Superior Court NJ)

On June 16, 2021, a complaint was filed in the Superior Court of New Jersey Law Division, Middlesex County. The complaint alleges a former minor employee (who obtained employment by providing false information) was injured on October 15, 2020, at the Co-Defendant's worksite. A settlement conference was held on August 28, 2024, but was unsuccessful. The Company's liability insurance carrier and the Company's workers' compensation insurance carrier and the liability insurance carrier for the client held a settlement conference on April 14, 2025, which was unsuccessful. The trial commenced April 28, 2025 and a settlement was reached on May 2, 2025 for a total value of $3,050,000, $2,800,000 in cash and $250,000 by virtue of a lien release, of which the Company is responsible for $200,000, with the insurance carriers collectively responsible for the remainder. The final settlement agreement was executed, and the full settlement amount was paid by the Company in January 2026.

Teresa Alvarez and Maria Flores vs. Liquid Graphics, Inc., Lyneer Staffing Solutions, LLC, Liz Long, et. al, Case No 30-2021-01225386-CU-WT-CJC, Superior Court for the State of California, County of Orange

On October 8, 2021, a class action wage and hour complaint was filed in the Superior Court of California, Orange County, by Maria Flores and Teresa Alvarez as class representatives. The Complaint was filed against the Company as well as the Company's client. The matter settled for $750,000, $650,000 of which is to be paid by the Company, and the remaining $100,000 is to be paid by the client. The settlement agreement was signed November 16, 2023 and has been finalized and executed. The Company has accrued for the $650,000 settlement payment due, which is recognized in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets. The full settlement amount of $671,858, which includes employment taxes, was paid on October 23, 2025, and Lyneer's portion of the settlement has now been paid in full.

Maria Reyes vs. Lyneer Staffing Solutions, LLC, Case No CIVSB2317672, Superior Court of the State of California for the County of San Bernardino

On August 1, 2023, a class action wage and hour PAGA complaint was filed in the Superior Court of California, County of San Bernardino, by Maria Reyes as class representative. The matter settled at a mandatory settlement conference held on October 10, 2025, for $925,000, which is recognized in "accrued expenses and other current liabilities" on the accompanying condensed consolidated balance sheets. The Judgment on the PAGA settlement was entered on July 20, 2026. The settlement amount was due in 90 days from that date, on or about October 16, 2026.

BAC Rhino 3 Federal LLC vs. Atlantic International Corp, Civil Action No 2484CV03189, Suffolk County Superior Court

On December 9, 2024, BAC Rhino 3 Federal LLC ("Rhino") filed a complaint in Suffolk County Superior Court, against Atlantic for breach of contract, seeking damages for accelerated rent, plus costs of collection and outstanding rent to date, for Atlantic's default under the lease and failure to pay monies owed thereunder. On December 18, 2025, the Company and Rhino entered into a settlement agreement whereby the Company shall pay $1,000,000. As of September 30, 2026, the Company owes $680,000 and has accrued this full amount, which is recognized in "accrued expenses and other current liabilities" on the accompanying unaudited condensed consolidated balance sheets. The Company has agreed to monthly payments of $30,000 until the balance is paid in full.

Atlantic and its Lyneer subsidiaries, Lyneer Investments, LLC, Lyneer Holdings, Inc. and Lyneer Staffing Solutions, LLC (collectively the "Lyneer Subsidiaries"), Civil Index No. 154264/2026, Supreme Court of the State of New York, County of New York

On April 2, 2026, the Company and the Lyneer Subsidiaries commenced a lawsuit against SPP. At the same time the Company is seeking a preliminary injunction with an Order to Show Cause and Temporary Restraining Order. The Company is seeking a preliminary injunction enjoining SPP from continuing to proceed as if the outstanding indebtedness owed under the loans at issue had not been satisfied.

The Company has alleged in its complaint that SPP launched a coordinated, pre-planned attack to seize control of the Lyneer subsidiaries based on a fabricated default, set forth in the Default Notices, and in bad faith of its own financial interests. As part of a refinancing transaction in April 2025, SPP obtained, and was supposed to ultimately sell, over $77 million worth of publicly traded shares in the Company acquired from non-party IDC. SPP was required to apply the proceeds to satisfy the outstanding debt owed under the term loan that originated in 2021. The value of the Nasdaq publicly traded shares significantly exceeded any outstanding indebtedness arguably remaining owing to SPP (less than $50 million) and, as such, upon SPP's receipt of the collateral, the indebtedness was satisfied and extinguished. SPP acknowledged and understood it took stock worth more than its debt, and agreed to remit the surplus back to IDC. It should be noted that SPP's default notices did not demand repayment of the loans, nor include payoff amounts. Instead, they only reflected a hostile takeover. Furthermore, as a subordinate mezzanine lender, SPP has no contractual right to receive capital raise proceeds ahead of the senior lenders in line before it.

On April 29, 2026, the Court denied the Company's request for relief and set a trial date on the preliminary injunction for June 23, 2026. On August 7, 2026, the Company and SPP entered into a settlement agreement. See Note 20: *Subsequent Events* for further discussion.

SPP Credit Advisors LLC and Rick Arrowsmith v. Atlantic International Corp et al.. In the Court of Chancery of The State of Delaware (Case No. 2026-0448-JTL)

On March 30, 2026, SPP notified the Company and its Lyneer Subsidiaries that certain events of default have occurred and are continuing under the Amended and Restated Loan Agreement dated as of April 29, 2025 (the "Financing Agreement"). SPP asserted that the events of default relate to our failure to satisfy certain financial and non-financial covenants under the Financing Agreement. In its notice to the Company, SPP confirmed that the Agents (as defined in the Financing Agreement) and SPP have not waived the specified events of default, and that the Agent and SPP reserve all of their rights and remedies under the Financing Agreement, the Loan Documents (as defined in the Financing Agreement), and any applicable law with respect to the specified events of default, including, without limitation: (i) the right to accelerate the Obligations (as defined in the Financing Agreement); (ii) the right to exercise the Pledge Agreement associated with the ownership of the Lyneer entities; (iii) the right to exercise all voting and economic interests in the Lyneer entities; and (iv) the right to take all actions and exercise all remedies available to the Agents and/or the Lenders under the Loan Documents and applicable law. Additionally, SPP has attempted to exercise its pledge and has sought to try to replace the management of Lyneer. The Company believes it has meritorious defenses to the claims of SPP and, as described above, has commenced a lawsuit to contest SPP's actions.

Simultaneously with the default letter under the Financing Agreement as described above, SPP notified the Company of certain events of default under (a) the Credit Agreement, dated June 18, 2024, and (b) the Pledge and Security Agreement dated as of June 18, 2024.

Similar to the Financing Agreement default notice, SPP has asserted that the events of default also relate to our failure to satisfy certain financial and non-financial covenants under the Credit Agreement. In its notice to Atlantic, SPP has confirmed that the Agent and SPP have not waived the specified events of default, and that the Agent and SPP reserve all of their rights and remedies under the Credit Agreement, the Loan Documents, and any applicable law with respect to the

specified events of default, including, without limitation: (i) the right to accelerate the Obligations; (ii) the right to exercise the Pledge Agreement associated with the ownership of the Lyneer Subsidiaries; (iii) the right to exercise all voting and economic interests in the Lyneer Subsidiaries; and (iv) the right to take all actions and exercise all remedies available to the Agents and/or the Lenders under the Loan Documents and applicable law. In addition, SPP has attempted to exercise its pledge and sought to try to replace the management of Lyneer.

Later on April 2, 2026, Rick Arrowsmith, on behalf of SPP, and in response to the above-described lawsuit brought by the Company, commenced a lawsuit in the Court of Chancery of the State of Delaware against the Company and its officers. Based on the unfounded alleged events of default, the plaintiff was appointed by SPP to take managerial control of the Lyneer subsidiaries. The plaintiff is seeking declaratory relief that he was able to remove all officers of the Company and is entitled to declaratory, preliminary and permanent injunctive relief to take control of the Company.

On April 27, 2026, the Court entered a Status Quo Order (the "Order"). The Order controls the governance and management of the Lyneer Subsidiaries pending (a) a final disposition of the matter, or (b) an order that expressly modifies or supersedes the Order. The Order requires Lyneer to operate in the ordinary course of business (as defined) and to provide Mr. Arrowsmith with certain current financial statements as reasonably requested.

The Company believes it has meritorious defenses to the claims of SPP and, as described above, has commenced a lawsuit to contest SPP's actions. On August 7, 2026, the Company and SPP entered into a settlement agreement. See Note 20: *Subsequent Events* for further discussion.

North Mill Capital LLC d/b/a SLR Business Credit Disposition of Assets

On October 15, 2026, the Company's Lyneer subsidiaries received notice that North Mill Capital LLC's d/b/a SLR Business Credit ("SLR"), as senior secured lender for Lyneer Staffing Solutions, LLC., intends to conduct a sale of substantially all assets owned by Lyneer Staffing Solutions, LLC. under Article 9 of the Uniform Commercial Code in one or more private sales on or after October 27, 2026. The Company has disputed the validity of this notice and is in negotiations to resolve this matter.See Note 20: *Subsequent Events* for further information.

Circle8 Switzerland AG Swisslinx Litigations

Earn-Out Claim and Seller Loan Suspension Claim Settlement – Swisslinx Acquisition

Prior to the Company's acquisition of Circle8 Group B.V. on January 23, 2026, formal legal complaints and arbitration proceedings were active involving Circle8 Switzerland AG and the sellers of Swisslinx International Ltd ("Swisslinx") in connection with alleged breaches of the Share Purchase Agreement dated February 22, 2023 (the "Swisslinx SPA"), including (to the extent this relates to the claim against the sellers) claims related to misleading and/or incorrect information. As these disputes constituted a bona fide litigation contingency existing at the acquisition date, management has evaluated the resolution of these matters as a measurement period adjustment under ASC 805 Business Combinations and interpretive guidance. The definitive resolution provides clear evidence of the fair value of these assumed liabilities as of the acquisition date rather than a new post-acquisition economic event.

On September 2, 2026, the Company entered into a binding Settlement Agreement (the "Swisslinx Settlement") to fully extinguish all pre-existing claims and counter-claims under the Earn-out and Seller Loan agreements. The Swisslinx Settlement provided two holistic cash-flow paths to clear the legacy claims: a primary expedited payment path of CHF10,100,000 (approximately $12,100,000 as of September 30, 2026) if completed by October 31, 2026, or an ultimate cash flow requirement of CHF14,000,000 (approximately $16,773,000 as of September 30, 2026) if the primary path was not executed.

The primary expedited payment of CHF10,100,000 (approximately $12,100,000 as of September 30, 2026) was not executed by the October 31, 2026 milestone because the payment was conflicting with its Swisslinx seller loan agreement with Luzerner Kantonalbank AG, which holds a senior security interest and explicitly restricts payments to lower-seniority obligations. As these credit constraints and legal restrictions existed at the January 23, 2026 acquisition date, the expedited CHF10,100,000 (approximately $12,100,000 as of September 30, 2026) path was contractually unavailable to the Company. Management assessed the final cash flow requirement of CHF14,000,000 (approximately $16,773,000 as of September 30, 2026) as the true reflection of facts, constraints, and circumstances existing at the acquisition date, and has recognized the final settlement liability at CHF14,000,000 (approximately $16,773,000 as of September 30, 2026) in "accrued expenses and other current liabilities" on the unaudited condensed consolidated balance sheets.

AMR GP Limited/Circle8 Group BV Arbitration

On or about September 22, 2026, AMR GP LIMITED ("AMR") and the Company's CIRCLE8 GROUP BV ("BV") European subsidiary filed a request for arbitration in the United Kingdom under the Arbitration Rules of the London Court of Arbitration. The petition alleges that the BV failed to pay amounts due under a Sponsorship Agreement dated May 25, 2024. BV has not responded to the arbitration request and is reviewing the matter and is assessing the veracity of the claims made therein. According to the request, AMR seeks approximately €3,209,856 in fees plus costs. The Company is in discussions with AMR's counsel to resolve the matter amicably.

Item 1A. Risk Factors

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by the words "may," "might," "will," "could," "would," "should," "expect," "intend," "plan," "objective," "anticipate," "believe," "estimate," "predict," "project," "potential," "continue" and "ongoing," or the negative of these terms, or other comparable terminology intended to identify statements about the future, although not all forward-looking statements contain these words. These statements relate to future events or our future financial performance or condition and involve known and unknown risks, uncertainties and other factors that could cause our actual results, levels of activity, performance or achievement to differ materially from results expressed or implied in this Quarterly Report on Form 10-Q. These forward-looking statements include, but are not limited to, statements about:

- our expectations regarding the market size and growth potential for our business;
- the implementation of our strategic plans, including strategy for our business, acquisitions and related financing;
- the ability of Lyneer and IDC to meet the terms and conditions of their joint and several debt obligations;
- our ability to maintain and establish future collaborations and strategic clients;
- the rate and degree of market acceptance of our services;
- our ability to meet the continued listing requirements of the Nasdaq Stock Market;
- our ability to generate sustained revenue or achieve profitability;
- the pricing and expected gross margin for our services;
- the expected benefits and synergies of the acquisition of Circle8 Group B.V.;
- the expected financial condition, results of operations, earnings outlook and prospects of our Company, Lyneer and the combined company, including any projections of sales, earnings, revenue, margins or other financial items;
- the ability of the new management team to execute our business plan;
- our business strategies and goals;
- any statements regarding the plans, strategies and objectives of management for future operations;
- any statements regarding future economic conditions or performance;
- all assumptions, expectations, predictions, intentions or beliefs about future events;
- changes in applicable laws, regulations or permits affecting Atlantic, Lyneer or Circle8's operations or the industries in which each appears;
- general economic and geopolitical conditions;
- our competitive position; and
- our estimates of our expenses, ongoing losses, future revenue, capital requirements and our needs for, or ability to obtain, additional financing as necessary.

The forward-looking statements contained in this Quarterly Report on Form 10-Q and the documents incorporated herein by reference are based on our current expectations and beliefs concerning future developments and their potential effects on our business. There can be no assurance that future developments affecting our business will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described in this Section and under similar headings in the documents that are incorporated by reference herein. Moreover, we operate in a very competitive and rapidly changing environment.

New risks and uncertainties emerge from time to time, and it is not possible for us to predict all such risk factors, nor can we assess the effect of all such risk factors on our business or the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any of the assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

The forward-looking statements made by us in this Quarterly Report on Form 10-Q and the documents incorporated herein by reference speak only as of the date of such statement. Except to the extent required under the federal securities laws and rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), we disclaim any obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In light of these risks and uncertainties, there is no assurance that the events or results suggested by the forward-looking statements will in fact occur, and you should not place undue reliance on these forward-looking statements.

Although we undertake no obligation to revise or update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law, you are advised to consult any additional disclosures we make in the documents that we file with the SEC.

Other than the litigation set forth in Item 1. *Legal Proceedings* there have been no material changes to the Risk Factors included in the Company's Annual Report on Form 10-K filed with the SEC on April 15, 2026 to the date of this filing. A summary of those risk factors is outlined below.

RISK FACTOR SUMMARY

Our business is subject to numerous risks and uncertainties. These risks include, but are not limited to the following:

Risks Related to Lyneer's Business

- Lyneer has a significant amount of debt obligations and its failure to restructure or pay such obligations when due could have a material adverse impact on Lyneer's financial condition and long-term viability. Furthermore, Lyneer is in default under certain credit facilities and outstanding promissory notes and any future defaults by Lyneer under its credit facilities could also have a material adverse impact on Lyneer's financial condition and long-term viability.
- Lyneer operates in an intensely competitive and rapidly changing business environment, and there is a substantial risk that its services could become obsolete or uncompetitive.
- Lyneer is a party to debt instruments which contain covenants that could limit its financing options and liquidity position, which would limit its ability to grow its business. Lyneer's failure to comply with the restrictions in these debt instruments could result in events of default, which, if not cured or waived, could result in Lyneer being required to repay these borrowings before their due date.
- Lyneer's customers can terminate their agreements at any time, making Lyneer particularly vulnerable to a significant decrease in revenue within a short period of time that could be difficult to quickly replace.
- The Company's audited financial statements have been prepared with a going concern qualification.
- The Company has disputed the validity of a notice from the senior lender for Lyneer that it intends to conduct an article 9 sale of substantially all assets of Lyneer, and which the Company is in negotiations with such lender for a resolution.

Risks Related to Circle8 Group B.V.'s Business

- As a staffing company, Circle8 Group B.V. is prone to cash flow imbalances. If it is unable to satisfy those needs from cash generated from its operations or borrowings under its debt instruments, upon mutual agreement we will be required to fund such shortfall.
- Circle8 Group B.V.'s clients come from a variety of enterprises and their needs may change rapidly as their businesses and industries evolve.
- The worldwide employment services industry is highly competitive with limited barriers to entry into many markets, which could limit our ability to maintain or increase our market share or profitability.
- Circle8 Group B.V.'s international operations subject us to numerous risks outside of our control, including risks arising from political unrest, military conflicts, natural disasters, severe weather conditions, and global health emergencies.
- Foreign currency fluctuations, changes in tax rates, adoption of new international tax legislation or tax audits that could result in additional income tax liabilities may have a material adverse effect on our operating results.

- New laws and government regulations, including labor and employment laws, privacy laws, antibribery and corruption laws may result in prohibition or restriction of certain types of employment services or the imposition of additional licensing or tax requirements which may negatively affect our future earnings.

General Risks Affecting Our Combined Business

- We have been and may be exposed to employment-related claims and losses, including class action lawsuits that could have a material adverse effect on our business.
- Our growth strategy and our expansion and acquisition strategy may not be executed effectively. Following the acquisition of Circle8 Group B.V., we have not reached any definitive agreement with any acquisition targets, and we cannot assure you that we will consummate any future acquisition on favorable terms or at all.
- Cybersecurity risks may impact our business, and any improper disclosure or loss of sensitive or confidential company, employee, associate or customer data could damage our business operations and expose us to liability, which would cause our business and reputation to suffer.
- We are subject to certain U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations. We can face serious consequences for violations.
- Each of Atlantic and Circle8 Group B.V. has incurred significant costs in connection with the Acquisition. The Purchase Price under the Acquisition Agreement is not adjustable based on the market price of Atlantic Common Stock, so the Share consideration received by Axiom may have a greater or lesser value than at the time the Acquisition Agreement was signed.

Risks Related to Ownership of Our Common Stock

- The market price of our Common Stock may be highly volatile, and you could lose all or part of your investment.
- We may be subject to securities litigation, which is expensive and could divert our management's attention.
- We are an "emerging growth company" and the reduced disclosure requirements applicable to emerging growth companies could make our common stock less attractive to investors.
- Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.
- We do not anticipate paying any cash dividends on our common stock in the foreseeable future and, as a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future.

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

None

Item 3. Defaults Upon Senior Securities/Global Settlement

SPP Credit Advisors LLC and Rick Arrowsmith v. Atlantic International Corp et al. In the Court of Chancery of The State of Delaware (Case No. 2026-0448-JTL)

As previously reported in our Form 10-K for December 31, 2025, on April 2, 2026, Rick Arrowsmith, on behalf of SPP, and in response to the Company's and its Lyneer Subsidiaries' commencement on the same day of a lawsuit against SPP, commenced a lawsuit in the Court of Chancery of the State of Delaware against the Company, its officers and former officers, based on the unfounded alleged events of default, the plaintiff was appointed by SPP to take managerial control of the Lyneer subsidiaries. The plaintiff is seeking declaratory relief that he was able to remove all officers of the Company and is entitled to declaratory, preliminary and permanent injunctive relief to take control of the Company.

On April 27, 2026, the Court entered a Status Quo Order (the "Order"). The Order controls the governance and management of the Lyneer Subsidiaries pending (a) a final disposition of the matter, or (b) an order that expressly modifies or supersedes the Order. The Order requires Lyneer to operate in the ordinary course of business (as defined) and to provide Mr. Arrowsmith with certain current financial statements as reasonably requested.

SPP Lyneer Term Note Default Notice

On March 30, 2026, SPP notified Atlantic and Lyneer that certain events of default have occurred and are continuing under the Financing Agreement. SPP asserted that the events of default related to our failure to satisfy certain financial and non-financial covenants under the Financing Agreement of the Term Note. By letter dated April 30, 2026, SPP notified Atlantic and Lyneer that certain additional Events of Default had occurred, specifically as a result of (i) various Events of Default set forth in a statement from SLR to Lyneer Staffing dated April 17, 2026 (the "SLR Default") as described below, and (ii) Certain payments made to or for the benefit of Atlantic. SPP has attempted to exercise its pledge and has sought to try to replace the management of Lyneer.

SPP Credit Agreement Default Notice

Simultaneously with the default letter under the Financing Agreement as described above, SPP notified the Company of certain events of default under (a) the Credit Agreement, dated June 18, 2024, and (b) the Pledge and Security Agreement dated as of June 18, 2024. By letter dated April 30, 2026, SPP notified Atlantic and Lyneer of certain additional Events of Default, specifically, as a result of (i) various Events of Default described in the above-described SLR Letter, (ii) various Events of Default described in the Default Notice dated March 30, 2026 from SPP to Lyneer, and (iii) permitting a subsidiary of Atlantic to make certain payments to or for the benefit of Atlantic.

SPP Global Settlement

On August 7, 2026, Circle8 Group, Inc. (herein referred to as "Atlantic"), together with Lyneer Investments, LLC, a Delaware limited liability company ("Lyneer Investments"), Lyneer Staffing Solutions, LLC, a Delaware limited liability company ("Lyneer Staffing"), and Lyneer Holdings, Inc., a Delaware corporation ("Lyneer Holdings," and together with Lyneer Investments and Lyneer Staffing, the "Companies"), entered into a settlement agreement with SPP Credit Advisors, LLC ("SPP"), in its capacity as the Administrative Agent for itself and the lenders under the Bridge Loan Credit Agreement (as defined in the Settlement Agreement) and in its capacity as the Agent for itself and the secured parties under the Term Loan Credit Agreement (as defined in the Settlement Agreement). to which the Companies, Atlantic, SPP and IDC Technologies, Inc., a California corporation ("IDC") are parties.

The settlement agreement (the "Settlement Agreement") resolves outstanding litigation and claims (the "Pending Litigation") between the parties arising out of the Bridge Loan Credit Agreement and the Lyneer Term Loan Credit Agreement (collectively, the "Loan Agreements"). Additionally, among other terms, the Settlement Agreement extinguishes a $35,000,000 Promissory note that was convertible into the common stock of the Company and provides for an orderly repayment of the Loan Agreements. To avoid further expense and uncertainty, the parties agreed to enter into the Settlement Agreement without admitting liability, agreeing to file joint stipulations of dismissal without prejudice for both the New York and Delaware actions upon execution. Key terms of the Settlement Agreement include:

Share Exchange & Call Option: Atlantic agreed to issue 21,983,926 shares of Atlantic common Stock (the "New Atlantic Shares") to SPP. In exchange, SPP granted Atlantic a ten-year call option to acquire 21,983,926 shares of Atlantic Common Stock foreclosed upon by SPP from IDC at a purchase price of $0.00001 per share for immediate retirement and

cancellation. Additionally, the $35,000,000 convertible promissory note issued by Atlantic to IDC in connection with the Company's acquisition of the Lyneer Companies was released, canceled and discharged.

Legal Fee Shares: Atlantic agreed to issue such number of shares of Common Stock to SPP (the "Legal Fee Shares") as equals the total amount of SPP's legal fees and expenses incurred in connection with the litigation, not exceeding $1,800,000.

Disposition of Shares: SPP agreed to use commercially reasonable efforts to sell the New Atlantic Shares over an 18-month period (the "Disposition Period") to satisfy the SPP Indebtedness. The indebtedness will bear interest at a non-default rate of 5% per annum during this period. If sales do not fully satisfy the indebtedness, Atlantic will execute an amended term note for the remaining balance with a 13-month term. If the SPP Indebtedness is repaid in full before all the shares are sold, any remaining shares will be returned to Atlantic for cancellation.

Registration Rights & Liquidated Damages: Atlantic agreed to file a prospectus supplement to its existing Form S-3 shelf registration statement to register the resale of the New Atlantic Shares. Failure to file the supplement within three business days or maintain an effective registration statement during the Disposition Period obligates Atlantic to pay liquidated damages equal to 2% per month of the closing price multiplied by the covered shares.

Management & Governance Changes: Lyneer Staffing agreed to engage Robert O. Riiska of SierraConstellation Partners LLC as Chief Transformation Officer (CTO). The board of directors of Lyneer Staffing will be reconstituted to consist of three members: one Atlantic designee, one SPP designee, and an Independent Director (initially Matthew Kahn).

Specific material actions (such as bankruptcy filings, asset sales, mergers, or capital structure changes) remain subject to express written approval by Atlantic.

Refinancing of Senior Debt: Lyneer Staffing agreed to use commercially reasonable efforts, without recourse if unsuccessful, to refinance the Loan and Security Agreement dated as of April 29, 2025, with North Mill Capital LLC (d/b/a SLR Business Credit, hereafter "SLR") within 45 days of August 7, 2026. Upon refinancing of the SLR facility Lyneer is obligated to make a $5 million payment to SPP to: (i) first satisfy the SPP Bridge Loan in full; (ii) second, to pay any remaining SPP legal Fees, and (iii) third, to reduce the principal balance of the SPP indebtedness.

Capital Raises & Proceeds Distribution: Proceeds from any future debt or equity capital raises by Atlantic will be distributed as follows: 20% divided equally between SPP (to pay legal fees and reduce loan principal) and Employers HR, LLC (to reduce payroll-related obligations), and 80% retained by Atlantic for corporate and operational expenses. No proceeds may be used for the purpose of paying employee bonuses.

Nasdaq Delisting Notice

On August 13, 2026, Circle8 Group, Inc. (the "Company") received a deficiency letter from the NASDAQ Listing Qualifications Department (the "Staff") of The NASDAQ Stock Market LLC ("NASDAQ") notifying the Company that, for the last 30 consecutive business days, the closing bid price for the Company's common stock has been below the minimum $1.00 per share required for continued listing on The NASDAQ Global Select Market pursuant to NASDAQ Listing Rule 5450(a)(1) (the "Minimum Bid Price Requirement"). The NASDAQ deficiency letter has no immediate effect on the listing of the Company's common stock, and its common stock will continue to trade on The NASDAQ Global Market under the symbol "CIRC" at this time.

In accordance with Nasdaq Listing Rule 5810(c)(3)(A), the Company has been given 180 calendar days, or until February 9, 2027, to regain compliance with the Minimum Bid Price Requirement. If at any time before February 9, 2027, the bid price of the Company's common stock closes at $1.00 per share or more for a minimum of 10 consecutive business days, the Staff will provide written confirmation that the Company has achieved compliance.

If the Company does not regain compliance with the Minimum Bid Price Requirement by February 9, 2027, the Company may be afforded a second 180 calendar day period to regain compliance. If the Company does not regain compliance with the Minimum Bid Price Requirement by the end of the compliance period (or the second compliance period, if applicable), the Company's common stock will become subject to delisting. In the event that the Company receives notice that its common stock is being delisted, the Nasdaq listing rules permit the Company to appeal a delisting determination by the Staff to a hearings panel.

The Company intends to monitor the closing bid price of its common stock and may, if appropriate, consider available options to regain compliance with the Minimum Bid Price Requirement, including initiating a reverse stock split. However, there can be no assurance that the Company will be able to regain compliance with the Minimum Bid Price Requirement or will otherwise be in compliance with other NASDAQ Listing Rules.

The Company has scheduled its Annual General Meeting of Shareholders on December 10, 2026, to approve, among other things, a proposal to authorize the Board of Directors, in its sole discretion, to effect a reverse stock split of its currently outstanding common stock at a rate to be determined by the Board no later than two years later.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
2.1	Amended and Restated Agreement and Plan of Reorganization dated as of June 4, 2024 (1)
2.2	Amendment No. 1 to Amended and Restated Agreement and Plan of Reorganization dated as of June 12, 2024 (2)
2.3	Certificate of Merger of Atlantic Merger LLC with and into Lyneer Investments LLC (3)
2.4	Certificate of Merger of SeqLL Merger LLC with and into Lyneer Investments LLC (3)
3.1	Certificate of Amendment of the Third Amended and Restated Certificate of Incorporation of SeqLL Inc. (2)
3.2	Amended and restated By-Laws (4)
*31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer
*31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
*32.1	Certification Pursuant to 18 U.S.C. Section 1350 by the Chief Executive Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*32.2	Certification Pursuant to 18 U.S.C. Section 1350 by the Chief Financial Officer, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*101.INS	Inline XBRL Instance Document
*101.SCH	Inline XBRL Taxonomy Extension Schema Document
*101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
*101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
*101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
*104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document

* Filed with this Report.

** Schedules, exhibits and similar supporting attachments to this exhibit are omitted pursuant to Item 601(b)(2) of Regulation S-K. We agree to furnish a supplemental copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

(1) Incorporated by reference to the Issuer's Current Report on Form 8-K filed with the SEC on June 6, 2024.
(2) Incorporated by reference to the Issuer's Current Report on Form 8-K filed with the SEC on June 18, 2024.
(3) Incorporated by reference to the Issuer's Current Report on Form 8-K filed with the SEC on June 25, 2024.
(4) Incorporated by reference to the Issuer's Current Report on Form 8-K filed with the SEC on October 31, 2025.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Circle8 Group Inc.

Date: November 23, 2026

By: /s/ Kevin J Murphy

Kevin J Murphy

Chief Financial Officer

Exhibit 31.1

CERTIFICATION

I, Guus Franke, the Chief Executive Officer of Circle8 Group Inc. certify that:

1. I have reviewed this report on Form 10-Q of Circle8 Group Inc., for the quarter ended September 30, 2026.

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 quarterly 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 function):

   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

Circle8 Group Inc.

Date: November 23, 2026

By: /s/ Guus Franke

Guus Franke
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Kevin J Murphy, the Chief Financial Officer of Circle8 Group Inc., certify that:

1. I have reviewed this report on Form 10-Q of Circle8 Group Inc., for the quarter ended September 30, 2026.

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 reigstrant'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 quarterly 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 function):

   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

Circle8 Group Inc.

Date: November 23, 2026

By: /s/ Kevin J Murphy

Kevin J Murphy
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned hereby certifies that the Quarterly Report on Form 10-Q for the period ended September 30, 2026 of **Circle8 Group Inc.** (the "Company") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Circle8 Group Inc.

Date: November 23, 2026

By: /s/ Guus Franke

Guus Franke
Chief Executive Officer
(Principal Executive Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to **Circle8 Group Inc.** and will be retained by **Circle8 Group Inc.** and furnished to the Securities and Exchange Commission or its staff upon request.

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

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned hereby certifies that the Quarterly Report on Form 10-Q for the period ended September 30, 2026 of **Circle8 Group Inc.** (the "Company") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 and that the information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Circle8 Group Inc.

Date: November 23, 2026

By: /s/ Kevin J Murphy

Kevin J Murphy
Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to **Circle8 Group Inc.** and will be retained by **Circle8 Group Inc.** and furnished to the Securities and Exchange Commission or its staff upon request.