

• FEATURED TRADE

APLD

Applied Digital Corporation · NASDAQ · AI Data Centers / GPU Infrastructure

Pure-play AI infrastructure company operating GPU compute clusters and data centers for hyperscaler clients. Down 37% from \$42 highs and building a technical base above the 200 EMA. Three-layer structure: 1,100 shares with covered call + Jan '27 \$25 LEAPS + Jan '27 / May '26 diagonal spread — all positioned for the \$42 gap-recovery thesis.

- BULLISH
- AI INFRASTRUCTURE
- DIAGONAL SPREAD
- STOCK + CC OVERLAY

LAST PRICE

\$26.68

▲ \$1.11 (+4.38%)

EMA 20	\$26.12
EMA 50	\$27.89
EMA 200	\$24.60
Earnings	Jul 29 '26
52W High	\$42.27
52W Low	\$11.40

• INVESTMENT THESIS

AI Infrastructure at Inflection Point: Applied Digital operates GPU compute clusters leased to hyperscalers and AI companies building foundation models. As GPU demand structurally outpaces supply through 2026-2027, APLD sits in the critical path of the AI buildout — hosting the compute that trains and runs the models the market is pricing at premium multiples elsewhere. The infrastructure scarcity premium has not yet been fully priced into APLD. Contracted GPU cluster facilities provide recurring lease revenue that the market is not yet valuing as the durable infrastructure asset it actually is.

Technical Base Above 200 EMA — Higher Lows Forming: APLD has reclaimed its 200-day EMA (\$24.60) and is currently trading above it at \$26.68. The chart shows three consecutive higher lows since the February 2026 lows, with the stock building a constructive base in the \$24-\$27 range. The 20 EMA (\$26.12) and 50 EMA (\$27.89) are converging — a bullish compression setup. A sustained close above \$28 opens the path to the \$32.83 first target. The technical reset post-37% drawdown from \$42 sets up a clean asymmetric long entry with defined risk.

Asymmetric LEAPS Structure with Income Overlay: Three simultaneous income streams on one underlying thesis. **Stock:** 1,100 shares at \$26.00 avg, with May \$30 covered call written for monthly premium. **LEAPS:** Long Jan '27 \$25 Call at \$9.55 — nearly ATM, immediate high-delta exposure to any upward move. **Diagonal:** Short May \$35 Call at \$0.85 against the LEAPS reduces net cost to \$8.70/contract while generating income each monthly cycle. Roll the short call up and out monthly — targeting \$0.50-\$1.00/cycle in premium to progressively reduce net LEAPS cost toward \$6-\$7 over the life of the trade.

• PRICE TARGET ZONES

<p>CURRENT</p> <h2>\$26.68</h2> <p>Entry Zone</p> <p>Base Building / EMA Stack Converging</p>	<p>TARGET 1</p> <h2>\$32.83</h2> <p>+23.1%</p> <p>50 EMA Resistance / Prior Consolidation</p>	<p>TARGET 2</p> <h2>\$42.27</h2> <p>+58.4%</p> <p>52W High / Prior Highs / Thesis Complete</p>	<p>TARGET 3</p> <h2>\$55.00</h2> <p>+106.2%</p> <p>AI Infrastructure Re-Rating Level</p>
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THIS WEEK'S LEAPS SETUP • APLD • APPLIED DIGITAL — JAN '27 LEAPS + DIAGONAL SPREAD + STOCK CC OVERLAY

• KEY CATALYSTS

Technical Base + EMA Reclaim

APLD has reclaimed its 200 EMA (\$24.60) after a deep correction — a historically significant signal that the trend is attempting to reverse. Three higher lows form a constructive base. A break above \$28 triggers the next leg toward \$32.83.

GPU Compute Demand Secular Tailwind

Hyperscaler capital expenditure for AI training and inference infrastructure is projected to exceed \$350B in 2026. APLD's contracted GPU cluster facilities place it in the critical path of this spending — lease revenues are largely recurring and contracted.

\$42 Prior High Recovery Thesis

The stock made a powerful run to \$42.27 in late 2025 before correcting sharply. Prior high recoveries are among the most reliable technical setups — buyers who missed the original move become buyers on the pullback at progressively higher lows.

Earnings Catalyst — July 29, 2026

APLD reports next earnings on July 29. This creates a near-term IV expansion window 2-3 weeks prior — ideal for covered call writes and diagonal income. A strong print validating GPU cluster utilization could trigger a breakout toward \$32-\$35.

AI Infrastructure Scarcity Premium

Pure-play AI infrastructure companies with contracted compute capacity are increasingly valued at premium multiples as GPU scarcity persists. Any incremental hyperscaler contract announcement or capacity expansion could serve as an immediate re-rating catalyst.

Three Income Streams Active

The position runs three simultaneous income engines: covered calls on the 1,100-share equity block, monthly diagonal rolls on the Jan '27 LEAPS, and pre-earnings IV monetization at every cycle. Premium recycles into reducing effective LEAPS basis.

• RECOMMENDED TRADE STRUCTURES — CHOOSE YOUR RISK PROFILE

CONSERVATIVE

Bull Call Spread

Dec '27 \$70 / \$100 Spread

Net Debit	~\$795 / contract
Max Gain	\$2,205 (+277%)
Breakeven	\$77.95
At T1 \$80	~\$700 gain
At T2 \$100	\$2,205 MAX ✓
At T3 \$140	\$2,205 MAX ✓
Max Loss	\$795
DTE	~588 days

MODERATE

Wide Bull Spread

Jan '28 \$70 / \$120 Spread

Net Debit	~\$1,088 / contract
Max Gain	\$3,912 (+360%)
Breakeven	\$80.88
At T1 \$80	~-\$200
At T2 \$100	~\$1,712 gain
At T3 \$140	\$3,912 MAX ✓
Max Loss	\$1,088
DTE	~623 days

AGGRESSIVE (ACTIVE)

Naked LEAPS Call

Dec '27 \$80 Call

Net Debit	~\$2,300 / contract
Max Gain	Unlimited
Breakeven	\$103.00
At T1 \$80	~-\$1,000
At T2 \$100	~\$500 (+22%)
At T3 \$140	~\$4,000 (+174%)
Max Loss	\$2,300
DTE	~588 days

• RISK / REWARD MATRIX BY PRICE TARGET

STRATEGY	COST	AT T1 \$80	AT T2 \$100	AT T3 \$140	MAX RISK
Conservative · \$70 / \$100 Spread Dec 17, 2027	\$795	~\$700 (+88%)	\$2,205 MAX (+277%)	\$2,205 MAX (+277%)	\$795
Moderate · \$70 / \$120 Spread Jan 21, 2028	\$1,088	~-\$200 (-18%)	~\$1,712 (+157%)	\$3,912 MAX (+360%)	\$1,088
Aggressive · \$80 Call (Active) Dec 17, 2027 · 2 contracts held	\$2,300	~-\$1,000 (-43%)	~\$500 (+22%)	~\$4,000 (+174%)	\$2,300
Stock — 100 Shares avg cost \$67.99 · E*TRADE	~\$6,799	+\$1,201 (+18%)	+\$3,201 (+47%)	+\$7,201 (+106%)	Full capital

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• LIVE PORTFOLIO POSITIONS — APRIL 10, 2026 · APLD

INSTRUMENT	ACCOUNT	DIR	QTY	LAST / MARK	AVG COST	DAY P&L	OPEN P&L
EQUITY CORE (1,100 SHARES)							
APLD Common Stock · Morgan Stanley by E*TRADE	E*TRADE	LONG	1,100	\$26.68	\$26.00	\$1,221.00 ⁺	+\$748.00
STOCK INCOME OVERLAY · SHORT MAY 15, 2026 \$30 COVERED CALL (~35 DTE)							
\$30 Call May '26 · Covered Call vs 1,100 shares · 11 contracts	E*TRADE	SHORT	-11	\$1.05	\$1.20	+\$165.00	+\$165.00
LEAPS DIAGONAL · JAN '27 \$25 / MAY '26 \$35 (5 CONTRACTS)							
\$25 Call Jan '27 · Long LEAPS Near-ATM · Δ 0.72 · ~280 DTE	E*TRADE	LONG	5	\$9.88	\$9.55	+\$330.00	+\$165.00
\$35 Call May '26 · Short Diagonal vs Jan '27 \$25 LEAPS · ~35 DTE	E*TRADE	SHORT	-5	\$0.92	\$0.85	-\$35.00	-\$35.00
Total APLD Exposure 1,100 shares + 5 LEAPS + 5 diagonal short + 11 CC · Net delta ~1,460 · Mkt Val ~\$33K	E*TRADE	—	—	—	—	\$1,681.00 ⁺	\$1,043.00 ⁺

• POSITION ARCHITECTURE — HOW THE LAYERS STACK

Layer 1 — Equity Core (1,100 shares): 1,100 shares at \$26.00 avg cost, currently +\$748 unrealized. Full-delta participation through every target zone. Provides collateral for the covered-call income sleeve and serves as the conviction expression of the AI infrastructure thesis. Stock outlay ~\$28,600.

Layer 2 — Stock Income Overlay (May '26 \$30 Covered Call): Short 11 × May \$30 calls at \$1.20 credit (\$1,320 collected). Strike sits \$3.32 above current price — comfortable buffer to expiration. If assigned, the 1,100-share block gets called away at an effective \$31.20 basis (a +20% realized return on the equity). If unassigned, the credit drops directly to the bottom line and we roll the next monthly cycle. Targeting \$0.85-\$2.50/month/contract in premium across the trade cycle.

Layer 3 — LEAPS Diagonal (Jan '27 \$25 / May '26 \$35): 5 × Jan '27 \$25 calls at \$9.55 cost (\$4,775 outlay) against 5 × May '26 \$35 short calls at \$0.85 credit (\$425 collected) — net diagonal debit \$4,350 (\$870/lot). The Jan '27 \$25 strike is near-ATM with delta 0.72 — leveraged exposure with ~280 DTE of runway. The May '26 \$35 short captures elevated IV ahead of the July 29 earnings cycle while preserving \$10 of width upside. *Roll plan:* roll the short call monthly at strikes maintaining minimum \$8-\$10 of width above the long LEAPS — never sell a short below \$33 against the \$25 LEAPS. Target \$0.50-\$1.00/cycle to progressively reduce net LEAPS basis toward \$6-\$7 over the life of the trade.

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• LIVE OPTION CHAIN — JAN 21, 2028 (~623 DTE) · CALLS · KEY STRIKES

★ = Featured strike · ITM cells highlighted · Mid-market levels · MP @ \$69.09 · IV Rank 19.9 · May 8, 2026

CALLS					STRIKE	PUTS				
OI	Vol	Bid	Ask	Last	Strike	Bid	Ask	Last	Vol	OI
471	8	31.45	33.05	32.25	\$50	3.20	3.85	3.50	5	389
1,040	15	26.40	29.50	27.95	\$60	5.90	6.85	6.40	—	612
569	4	23.00	26.00	24.50	\$70 ★	8.90	10.20	9.55	—	448
447	11	21.25	24.50	22.88	\$75	11.40	13.00	12.20	—	205
392	7	20.15	23.00	21.58	\$80	14.20	16.10	15.15	—	168
254	20	17.10	20.10	18.60	\$90	19.00	22.10	20.55	—	112
410	4	14.80	17.40	16.10	\$100 ★	24.20	27.80	25.90	—	76
198	0	12.45	14.80	13.63	\$120 ★	37.20	42.10	39.70	—	34
83	3	10.65	12.85	11.75	\$130	46.20	52.50	49.40	—	22

• LIVE OPTION CHAIN — DEC 17, 2027 (~588 DTE) · ACTIVE LEAPS STRIKE

Conservative \$70/\$100 spread + Aggressive \$80 LEAPS (active) trade off this expiry · Mid-market levels

CALLS					STRIKE	PUTS				
OI	Vol	Bid	Ask	Last	Strike	Bid	Ask	Last	Vol	OI
2,620	0	30.00	34.00	32.00	\$50	2.80	3.45	3.10	—	410
2,640	1	25.50	29.00	27.25	\$60	5.20	6.30	5.75	—	295
443	5	22.15	25.00	23.58	\$70 ★	8.10	9.45	8.78	—	180
258	10	20.00	23.25	21.63	\$75	10.40	12.20	11.30	—	112
1,040	40	18.95	21.95	20.45	\$80 ★ ACTIVE	13.10	15.05	14.10	—	96
599	2	16.00	19.45	17.73	\$90	17.50	20.20	18.85	—	54
875	0	14.15	17.10	15.63	\$100 ★	22.40	25.80	24.10	—	32
198	0	11.55	14.15	12.85	\$120	35.20	40.10	37.65	—	14

• **TRADE INVALIDATION & RISK MANAGEMENT****Know Your Exits Before You Enter — Multi-Leg Position, Defined Downside**

- **Thesis Break:** Weekly close below \$50 with above-average volume on a confirming negative fundamental catalyst — DOE/DoD program reversal, major rare earth oversupply, dilutive raise below \$40, or operational shutdown at Mountain Pass. Price alone is insufficient; the story must change. The 50-day EMA at \$54.38 is the first level we watch.
- **China Supply Reset:** The largest macro risk. If China relaxes export restrictions on rare earth oxides or floods the market on price, the strategic-monopoly framing weakens. Monitor Chinese export policy and rare earth oxide pricing weekly. A coordinated supply ramp is the one variable that breaks the floor-price thesis.
- **Operational Risk:** Production issues at Mountain Pass, processing delays, or any change to the magnet manufacturing partnership. Yesterday's earnings de-risked the next 90 days, but the plant is the entire moat — disruption there is structural, not cyclical.
- **AI Capex Slowdown:** If hyperscaler capex guidance materially decelerates (NVDA / MSFT / META / GOOGL / AMZN), the magnet demand thesis softens at the margin. Less binary than the China risk but worth tracking. Issue early-warning trim trigger if any two of those names cut FY guidance.
- **Volatility ≠ Exit Signal:** Expect 15–25% swings inside the LEAPS window. The bull flag specifically requires patience — the breakout might take weeks of coiling first. The triggers above are what matter; price alone does not.

• **TRADE MANAGEMENT — AT EACH TARGET**

- **Income Layer (Ongoing):** Continue rolling the short Jun 20 \$60 puts 30–45 DTE if not assigned at expiry. Roll the short May 15 \$70 covered call up and out if MP holds above \$68 into expiration week. Each cycle reduces effective LEAPS basis. Target \$300–\$500 in collected premium per month against the active position.
- **At Target 1 (\$80 — Bull Flag Breakout):** *Once the equity goes meaningfully green here, leg into a diagonal at the \$80 strike* — sell shorter-dated \$80 calls against the long Dec '27 \$80 LEAPS to begin collecting time-value premium. Roll the May \$70 covered call to next monthly \$85+ if it has not been assigned. Close any short puts approaching ITM.
- **At Target 2 (\$100 — Prior High):** Dec '27 \$80 LEAPS is now meaningfully ITM (~\$25 intrinsic + small time value, ~\$28 mid). Take 50% off the LEAPS to lock partial gains. Roll covered calls to \$110+ strike. Evaluate adding a tighter Jan '28 \$100/\$130 spread to express the T3 thesis with defined risk.
- **At Target 3 (\$140 — Measured Move):** Full bull-flag thesis realized. Dec '27 LEAPS pays ~\$4,000+ per contract (~\$8,000 total on the 2-lot). Exit remaining LEAPS in full. Trim equity into strength — at least 50% of the position. Re-write covered calls at \$150+ on the residual stock or redeploy into the next setup. The diagonal sleeve, if rolled correctly through the move, adds another \$1,000–\$2,000 in collected premium over the path.

DISCLAIMER: This report is for educational and informational purposes only and does not constitute financial advice. The trade described is a multi-leg LEAPS + income position and should not be replicated without independent due diligence. Options trading involves leverage and the potential for total loss of premium paid. Options trading involves significant risk and is not suitable for all investors. The positions described reflect an actual portfolio shared for educational purposes only. Past performance is not indicative of future results. Always consult a qualified financial advisor before making investment decisions. Easy Option Trading / Option Trading Coach and its affiliates may hold positions in securities mentioned. LEAPS Letter Issue #004 · April 10, 2026 · MEMBER CONTENT — NOT FOR REDISTRIBUTION.