
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K
(AMENDMENT NO. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

February 14, 2023
(Date of earliest event reported)

APPLIED DIGITAL CORPORATION
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

001-31968
(Commission File Number)

95-4863690
(IRS Employer
Identification No.)

3811 Turtle Creek Blvd., Suite 2100,
(Address of principal executive offices)

Dallas, TX

75219
(Zip Code)

214-427-1704
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions
(see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- ☐ 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. ☐

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	APLD	Nasdaq Global Select Market

Item 1.01. Entry into a Material Definitive Agreement.

On February 16, 2023, APLD ELN-01 LLC (the “Borrower”), a wholly-owned subsidiary of Applied Digital Corporation (the “Company”), entered into a Loan Agreement with Starion Bank (“Lender”) and the Company as Guarantor (the “Loan Agreement”). The Loan Agreement provides for a term loan (the “Loan”) in the principal amount of \$20,000,000 with a maturity date of February 3, 2028; provided that the Company will repay immediately any principal amount in excess of the lesser of (i) \$20,000,000 and (ii) 50% of the purchase price or appraised value of the Company’s next generation facility located near Ellendale, North Dakota (the “Ellendale Facility”), plus 50% of the cost of equipment (not included in the appraisal). The Loan Agreement contains customary covenants, representations and warranties and events of default.

The Loan Agreement provides for an interest rate of 7.48% per annum. The proceeds of the Loan will be used to fund expansion on the Ellendale Facility.

The Loan is secured by a mortgage on the Ellendale Facility, and a security interest in the substantially all of the assets of the Borrower as set forth in the Security Agreement dated as of February 16, 2023 by and between the Borrower and the Lender (the “ELN-01 Security Agreement”) and a security interest in the form of a collateral assignment of Company’s rights and interests in all master hosting agreements related to the Ellendale Facility and records and data relating thereto as set forth in the Security Agreement dated as of February 16, 2023 by and among the Borrower, the Company as Grantor and the Lender (the “Company Security Agreement”).

In addition, the Company unconditionally guaranteed the Borrower’s obligations to the Lender under the Loan, pursuant to an Unlimited Commercial Corporate Guaranty of the Company dated as of February 16, 2023 (“the Guaranty”).

The foregoing descriptions of the Loan Agreement, the ELN-01 Security Agreement, the Company Security Agreement and the Guaranty are qualified in their entirety by reference to such documents, which are filed as Exhibits 10.1, 10.2, 10.3 and 10.4 to this Form 8-K and are incorporated herein by reference.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On February 14, 2023, the Company filed a Certificate of Designation of Rights, Privileges, Preferences, and Restrictions of Series E Preferred Stock (the “Certificate of Designation”) with the Secretary of State of the State of Nevada to establish the rights, privileges, preferences, and restricts of the Series E Preferred Stock. The Certificate of Designation became effective upon filing on February 14, 2023. The number of authorized shares of Series E Preferred Stock is 5,000,000 shares. The following is a summary of the principal terms of the Certificate of Designation:

Dividends

The holders of the Series E Preferred Stock shall be entitled to receive, and the Company shall pay, out of legally available funds, dividends on each share of Series E Preferred Stock at an annual rate of 8.0% of the Stated Value. Dividends will be declared and accrued monthly. Such dividends shall be payable upon Board approval, which may not be monthly, out of legally available funds in cash or Common Stock. Dividends payable on the Series E Preferred Stock for any Dividend Period (as defined below) (including any Dividend Period during which any shares of Series E Preferred Stock shall be redeemed) shall be computed on the basis of twelve 30-day months and a 360-day year. The holders of shares of Series E Preferred Stock are not entitled to any dividend in excess of full cumulative dividends on shares of Series E Preferred Stock. Such dividends shall be payable upon Board approval, which may not be monthly, out of legally available funds in cash or Common Stock. The aggregate number of shares of Common Stock issuable on the Series E Preferred Stock (for dividends and redemption) will not exceed 18,800,189 shares of Common Stock without consent of the Company’s shareholders.

Liquidation Preference

Subject to the liquidation preference stated in the ranking section in the Certificate of Designation, Series E Preferred Stock will be entitled to be paid out of the funds and assets available for distribution, an amount per share equal to the “Stated Value,” or \$25.00, plus an amount per share that is issuable as the result of accrued or unpaid Dividends. After payment to the holders of the Company’s Series E Preferred Stock, the remaining funds and assets available for distribution to Company stockholders shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares of Common Stock held by each such holder.

Holder Optional Redemption

Each holder of shares of Series E Preferred Stock is entitled to redeem any portion of the outstanding Series E Preferred Stock held by such holder (a “Holder Optional Redemption”) at any time.

At the option of the Company, a Holder Optional Redemption may be redeemed in either cash or Company Common Stock; provided, however, that Nasdaq rules and the terms of the Offering include a cap on the aggregate number of shares of Common Stock issuable thereunder (for dividends and redemption) equal to 19.99% of the number of shares of

Common Stock outstanding immediately prior to the commencement of this Offering (or 18,800,189 shares of Common Stock) unless consent of the Company's shareholders is obtained to exceed that cap.

The Company will settle any Holder Optional Redemption the Company determines to redeem in cash by paying the holder the Settlement Amount (as defined below). The "Settlement Amount" means (A) the Stated Value, plus (B) unpaid Dividends accrued to, but not including, the Holder Redemption Exercise Date, minus (C) the Series E Holder Optional Redemption Fee applicable on the respective Holder Redemption Deadline (defined below). The Company will settle any Holder Optional Redemption the Company determines to redeem with Common Stock, subject to the limitation discussed above, by delivering to the holder a number of shares of our Common Stock equal to (1) the Settlement Amount divided by (2) the closing price per share of our Common Stock on the Nasdaq Global Market on the date of the Holder Optional Redemption exercise.

Holders of Series E Preferred Stock may elect to redeem their shares of Series E Preferred Stock at any time by delivering to Preferred Shareholder Services (defined below) a notice of redemption (the "Holder Redemption Notice"). A Holder Redemption Notice will be effective as of: (a) the 15th day of the month (or, if the 15th day of the month is not a business day, then on the business day immediately preceding the 15th day) or the last business day of the month, whichever occurs first after a Holder Redemption Notice is duly received by Preferred Shareholder Services (such date, a "Holder Redemption Deadline"). Any Holder Redemption Notice received after 5:00 p.m. Eastern time on a Holder Redemption Deadline will be effective as of the next Holder Redemption Deadline. For all shares of Series E Preferred Stock duly submitted to us for Redemption on or before a Holder Redemption Deadline, the Company will determine the Settlement Amount (defined above) on any business day after such Holder Redemption Deadline but before the next Holder Redemption Deadline (such date, the "Holder Redemption Exercise Date"). Within such period, the Company may select the Holder Redemption Exercise Date in our sole discretion but before the next Holder Redemption Deadline. The Company may, in our sole discretion, permit a holder to revoke their Holder Redemption Notice at any time prior to 5:00 pm, Eastern time, on the business day immediately preceding the Holder Redemption Exercise Date.

Company Optional Redemption

Subject to the restrictions described herein and unless prohibited by Nevada law, a share of Series E Preferred Stock may be redeemed at our option (the "Company Optional Redemption") at any time or from time to time upon not less than 10 calendar days nor more than 90 calendar days written notice to the holders prior to the date fixed for redemption thereof, at a redemption price of 100% of the Stated Value of the shares of Series E Preferred Stock to be redeemed plus accrued but unpaid Dividends. In the Company's sole and absolute discretion, the Company may determine to fulfill a Company Optional Redemption in either cash or with fully paid and non-assessable shares of Company Common Stock; provided, however, that Nasdaq rules and the terms of the Offering include a cap on the aggregate number of shares of Common Stock issuable thereunder (for dividends and redemption) equal to 19.99% of the number of shares of Common Stock outstanding immediately prior to the commencement of this Offering (or 18,800,189 shares of Common Stock) unless consent of the Company's shareholders is obtained to exceed that cap.

The Company will not exercise the Company Optional Redemption prior to the earlier of the second-year anniversary of the date on which a share of Series E Preferred Stock has been issued (the "Redemption Eligibility Date"). If we exercise the Company Optional Redemption for less than all of the outstanding shares of Series E Preferred Stock, then shares of Series E Preferred Stock will be selected for redemption on a pro rata basis or by lot across holders of the series of Series E Preferred Stock selected for redemption. There is no Holder Optional Redemption Fee charged upon a Company Optional Redemption.

Voting Rights

The holders of shares of Series E Preferred Stock shall not have voting rights.

Item 9.01 Financial Statements and Exhibits

EXHIBIT INDEX

Exhibit No.	Description
<u>3.1</u>	<u>Certificate of Designation.</u>
<u>10.1</u> #	<u>Loan Agreement, dated as of February 16, 2023 by and among APLD ELN-01 LLC, Starion Bank, and Applied Digital Corporation as Guarantor.</u>
<u>10.2</u> #	<u>Security Agreement, dated as of February 16, 2023, by and between APLD ELN-01 LLC and Starion Bank.</u>
<u>10.3</u>	<u>Security Agreement, dated as of February 16, 2023, by and among APLD ELN-01, LLC, Applied Digital Corporation and Starion Bank.</u>
<u>10.4</u>	<u>Unlimited Commercial Corporate Guaranty of Applied Digital Corporation dated as of February 16, 2023.</u>
<u>104</u>	<u>Cover Page Interactive Data File (embedded within the Inline XBRL document).</u>

Portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

SIGNATURE

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 21, 2023

By:	<u>/s/ David Rench</u>
Name:	David Rench
Title:	Chief Financial Officer

FRANCISCO V. AGUILAR
Secretary of State

GABRIEL DI CHIARA
Chief Deputy

STATE OF NEVADA



OFFICE OF THE
SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7138
North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Business Entity - Filing Acknowledgement

02/14/2023

Work Order Item Number: W2023021401529-2703770
Filing Number: 20232955038
Filing Type: Certificate of Designation
Filing Date/Time: 2/14/2023 12:12:00 PM
Filing Page(s): 9

Indexed Entity Information:

Entity ID: C13283-2001

Entity Name: Applied Digital Corporation

Entity Status: Active

Expiration Date: None

Commercial Registered Agent

CAPITOL CORPORATE SERVICES, INC.

202 SOUTH MINNESOTA STREET, Carson City, NV 89703, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

A handwritten signature in black ink that reads "FV Aguilar".

FRANCISCO V. AGUILAR
Secretary of State

Commercial Recording Division
202 N. Carson Street

8. Signature: (Required)

DocuSigned by:
X *David Kende*
A76581D9E418488
Signature of Officer

Date:

2/14/2023

* Attach additional page(s) if necessary

This form must be accompanied by appropriate fees.

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Revised: 12/15/2022

**CERTIFICATE OF DESIGNATIONS
OF THE POWERS, PREFERENCES AND
RELATIVE, PARTICIPATING, OPTIONAL AND OTHER RESTRICTIONS
OF SERIES E PREFERRED STOCK
OF APPLIED DIGITAL CORP.**

Applied Digital Corp. (the "**Corporation**"), pursuant to the provisions of Sections 78.195 and 78.1955 of the General Corporation Law of the State of Nevada, does hereby make this Certificate of Designations of the Powers, Preferences and Relative, Participating, Optional and Other Restrictions, does hereby state and certify that pursuant to the authority expressly vested in the Board of Directors of the Corporation (the "**Board**") by the provisions of Article FOURTH of the Second Amended and Restated Articles of Incorporation of the Corporation (the "**Articles**"), the Board of Directors of the Corporation duly adopted resolutions authorizing the issuance of 2,000,000 shares of preferred stock, par value \$0.001 per share, and fixing the designation and preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions, of a series of preferred stock to be designated "Series E Redeemable Preferred Stock," as further described below (the "**Series E Designation**"). The Series E Designation shall be in full force and effect as of the date hereof.

Section 1.1 Designation. As of the effective date of this Certificate, there is hereby created out of the authorized preferred stock of the Corporation a series of preferred stock designated as "Series E Redeemable Preferred Stock", par value \$0.001 per share (the "**Series E Preferred Stock**"). The following rights, powers and privileges, and restrictions, qualifications and limitations, shall apply to the Series E Preferred Stock.

(a) Rank. The Series E Preferred Stock, if entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up of the Corporation's affairs, ranks, with respect to the payment of any such dividends and rights upon the Corporation's liquidation, dissolution or winding up of its affairs: (i) prior or senior to all classes or series of common stock of the Corporation, par value \$0.001 per share ("**Common Stock**"); (ii) on a parity with other classes or series of our equity securities issued in the future if, pursuant to the specific terms of such class or series of equity securities, the holders of such class or series of equity securities are entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up of the affairs of the Corporation in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other; (iii) junior to any class or series of our equity securities if, pursuant to the specific terms of such class or series, the holders of such class or series are entitled to the receipt of dividends or amounts distributable upon liquidation, dissolution or winding up

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of the affairs of the Corporation in preference or priority to the holders of the Series E Preferred Stock; and (iv) junior to all of the Corporation's existing and future debt.

(b) Liquidation, Dissolution or Winding Up of Affairs; Certain Mergers, Consolidations and Asset Sales.

(i) Payments to Holders of Series E Preferred Stock. Upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, before any distribution or payment shall be made to the holders of Common Stock or any other class or series of capital stock ranking junior to the Series E Preferred Stock, by reason of their ownership thereof, and after payment or provision for the Corporation's debts and other liabilities, the holders of shares of Series E Preferred Stock then outstanding shall be entitled to be paid out of the funds and assets available for distribution to the stockholders of the Corporation, an amount per share equal to the Stated Value (as defined below) for such share of Series E Preferred Stock, plus an amount per share equal to accrued, but unpaid dividends to, but not including, the date of payment, and excluding interest on any such payment. If upon any such liquidation, dissolution or winding up of the affairs of the Corporation, the funds and assets available for distribution to the stockholders of the Corporation shall be insufficient to pay the holders of shares of Series E Preferred Stock the full amount to which they are entitled under this Section 1.1(b)(i), the holders of shares of Series E Preferred Stock shall share ratably in any distribution of the funds and assets available for distribution in proportion to the respective amounts that would otherwise be payable in respect of the shares of Series E Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. The "**Stated Value**" shall mean Twenty-Five United States Dollars and No Cents (\$25.00) per share, subject to an equitable adjustment for stock splits, stock combinations, recapitalizations and similar transactions.

(ii) Payments to Holders of Common Stock. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of the affairs of the Corporation, after the payment of all preferential amounts required to be paid to the holders of shares of Series E Preferred Stock as provided in Section 1.1(b)(i), the remaining funds and assets available for distribution to the stockholders of the Corporation shall be distributed among the holders of shares of Common Stock, pro rata based on the number of shares of Common Stock held by each such holder. Upon the liquidation, dissolution, or winding up of the affairs of the Corporation, whether voluntary or involuntary, until payment in full is made to the holders of shares of Series E Preferred Stock of the liquidation distribution to which they are entitled, (A) no dividend or other distribution shall be made to the holders of Common Stock or any other class or series of shares of capital stock of the Corporation ranking junior to the shares of Series E Preferred Stock and (B) no purchase, redemption or other acquisition for any consideration by the Corporation shall be made in respect of the Common Stock or any other class or series of shares

of capital stock of the Corporation ranking junior to the shares of Series E Preferred Stock.

(iii) Exceptions. The consolidation or merger of the Corporation with or into any other corporation, trust or other entity, the consolidation or merger of any other corporation, trust or entity with or into the Corporation, the sale or transfer of any or all of the Corporation's assets or business or a statutory share exchange will not be deemed to constitute a liquidation, dissolution, or winding up of the affairs of the Corporation for purposes of this Section 1.1(b).

(c) Voting. Holders of shares of Series E Preferred Stock shall not have voting rights.

(d) Dividends.

(i) Dividends Generally.

(A) The holders of shares of Series E Preferred Stock shall be entitled to receive, and the Corporation shall pay, out of legally available funds, dividends on each share of Series E Preferred Stock at an annual rate of 8.0% of the Stated Value. Dividends will be declared and accrued monthly. Such dividends shall be payable upon Board approval, which may not be monthly, out of legally available funds in cash or Common Stock. Dividends payable on the Series E Preferred Stock for any Dividend Period (as defined below) (including any Dividend Period during which any shares of Series E Preferred Stock shall be redeemed) shall be computed on the basis of twelve 30-day months and a 360-day year. The holders of shares of Series E Preferred Stock are not entitled to any dividend in excess of full cumulative dividends on shares of Series E Preferred Stock. Such dividends shall be payable upon Board approval, which may not be monthly, out of legally available funds in cash or Common Stock. The aggregate number of shares of Common Stock issuable on the Series E Preferred Stock (for dividends and redemption) will not exceed 18,800,189 shares of Common Stock without consent of the Corporation's shareholders.

(B) Dividends payable on each share of Series E Preferred Stock shall begin accruing on, and will be cumulative from, the first day of the Dividend Period during which such share of Series E Preferred Stock was originally issued. Each subsequent dividend will begin accruing on, and will be cumulative from, the end of the most recent Dividend Period for which a dividend has been paid on each such share of Series E Preferred Stock. The term "Dividend Period" means the respective periods commencing on, and including, the first day of each month of each year and ending on, and including, the day preceding the first day of the next succeeding Dividend Period (other than the Dividend Period during which any shares of Series E Preferred Stock shall be redeemed, which shall end on, and include, the day

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preceding the redemption date with respect to the shares of Series E Preferred Stock being redeemed).

(ii) Restrictions. Unless full cumulative dividends on the shares of Series E Preferred Stock for all past Dividend Periods have been or contemporaneously are paid or a sum sufficient for the payment thereof is set apart for payment, the Corporation shall not:

(A) declare and pay or declare and set apart for payment dividends and the Corporation shall not declare and make any other distribution of cash or other property (other than dividends or distributions paid in shares of stock ranking junior to the Series E Preferred Stock as to the dividend rights or rights upon the Corporation's liquidation, dissolution or winding up of its affairs, and options, warrants or rights to purchase such shares), directly or indirectly, on or with respect to any shares of Common Stock or any class or series of the Corporation's stock ranking junior to or on parity with the Series E Preferred Stock as to dividend rights or rights upon the Corporation's liquidation, dissolution or winding up of its affairs for any period; or

(B) except by conversion into or exchange for shares of stock ranking junior to the Series E Preferred Stock as to dividend rights or rights upon the Corporation's liquidation, dissolution or winding up of its affairs, or options, warrants or rights to purchase such shares, redeem, purchase or otherwise acquire (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan) for any consideration, or pay or make available any monies for a sinking fund for the redemption of, any Common Stock or any class or series of the Corporation's stock ranking junior to or on parity with the Series E Preferred Stock as to dividend rights or rights upon the Corporation's liquidation, dissolution or winding up of its affairs.

(e) Redemption.

(i) Optional Redemption Generally.

(A) Subject to the restrictions described herein and unless prohibited by Nevada law governing distributions to stockholders of a corporation, each holder of shares of Series E Preferred Stock is entitled to redeem any portion of the outstanding Series E Preferred Stock held by such holder (a "**Holder Optional Redemption**"). At the option of the Board, in its sole discretion and taking into account the Corporation's reserves and other considerations as the Board may determine, a Holder Optional Redemption may be redeemed in either cash or Common Stock; provided that the aggregate number of shares of Common Stock issuable to holders of Series E Preferred Stock for dividends and redemption shall not exceed

18,800,189 shares of Common Stock without consent of the Corporation's shareholders.

(B) If the Corporation settles a Holder Optional Redemption in cash, it shall do so by paying the holder the Settlement Amount (as defined below). If the Corporation settles a Holder Optional Redemption with Common Stock, it shall do so by delivering to the holder a number of shares of Common Stock at a rate equal to (1) the Settlement Amount divided by (2) the closing price of shares of Common Stock on the Nasdaq Global Select Market, or other national securities exchange on which the Common Stock is listed, on the last trading day on or before the Holder Redemption Exercise Date (as defined below). If the Corporation opts to deliver shares of Common Stock in settlement of a redemption, and on the Holder Redemption Exercise Date (defined below) Nevada law governing distributions to stockholders of a corporation or the terms hereof prevents the Corporation from redeeming all outstanding shares of Series E Preferred Stock to be redeemed, the Corporation shall ratably redeem the maximum number of shares of Series E Preferred Stock that it may redeem with Common Stock consistent with such law and the provisions hereof, and shall redeem the remaining shares in cash or in Common Stock as soon as it may lawfully do so under such law or the terms hereof. The "**Settlement Amount**" means (I) the Stated Value, plus (II) unpaid Dividends accrued to, but not including, the Holder Redemption Exercise Date (as defined below), minus (III) the Series E Holder Optional Redemption Fee applicable on the respective Holder Redemption Deadline (defined below).

(C) Holders of shares of Series E Preferred Stock may elect to redeem their shares of Series E Preferred Stock at any time by delivering to the Corporation's servicing agent a notice of redemption (the "**Holder Redemption Notice**"). A Holder Redemption Notice shall be effective as of the last business day of the month after a Holder Redemption Notice is duly received by the Corporation (such date, a "**Holder Redemption Deadline**"). Any Holder Redemption Notice received after 5:00 p.m. Eastern time on a Holder Redemption Deadline shall be effective as of the next Holder Redemption Deadline. For all shares of Series E Preferred Stock duly submitted for Redemption on or before a Holder Redemption Deadline, the Corporation shall determine the Settlement Amount on any business day after such Holder Redemption Deadline but before the next Holder Redemption Deadline (such date, the "**Holder Redemption Exercise Date**"). Within such period, the Corporation may select the Holder Redemption Exercise Date in the Corporation's sole discretion. The Corporation may, in the Corporation's sole discretion, permit a holder to revoke their Holder Redemption Notice at any time prior to 5:00 pm, Eastern time, on the business day immediately preceding the Holder Redemption Exercise Date.

(ii) Optional Redemption Fee. A share of Series E Preferred Stock is subject to an early redemption fee ("***Series E Holder Optional Redemption Fee***") if it is redeemed by its holder within three years after the date of its issuance (the "***Issuance Date***"). The amount of the fee equals a percentage of the Stated Value based on the year in which the redemption occurs after the Issuance Date as follows:

(A) Prior to the first anniversary of the Issuance Date: 9.00% of the Stated Value, which equals \$2.25 per share of Series E Preferred Stock;

(B) On or after the first anniversary of the Issuance Date but prior to the second anniversary of the Issuance Date: 7.00% of the Stated Value, which equals \$1.75 per share of Series E Preferred Stock;

(C) On or after the second anniversary of the Issuance Date but prior to the third anniversary of the Issuance Date: 5.00% of the Stated Value, which equals \$1.25 per share of Series E Preferred Stock; and

(D) On or after the third anniversary of the Issuance Date: 0.00% of the Stated Value, which equals \$0.00 per share of Series E Preferred Stock.

The Corporation is permitted to waive the Holder Optional Redemption Fee. Any such waiver would apply to any holder Series E Preferred Stock qualifying for the waiver and exercising a Holder Optional Redemption during the pendency of the term of such waiver. Although the Corporation has retained the right to waive the Holder Optional Redemption Fee in the manner described above, the Corporation is not required to establish any such waivers and the Corporation may never establish any such waivers.

(iii) Optional Redemption Following Death of a Holder. Subject to the restrictions described herein and unless prohibited by Nevada law governing distributions to stockholders of a corporation, beginning on the Issuance Date and ending at the end of the third year, the Corporation shall redeem Series E Preferred Stock of a beneficial owner who is a natural person (including a natural person who holds shares of Series E Preferred Stock through an Individual Retirement Account or in a personal or estate planning trust) upon his or her death at the written request of the beneficial owner's estate at a redemption price equal to the Settlement Amount without application of the Series E Holder Optional Redemption Fee.

(iv) Corporation Optional Redemption. Subject to the restrictions described herein and unless prohibited by Nevada law governing distributions to stockholders of a corporation or the terms hereof, a share of Series E Preferred Stock may be redeemed at the Corporation's option (the "***Corporation Optional Redemption***") at any time or from time to time upon not less than 10 calendar days nor more than 90 calendar days written notice to the holders prior to the date fixed for redemption thereof, at a redemption price of 100% of the Stated Value of the

shares of Series E Preferred Stock to be redeemed plus accrued but unpaid dividends thereon. In the Board's sole and absolute discretion, the Corporation may determine to fulfill a Corporation Optional Redemption in either cash or with fully paid and non-assessable shares of Common Stock; provided that the aggregate number of shares of Common Stock issuable to holders of Series E Preferred Stock for dividends and redemption shall not exceed 18,800,189 shares of Common Stock without consent of the Corporation's shareholders. The Corporation shall not exercise the Corporation Optional Redemption prior to the earlier of the second-year anniversary of the date on which a share of Series E Preferred Stock has been issued (the "**Redemption Eligibility Date**"). If the Corporation exercises the Corporation Optional Redemption for less than all of the outstanding shares of Series E Preferred Stock, then shares of Series E Preferred Stock shall be selected for redemption on a pro rata basis or by lot across holders of the series of Series E Preferred Stock selected for redemption. If, on the date of the contemplated Corporation Optional Redemption, Nevada law governing distributions to stockholders of a corporation or the terms hereof prevents the Corporation from redeeming all outstanding shares of Series E Preferred Stock to be redeemed, the Corporation may ratably redeem the maximum number of shares of Series E Preferred Stock that it may redeem consistent with such law or provision hereof, and may redeem the remaining shares, in the Board's sole discretion, in cash or, as soon as it may lawfully do so under such law, with shares of Common Stock. There is no Holder Optional Redemption Fee charged upon a Corporation Optional Redemption.

(v) Reserves of Common Stock. To the extent the Corporation determines to fulfill a Holder Optional Redemption or a Corporation Optional Redemption with fully paid and non-assessable shares of Common Stock, instead of with cash, the Corporation shall ensure it has available shares of Common Stock out of its authorized and unissued shares of Common Stock. All rights with respect to the Series E Preferred Stock shall terminate upon the redemption.

(vi) Retirement of Series E Preferred Stock. Any Series E Preferred Stock redeemed in accordance with this (e) shall be retired and cancelled and shall not be reissued as shares of such series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of its preferred stock accordingly.

Section 1.2 Withholding. The Corporation agrees that, provided that a holder of the Corporation's capital stock delivers to the Corporation a properly executed IRS Form W-9 certifying as to such holder's complete exemption from backup withholding (or, if such holder is a disregarded entity for U.S. federal income tax purposes, its regarded owner's complete exemption from backup withholding), under current law the Corporation (including any paying agent of the Corporation) shall not be required to, and shall not, withhold on any payments or

deemed payments to any such holder. In the event that any holder of the Corporation's capital stock fails to deliver to the Corporation such properly executed IRS Form W-9, the Corporation reasonably believes that a previously delivered IRS W-9 is no longer accurate and/or valid, or there is a change in law that affects the withholding obligations of the Corporation, the Corporation and its paying agent shall be entitled to withhold taxes on all payments made to the relevant holder in the form of cash or to request that the relevant holder promptly pay the Corporation in cash any amounts required to satisfy any withholding tax obligations. In the event that the Corporation does not have sufficient cash with respect to any such holder from withholding on cash payments otherwise payable to such holder and cash paid by such holder to the Corporation pursuant to the immediately preceding sentence, the Corporation and its paying agent shall be entitled to withhold taxes on deemed payments, including constructive distributions, on the Series E Preferred Stock to the extent required by law, and the Corporation and its paying agent shall be entitled to satisfy any required withholding tax on non-cash payments (including deemed payments) from cash dividends or sales proceeds subsequently paid or credited on the Series E Preferred Stock.

** Portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

LOAN AGREEMENT

APLD ELN-01 LLC

LOAN A: \$20,000,000.00 REAL ESTATE TERM LOAN

PART 1. PARTIES, DATE, TERM AND PURPOSE

1.1 Parties. The Parties to this Loan Agreement (“Agreement”) are as follows:

APLD ELN-01 LLC, a Nevada limited liability company, registered in North Dakota as a foreign limited liability company, 3811 Turtle Creek Blvd., Ste. 2100, Dallas, TX 75219 (hereinafter referred to as “**Borrower**”);

Applied Digital Corporation, a Nevada corporation, 3811 Turtle Creek Blvd., Ste. 2125, Dallas, TX 75219 (hereinafter referred to as “**Guarantor**” and “**Grantor**”);

Starion Bank, 2754 Brandt Dr. S., Fargo, ND 58104-8806 (hereinafter referred to as “**Bank**”).

1.2 Date of this Agreement. The effective date of this Agreement is the 16th day of February, 2023.

1.3 Term of this Agreement. The term of this Agreement shall be from the date of this Agreement set forth above and continue thereafter until all indebtedness incurred hereunder and under the other documents entered into in connection herewith (collectively, the “**Loan Documents**”) has been repaid in full.

1.4 Purpose of this Agreement. Borrower has requested from Bank the following credit accommodation to which the Bank has agreed:

- a. **Real Estate Term Loan** in the principal amount of **Twenty Million and no/100 Dollars (\$20,000,000.00)** (hereinafter referred to as “**Loan A**”) to be used to fund the expansion of the next generation data center near Ellendale, North Dakota (hereinafter referred to as “**Project**”).

Loan A will be secured by the Borrower’s and Grantor’s Assets described in Part 4.1 of this Agreement. The Parties desire here to transcribe their understanding for posterity.

**PART 2A: LOAN A REAL ESTATE TERM LOAN
TERMS AND REPAYMENT**

- 2A.1 Real Estate Term Loan Evidenced By Promissory Note.** Bank herein loans to Borrower a real estate term loan (“**Loan A**”) in the principal amount of \$20,000,000.00. Loan A will be represented by a promissory note, and any amendments or addendums thereto (hereinafter referred to as the “**Loan A Note**”). The Loan A Note shall be used to fund the expansion of the next generation data center near Ellendale, North Dakota.
- 2A.2 Interest Rate On Loan A Note Fixed.** The Loan A Note will bear fixed interest at the rate of 7.480 percent per annum. Interest shall be computed on the basis of 365/360 daily accrual.
- 2A.3 Repayment Of Loan A Note.** The Loan A Note shall require repayment in monthly installments of principal and interest based on a five (5) year amortization from the date of the Loan A Note. Monthly principal and interest payments shall begin on March 3, 2023, and continue on that same day each month until February 3, 2028, (“Maturity Date”), when the remaining balance of all principal and interest shall be due in full. Payments will be credited first to actual interest accrued on actual outstanding principal, then to principal outstanding.
- 2A.4 Limitation on Advances.** In addition to the terms and conditions of Part 7 of this Agreement, the total principal balance of the Loan Note A must not exceed \$20,000,000 or 50% of the real property collateral’s purchase price or appraised value, plus 50% of the cost of equipment collateral (not included in the appraisal), whichever is less and Borrower herein covenants to immediately pay to Bank any amounts in excess of this requirement.
- 2A.5 Prepayment Premium.** If prepayment in whole or in part occurs as a result of refinancing by another bank or other lender, the Loan A Note is subject to a prepayment premium of 3% of any amount prepaid beyond scheduled amortization of principal and interest for the first twelve (12) months from the date of the Loan A Note; 3% of any amount prepaid after 12 months through 24 months; 2% of the amount prepaid after 24 months through 36 months; 2% of the amount prepaid after 36 months through 48 months; and 1% of the amount prepaid after 48 months through 60 months. Any prepayment premium must be paid in cash at the time any prepayment occurs. *If the Loan A Note is prepaid in whole or in part at any time with Borrower’s or Guarantor’s own resources (not funded by another bank or lender), no prepayment premium will be assessed.*

**PART 3. POTENTIAL ADDITIONAL BORROWING,
LOAN FEES AND CHARGES**

- 3.1 Potential additional borrowing.** The Parties to this Agreement contemplate that Bank may in its sole and absolute discretion, advance additional credit in excess of the initial aggregate principal amount of the Loan A to Borrower from time to time during the term of this Agreement. Bank herein makes no commitment to advance such additional credit. To the extent such additional credit is agreed to, advances will be represented by uniquely numbered promissory notes. Said notes will detail the specific repayment terms and interest rates agreed to. Said notes shall only be secured by the real property and the Assets (defined hereinafter), unless otherwise agreed upon by the Parties hereto.

- 3.2 **Attorney fees, out-of-pocket costs, and documentation fees.** Borrower shall, at the time of the execution of this Agreement, pay all reasonable and documented out-of-pocket expenses incurred by Bank in connection with this Agreement and the Loan A contemplated herein, including but not limited to documentation fees, title insurance fees, disbursement fees, construction inspection fees, filing fees, recording fees, lien search fees, and fees and expenses of Bank's counsel. Borrower shall also pay to Bank at the time of execution of this Agreement an origination fee for the Loan A in the amount of \$100,000.00 and a processing fee of \$350.00.

PART 4. LOAN SECURITY AND GUARANTY

- 4.1 **Security.** The Loan A made to the Borrower by the Bank pursuant to this Agreement and the other Loan Documents shall be secured by a first priority security interest in Borrower's and Grantor's Assets listed in Exhibit A (the "**Assets**"), as well as all products, proceeds and replacements of the Assets, and a first priority mortgage interest in the Borrower's real property described below, including an assignment of rents and leases.

Outlot 4-1, being within the SE¼ of Section 4, Township 129 North, Range 63 West, Dickey County, State of North Dakota.

- 4.2 **Documentation and actions required to maintain valid first-priority lien.** Borrower and Grantor each covenant that it will execute such mortgages, security agreements, control agreements, collateral assignments of all of Borrower's contracts with [**], duly executed by the Borrower and [**], collateral assignments of all Master Services Agreements (also known as Master Hosting Agreements) and Service Order Forms, and other documents and take such acts as Bank may reasonably request in order to fully give effect to this Agreement and other Loan Documents and to ensure that Bank creates and maintains a valid and perfected first security interest and first priority lien on the Assets.
- 4.3 **Documentation and actions required to maintain valid first-priority lien.** Borrower and Grantor each covenant that it will execute all documents and take such acts as Bank may reasonably request in order to fully give effect to this Agreement and other Loan Documents and to ensure that Bank creates and maintains a valid and perfected first security interest and first priority lien on the Assets.
- 4.4 **Hazard insurance proceeds.** Borrower shall maintain hazard insurance acceptable to the Bank on all tangible Assets in an amount sufficient at all times to either cover outstanding indebtedness owed to the Bank, or the value of the collateral, whichever is less, and the Borrower assigns proceeds of any and all hazard insurance on the foregoing secured collateral to Bank, and shall name the Bank as loss payee on any such policies.
- 4.5 **Guarantee.** Guarantor herein covenants that it guaranties payment of all loan accommodations referred to in this Agreement and repayment of all advances made thereunder, together with interest and costs of collection, if any. Said guaranty is of payment and is a continuing, absolute and unconditional guaranty, unless limited by the terms and conditions of Guarantor's guaranty.

PART 5. DOCUMENTS FURNISHED PERIODICALLY BY BORROWER AND GUARANTOR AND INSPECTIONS ALLOWED BY BORROWER

- 5.1 Documents to be furnished periodically.** Borrower and Guarantor will furnish to Bank the following documents at the times indicated throughout the term of this Agreement:
- a. **Annual accountant audited year-end financial statements of Borrower** , to be received by Bank within 90 days after each fiscal year end.
 - b. **Quarterly company prepared financial statements of Borrower**, to be received by Bank within 45 days of each quarter end.
 - c. **Interim company prepared balance sheet and income statement of Borrower, prepared in accordance with generally acceptable accounting principles "GAAP"**, to be received by Bank within 45 days of each quarter end.
 - d. **Annual company prepared rent roll of Borrower**, to be received by Bank within 90 days after each fiscal year end.
 - e. **Annual accountant audited year-end financial statements of Guarantor** , to be received by Bank within 90 days after each fiscal year end.
 - f. **Quarterly company prepared financial statements of Guarantor**, to be completed in accordance with federal law applicable to publicly traded companies.
 - g. **Evidence of flood insurance** may be required if the subject property is in a flood zone as evidenced by a Flood Zone Determination, prior to any disbursement.
 - h. **Fully executed lease** between Borrower and [**] related to the Property (as defined in Exhibit A). Borrower shall notify the Bank of any lease material change within 45 days of modification or addition of tenants, and provide copies of said modification or additional leases.
- 5.2 Independent assessment of Assets, if Bank elects.** Borrower will permit an assessment of the Assets and valuation thereof by Bank at any reasonable time (but no more than twice per fiscal year as long as the Borrower is not in default) with reasonable advance notice and will permit Bank or its authorized agents' access to Borrower's business premises and property for purposes of making such assessment and valuation during regular business hours.
- 5.3 Business taxes and liability insurance.** Borrower covenants to pay all taxes associated with its business, including but not limited to real estate taxes, income taxes, sales taxes, employee taxes, and all other business -related taxes, whether federal, state, county, municipal, or imposed by any other governmental unit. Borrower further covenants to maintain liability insurance in coverages and with such endorsements as are satisfactory to Bank, and to pay all workman's compensation and unemployment premiums or charges, when due, to maintain all insurance policies and employment-related coverage's in full force and effect throughout the term of this Agreement.
- 5.4 Borrower record keeping and Bank inspection of Assets and records.** Borrower will keep true and accurate books and records of its business operations, accounts, and rent notes, and Borrower will permit Bank at any reasonable time (but no more than once per

fiscal quarter as long as the Borrower is not in default) with reasonable advance notice and during regular business hours to inspect the Assets, and to examine Borrower's books, records, and files, and make copies thereof, and to discuss the affairs of Borrower with its officers and employees.

PART 6. FINANCIAL COVENANTS AND LIMITATION ON CERTAIN ACTIVITIES OF BORROWER

- 6.1 Financial covenant.** At all times during which there is any outstanding indebtedness owed by Borrower to Bank under this Agreement, Borrower covenants to maintain the following covenant:
- a. Minimum Debt Service Coverage Ratio of not less than 1.25:1.00 of Borrower After Distributions,** measured annually as of the end of each fiscal year for the fiscal year then ended beginning May 31, 2024. For the purposes hereof "Debt Service Coverage after distributions" means calculated under GAAP as: net income plus depreciation plus amortization plus interest expense less dividends/distributions divided by interest expense and scheduled principal payments during the period measured.
- 6.2 Indebtedness, liens, and disposition of Assets.** In regards to the property described in 4.1 above, Borrower shall not, without the prior written consent of Bank, do any of the following: except for trade debt incurred in the normal course of business and indebtedness to Bank contemplated by this Agreement; incur indebtedness for borrowed money; sell, transfer, assign, pledge, lease, grant a security interest in, or otherwise encumber all or substantially all of Borrower's Assets, except to Bank, excluding inventory sold in the ordinary course of Borrower's business; or sell with recourse any of Borrower's accounts, except to Bank.
- 6.3 Change of business form or identity.** Borrower and Grantor will not, without giving fourteen (14) days prior written notice to Bank, change its business form, business name or trade name, change location, or acquire or merge or consolidate with any other entity.

PART 7. CONDITIONS PRECEDENT TO FUNDING ADVANCES ON THE LOAN A NOTE

- 7.1 Verification of Equity Injections.** Verification of equity injections equal to no less than [**] with all equity to be injected prior to any loan disbursements.
- 7.2 Projected Cost Overruns.** If Bank at any time determines in its sole but reasonable discretion that the available Loan A Note fund is insufficient to complete the project, Bank may demand that Borrower from its own or other resources fund any shortfall in cost of completion within thirty (30) days of the demand made by Bank.
- 7.3 Lien Waivers** must accompany all applications for initial and subsequent advances, obtained from those contractors, subcontractors, laborers or suppliers who have accomplished the work associated with each application for advance.
- 7.4 Site Inspections** to be performed by a duly qualified independent third-party inspector appointed by Bank at all reasonable times during normal business hours subject to the rights of tenants, and upon reasonable prior notice to Borrower, so long as such

independent third-party inspector shall comply with all life safety and other reasonable rules and regulations then in effect at the Property. Site inspections are to be performed not more frequently than once every forty-five (45) days.

PART 8. LIMITATION OF RESPONSIBILITY

- 8.1** The making of any advance by Bank shall not constitute or be interpreted as approval or acceptance by Bank of the work done, or as a representation or indemnity by Bank to any party against any deficiency or defect in the work or against any breach of any contract. All inspections and approvals referred to in this Agreement are solely for the protection of Bank's interests, and under no circumstances shall they be construed to impose any responsibility whatsoever upon Bank to any party.

PART 9. DEFAULT

- 9.1** **Default defined.** The occurrence of any one or more of the following events shall constitute an "Event of Default":

- a. Failure to pay when due any amount required of Borrower or Guarantor under this Agreement or under any other Loan Documents.
- b. Failure to perform or observe any other term, covenant or provision of this Agreement or any other Loan Documents.
- c. Any warranty, representation, or statement made or furnished to Bank by or on behalf of Borrower or Guarantor is false or misleading in any material respect, when made.
- d. The dissolution or termination of the Borrower's or Guarantor's legal existence, the appointment of a receiver for any substantial part of the Borrower's or Guarantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Guarantor.
- e. The failure to discharge material taxes or other liens, other mortgages or charges levied or assessed against the Assets (other than the liens created under this Agreement).
- f. The Borrower or Guarantor fails to comply with any and all State and Federal laws and regulations associated with or governing Borrower's or Guarantor's business operations whether such laws and regulations exist now or at any time during the term of this Agreement and said failure materially effects Borrower's or Guarantor's ability to operate.
- g. The Borrower or Guarantor fails to pay when due any principal of or interest on or any other amount payable in respect of, or breaches or defaults under any other term of, any mortgage, indenture, agreement or other instrument under which there may be any outstanding indebtedness for borrowed money in an aggregate principal amount of in excess of \$10,000.00 to any creditor, lender or otherwise, in each

case, beyond the grace period, if any, if the effect of such non-payment, breach or default is to cause such Indebtedness to become or be declared due and payable (or subject to a compulsory repurchase or redemption) prior to its stated maturity.

- h. A material default by Borrower of its obligations beyond any applicable grace or cure period under the High Density Contracted Demand Response Electric Service Agreement with [**] regardless as to whether [**] declares such default.
- i. A material default by Borrower of its obligations beyond any applicable grace or cure period under any Master Services Agreement (a/k/a Master Hosting Agreement) and any Service Order Form regardless as to whether the Customer of said Master Services Agreement (a/k/a Master Hosting Agreement) or any Service Order Form declares such default.
- j. A material default by Grantor of its obligations beyond any applicable grace or cure period under any Master Services Agreement (a/k/a Master Hosting Agreement) and any Service Order Form regardless as to whether the Customer of said Master Services Agreement (a/k/a Master Hosting Agreement) or any Service Order Form declares such default.

9.2 Remedies. If an Event of Default occurs and is continuing, upon written notice thereof to the Borrower and a ten (10) day opportunity to cure such Event of Default, unless a delay would cause irreparable harm to the Bank, Bank may exercise any one or more of the following rights and remedies:

- a. Declare the entire balance of any or all advances under this Agreement as immediately due and payable.
- b. Take possession of the Assets by self help or judicial action, including collection of rents, foreclosure, and dispose of the Assets pursuant to the Uniform Commercial Code and/or other applicable laws of the State or Federal Government.
- c. Commence and prosecute an action to collect the debt from Borrower and/or Guarantor.
- d. Refuse to make any further advances under this Agreement or under any instrument or document executed in connection with this Agreement.
- e. Setoff any amounts owed under this Agreement against any depository account maintained by Borrower with Bank.
- f. Exercise such additional or alternative remedies as are available to Bank under the terms of this Agreement, under any instrument or document executed in connection with this Agreement, or under applicable law.

PART 10. MISCELLANEOUS PROVISIONS

- 10.1 Entity status and authority of Borrower.** Borrower herein covenants that it is a limited liability company duly organized and existing and in good standing under the laws of the State of Nevada and registered with the State of North Dakota as a foreign limited liability company and has the appropriate power and authority to own its property and carry on its business as it is being conducted at the time of this Agreement; Borrower has full power, authority, and proper authorization to enter into this Agreement and the other Loan Documents.
- 10.2 Entity status and authority of Guarantor.** Guarantor herein covenants that it is a corporation duly organized and existing and in good standing under the laws of the State of Nevada and has the appropriate power and authority to own its property and carry on its business as it is being conducted at the time of this Agreement; Guarantor has full power, authority, and proper authorization to enter into this Agreement and the other Loan Documents.
- 10.3 No waiver.** No delay or failure by Bank in the exercise of any right or remedy under this Agreement or under law shall constitute a waiver thereof, and no single or partial exercise by Bank of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.
- 10.4 Agreements upheld despite invalidity of any clause.** If a court of competent jurisdiction determines in a final non-appealable judgment any clause or provision of this Agreement to be invalid or void for any reason, such findings will not affect the validity and enforceability of the balance of this Agreement.
- 10.5 Consent to loan participation.** Borrower and Guarantor agree and consent to Bank's sale or transfer, whether now or later, of one or more participation interests in the Loan A to one or more purchasers, whether related or unrelated to Bank. Bank may provide to any one or more purchasers or potential purchasers, any information or knowledge Bank may have about Borrower or Guarantor or about any other matter relating to the Loan A as reasonably required by such purchasers or potential purchasers; provided that the Bank shall have entered into a customary non-disclosure agreement with such purchasers or potential purchasers with respect to any non-public information regarding the Borrower and Guarantor prior to the disclosure of any such information; provided, further, that (i) the Bank's obligations under this Agreement shall remain unchanged, (ii) the Bank shall remain solely responsible to the other Parties hereto for the performance of its obligations and (iii) the Borrower and Guarantor shall continue to deal solely and directly with the Bank in connection with Bank's rights and obligations under this Agreement.
- 10.6 Collection costs and expenses.** Borrower and Guarantor agree to pay upon demand all of Bank's court costs and disbursements, including attorney's fees unless prohibited by law, and other expenses allowed by law or the court, incurred in connection with this Agreement and the enforcement thereof or in connection with the Loan A or the collection thereof.
- 10.7 Modifications in writing only.** Any modification of this Agreement must be in writing and signed by all Parties hereto.
- 10.8 Applicable law.** The Loan Documents shall be governed by and construed in accordance with the laws of the State of North Dakota.

- 10.9 Choice of Venue.** If there is a lawsuit, Borrower and Guarantor agree upon Bank's request to submit to the jurisdiction of the courts of Stutsman County, State of North Dakota or at the Bank's discretion the United States District Court for the District of North Dakota.
- 10.10 Notice of litigation.** Borrower and Guarantor shall promptly inform Bank in writing of all material adverse changes in the Borrower's or Guarantor's financial condition, and all litigation and claims pending or (to the Borrower's or Guarantor's knowledge) threatened in writing that would reasonably be expected to have a material adverse effect on the financial condition of the Borrower or Guarantor.
- 10.11 Notices.** All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or when deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the address on the cover page of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other Parties, specifying the purpose of the notice is to change the party's address.
- 10.12 Document Imaging And Electronic Transactions.** Borrower and Guarantor hereby acknowledge the receipt of a copy of this Agreement and all other Loan Documents. Bank may, on behalf of Borrower and Guarantor, create a microfilm or optical disk or other electronic image of this Agreement and any or all of the Loan Documents. Bank may store the electronic image of this Agreement and Loan Documents in its electronic form and then destroy the paper original as part of Bank's normal business practices, with the electronic image deemed to be an original.

IN WITNESS WHEREOF, the Parties have set their hands the day and year first above written.

[COUNTERPART SIGNATURES BEGIN ON NEXT PAGE]

**LOAN AGREEMENT
COUNTERPART SIGNATURE PAGE OF
CHIEF EXECUTIVE OFFICER OF BORROWER**

BORROWER: **APLD ELN-01 LLC**

/s/ Wes Cummins

By: Wes Cummins, Its Chief Executive Officer

**LOAN AGREEMENT
COUNTERPART SIGNATURE PAGE OF
CHIEF FINANCIAL OFFICER OF BORROWER**

BORROWER: **APLD ELN-01 LLC**

/s/ David Rench

By: David Rench, Its Chief Financial Officer

**LOAN AGREEMENT
COUNTERPART SIGNATURE PAGE OF
CHIEF EXECUTIVE OFFICER OF GUARANTOR/GRANTOR**

GUARANTOR/GRANTOR: APPLIED DIGITAL CORPORATION

/s/ Wes Cummins

By: Wes Cummins, Its Chief Executive Officer

**LOAN AGREEMENT
COUNTERPART SIGNATURE PAGE OF
CHIEF FINANCIAL OFFICER OF GUARANTOR/GRANTOR**

GUARANTOR/GRANTOR: APPLIED DIGITAL CORPORATION

/s/ David Rench

By: David Rench, Its Chief Financial Officer

**LOAN AGREEMENT
COUNTERPART SIGNATURE PAGE OF BANK**

BANK: STARION BANK

/s/ Mike Wickham

By: Mike Wickham Its: Market President

This document is drafted by Zimney Foster P.C., Attorneys
3100 S. Columbia Road, Ste. 200, Grand Forks, ND 58201

** Portions of this exhibit have been omitted pursuant to Rule 601(b)(10) of Regulation S-K. The omitted information is not material and would likely cause competitive harm to the registrant if publicly disclosed.

SECURITY AGREEMENT

1. Parties to this Security Agreement (“Agreement”) are as follows:

APLD ELN-01 LLC, a Nevada limited liability company, registered in North Dakota as a foreign limited liability company, 3811 Turtle Creek Blvd., Ste. 2100, Dallas, TX 75219 (hereinafter referred to as “**Borrower**”);

Starion Bank, 2754 Brandt Dr. S., Fargo, ND 58104-8806 (hereinafter referred to as “**Lender**”).

2. Effective date of this Agreement is February 16, 2023.

3. Term of this Security Agreement. The term of this Agreement shall be from the date of this Agreement set forth above and continue thereafter until all Debt has been paid in full and Lender no longer has any outstanding commitment to lend to Borrower, or the Agreement is otherwise terminated in writing by the parties.

4. Purpose of this Agreement is to transcribe for posterity the fact that the Borrower has granted to the Lender a security interest in Borrower’s personal property, described below as “Collateral”, to secure the indebtedness owed to the Lender by the Borrower, described below as “Debt”.

5. Debt secured by this Agreement means all indebtedness of the Borrower to the Lender evidenced by any promissory note or other debt instrument executed in connection with this Agreement, principal and interest inclusive, together with all other indebtedness, costs and expenses for which Borrower is responsible under this Agreement or any of the loan instruments and documents related to this Agreement. This Agreement is executed in connection with the Loan A: \$20,000,000.00 Real Estate Term Loan Agreement between the Borrower and the Lender, executed the same date as this Agreement and referred to throughout this Agreement as the “Loan Agreement”. When one or more Security Agreements exist between the parties to this Agreement, the Security Agreements are intended to be cumulative and not superseding.

6. Collateral granted as security under this Agreement. To secure the payment of the Debt, the Borrower hereby grants, conveys, pledges, and grants a security interest in and to, to the Lender all of the Borrower’s rights, title, and interest in the following described property, whether now existing or hereafter acquired (“Collateral”), categorically identified below using terms defined by the Uniform Commercial Code:

- a. All equipment of Borrower**, including but not limited to all attachments, accessions, tools, parts, supplies, increases and additions to all replacement of and substitutions for any of the equipment located at 9685 87th Ave SE, Ellendale, ND.
- b. All Software** owned or leased by Borrower embedded in the equipment described above.

- c. **All inventory**, as that term is defined in the Uniform Commercial Code, which is held for ultimate sale or lease to the public or to customers, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in the business of the Borrower.
- d. **All accounts, instruments, documents, chattel paper and other rights to payment**, as those terms are defined in the Uniform Commercial Code, including but not limited to payment for goods sold or leased, or for services rendered, whether or not payment has been earned by performance, and all rights to payment arising out of all present and future debt instruments, chattel paper and loans and obligations receivable. The foregoing include any rights and interests, including all liens and security interests, which the Borrower may have by law or agreement against any account debtor or obligor of Borrower.
- e. **All general intangibles**, as that term is defined in the Uniform Commercial code, including but not limited to tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use the Borrower's name or names of products or services identified with the Borrower.
- f. **All investment property**, as that term is defined in the Uniform Commercial Code, including all securities, whether certificated or uncertificated, all security entitlements, all securities accounts, all commodity contracts, all commodity accounts, and Borrower covenants to execute the appropriate control agreements for perfection of the Lender's security interest in such investment property, if required or permitted by law or by the regulation or policy of the issuer, broker, or custodian of the investment property.
- g. **Deposit accounts**. As security for the Debt, Borrower grants to Lender a first priority security interest in all of Borrower's deposit accounts.
- h. **All fixtures** owned by Borrower located in Ellendale, North Dakota.
- i. **Collateral Assignment of Borrower's rights and interests** in the High Density Contracted Demand Response Electric Service Agreement ("Service Agreement") with [**] with consent to assignment from [**], including, but not limited to, Borrower's rights in the Security Deposit held with [**], and referred to in the Service Agreement.
- j. **Collateral Assignment** of Borrower's rights and interests in Master Services Agreement (a/k/a Master Hosting Agreement) and any Service Order Form related to the Colocation Facility in Ellendale, North Dakota.
- k. **Hazard insurance proceeds**. As security for the Debt, Borrower grants to Lender a first priority assignment of proceeds of any and all hazard insurance on the building, the land and the rest of the Collateral, The Borrower shall maintain hazard insurance on all insurable Collateral in policy coverage amounts sufficient at all times to cover outstanding indebtedness owed by the Borrower to any and all lenders, and shall name the Lender as Lender Loss Payee and Mortgagee on any such policies.
- l. **All of the above** whether now or hereafter acquired.

m. **All records and data relating to any of the property described above as Collateral** however and wherever such records and data are kept and maintained.

n. **After-acquired property, proceeds and products.** All of the foregoing is granted to Lender as Collateral for the Debt whether it is now owned or hereafter acquired and the Collateral includes any and all proceeds (including but not limited to insurance proceeds), and products of the foregoing.

7. **Right of setoff** is also granted by Borrower to Lender in addition to the foregoing grant of the security interest in the identified Collateral. This right of setoff is a contractual possessory security interest in all of Borrower's right, title and interest in and to any of Borrower's funds or monies in the custody of the Lender.

8. **Borrower's affirmative obligations under this Agreement** include the following:

- a. **Maintain validity and perfection of the security interest hereby granted** by executing such instruments and taking such actions as the Lender may from time to time request of the Borrower, with the intent and purpose that at all times the Borrower will assure and assist the Lender in creating and maintaining a valid, enforceable and perfected security interest in the Collateral.
- b. **No violation of law or contract** has occurred by the Borrower executing this Agreement, and Borrower has full right and authority to do so.
- c. **Collateral is enforceable** to the extent the Collateral consists of accounts, contract rights, chattel paper, or general intangibles, and all such Collateral is enforceable in accordance with its terms, is genuine, and complies with applicable law, and all persons appearing to be obligated to the Borrower on the Collateral are in fact obligated as they appear to be.
- d. **Location of the Collateral** shall be kept at the Borrower's premises located at 9685 87th Ave SE, Ellendale, ND, unless otherwise agreed in writing between the Borrower and the Lender.
- e. **Borrower shall not sell or otherwise dispose of all or substantially all of the Collateral** without the prior written permission of the Lender, excluding inventory sold in the ordinary course of Borrower's business.
- f. **Good title to the Collateral** is herein represented and warranted by the Borrower to be in the Borrower and in its name, free and clear of all liens and encumbrances except for the lien of this Agreement, and subject only to such exceptions as have been agreed to in a separate writing by the Borrower and the Lender.
- g. **Collateral shall be accounted for in writing**, insofar as the Collateral consists of inventory and accounts receivable, and Borrower shall furnish to the Lender such lists, descriptions, designations and agings of such Collateral as Lender may from time to time reasonably require.
- h. **Borrower will maintain Collateral** in good condition and repair (fair wear and tear excepted).
- i. **Lender may inspect Collateral** at the Borrower's business premises, or wherever it may be located, upon reasonable notice and at any reasonable time.

- j. **All taxes, assessments and liens will be paid by Borrower** should any of the foregoing be assessed against the Collateral, and Borrower covenants to pay all of the foregoing timely as such items come due.
- k. **Borrower will comply with all State and Federal laws and regulations** and laws regarding the disposition and use of the Collateral.
- l. **Borrower will comply with all environmental laws**, and Borrower represents and warrants that the Collateral has not been and never will be during the term of this Agreement used for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any hazardous waste or substance, as those terms are defined by federal and state environmental laws. Borrower hereby releases and waives any claims against the Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such environmental laws, and agrees to indemnify and hold harmless the Lender against any and all such claims or losses resulting from a breach of this provision.
- m. **Borrower shall insure the Collateral** against all such risks and hazards as are reasonably required by the Lender, with the insurance coverage to be in a minimum amount of no less than the balance of the Debt secured by this Agreement owed to the Lender by Borrower and Borrower shall cause the Lender to be named as a loss payee and additional insured on any and all such policies of insurance, and shall provide the Lender with certificates from the insurance carriers evidencing the foregoing. In the event of damage or destruction of the Collateral, insurance proceeds shall be applied first as a credit to the Debt secured by this Agreement, with any surplus remitted to the Borrower, unless a different arrangement is agreed to in writing between the Lender and Borrower.

9. Attorney-in-Fact. For so long as this Agreement is in effect, the Borrower hereby irrevocably appoints Lender the Borrower's attorney-in-fact, with full authority in the place and stead of the Borrower and in the name of the Borrower or otherwise, from and after the occurrence of an Event of Default, to take any action and to execute any instrument provided for pursuant to this Agreement, including, without limitation: (a) To ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with any of the Collateral; (b) To file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Borrower with respect to any of the Collateral; (c) To execute and deliver lien releases, certificates, and other documents to obtain payment for work or materials or other Collateral; and (d) To perform and take any action authorized under any this Agreement or any other agreement between Borrower and Lender, holding Borrower liable or responsible for the costs thereof.

Borrower hereby ratifies all acts Lender takes as attorney-in-fact that are lawfully done by virtue of this Agreement. This power of attorney is coupled with an interest and shall be irrevocable. The grant of this power of attorney to take actions from and after an Event of Default shall not be construed to limit the powers of Lender to take actions otherwise permitted by this Agreement, any other agreement between the parties hereto, the Uniform Commercial Code or other law to take actions prior to the occurrence of an Event of Default.

10. Lender's Performance of Borrower's Obligations. If Borrower fails to perform any agreement contained herein or in any other agreement with Lender, Lender may itself perform, or cause performance of, such agreement, and the expenses of Lender incurred in connection with the performance shall be at the sole option of the Lender be immediately reimbursable by

the Borrower to the Lender, or added to the balance of the Debt secured by this Agreement, with interest thereon to accrue at the highest rate being charged by the Lender on any debt instruments or promissory notes secured by this Agreement. The powers and rights conferred upon the Lender are solely to protect Lender's interest in the Collateral and shall not impose any duty upon Lender to exercise any such rights or powers. Without limiting the generality of the foregoing, Lender shall be under no obligation to take any steps necessary to preserve rights in the Collateral against any other parties, including Borrower, but may do so at its option. Lender shall not be liable for any acts, omissions, errors of judgment or mistakes of fact or law including without limitation with respect to the Collateral except for: (a) Gross negligence or willful misconduct; or (b) Failure to use reasonable care with respect to the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder. Lender will be deemed to use reasonable care if it uses the same standards and care as Lender takes with its own property or the collection of its own loans.

11. Default under this Agreement shall consist of any one or more of the following:

- a. Failure to pay when due** any part of the Debt secured by this Agreement.
- b. Failure of Borrower to comply with this Agreement** or the Borrower to comply with or perform any other term, obligation, covenant or condition contained in any loan instruments or documents related to this Agreement or in any other agreement between the Lender and the Borrower entered into by the parties on the same date as this Agreement, and any amendments, modifications or replacements to such loan instruments, documents and agreements.
- c. False statements** made by the Borrower to the Lender, which are false or misleading in any material respect, when made.
- d. Defective collateralization**, from whatever cause, resulting in non-enforceability, invalidity, or lack of perfection of all or any part of the security interest of the Lender in the Collateral.
- e. Insolvency** of the Borrower, the appointment of a receiver for the Borrower or any of its property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Borrower.
- f. The Borrower fails to comply with any and all State and Federal laws and regulations** associated with or governing Borrower's business operations whether such laws and regulations exist now or at any time during the term of this Agreement and said failure materially effects Borrower's ability to operate.

12. Remedies. If an Event of Default occurs and is continuing, upon written notice thereof to the Borrower and a ten (10) day opportunity to cure such Event of Default, unless a delay would cause irreparable harm to the Lender, Lender may exercise any one or more of the following rights and remedies:

- a. Accelerate Debt secured by this Agreement** and declare all of same immediately due and payable, principal and interest inclusive.
- b. Require Borrower to assemble Collateral** at a convenient place designated by the Lender and assist the Lender in taking possession of the Collateral for disposition of same under the Uniform Commercial Code.

- c. **Repossess the Collateral** wherever it may be found, either by self-help or by judicial action.
- d. **Sell or otherwise dispose of the Collateral** in the manner permitted by the Uniform Commercial Code, with the reasonable expenses of retaking, preparing for sale, and selling or otherwise disposing of the Collateral to be reimbursed to the Lender from the first proceeds of sale or other disposition, and the remainder to be applied as a credit to the Debt secured by this Agreement.
- e. **Collect accounts, chattel paper, instruments and general intangibles directly**, to the extent the Collateral consists of accounts, chattel paper, instruments and general intangibles, and the Lender may notify all such account debtors and obligors on the accounts, chattel paper, instruments and general intangibles, directing them to make payment directly to the Lender on the account of the Borrower.
- f. **Obtain deficiency** by way of judgment or otherwise against the Borrower, for any and all amounts remaining unpaid on the Debt secured by this Agreement after sale or other disposition of the Collateral and after application of the proceeds as a credit to the Debt secured by this Agreement.
- g. **Other rights and remedies allowed by law**, whether state or federal, and whether under the Uniform Commercial Code or other applicable laws and regulations.
- h. **Other rights and remedies allowed by contract**, whether contained in this Agreement, or in any promissory note or other loan instrument or document executed in connection with this Agreement, or as specified in any other agreement between the Borrower and the Lender.
- i. **All remedies are cumulative** and may be exercised by the Lender singularly or concurrently, and the election by the Lender to pursue any remedy shall not exclude pursuit of any other remedy.

13. If Lender presently holds one or more security agreements, or hereafter receives additional security agreements from Borrower, Lender's rights under all security agreements shall be cumulative. This Security Agreement shall not (unless specifically provided below to the contrary) affect or invalidate any such other security agreements. Borrower's liability will be Borrower's aggregate liability under the terms of this Security Agreement and any such other unexpired security agreements.

14. No waiver. No delay or failure by the Lender in the exercise of any right or remedy under this Agreement or under law shall constitute a waiver thereof, and no single or partial exercise by the Lender of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

15. Severability. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

16. **North Dakota law governs.** This Agreement shall be governed, interpreted and enforced under North Dakota law.

17. **Modifications in writing only.** Any modification of this Agreement, to be valid, must be in writing and signed by all parties hereto.

IN WITNESS WHEREOF, THE PARTIES HAVE SET THEIR HANDS TO THIS AGREEMENT EFFECTIVE THE DAY AND YEAR FIRST ABOVE WRITTEN.

[SIGNATURES ON FOLLOWING PAGES]

**SIGNATURE PAGE OF CHIEF EXECUTIVE OFFICER
FOR BORROWER'S SECURITY AGREEMENT**

BORROWER: APLD ELN-01 LLC

/s/ Wes Cummins

By: Wes Cummins, Its Chief Executive Officer

**SIGNATURE PAGE OF CHIEF FINANCIAL OFFICER
FOR BORROWER'S SECURITY AGREEMENT**

BORROWER: APLD ELN-01 LLC

/s/ David Rench

By: David Rench, Its Chief Financial Officer

This instrument drafted by Zimney Foster P.C., Attorneys
3100 S. Columbia Road, Ste. 200 Grand Forks, North Dakota

SECURITY AGREEMENT

1. Parties to this Security Agreement (“Agreement”) are as follows:

APLD ELN-01 LLC, a Nevada limited liability company, registered in North Dakota as a foreign limited liability company, 3811 Turtle Creek Blvd., Ste. 2100, Dallas, TX 75219 (hereinafter referred to as “**Borrower**”);

Applied Digital Corporation, a Nevada corporation, 3811 Turtle Creek Blvd., Ste. 2125, Dallas, TX 75219 (hereinafter referred to as “**Grantor**”);

Starion Bank, 2754 Brandt Dr. S., Fargo, ND 58104-8806 (hereinafter referred to as “**Lender**”).

2. Effective date of this Agreement is February 16, 2023.

3. Term of this Security Agreement. The term of this Agreement shall be from the date of this Agreement set forth above and continue thereafter until all Debt has been paid in full and Lender no longer has any outstanding commitment to lend to Borrower, or the Agreement is otherwise terminated in writing by the parties.

4. Purpose of this Agreement is to transcribe for posterity the fact that the Grantor has granted to the Lender a security interest in Grantor’s personal property, described below as “Collateral”, to secure the indebtedness owed to the Lender by the Borrower, described below as “Debt”.

5. Debt secured by this Agreement means all indebtedness of the Borrower to the Lender evidenced by any promissory note or other debt instrument executed in connection with this Agreement, principal and interest inclusive, together with all other indebtedness, costs and expenses for which Borrower is responsible under this Agreement or any of the loan instruments and documents related to this Agreement. This Agreement is executed in connection with the Loan A: \$20,000,000.00 Real Estate Term Loan Agreement between the Borrower and the Lender, executed the same date as this Agreement and referred to throughout this Agreement as “Loan Agreement.” When one or more Security Agreements exist between the parties to this Agreement, the Security Agreements are intended to be cumulative and not superseding. In addition, this Agreement secures all other indebtedness, principal and interest inclusive, at any time now owed by Borrower to the Lender, or which may hereafter arise whether by separate loans or other credit arrangements made between Lender and Borrower or whether related to the indebtedness arising at the time this Agreement is made, by way of future advances or otherwise. This Agreement cross-collateralizes all other debt of Borrower to Lender now owed or hereafter arising.

6. Collateral granted as security under this Agreement. To secure the payment of the Borrower’s Debt, the Grantor hereby grants, conveys, pledges, and grants a security interest in and to, to the Lender all of the Grantor’s rights, title, and interest in the following described property, whether now existing or hereafter acquired (“Collateral”), categorically identified below using terms defined by the Uniform Commercial Code:

- a. Collateral Assignment of Grantor’s rights and interests in all Master Services Agreement (a/k/a Master Hosting Agreement) and any Service Order Form** related to the Colocation Facility in Ellendale, North Dakota.

- b. **All records and data relating to any of the property described above as Collateral** however and wherever such records and data are kept and maintained.

7. **Right of setoff** is also granted by Grantor to Lender in addition to the foregoing grant of the security interest in the identified Collateral. This right of setoff is a contractual possessory security interest in all of Grantor's right, title and interest in and to any of Grantor's funds or monies in the custody of the Lender.

8. **Grantor's affirmative obligations under this Agreement** include the following:

- a. **Maintain validity and perfection of the security interest hereby granted** by executing such instruments and taking such actions as the Lender may from time to time request of the Grantor, with the intent and purpose that at all times the Grantor will assure and assist the Lender in creating and maintaining a valid, enforceable and perfected security interest in the Collateral.
- b. **No violation of law or contract** has occurred by the Grantor executing this Agreement, and Grantor has full right and authority to do so.
- c. **Collateral is enforceable** to the extent the Collateral consists of accounts, contract rights, chattel paper, or general intangibles, and all such Collateral is enforceable in accordance with its terms, is genuine, and complies with applicable law, and all persons appearing to be obligated to the Grantor on the Collateral are in fact obligated as they appear to be.
- d. **Location of the Collateral** shall be at the business premises of the Grantor, unless otherwise agreed in writing between the Grantor and the Lender.
- e. **Grantor shall not sell or otherwise dispose of all or substantially all of the Collateral** without the prior written permission of the Lender, excluding inventory sold in the ordinary course of Grantor's business.
- f. **Good title to the Collateral** is herein represented and warranted by the Grantor to be in the Grantor and in its name, free and clear of all liens and encumbrances except for the lien of this Agreement, and subject only to such exceptions as have been agreed to in a separate writing by the Grantor and the Lender.
- g. **Collateral shall be accounted for in writing** insofar as the Collateral consists of inventory and accounts receivable, and Grantor shall furnish to the Lender such lists, descriptions, designations and agings of such Collateral as Lender may from time to time reasonably require.
- h. **Grantor will, to the extent applicable, maintain the Collateral** in good condition and repair (fair wear and tear excepted).
- i. **Lender may, to the extent applicable, inspect Collateral** at the Grantor's business premises, or wherever it may be located, upon reasonable notice and at any reasonable time.
- j. **All taxes, assessments and liens will be paid by Grantor** should any of the foregoing be assessed against the Collateral, and Grantor covenants to pay all of the foregoing timely as such items come due.

- k. **Grantor will comply with all governmental regulations** and laws regarding the production, disposition, and use of the Collateral.
- l. **Grantor will comply with all environmental laws**, and Grantor represents and warrants that the Collateral has not been and never will be during the term of this Agreement used for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any hazardous waste or substance, as those terms are defined by federal and state environmental laws. Grantor hereby releases and waives any claims against the Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such environmental laws, and agrees to indemnify and hold harmless the Lender against any and all such claims or losses resulting from a breach of this provision.
- m. **Grantor shall, to the extent applicable, insure the Collateral** against all such risks and hazards as are reasonably required by the Lender, with the insurance coverage to be in a minimum amount of no less than the balance of the Debt secured by this Agreement owed to the Lender by Borrower and Grantor shall cause the Lender to be named as a loss payee and additional insured on any and all such policies of insurance, and shall provide the Lender with certificates from the insurance carriers evidencing the foregoing. In the event of damage or destruction of the Collateral, insurance proceeds shall be applied first as a credit to the Debt secured by this Agreement, with any surplus remitted to the Grantor, unless a different arrangement is agreed to in writing between the Lender and Grantor.

9. Attorney-in-Fact. For so long as this Agreement is in effect, the Grantor hereby irrevocably appoints Lender the Grantor's attorney-in-fact, with full authority in the place and stead of the Grantor and in the name of the Grantor or otherwise, from and after the occurrence of an Event of Default, to take any action and to execute any instrument which the Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation: (a) To ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with any of the Collateral; (b) To receive, indorse, and collect any drafts, checks or other Instruments, Documents, notes, Chattel Paper, General Intangibles or other Collateral; (c) To file any claims or take any action or institute any proceedings which Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of Grantor with respect to any of the Collateral; (d) To receive and open all mail addressed to Grantor, remove any proceeds of Collateral therefrom and deliver the balance of such mail to Grantor; (e) To execute and deliver lien releases, certificates, and other documents to obtain payment for work or materials or other Collateral; and (f) To perform and take any action authorized under any this Agreement or any other agreement between Grantor and Lender, holding Grantor liable or responsible for the costs thereof.

Grantor hereby ratifies all acts Lender takes as attorney-in-fact that are lawfully done by virtue of this Agreement. This power of attorney is coupled with an interest and shall be irrevocable. The grant of this power of attorney to take actions from and after an Event of Default shall not be construed to limit the powers of Lender to take actions otherwise permitted by this Agreement, any other agreement between the parties hereto, the Uniform Commercial Code or other law to take actions prior to the occurrence of an Event of Default.

10. Lender's Performance of Grantor's Obligations. If Grantor fails to perform any agreement contained herein or in any other agreement with Lender, Lender may itself perform, or cause performance of, such agreement, and the expenses of Lender incurred in connection

with the performance shall be at the sole option of the Lender be immediately reimbursable by the Grantor to the Lender, or added to the balance of the Debt secured by this Agreement, with interest thereon to accrue at the highest rate being charged by the Lender on any debt instruments or promissory notes secured by this Agreement. The powers and rights conferred upon the Lender are solely to protect Lender's interest in the Collateral and shall not impose any duty upon Lender to exercise any such rights or powers. Without limiting the generality of the foregoing, Lender shall be under no obligation to take any steps necessary to preserve rights in the Collateral against any other parties, including Grantor, but may do so at its option. Lender shall not be liable for any acts, omissions, errors of judgment or mistakes of fact or law including without limitation with respect to the Collateral except for: (a) Gross negligence or willful misconduct; or (b) Failure to use reasonable care with respect to the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder. Lender will be deemed to use reasonable care if it uses the same standards and care as Lender takes with its own property or the collection of its own loans.

11. Default under this Agreement shall consist of any one or more of the following:

- a. Failure to pay when due** any part of the Debt secured by this Agreement.
- b. Failure of Grantor to comply with this Agreement** or the Grantor, Borrower and/or any Guarantor to comply with or perform any other term, obligation, covenant or condition contained in any loan instruments or documents related to this Agreement or in any other agreement between the Lender and the Grantor, Borrower, and the Guarantors of the loan entered into by the parties on the same date as this Agreement.
- c. False statements** made by the Grantor, Borrower or any Guarantor to the Lender, which are false or misleading in any material respect, when made.
- d. Defective collateralization**, from whatever cause, resulting in non-enforceability, invalidity, or lack of perfection of all or any part of the security interest of the Lender in the Collateral.
- e. Insolvency** of the Grantor, Borrower or any Guarantor, the appointment of a receiver for the Grantor, Borrower, or any Guarantor, or any of its property, any assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Grantor, Borrower or any Guarantor.
- f. Other creditor actions** against the Grantor, Borrower or any Guarantor which result or which may result, in the good faith opinion of the Lender, in a risk to either the Collateral or in a risk of nonpayment of the Debt secured by this Agreement.
- g. Change in the financial or other condition of the Grantor, Borrower or any Guarantor**, which in the good faith opinion of the Lender renders the Lender insecure or at risk of non-collection of the Debt secured by this Agreement.

12. Remedies. If an Event of Default occurs and is continuing, upon written notice thereof to the Grantor and a ten (10) day opportunity to cure such Event of Default, unless a delay would cause irreparable harm to the Lender, Lender may exercise any one or more of the following rights and remedies:

- a. **Accelerate Debt secured by this Agreement** and declare all of same immediately due and payable, principal and interest inclusive.
- b. **Require Grantor to assemble Collateral** at a convenient place designated by the Lender and assist the Lender in taking possession of the Collateral for disposition of same under the Uniform Commercial Code.
- c. **Repossess the Collateral** wherever it may be found, either by self-help or by judicial action.
- d. **Sell or otherwise dispose of the Collateral** in the manner permitted by the Uniform Commercial Code, with the reasonable expenses of retaking, preparing for sale, and selling or otherwise disposing of the Collateral to be reimbursed to the Lender from the first proceeds of sale or other disposition, and the remainder to be applied as a credit to the Debt secured by this Agreement.
- e. **Collect accounts, chattel paper, instruments and general intangibles directly**, to the extent the Collateral consists of accounts, chattel paper, instruments and general intangibles, and the Lender may notify all such account debtors and obligors on the accounts, chattel paper, instruments and general intangibles, directing them to make payment directly to the Lender on the account of the Grantor.
- f. **Obtain deficiency** by way of judgment or otherwise against the Grantor, for any and all amounts remaining unpaid on the Debt secured by this Agreement after sale or other disposition of the Collateral and after application of the proceeds as a credit to the Debt secured by this Agreement.
- g. **Other rights and remedies allowed by law**, whether state or federal, and whether under the Uniform Commercial Code or other applicable laws and regulations.
- h. **Other rights and remedies allowed by contract**, whether contained in this Agreement, or in any promissory note or other loan instrument or document executed in connection with this Agreement, or as specified in any other agreement between the Grantor and the Lender.
- i. **All remedies are cumulative** and may be exercised by the Lender singularly or concurrently, and the election by the Lender to pursue any remedy shall not exclude pursuit of any other remedy.

13. If Lender presently holds one or more security agreements, or hereafter receives additional security agreements from Grantor, Lender's rights under all security agreements shall be cumulative. This Security Agreement shall not (unless specifically provided below to the contrary) affect or invalidate any such other security agreements. Grantor's liability will be Grantor's aggregate liability under the terms of this Security Agreement and any such other unexpired security agreements.

14. No waiver. No delay or failure by the Lender in the exercise of any right or remedy under this Agreement or under law shall constitute a waiver thereof, and no single or partial exercise by the Lender of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

15. Severability. If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

16. North Dakota law governs. This Agreement shall be governed, interpreted and enforced under North Dakota law.

17. Modifications in writing only. Any modification of this Agreement, to be valid, must be in writing and signed by all parties hereto.

IN WITNESS WHEREOF, THE PARTIES HAVE SET THEIR HANDS TO THIS AGREEMENT EFFECTIVE THE DAY AND YEAR FIRST ABOVE WRITTEN.

[SIGNATURES ON FOLLOWING PAGES]

**SIGNATURE PAGE OF CHIEF EXECUTIVE OFFICER
FOR GRANTOR'S SECURITY AGREEMENT**

GRANTOR: APPLIED DIGITAL CORPORATION

/s/ Wes Cummins

By: Wes Cummins, Its Chief Executive Officer

**SIGNATURE PAGE OF CHIEF FINANCIAL OFFICER
FOR GRANTOR'S SECURITY AGREEMENT**

GRANTOR: APPLIED DIGITAL CORPORATION

/s/ David Rench

By: David Rench, Its Chief Financial Officer

This instrument drafted by Zimney Foster P.C., Attorneys
3100 S. Columbia Road, Ste. 200 Grand Forks, North Dakota

**UNLIMITED COMMERCIAL CORPORATE GUARANTY
OF APPLIED DIGITAL CORPORATION**

2023

APLD ELN-01 LLC, a Nevada limited liability company, registered in North Dakota as a foreign limited liability company, 3811 Turtle Creek Blvd., Ste. 2100, Dallas, TX 75219 (hereinafter referred to as “**Borrower**”);

Applied Digital Corporation, a Nevada corporation, 3811 Turtle Creek Blvd., Ste. 2125, Dallas, TX 75219 (hereinafter referred to as “**Guarantor**”);

Starion Bank, 2754 Brandt Dr. S., Fargo, ND 58104-8806 (hereinafter referred to as “**Bank**”).

Date: February 16, 2023

THIS IS THE COMMERCIAL CORPORATE GUARANTY OF PAYMENT OF APPLIED DIGITAL CORPORATION

1. AMOUNT OF GUARANTY UNLIMITED. The amount of this Guaranty shall be *unlimited* as to the Indebtedness of Borrower identified above, owed to the Bank, as such Indebtedness is identified and defined in this Guaranty, including principal, interest, costs and expenses as defined in this Guaranty.

2. ABSOLUTE, UNCONDITIONAL & CONTINUING GUARANTY. For good and valuable consideration, the above-named Guarantor absolutely, unconditionally and on a continuing basis guarantees and promises to pay to the above named Starion Bank or its order, in legal tender of the United States of America, an amount equal to the Amount of Guaranty pursuant to Section 1 above for default on any or all of the Loans identified in this Guaranty and other indebtedness guaranteed herein.

3. MAXIMUM LIABILITY. The maximum liability of Guarantor under this Guaranty shall not exceed at any one time a sum equal to the total amount of money owed to the Bank by the Borrower and required by the Bank to make it whole. If Bank presently holds one or more guaranties, or hereafter receives additional guaranties from Guarantor, Bank’s rights under all guaranties shall be cumulative. This Guaranty shall not (unless specifically provided below to the contrary) affect or invalidate any such other guaranties. Guarantor’s liability will be Guarantor’s aggregate liability under the terms of this Guaranty and any such other untermiated guaranties.

4. BORROWER INDEBTEDNESS. The indebtedness guaranteed by this Guaranty includes collectively any and all Borrower’s indebtedness to Bank and is used in the most comprehensive sense and means and includes any and all Borrower’s liabilities, obligations and debts to Bank, now existing or hereafter incurred or created, including, without limitation, the following Loan made by Bank to Borrower identified below, effective the same date as this Guaranty: **\$20,000,000.00 Real Estate Term Loan.**

Together with all other loans if any, advances, interest, costs, debts, overdraft indebtedness and liabilities of Borrower, and any present or future judgments against Borrower, plus all of Bank's costs, expenses, and to the extent allowed by law reasonable attorney's fees incurred in connection with or relating to (A) the collection of the indebtedness, (B) the collection and sale of any collateral for the indebtedness or this Guaranty, or (C) the enforcement of this Guaranty (attorney's fees include, without limitation, reasonable attorney's fees whether or not there is a lawsuit, and if there is a lawsuit, any fees and costs for trial and appeal); and whether any such indebtedness is voluntarily or involuntarily incurred, due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined; whether Borrower may be liable individually or jointly with others, or primarily or secondarily, or as guarantor or surety; whether recovery on the indebtedness may be or may become barred or unenforceable against Borrower for any reason whatsoever; and whether the indebtedness arises from transactions which may be voidable on account of infancy, insanity, ultra vires, or otherwise.

5. DURATION OF GUARANTY. This Guaranty will take effect when received by Bank without the necessity of any acceptance by Bank, or any notice to Guarantor or to Borrower, and will continue in full force until all indebtedness incurred or contracted before receipt by Bank of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Bank, by certified mail, at Bank's address listed above or such other place as Bank may designate in writing. Written revocation of this Guaranty will apply only to advances or new indebtedness created after actual receipt by Bank of Guarantor's written revocation. For this purpose and without limitation, the term "new indebtedness" does not include indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. This Guaranty will continue to bind Guarantor for all indebtedness incurred by Borrower or committed by Bank prior to receipt of Guarantor's written notice of revocation, including any extensions, renewals, substitutions or modifications of the indebtedness. All renewals, extensions, substitutions, and modifications of the indebtedness granted after Guarantor's revocation, are contemplated under this Guaranty and specifically will not be considered to be new indebtedness. Release of any other guarantor or termination of any other guaranty of the indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Bank receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty.

6. GUARANTOR'S AUTHORIZATION TO BANK: Guarantor authorizes Bank, either before or after revocation hereof, **without notice or demand and without lessening Guarantor's liability under this Guaranty, from time to time:** (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time of payment or other terms of the indebtedness or any part of the indebtedness, including increases and decreases of the rate of interest on the indebtedness; extensions may be repeated and may be for longer than the original Loan term; (C) to take and hold security and mortgage, with this Guaranty or the indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security and, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Bank may choose; (E) to determine how, when and what application of payments and credits shall be made on the indebtedness; (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any non-judicial sale permitted by the terms of the controlling security agreement or mortgage, as Bank in its discretion may determine; (G) to sell, transfer, assign or grant participations in all or any part of the indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

7. GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Bank that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Bank; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Bank, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially of all Guarantor's assets, or any interest therein, otherwise than in the ordinary course of business or on terms materially less favorable than would be obtained in an arms-length transaction; (F) upon Bank's request, but not more frequently than that required pursuant to the terms of the loan agreement between Bank and Borrower effective the same date as this Guaranty, Guarantor will provide to Bank financial and credit information in form acceptable to Bank, and all such financial information which currently has been, and all future financial information which will be provided to Bank is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Bank and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or, to Guarantor's knowledge, threatened; (I) Bank has made no representation to Guarantor as to the creditworthiness of Borrower; (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding such Borrower's financial condition. Guarantor agrees to keep Borrower adequately informed of such facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Bank shall have no obligation to disclose to Guarantor any information or documents acquired by Bank in the course of its relationship with Borrower.

8. GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Bank (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the indebtedness or of any nonpayment related to any collateral, or notice of any action or non-action on the part of Borrower, Bank, any surety, endorser, or other guarantor in connection with the indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other guarantor; (D) to proceed directly against or exhaust any collateral held by Bank from Borrower, any other guarantor, or any other persons; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Bank from Borrower or to comply with any other applicable and waivable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Bank's power; or (G) to commit any act or omission of any kind, or at any time, with respect to any matter whatsoever.

Guarantor also waives any and all rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law which may prevent Bank from bringing any action, including a claim for deficiency, against Guarantor, before or after Bank's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Bank which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the indebtedness; (C) any disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of cessation of Borrower's liability from any

cause whatsoever, other than payment in full in legal tender, of the indebtedness; (D) any right to claim discharge of the indebtedness on the basis of unjustified impairment of any collateral for the indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Bank against Guarantor is commenced, there is outstanding indebtedness of Borrower to Bank which is not barred and performance of the indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the indebtedness and thereafter Bank is forced to remit the amount of that payment to such Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deduction to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by Borrower, and Guarantor, or both.

9. GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS . Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

10. RIGHT OF SETOFF. To the extent permitted by applicable law, Bank reserves the right of setoff in all Guarantor's deposit accounts with Bank (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Bank, to the extent permitted by applicable law, to hold these funds if there is a default, and Bank may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

11. SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR . Guarantor agrees that the indebtedness of Borrower to Bank, whether now or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Bank may now to hereafter have against Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Bank and Guarantor shall be paid to Bank and shall be first applied by Bank to the indebtedness of Borrower to Bank. Guarantor does hereby assign to Bank all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Bank. Guarantor agrees, and Bank is hereby authorized, in the name of Guarantor, from time to time to file financing statements and continuation statements and to execute documents and to take such other actions as Bank deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

12. MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty.

Amendments. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alterations of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorney's Fees; Expenses. Guarantor agrees to pay upon demand all of Bank's costs and expenses, including Bank's reasonable attorney's fees unless prohibited by law and Bank's legal expenses, incurred in connection with the enforcement of this Guaranty. Bank may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Bank's reasonable attorney's fees unless prohibited by law and legal expenses whether or not there is a lawsuit, including reasonable attorney's fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Guaranty are for convenience purposes only and not to be used to interpret or define the provisions of this Guaranty.

Governing Law. This Guaranty shall be governed by and construed and enforced in accordance with the laws of the State of North Dakota, *provided, however*, the Bank may at its option, or when required by law, utilize the laws of other states and jurisdictions where the Borrower, the Guarantor or other guarantors reside or in which they have assets, in order to enforce the provisions of this Guaranty, collect the balance of the indebtedness, and maximize recovery so as to make Bank whole.

Choice of Venue. If there is a lawsuit, Guarantor agrees upon Bank's request to submit to the jurisdiction of the courts of Stutsman County, State of North Dakota.

Integration. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Bank harmless from all losses, claims, damages, and costs (including Bank's attorney's fees unless prohibited by law) suffered or incurred by Bank as a result of any breach by Guarantor of warranties, representations and agreements of this paragraph.

Interpretation. The words "Guarantor," "Borrower," "Bank": include the heirs, successors, assigns, and transferees of each of them. If a court finds that a provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If Borrower and Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Bank to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

Notices. Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or unregistered mail postage prepaid, directed to the addresses shown in the caption of this Guaranty instrument. All revocation notices by Guarantor shall be in writing and shall be effective upon delivery to Bank as provided in Section 5 of this Guaranty entitled "Duration Of Guaranty." Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Bank informed at all times of Guarantor's current address.

No Waiver by Bank. Bank shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Bank. No delay or omission on the part of Bank in exercising any right shall operate as a waiver of such right or any other right. A waiver by Bank or a provision of this Guaranty shall not prejudice or constitute a waiver of Bank's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Bank, nor any course of dealing between Bank and Guarantor, shall constitute a waiver of any of Bank's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Bank is required under this Guaranty, the granting of such consent by Bank in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all case such consent may be granted or withheld in the sole discretion of Bank.

Successors and Assigns. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties and their successors and assigns.

Waive Jury. Bank and Guarantor hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Bank or Borrower against the other.

THE UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO BANK AND THAT THE GUARANTY WILL CONTINUE UNTIL TERMINATED IN THE MANNER SET FORTH IN THE SECTION TITLED "DURATION OF GUARANTY". NO FORMAL ACCEPTANCE BY BANK IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED AS FIRST ABOVE STATED.

[SIGNATURES AND ACKNOWLEDGEMENTS ON NEXT PAGE]

**CHIEF EXECUTIVE OFFICER
CORPORATE GUARANTY SIGNATURE AND ACKNOWLEDGEMENT**

CORPORATE GUARANTOR: APPLIED DIGITAL CORPORATION

/s/ Wes Cummins

By: Wes Cummins, Its Chief Executive Officer

STATE OF Texas)

)ss

COUNTY OF Dallas)

On this 16th day of February, 2023 before me personally appeared **David Rench** to me known to be the **Chief Financial Officer** of **Applied Digital Corporation**, the corporation that is described in, and that executed the foregoing instrument, and acknowledged to me that such corporation executed the same.

(NOTARY SEAL) /s/ Morgan Haas

NOTARY PUBLIC

My Commission Expires: Dec 17, 2025

**CHIEF FINANCIAL OFFICER
CORPORATE GUARANTY SIGNATURE AND ACKNOWLEDGEMENT**

CORPORATE GUARANTOR: APPLIED DIGITAL CORPORATION

/s/ David Rench
By: David Rench, Its Chief Financial Officer

STATE OF Texas)
)ss
COUNTY OF Dallas)

On this 16th day of February, 2023 before me personally appeared **David Rench** to me known to be the **Chief Financial Officer** of **Applied Digital Corporation**, the corporation that is described in, and that executed the foregoing instrument, and acknowledged to me that such corporation executed the same.

(NOTARY SEAL) /s/ Morgan Haas
NOTARY PUBLIC
My Commission Expires: Dec 17, 2025

This document drafted by Zimney Foster P.C., Attorneys
3100 S. Columbia Road, Ste. 200, Grand Forks, ND 58201