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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 8-K  
CURRENT REPORT**

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

**February 28, 2024**  
(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:

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

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**Item 1.01 Entry into a Material Definitive Agreement.**

On February 28, 2024, APLD GPU-01, LLC (the "Borrower"), a wholly-owned subsidiary of Applied Digital Corporation (the "Company"), entered into a Loan Agreement with Cornerstone Bank, a North Dakota state chartered bank (the "Lender") (the "Loan Agreement") pursuant to which the Lender loaned the principal amount of \$16,000,000 to the Borrower with a maturity date of March 1, 2029 (the "Loan").

The Loan Agreement provides for an interest rate of 8.590% per annum. The proceeds of the Loan will be used to finance, in part, existing improvements to real property. Pursuant to the Loan Agreement, the Borrower will maintain (1) a minimum Debt Service Coverage Ratio (as defined in the Loan Agreement) of 1.20 to 1.00 (Pre-Distribution (as defined in the Loan Agreement)) as of each fiscal year end and (2) a minimum Debt Service Coverage Ratio of 1.00 to 1.00 (Post-Distribution (as defined in the Loan Agreement)) as of each fiscal year end. The Loan Agreement contains events of default and other covenants customary for such an agreement.

The Loan is secured by a security interest in the personal property of the Borrower as set forth in the Security Agreement, dated as of February 28, 2024, by and between the Borrower and the Lender (the "Security Agreement"). Each of the Company, SAI Computing, LLC, a wholly-owned subsidiary of the Company (the "SAI") and APLD Hosting, LLC, a wholly-owned subsidiary of the Company ("APLD Hosting") made a Guaranty, dated February 28, 2024, in favor of the Lender (each, a "Guaranty") pursuant to which each of the Company, SAI and APLD Hosting unconditionally guaranteed the Borrower's obligations to the Lender.

In connection with the Loan Agreement, on February 28, 2024, the Company, as grantor, entered into a Collateral Assignment of Customer GPU Contracts and Consent (the "Assignment of GPU Contracts") with the Lender, pursuant to which the Company granted a security interest in multiple Terms of Service Agreements for High Performance Computing (HPC) based systems related to AI Cloud Computing Services, which are to be serviced at the Jamestown Facility (as defined below), to the Lender. The security interest granted under the Assignment of GPU Contracts shall be terminated upon the payment in full of the Loan and the release or assignment of the Security Instrument (as defined in the Loan Agreement).

As previously disclosed, Starion Bank and APLD Hosting entered into that certain loan agreement dated July 25, 2022, pursuant to which Starion Bank provided a term loan to APLD Hosting that was secured, in part, by a mortgage on APLD Hosting's Jamestown, North Dakota hosting facility (the "Jamestown Facility"). On February 28, 2024, Starion Bank entered into a Consent to Transfer in Real Property Subject to Mortgage and Subordination Agreement (the "Subordination Agreement"), pursuant to which Starion Bank agreed to subordinate its mortgage priority in the Jamestown Facility to the Lender.

The foregoing description of the Loan Agreement, the Security Agreement, each Guaranty, the Assignment of GPU Contracts and the Subordination Agreement is qualified in its entirety by reference to the Loan Agreement, the Form of Guaranty, the Assignment of GPU Contracts and the Subordination Agreement respectively, which are filed as Exhibit 10.1, 10.2, 10.3, 10.4 and 10.5 to this Form 8-K and are incorporated herein by reference.

A press release announcing the Loan was issued on March 5, 2024 and is filed as Exhibit 99.1 to this Form 8-K.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information provided in response to Item 1.01 of this Current Report is incorporated by reference into this Item 2.03.

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Item 9.01. Financial Statements and Exhibits

EXHIBIT INDEX

Exhibit No.	Description
10.1**	<a href="#">Loan Agreement, dated as of February 28, 2024, by and between APLD GPU-01, LLC and Cornerstone Bank.</a>
10.2	<a href="#">Security Agreement, dated as of February 28, 2024, by and between APLD GPU-01, LLC and Cornerstone Bank.</a>
10.3	<a href="#">Form of Guaranty Agreement, dated as of February 28, 2024, made by each of Applied Digital Corporation, SAI Computing, LLC and APLD Hosting, LLC in favor of Cornerstone Bank.</a>
10.4	<a href="#">Consent to Transfer Interest in Real Property Subject to Mortgage and Subordination Agreement, dated as of February 28, 2024, made by Starion Bank, in favor of APLD Hosting, LLC.</a>
10.5**	<a href="#">Collateral Assignment of Customer GPU Contracts and Consent, dated as of February 28, 2024, by Applied Digital Corporation, in favor of Cornerstone Bank.</a>
99.1	<a href="#">Press release dated March 5, 2024.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

\*\* 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.

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**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: March 5, 2024

By: /s/ David Rench  
Name: David Rench  
Title: Chief Financial Officer

\*\*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

This Loan Agreement, made this 28<sup>th</sup> day of February, 2024 between CORNERSTONE BANK, a North Dakota state chartered bank, whose address is 2280 45<sup>th</sup> St. S., Fargo, ND 58104 (“Lender”), and APLD GPU-01, LLC, a Delaware limited liability company, whose address is 3811 Turtle Creek Blvd., Ste 2100, Dallas, TX 75219 (“Borrower”).

### RECITALS

- A. Borrower has requested Lender to lend it up to \$16,000,000.00 on a term loan basis (the “Loan”).
- B. The proceeds of the Loan will be used to finance, in part, existing improvements to Real Property.
- C. Lender is willing to lend Borrower up to \$16,000,000.00 on the terms and the conditions set forth below.
- D. Lender would not make this loan to Borrower but for the guaranties of the Guarantors.
- E. In consideration of the matters described above, and of the mutual benefits and OBLIGATIONS set forth in this Agreement, the parties agree as follows:

### 1. DEFINITIONS

1.1. As used in this Agreement, the following terms have the following definitions:

- a. “Accounts,” “Chattel Paper,” “Contracts,” “Contract Rights,” “Documents,” “Equipment,” “Fixtures,” “General Intangibles,” “Goods,” “Instruments,” and “Inventory” shall have the same respective meanings as are given to those terms in the Uniform Commercial Code as enacted in North Dakota.
  - b. “Accessories” means all fixtures, fittings, apparatus, equipment, systems, machinery, furniture, furnishings, appliances, inventory, goods, building and construction materials, supplies, and other articles of personal property and replacements thereof, of every kind and character, tangible and intangible (including software embedded therein), now owned or hereafter acquired by Borrower, which are now or hereafter attached to, affixed to, placed upon or situated in, on or about the Real Property or Improvements, or used in or necessary to the complete and proper planning, development, use, occupancy or operation thereof, or acquired (whether delivered to the Real Property or stored elsewhere) for use or installation in or on the Real Property or Improvements, and all Additions to the foregoing, all of which are hereby declared to be permanent accessions to the Real Property.
  - c. “Additions” mean any and all alterations, additions, accessions, and improvements to property, substitutions therefor, and renewals and replacements thereof.
  - d. “ADA and Environmental Indemnity Agreement” shall mean the ADA and Environmental Indemnity Agreement executed by Borrower and Guarantors of even date herewith.
  - e. “Collateral Documents” means the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, Security Agreement, Collateral Assignment of Contracts, and the Guaranties specified in Section 4 of this Agreement.
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- f. "Debt Service Coverage Ratio – Post-Distribution" means the EBIDA, after distributions, divided by the sum of the interest expense and the current principal portion of long-term debt (but excluding contingent guaranty obligations) for a stated period.
- g. "Debt Service Coverage Ratio – Pre-Distribution" means the EBIDA, before distributions, divided by the sum of the interest expense and the current principal portion of long-term debt (but excluding contingent guaranty obligations) for a stated period.
- h. "EBIDA" means earnings before interest, depreciation, and amortization.
- i. "Financial Statements" means the balance sheets of Borrower and Guarantor as of each entity's fiscal year end, and statements of income and retained earnings of Borrower and Guarantor for the years or months ended on those dates.
- j. "Guarantors" mean Applied Digital Corporation, APLD Hosting, LLC and Sai Computing, LLC.
- k. "Improvements" means all buildings, structures, and replacements thereof and other improvements now or hereafter existing, erected or placed on the Real Property, including all plant equipment, apparatus, machinery and fixtures of every kind and nature whatsoever forming part of said structures and/or buildings together with any on-site improvements and off-site improvements in any way used or to be used in connection with the use, enjoyment, occupancy, or operation of the Real Property.
- l. "Indebtedness" means, as to Borrower, all items of indebtedness, obligation, or liability, whether matured or unmatured, liquidated or unliquidated, direct or contingent, joint or several, including, but not limited to:
  - i. all indebtedness guaranteed, directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse;
  - ii. all indebtedness in effect guaranteed, directly or indirectly, through agreements, contingent or otherwise:
    - A. to purchase such indebtedness;
    - B. to purchase, sell, or lease (as lessee or lessor) property, products, materials, or supplies, or to purchase or sell services, primarily for the purpose of enabling Borrower to make payment of such indebtedness or to assure the owner of the indebtedness against loss; or
    - C. to supply funds to or in any other manner invest in the debtor;
  - iii. all indebtedness secured by (or for which the holder of the indebtedness has a right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, lien, security interest, or other charge or encumbrance on property owned or acquired subject to the same, whether or not the liabilities secured by the same have been assumed; and
  - iv. all indebtedness incurred as the lessee of goods or services under leases that, in accordance with generally accepted accounting principles, should not be reflected on the lessee's balance sheet.
- m. "Laws" means all ordinances, statutes, rules, regulations, orders, injunctions, writs, or decrees of any government or political subdivision or agency, or any court or similar entity.

- n. "Leases" means all leases, license agreements, and other occupancy or use agreements (whether oral or written), now or hereafter existing, which cover or relate to the Property or any part thereof, together with all options therefor, amendments thereto and renewals, modifications and guaranties thereof, including any cash or security deposited under the Leases to secure performance by the tenants of their obligations under the Leases, whether such cash or security is to be held until the expiration of the terms of the Leases or applied to one or more of the installments of rent coming due thereunder.
- o. "Obligations" means the obligation of Borrower:
- i. to pay the principal or any interest on the Note in accordance with its terms and to satisfy all of its other liabilities to Lender, whether under this Agreement or any other agreement between Borrower and Lender, whether now existing or later incurred, matured or unmatured, direct or contingent, joint or several, including any extensions, modifications, renewals, and substitutions;
  - ii. to repay to Lender all amounts advanced by Lender under this Agreement, any other agreement between Borrower and Lender, or otherwise on behalf of Borrower, including, but not limited to, advances for principal or interest payments to prior secured parties, mortgagees, or lienors, or for taxes, levies, insurance, rent, repairs to or maintenance or storage of any of the collateral; and
  - iii. to reimburse Lender, on demand, for all of Lender's expenses and costs, including reasonable fees and expenses of its counsel, in connection with the preparation, administration, amendment, modification, or enforcement of this Agreement and the Documents required under this Agreement, including, but not limited to, any proceeding brought or threatened to enforce payment of any of the Obligations referred to in subparagraphs i and ii of this section.
- p. "Permitted Liens" means:
- i. liens for taxes, assessments, or similar charges, incurred in the ordinary course of business, that are not yet due and payable;
  - ii. encumbrances consisting of zoning restrictions, easements, or other restrictions on the use of Real Property, none of which materially impairs the use of such property by Borrower in the operation of its business, and none of which is violated in any material respect by existing or proposed structures or land use;
  - iii. liens in favor of Lender;
  - iv. the following, if the validity or amount is being contested in good faith by appropriate and lawful proceedings, so long as levy and execution on them have been stayed and continued to be stayed and they do not, in the aggregate, materially detract from the value of the property of Borrower, or materially impair its use in the operation of the business:
    - A. claims or liens for taxes, assessments, or charges due and payable and subject to interest or penalty;
    - B. claims, liens, and encumbrances on, and defects of title to, real or personal property, including any attachment of personal or Real Property or other legal process prior to adjudication of a dispute on the merits; and
    - C. adverse judgments on appeal; and

- v. Mortgage and Security Agreement and Fixture Financing Statement with Assignment of Rents and Leases and with Deficiency Rights executed by APLD Hosting, LLC to Starion Bank, in the original amount of \$15,000,000.00, dated July 25, 2022 and filed for record with the Stutsman County Recorder's Office on August 4, 2022 at 10:10 a.m. as Document No. 0241530.
- q. "Person" means any individual, corporation, limited liability company, partnership, association, joint-stock company, trust, unincorporated organization, joint venture, court, or government or political subdivision or agency.
- r. "Personal Property" means one or more or all of the real property identified in Exhibit B to this Agreement.
- s. "Property" means Real Property and Personal Property.
- t. "Real Property" means one or more or all of the real property identified in Exhibit A to this Agreement.
- u. "Records" means correspondence, memoranda, tapes, disks, papers, books, and other Documents, or transcribed information of any type, whether expressed in ordinary or machine-readable language.
- v. "Security Instruments" mean the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, the Security Agreement, and the Contract Assignments specified in Section 4 of this Agreement.
- w. "Security Interests" means the security interests granted to Lender by the Security Instruments.
- x. "Subsidiary" means any corporation of which more than 50% of the outstanding voting securities, at the time of determination, shall be owned directly or indirectly through one or more intermediaries by Borrower.
- y. "Transfer" means any direct or indirect sale, assignment, conveyance, or transfer, including any Contract of Sale and any other contract or agreement to sell, assign, convey or transfer, in whole or in part, whether made voluntarily or by operation of Law or otherwise, and whether made with or without consideration.

## 2. THE LOAN

- 2.1. Disbursement of the Loan. The Lender will deposit the proceeds of the Loan to Borrower's direct deposit account.
- 2.2. General terms. Subject to the terms of this Agreement, Lender will lend Borrower the principal sum of \$16,000,000.00 on a term basis (the "Loan"). The Loan shall be amortized over a period of five (5) years. The Loan shall mature on March 1, 2029 (the "Maturity Date").
- 2.3. The note. At the time of the making of the Loan, Borrower will execute and deliver a note to Lender identified by number 50032148, in the form of Exhibit C (the "Note").
- 2.4. Interest rate. The Note shall carry a fixed rate of interest of 8.590%. This rate includes an allocation of 15 basis points to cover the annual guaranty fee payable to Bank of North Dakota. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under the Note is computed using this method.



2.5. Payments of principal and interest. Borrower will pay this loan in fifty-nine (59) regular payments of \$330.131.98 each and one irregular last payment of all outstanding principal and interest. Borrower's first payment is due April 1, 2024, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on March 1, 2029, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any escrow or reserve account payments as required under any mortgage, deed of trust, or other security instrument or security agreement securing this Note; then to any late charges; and then to any unpaid collection costs. All sums payable to Lender shall be paid directly to Lender in immediately available funds. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

2.6. Late Charge. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

2.7. Rate Limited by Law. All sums paid, or agreed to be paid, to Lender for the use, forbearance, and detention of the Indebtedness of Borrower to Lender, to the extent permitted by applicable law, shall be amortized, prorated, allocated, and spread throughout the full term of the note until payment is made in full so that the actual rate of interest does not exceed the highest lawful rate in effect in any particular time during the full term. If at any time the rate exceeds the highest lawful rate, the rate of interest to accrue pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement, to the highest lawful rate.

2.8. Statements to Borrower. Lender shall, either by online portal or other reasonable means, make available to Borrower statements of all amounts due, which statements shall be considered correct and conclusively binding on Borrower unless Borrower notifies Lender to the contrary within 30 days of its receipt of any statement that it deems to be incorrect.

### 3. CONDITIONS PRECEDENT

3.1. Conditions Precedent. The obligation of Lender to make the Loan is subject to the following conditions precedent:

- a. Pre-closing Requirements of Lender. Prior to the disbursement of the Loan (the "Closing"), Lender shall obtain, review, and determine, to its satisfaction, the following:
  - i. Title insurance on the Property showing no liens and encumbrances on the Property except Permitted Liens;
  - ii. Survey of the Property showing that the Improvements to the Property are limited to the Property;
  - iii. A subordination or release of the Mortgage and Security Agreement and Fixture Financing Statement with Assignment of Rents and Leases and with Deficiency Rights executed by APLD Hosting, LLC to Starion Bank, in the original amount of \$15,000,000.00, dated July 25, 2022 and filed for record with the Stutsman County Recorder's Office on August 4, 2022 at 10:10 a.m. as Document No. 0241530 (the "Starion Subordination");
  - iv. Flood certifications on the Property showing that the Property is not in an area requiring flood insurance;
  - v. Evaluation completed on the Property verifying that the Loan amount is the lesser of \$16,000,000.00 or 50% of the fair market value of the Property as determined by the Appraisal completed by Newmark Valuation & Advisory dated August 14, 2023;
  - vi. Environmental Transaction Screening Review regarding the Property; and
  - vii. Infrastructure easement from APLD Hosting to include all electrical, fiber, water, sewer, or any other critical infrastructure needed to run the data center (the "Infrastructure Easement").
- b. Documents required for closing. Borrower shall have delivered to Lender prior to Closing, the following:
  - i. the Note executed by Borrower of even date herewith;
  - ii. the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing executed by Borrower of even date herewith;
  - iii. the Security Agreement executed by Borrower of even date herewith;
  - iv. the Contract Assignments executed by Borrower and consented to by third parties of even date herewith;
  - v. the Guaranties executed by Applied Digital Corporation, APLD Hosting, LLC and Sai Computing, LLC, of even date herewith;
  - vi. the ADA and Environmental Indemnity Agreement of even date herewith;
  - vii. a certified (as of the date of the closing) copy of Borrower's operating agreement;
  - viii. a copy, certified as of the most recent date practicable, by the Secretary of State of Delaware and Secretary of State of North Dakota, of Borrower's certificate of good standing, together with a certificate (as of the date of the

closing) of Borrower's members to the effect that the Operating Agreement has not been amended since the date of the certification;

- ix. A certificate, as of the date of the closing, signed by the members of Borrower, to the effect that:
  - A. the representations and warranties set forth within Section 5.1, are true as of the date of the closing;
  - B. the Borrower is in fee title to the Property;
  - C. no material adverse change has occurred; and
  - D. no Event of Default, and no event that with the giving of notice or passage of time, or both, would become such an Event of Default, has occurred as of such date.
- x. a certified (as of the date of the closing) copy of Guarantors' operating agreement or Bylaws, as the case may be;
- xi. a copy, certified as of the most recent date practicable, by the Secretary of State of Delaware or Nevada, as applicable, and Secretary of State of North Dakota, of Guarantors' certificate of good standing, together with a certificate (as of the date of the closing) of Guarantors' managers or board to the effect that the Operating Agreement or Bylaws have not been amended since the date of the certification;

c. Payment of Fees and Costs. Borrower shall pay the following fees and costs at Closing:

- i. Origination fee of \$160,000.00;
- ii. Guaranty fee to Bank of North Dakota \$48,000.00;
- iii. Title fees;
- iv. Recording fees;
- v. Appraisal fees;
- vi. Flood certification fees; and
- vii. Attorneys' fees.

To the extent fees and costs are payable to Bank of North Dakota at Closing or during the administration of the loan, Borrower's obligation is satisfied once it pays Lender the fees identified in this section and interest identified in §2.4.

3.2. Certain events. At the time of the Closing:

- a. No event of default shall have occurred and be continuing, and no event shall have occurred and be continuing that, with the giving of notice or passage of time, or both, would be an event of default;
- b. No material adverse change shall have occurred in the financial condition of Borrower or Guarantor since the date of this Agreement or the Closing, as applicable; and
- c. All of the Collateral Documents shall have remained in full force and effect.

3.3. Legal matters. At the time of the closing, all incidental legal matters shall be satisfactory to counsel to Lender.

#### 4. COLLATERAL SECURITY

4.1. Composition of the collateral. The property in which a security interest is granted pursuant to the provisions of section 4.2 through 4.5 is collectively called the "Collateral." The Collateral, together with all of Borrower's other property of any kind held by Lender, shall stand as one general, continuing, collateral security for all Obligations and may be retained by Lender until all Obligations have been satisfied in full.

4.2. Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing (the "Mortgage"). As security for the prompt satisfaction of all Obligations, Borrower assigns, transfers, and sets over to Lender all of its right, title, and interest in and to, and grants Lender a lien on and a security interest in, all Properties and fixtures therein identified in Exhibit A, as more fully set forth in the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing attached hereto as Exhibit D.

4.3. Security Agreement. As further security for the prompt satisfaction of all Obligations, Borrower grants assigns, transfers, and sets over to Lender all of its right, title, and interest in and to, and grants Lender a security interest in the personal property of Borrower, as more fully set forth in the Security Agreement attached hereto as Exhibit E.

4.4. Collateral Assignment of Contracts (the "Contract Assignments"). As further security for the prompt satisfaction of all Obligations, Borrower grants, assigns, transfers, and sets over to Lender all of its right, title, and interest in and to, and grants Lender a security interest in the Electrical Services Agreement between APLD Hosting LLC and Borrower with the consent of Starion Bank (a copy of the Contract Assignment is attached hereto as Exhibit F-1). As further security for the prompt satisfaction of all Obligations, Applied Digital Corporation grants, assigns, transfers, and sets over to Lender all of its right, title, and interest in and to, and grants Lender a security interest in the following contracts: Terms of Service Agreement between Applied Digital Corporation and GPU Customers, currently [redacted] dated June 28, 2023, [redacted] dated July 7, 2023, [redacted] dated September 29, 2023, and [redacted] dated October 4, 2023 (collectively, the "GPU Customer Contracts"; a copy of the Contract Assignment is attached hereto as Exhibit F-2).

4.5. Guaranties. As further security for the prompt satisfaction of all Obligations, Guarantors absolutely, unconditionally, and irrevocably guaranty, as primary obligor and not merely as surety, the punctual payment, when due, whether at stated maturity, by acceleration, or otherwise, of all indebtedness, obligations, and liabilities of the Borrower to the Lender as more fully set forth in the Guaranties attached hereto as Exhibit G (the "Guaranties").

4.6. Priority of liens. The above-stated liens shall be first and prior liens except for Permitted Liens.

#### 5. REPRESENTATIONS AND WARRANTIES

5.1. Original Representations and Warranties. To induce Lender to enter into this Agreement, Borrower represents and warrants to Lender as follows:

- a. Borrower is a limited liability company organized, validly existing, and in good standing under the laws of Delaware; Borrower has the lawful power to own its Properties and to engage in the business it conducts; Borrower is qualified and in good standing as a foreign business entity in the jurisdictions in which the nature of the business transacted by it or property owned by it makes such qualification necessary; and Borrower has not changed its name, been the surviving partnership in a merger, acquired any business, or changed its principal executive office within 3 years prior to the effective date of this Agreement;

- b. Borrower is not in default with respect to any of its existing Indebtedness, and the making and performance of this Agreement, the Note, and the Collateral Documents will not immediately or with the passage of time, or the giving of notice, or both:
  - i. violate the charter or bylaw provisions of Borrower, or violate any laws or result in a default under any contract, agreement, or agreement to which Borrower is a party or by which Borrower or its Property is bound; or
  - ii. result in the creation or imposition of any security interest in, or lien or encumbrance on, any of the assets of Borrower, except in favor of Lender;
- c. Borrower has the power and authority to enter into and perform this Agreement, the Note, and the Collateral Documents, and to incur such Obligations, and has taken all corporate action necessary to authorize the execution, delivery, and performance of this Agreement, the Note, and the Collateral Documents;
- d. this Agreement and the Collateral Documents are, and the Note when delivered will be, valid, binding, and enforceable in accordance with their respective terms;
- e. to Borrower's knowledge, there is no pending order, notice, claim, litigation, proceeding, or investigation against or affecting Borrower or its Properties, whether or not covered by insurance, that would materially and adversely affect the business or prospects of Borrower if adversely determined;
- f. Borrower has good and marketable title to all of its Property listed on Exhibit A, which are not subject to any security interest, encumbrance, lien, or claim of any third person, except for Permitted Liens;
- g. the Financial Statements, including any schedules and notes pertaining to the statements, have been prepared in accordance with generally accepted accounting principles consistently applied, and fully and fairly present the financial condition of Borrower at the dates of the Financial Statements and the results of operations for the periods covered by the same, and there have been no material adverse changes in the consolidated financial condition or business of Borrower from the date of the Financial Statements to the date of this Agreement;
- h. Borrower has had no material Indebtedness of any nature, including, but not limited to, liabilities for taxes and any interest or penalties relating to the same, except to the extent reflected (in a footnote or otherwise) and reserved against in the Financial Statements;
- i. except as otherwise permitted in this Agreement, Borrower has filed all federal, state, and local tax returns and other reports they are required by law to file prior to the effective date of this Agreement and that are material to the conduct of its businesses; have paid or caused to be paid all taxes, assessments, and other governmental charges that are due and payable prior to the effective date of the same; and have made adequate provision for the payment of such taxes, assessments, or other charges accruing but not yet payable; and Borrower has no knowledge of any deficiency or additional assessment in a materially important amount in connection with any taxes, assessments, or charges, not provided for on its books;
- j. Borrower has complied, in all material respects, with all applicable laws with respect to:
  - i. the conduct of its businesses; and
  - ii. the use, maintenance, and operation of the Real and Personal Property owned or leased by it in the conduct of its businesses;

- k. no representation or warranty by Borrower contained in this Agreement or in any certificate or other document furnished by Borrower pursuant to this Agreement contains any untrue statement of material fact or omits to state a material fact necessary to make such representations or warranty not misleading in light of the circumstances under which it was made;
- l. each consent, approval, or authorization of, or filing, registration, or qualification with, any person required to be obtained or effected by Borrower in connection with the execution and delivery of this Agreement, the Note, and the Collateral Documents, or the undertaking or performance of such Obligations, has been obtained or effected;
- m. Borrower has no material lease, contract, or commitment of any kind (such as employment agreements; collective bargaining agreements; powers of attorney; distribution arrangements; patent license agreements; contracts for future purchase or delivery of goods or rendering of services; bonus, pension, and retirement plans; or accrued vacation pay, insurance, and welfare agreements) in which it is in breach of; all parties to all such material leases, contracts, and other commitments to which Borrower is a party have complied in all material respects with provisions of such leases, contracts, and other commitments; no party is in default under any such leases, contracts, and other commitments, and no event has occurred that, but for the giving of notice or the passage of time, or both, would constitute a default;
- n. Borrower has not made any agreement or has taken any action that may cause anyone to become entitled to a commission or finder's fee as a result of the making of the Loan; and
- o. Borrower has no Subsidiaries.

5.2. Survival. All of the representations and warranties set forth in Section 5.1 shall survive until all Obligations are satisfied in full.

## **6. BORROWER'S COVENANTS**

6.1. Affirmative Covenants. Borrower agrees with Lender that, so long as any of its Obligations arising under this Agreement remain unsatisfied, Borrower will comply with the following affirmative covenants:

- a. Borrower will use the proceeds of the Loan only for the purposes set forth in section 2.1, and will furnish Lender such evidence as it may reasonably require with respect to such use.
- b. Borrower will furnish Lender:
  - i. Borrower Business Tax Returns: APLD GPU-01, LLC: As soon as practicable but no later than 30 days after the filing with the United States Internal Revenue Service and applicable state taxing authorities, Borrower shall provide to Lender its annual Federal Tax Returns.
  - ii. Borrower Financial Statements: APLD GPU-01, LLC: As soon as available after the end of each quarter end, but in no event later than 45 days after the quarter end and 90 days after the fiscal year end, Borrower shall provide to Lender its income statement and balance sheet certified as accurate by an officer of APLD GPU-01 LLC.
  - iii. Guarantor Business Tax Returns: Applied Digital Corporation: As soon as practicable but no later than 30 days after the filing with the United States Internal Revenue Service and applicable state taxing authorities, Guarantor Applied Digital

Corporation shall provide to Lender its annual Federal Tax Returns. If an extension is filed, the guarantor is required to provide the bank with a copy of the extension documentation.

- iv. Guarantor Business Tax Returns: APLD Hosting, LLC: As soon as practicable but no later than 30 days after the filing with the United States Internal Revenue Service and applicable state taxing authorities, Guarantor APLD Hosting, LLC shall provide to Lender its annual Federal Tax Returns. If an extension is filed, the guarantor is required to provide the bank with a copy of the extension documentation.
  - v. Guarantor Business Tax Returns: Sai Computing, LLC: As soon as practicable but no later than 30 days after the filing with the United States Internal Revenue Service and applicable state taxing authorities, Guarantor Sai Computing, LLC, shall provide to Lender its annual Federal Tax Returns. If an extension is filed, the guarantor is required to provide the bank with a copy of the extension documentation.
  - vi. Guarantor Financial Statements: Applied Digital Corporation: Annually, but in no event later than 90 days after fiscal year end, Guarantor Applied Digital Corporation shall provide to Lender its audited income statement and balance sheet for the fiscal year end.
  - vii. Guarantor Personal Financial Statement: APLD Hosting, LLC: Annually, but in no event later than 90 days after fiscal year end, Guarantor APLD Hosting, LLC shall provide to Lender its income statement and balance sheet for the fiscal year end, certified as accurate by an officer of APLD Hosting, LLC.
  - viii. Guarantor Personal Financial Statement: Sai Computing, LLC: Annually, but in no event later than 90 days after fiscal year end, Guarantor Sai Computing, LLC shall provide to Lender its income statement and balance sheet for the fiscal year end, certified as accurate by an officer of Sai Computing, LLC.
- c. Borrower and Guarantor Applied Digital Corporation will furnish Lender within 30 days after Closing, and thereafter, within 45 days of each quarter end, a quarterly report, in a form reasonably acceptable to Lender, listing the GPU Customer Contracts being processed at the Real Property, the number of GPUs being used, total number of GPUs available, and, if not furnished to Lender previously but then obtained, a Consent to Assignment from each of the GPU Customers.
  - d. Borrower will maintain its Real Property and Personal Property in good condition and repair (normal wear and tear excepted) and will pay and discharge or will cause to be paid and discharged when due the cost of repairs to or maintenance of the same. Borrower agrees that, if it fails to pay or cause to be paid any such payment, Lender may do so and on demand to be reimbursed by Borrower within 5 business days.
  - e. Borrower will maintain, or cause to be maintained, public liability insurance and fire and extended coverage insurance on all assets owned by them, all in such form and amounts as are consistent with industry practices and with such insurers as may be satisfactory to Lender. The policies shall contain a provision by which they cannot be canceled except after 30 days' written notice to the Lender. Borrower will furnish to Lender such evidence of insurance as Lender may require. Borrower agrees that, if it fails to pay or cause to be paid the premium on any such insurance, Lender may do so and on demand be reimbursed by Borrower. Borrower assigns to Lender any returned or unearned premiums that may be due Borrower on cancellation of any such policies for any reason whatever

and directs the insurers to pay Lender any amounts so due. Lender is appointed Borrower's attorney-in-fact (without requiring Lender to act as such) to endorse any check that may be payable to Borrower to collect such returned or unearned premiums or the proceeds of the insurance, and any amount so collected may be applied by Lender toward the satisfaction of any of the obligation.

- f. Borrower will pay or cause to be paid when due all taxes, assessments, and charges or levies imposed on them or on any of their property or that any of them is required to withhold and pay over, except when contested in good faith by appropriate proceedings, with adequate reserves for the same having been set aside on their books. But Borrower shall pay or cause to be paid all such taxes, assessments, charges, or levies promptly when foreclosure on any lien that has attached (or security for the same) appears imminent.
- g. Borrower will maintain:
  - i. Debt Service Coverage Ratio Pre-Distribution: The Borrower must maintain a minimum Debt Service Coverage Ratio of 1.20 to 1.00 (Pre-Distribution) as of each fiscal year end.
  - ii. Debt Service Coverage Ratio Post-Distribution: The borrower must maintain a minimum Debt Service Coverage Ratio of 1.00 to 1.00 (Post-Distribution) as of each fiscal year end.(collectively, the "Financial Covenants"). Borrower will provide to Lender a Covenant Compliance Certificate beginning with fiscal year-end May 31, 2025 attesting to the Financial Covenants in a form reasonably acceptable to Lender (the "Covenant Compliance Certificate"). The Covenant Compliance Certificate will be due on or before 90 days after fiscal year end.
- h. Borrower, within a reasonable time after written request, will make available for inspection by authorized representatives of Lender any of their books and records, and will furnish Lender any information reasonably requested regarding their business affairs and financial condition.
- i. Borrower will take all necessary steps to preserve their corporate existence and comply with all present and future laws applicable to them in the operation of their respective businesses and all material agreements to which they are subject.
- j. Borrower will collect their Accounts only in the ordinary course of business.
- k. Borrower will keep accurate and complete records of their Property, Accounts, Inventory, and Equipment, consistent with sound business practices.
- l. Borrower will give prompt notice to the Lender within 5 business days of:
  - i. any litigation or proceeding in which any of them is a party; and
  - ii. the institution of any other suit or proceeding involving any of them that might materially and adversely affect their operations, financial condition, Property, or business.
- m. Borrower will pay when due (or within applicable grace periods) all Indebtedness due to third persons, except when the amount is being contested in good faith by appropriate proceedings and with adequate reserves for the same being set aside on the books of Borrower. If Borrower defaults in the payment of any principal (or installment of the same) of, or interest on, any such Indebtedness, Lender shall have the right, in its



discretion, to pay the interest or principal for the account of Borrower and be reimbursed by Borrower on demand.

- n. Borrower will notify Lender promptly within 5 business days if it becomes aware of the occurrence of any event of default or of any fact, condition, or event that, with the giving of notice or passage of time, or both, could become an event of default, or of the failure of Borrower to observe any of their respective undertakings under this Agreement.
- o. Borrower will notify Lender 30 days in advance of any change in the location of any of their places of business or of the establishment of any new, or the discontinuance of any existing, place of business.

6.2. Negative Covenants: Borrower agrees with Lender that, so long as any of its Obligations arising under this Agreement remain unsatisfied, Borrower will comply with the following negative covenants:

- a. Borrower will not change its name, enter into any sale, merger, consolidation, reorganization or recapitalization, or reclassify its partnership interests.
- b. Borrower will not sell, transfer, lease, or otherwise dispose of all, or (except in the ordinary course of business) any material part of the Property, except as set forth herein.
- c. Borrower will not mortgage, pledge, grant, or permit to exist a security interest in or lien on any of the Property, except for Permitted Liens.
- d. Borrower will not incur, create, assume, or permit to exist any indebtedness related to the Property except:
  - i. the Loan;
  - ii. existing Indebtedness; and
  - iii. trade indebtedness incurred in the ordinary course of business.
- e. Borrower will not declare or pay any dividends, or make any other payment or distribution on account of its partnership interests that would cause a violation of §6.1(f)(ii).
- f. Borrower will not form any subsidiary or make any investment in, or make any Loan in the nature of an investment to, a person.
- g. Borrower will not make any Loan or advance in excess of an aggregate of \$25,000 to any officer, member, director, or employee of Borrower.
- h. Borrower will not issue, redeem, purchase, or retire any of its partnership interests or grant or issue any warrant, right, or option pertaining to its partnership interests, or other security convertible into any of the foregoing.
- i. Borrower will not enter into any sale-leaseback transaction.
- j. Borrower will not acquire any stock in, or all or substantially all of the asset of, any person.
- k. Borrower will not furnish Lender with any certificate or other document that will contain any untrue statement of material fact or that will omit to state a material fact necessary to make it not misleading in light of the circumstances under which it was furnished.

## **7. DEFAULT AND REMEDIES**

7.1. Events of default. The occurrence of any one or more of the following events shall constitute an event of default ("Event of Default") under this Agreement:

- a. Borrower or Guarantor shall fail to pay when due any installment of principal or interest, or any fee or charge payable under this Agreement or any other loan document between Lender and Borrower, and such failure shall continue for a period of five (5) days.
- b. Borrower or Guarantor shall fail to observe or perform any other obligation to be observed or performed by it under this Agreement or under any of the Collateral Documents, and this failure shall continue for thirty (30) days after (a) notice of the failure from the Lender; or (b) the Lender is notified of the failure or should have been so notified pursuant to the provisions of this Agreement or the Mortgage, whichever is earlier, unless such failure, by its nature, is not capable of being cured within such period, and (v) within such period, Borrower commences to cure such failure and thereafter diligently prosecutes the cure thereof, and (z) Borrower causes such failure to be cured no later than ninety (90) days after the date such notice was provided or should have been so provided.
- c. Borrower or Guarantor shall fail to pay any Indebtedness due to any third persons, and this failure shall continue beyond any applicable grace period, unless the obligation to pay such Indebtedness is being contested by Borrower or Guarantor in good faith and Borrower or Guarantor has set aside the appropriate reserves to satisfy such Indebtedness.
- d. Any Financial Statement, representation, warranty, or certificate made or furnished by Borrower or Guarantor to Lender in connection with this Agreement, or as inducement to Lender to enter into this Agreement, or in any separate statement or document to be delivered under this Agreement to Lender, shall be materially false, incorrect, or incomplete when made.
- e. Any change in any zoning ordinance or regulation or any other public restriction is enacted, adopted, or implemented that limits or defines the uses which may be made of the Real Property such that the present or intended use of the Real Property, would be in violation of such zoning ordinance or regulation or public restriction, as changed.
- f. Borrower fails duly to perform its obligations under any Lease, and such failure is not cured within the grace period, if any, provided in the Lease.
- g. Without the written consent of Lender, Borrower Transfers, all or any part of the Property or any legal or beneficial interest therein (except for Transfers of the Property or the Accessories expressly permitted under the Mortgage). The Transfer of more than 10% of the membership interests in Borrower (whether in one or more transactions during the term of the Loan) shall be deemed to be an Event of Default.
- h. Borrower or Guarantor shall admit in writing its inability to pay its debts as they mature, or shall make an assignment for the benefit of its or any of its creditors.
- i. Proceedings in Bankruptcy, or for reorganization of Borrower or Guarantor, or for the readjustment of any of its respective debts, under the Bankruptcy Code, as amended, or any part of the same, or under any other laws, whether state or federal, for the relief of debtors, now or later existing, shall be commenced against Borrower and shall not be discharged within thirty (30) days of their commencement, or any such proceeding shall be commenced by Borrower.
- j. A receiver or trustee shall be appointed for Borrower or Guarantor or for any substantial part of its assets, or any proceedings shall be instituted for the dissolution or the full or partial liquidation of Borrower, and the receiver or trustee shall not be discharged within

sixty (60) days of his or her appointment, or the proceedings shall not be discharged within sixty (60) days of their commencement, or Borrower shall discontinue business or materially change the nature of its business.

- k. Borrower or Guarantor shall suffer final judgments for payment of money and shall not discharge the same within a period of thirty (30) days, unless, pending further proceedings, execution has not been commenced or, if commenced, has been effectively stayed.
- l. A judgment creditor of Borrower or Guarantor shall obtain possession of any of the Collateral by any means, including, but not limited to, levy, distraint, replevin, or self-help.
- m. The Collateral Documents cease to be in full force and effect (including failure of any Collateral Document to create a valid and perfected security interest or lien) at any time and for any reason.

7.2. Acceleration. Immediately, and without notice, on the occurrence of an Event of Default specified in Section 7.1 of this Agreement, all Obligations, whether under this Agreement or otherwise, shall immediately become due and payable without further action of any kind.

7.3. Remedies. After any acceleration, as provided in Section 7.2, Lender shall have, in addition to the rights and remedies given to it by this Agreement, the Note, the Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing, Collateral Assignment of Contact Documents and the Guaranty, all those rights and remedies allowed by all applicable laws, including, but not limited to, the Uniform Commercial Code as enacted in North Dakota.

## 8. MISCELLANEOUS

8.1. Construction of Agreement. The provisions of this Agreement shall be in addition to those of any Note or Collateral Document, or other evidence of liability held by Lender, all of which shall be construed as complementary to each other. Nothing contained in this Agreement shall prevent Lender from enforcing any or all other Notes or Collateral Document in accordance with their respective terms.

8.2. Further Assurances. From time to time, Borrower shall execute and deliver to Lender such additional documents and will provide such additional information as Lender may reasonably require to carry out the terms of this Agreement and be informed of Borrower's status and affairs.

8.3. Enforcement and Waiver by Lender. Lender shall have the right at all times to enforce the provisions of this Agreement and the Collateral Documents in strict accordance with their terms, notwithstanding any conduct or custom on the part of Lender in refraining from so doing at any time or times. The failure of Lender at any time or times to enforce its rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to specific provisions of this Agreement or as having in any way or manner modified or waived the same. All rights and remedies of Lender are cumulative and concurrent, and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

8.4. Expenses of Lender. Borrower, on demand, will reimburse Lender for all expenses, including the reasonable fees and expenses of legal counsel for Lender, incurred by Lender in connection with the preparation, administration, amendment, modification, or enforcement of this Agreement and the Collateral Documents, and the collection or attempted collection of the note.

8.5. Notices. Any notices or consents required or permitted by this Agreement shall be in writing and shall be deemed delivered if delivered in person, or, if sent, by certified mail, postage prepaid, return receipt requested, or telegraph, as follows, unless the address is changed by written notice:

If to Borrower:

APLD GPU-01, LLC  
Attn: David Rench  
3811 Turtle Creek Blvd., Ste. 2100  
Dallas, TX 75219

With a copy to Guarantors:

Applied Digital Corporation  
Attn: Wesley Cummins  
3811 Turtle Creek Blvd., Ste. 2100  
Dallas, TX 75219

APLD Hosting, LLC  
Attn: David Rench  
3811 Turtle Creek Blvd., Ste. 2100  
Dallas, TX 75219

Sai Computing, LLC  
Attn: David Rench  
3811 Turtle Creek Blvd., Ste. 2100  
Dallas, TX 75219

If to Lender:

Cornerstone Bank  
Attn: Dale Hetland  
2280 45<sup>th</sup> St. S.  
Fargo, ND 58104

With a copy to:

John M. Krings, Jr.  
Kaler Doeling PLLP  
3429 Interstate Blvd S  
Fargo, ND 58103

8.6. Waiver and Release by Borrower. To the maximum extent permitted by applicable laws, Borrower:

- a. waive (i) protest of all commercial paper at any time held by Lender on which Borrower is in any way liable; and (ii) notice of acceleration and of intention to accelerate, and notice and opportunity to be heard, after acceleration in the manner provided in Section 7.2, before exercise by Lender of the remedies of self-help, set off, or of other summary procedures committed by any applicable laws or by any agreement with Borrower, and, except when required by this Agreement or by any applicable laws, notice of any other action taken by Lender; and

b. release Lender and its officers, attorneys, agents, and employees from all claims for loss or damage caused by any act or omission on the part of any of them, except gross negligence or willful misconduct.

8.7. Governing Law. This agreement shall be governed by, construed, and enforced in accordance with the laws of North Dakota.

8.8. Binding Effect. This agreement shall inure to the benefit of, and shall be binding on, the respective successors and permitted assigns of the parties.

8.9. Assignment. Borrower has no right to assign any of its rights or Obligations under this Agreement without the prior, express, and written consent of Lender, which consent shall not be withheld, conditioned, or delayed unreasonably.

8.10. Lender Assignment/Participation. Lender may, at any time, without the consent of or notice to the Borrower, sell participations to any lender in all or a portion of such Lender's rights and/or obligations under this Agreement provided that (i) Lender's obligations under this Agreement shall remain unchanged, (ii) Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) Lender shall remain the holder of any such Note for all purposes of this Agreement, and (iv) the Borrower shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification, or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver, or other modification that would reduce the principal of, or interest on, the Loans or any fees or other amounts payable hereunder; postpone any date fixed for any payment of principal of, or interest on, the Loans or any fees or other amounts payable hereunder; or increase the Commitment or extend the maturity date of any Loans, in each case to the extent subject to such participation, or release a material portion of the Collateral or value of the Guaranties.

8.11. Entire Agreement. This agreement shall constitute the entire agreement between the parties and any prior understanding or representation of any kind preceding the date of this Agreement shall not be binding on either party except to the extent incorporated in this Agreement.

8.12. Modification of Agreement. Any modification of this Agreement or additional obligation assumed by either party in connection with this Agreement shall be binding only if evidenced in a writing signed by each party or an authorized representative of each party.

8.13. Attorneys' Fees. If any action is filed in relation to this Agreement, the unsuccessful party in the action shall pay to the successful party, in addition to all sums that either party may be called on to pay, a reasonable sum for the successful party's attorneys' fees.

8.14. Headings. The titles to the sections and paragraphs of this Agreement are solely for the convenience of the parties and shall not be used to explain, modify, simplify, or aid in the interpretation of the provisions of this Agreement.

8.15. Severability. If any provision of this Agreement shall be held invalid under any applicable laws, the invalidity shall not affect any other provision of this Agreement that can be given effect without the invalid provision, and, to this end, the provisions of this Agreement are severable.

8.16. Counterparts. This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

*[Signatures on following page.]*

IN WITNESS WHEREOF, the parties have executed this Agreement at Fargo, North Dakota, the day and year first set forth above.

**BORROWER**  
**APLD GPU-01, LLC**

/s/David Rench  
By: David Rench  
Its: Manager

**ACCEPTED AND AGREED TO:**  
**CORNERSTONE BANK**

/s/Dale Hetland  
By: Dale Hetland  
Its: Vice President

**CONSENT AND ACKNOWLEDGEMENT OF GUARANTORS**

The undersigned Guarantors have read and reviewed the foregoing Loan Agreement between APLD GPU-01, LLC and Cornerstone Bank, consent to the Loan Agreement, and agree to provide the Guaranties referenced in the Loan Agreement as a condition of the Loan Agreement. But for the Guaranties of the Guarantors, Lender would not enter into this Loan Agreement with Borrower. This Consent and Acknowledgement is signed and effective this 28<sup>th</sup> day of February, 2024.

**GUARANTORS**

**APPLIED DIGITAL CORPORATION**

By: /s/Wesley Cummins  
Wesley Cummins  
Its: Chief Executive Officer and Secretary

**APLD HOSTING, LLC**

By: /s/David Rench  
David Rench  
Its: Manager

**SAI COMPUTING, LLC**

By: /s/David Rench  
David Rench  
Its: Manager



EXHIBIT A  
REAL PROPERTY

EXHIBIT B  
PERSONAL PROPERTY

EXHIBIT C  
NOTE

EXHIBIT D  
MORTGAGE

EXHIBIT E  
SECURITY AGREEMENT

EXHIBIT F-1  
CONTRACT ASSIGNMENTS

EXHIBIT F-2  
CONTRACT ASSIGNMENTS

EXHIBIT G  
GUARANTIES



## SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of February 28, 2024 (as amended, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by and among APLD GPU-01, LLC, a Delaware limited liability company whose address is 3811 Turtle Creek Blvd, Ste 2100, Dallas, TX 75219 (the "**Grantor**"), in favor of CORNERSTONE BANK, a North Dakota state chartered bank, whose address is 2280 45th St S, Fargo, ND 58104 (the "**Secured Party**").

WHEREAS, on the date hereof, the Grantor has entered into a Loan Agreement (as amended, supplemented or otherwise modified from time to time, the "**Loan Agreement**"), with the Secured Party, pursuant to which the Secured Party, subject to the terms and conditions contained therein, is to make loans to the Grantor; and

WHEREAS, under the terms of this Agreement, the Grantor desires to grant to the Secured Party a security interest in the Collateral, as defined herein, to secure any and all Secured Obligations, as defined herein.

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **DEFINITIONS.** All capitalized terms used herein without definitions shall have the respective meanings set forth in the Loan Agreement. Unless otherwise defined herein, terms used herein that are defined in the Uniform Commercial Code as in effect from time to time in the State of Minnesota (the "**UCC**") shall have the meanings assigned to them in the UCC. However, if a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9.

2. **GRANT OF SECURITY INTEREST.** For value received, the Grantor hereby grants to the Secured Party, to secure the payment and performance in full of all of the Secured Obligations (as defined in Section 3 of this Agreement), a security interest in and pledges and assigns to the Secured Party the following properties, assets, and rights of the Grantor, wherever located, whether the Grantor now has or hereafter acquires an ownership or other interest or power to transfer, and all proceeds and products thereof, and all books and records relating thereto (all of the same being hereinafter called the "**Collateral**"):

### Exhibit A – Personal Property

3. **SECURED OBLIGATIONS.** This Agreement secures the prompt and full performance and payment of all of the indebtedness, obligations, liabilities, and undertakings of the Grantor to the Secured Party, of any kind or description, individually or collectively, whether direct or indirect, joint or several, absolute or contingent, due or to become due, voluntary or involuntary, now existing or hereafter arising (including, all interest, fees (including attorneys' fees), costs, and expenses that the Grantor is hereby or otherwise required to pay and perform pursuant to the Loan Agreement, this Agreement, or any other Loan Document, by law or otherwise accruing before and after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Grantor, whether or not a claim for post-petition interest, fees or expenses is allowed in such proceeding), irrespective of whether for the payment of money, under or in respect of the Loan Agreement, this Agreement, or any other Loan Document, including instruments or agreements executed and delivered pursuant thereto or in connection therewith (the "**Secured Obligations**").

4. **CHANGES IN LOCATION OF COLLATERAL.** The Grantor hereby agrees to notify the Secured Party, in writing or via electronic communication, promptly within 5 business days upon any change in the location of any Collateral and provide the Secured Party with the new location of such Collateral.

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5. CHANGES IN GRANTOR. The Grantor hereby agrees to notify the Secured Party, in writing or via electronic communication, at least ten (10) days before any of the following actions: (a) change in the location of the Grantor's place of business; (b) change in the Grantor's name; (c) change in the Grantor's type of organization; (d) change in the Grantor's jurisdiction of organization; and (e) change in the Grantor's corporate structure.

6. TRANSFER OF COLLATERAL. The Grantor shall not sell, offer to sell, assign, lease, license, or otherwise transfer, or grant, create, permit, or suffer to exist any option, security interest, lien, or other encumbrance in, any part of the Collateral (except for sales or leases of inventory or licenses of general intangibles in the ordinary course of business), without prior written approval from the Secured Party.

7. GRANTOR REPRESENTATIONS AND WARRANTIES. The Grantor hereby represents, warrants, and covenants that: (a) the Grantor owns or has good and marketable title to the Collateral and no other person or organization can make any claim of ownership of any kind on the Collateral; (b) the Grantor has the full power, authority, and legal right to grant the security interest in the Collateral; (c) the Collateral is free from any and all claims, encumbrances, rights of setoff, or any other security interest or lien of any kind except for (i) the security interest in favor of the Secured Party created by this Agreement and (ii) Permitted Liens, as defined in the Loan Agreement; and (d) this Agreement creates in favor of the Secured Party a valid security interest in the Collateral, securing payment of the Secured Obligations, and such security interest is first priority. The Grantor will defend the Collateral against all claims and demands made by all persons claiming either the Collateral or any interest in it.

8. GRANTOR COVENANTS AND INSURANCE. The Grantor hereby grants to the Secured Party the right to enter the Grantor's property to inspect the Collateral at any reasonable time, provided that the Secured Party gives the Grantor notice within two (2) business days of any inspection, however in no case shall notice be required if the Secured Party enters the Grantor's property for the purposes of remedying a breach of this Agreement as provided in Section 10 of this Agreement. The Grantor agrees to: (a) maintain the Collateral in good order, repair, and condition at all times, normal wear and tear excepted; (b) timely pay all taxes, judgments, levies, fees, or charges of any kind levied or assessed on the Collateral; (c) timely pay all rent or mortgage payments of any kind as applicable to any real property upon which any part of the Collateral is located; and (d) have and maintain at all times a hazard insurance policy on the Collateral underwritten by an insurance company, and in an amount, approved by the Secured Party, but in no way shall the amount of insurance be less than the replacement cost of the Collateral. The insurance procured in this Section shall contain a standard Lender's Loss Payable Clause in favor of the Secured Party, and provide that the Secured Party will receive at least twenty (20) days' notice of any cancellation of the policy. The Grantor hereby assigns to the Secured Party all rights to any proceeds of any insurance procured under this Section, and authorizes the Secured Party to receive such payments and execute any and all documents required to receive such payments. If the Grantor fails to provide for the insurance as set out in this Section, the Secured Party, in addition to any remedies as set out in Section 10 of this Agreement, may procure the requisite insurance on the Collateral on its own behalf and charge the Grantor with any and all costs of such procurement.

9. PERFECTION OF SECURITY INTEREST. The Grantor agrees that at any time and from time to time, at the expense of the Grantor, the Grantor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may be necessary or desirable, or that the Secured Party may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted hereby or to enable the Secured Party to exercise and enforce its rights and remedies hereunder or under any other agreement with respect to any Collateral. The Grantor hereby authorizes the Secured Party to file or record any document necessary to perfect, continue, amend, or terminate its security interest in the Collateral, including, but not limited to, any financing statements, including

amendments, authorized to be filed under the UCC, without signature of the Grantor where permitted by law, including the filing of a financing statement describing the Collateral as all assets now owned or hereafter acquired by the Grantor, or words of similar effect. The Grantor also hereby ratifies any previously filed documents or recordings regarding the Collateral, including but not limited to, any and all previously filed financing statements.

10. REMEDIES. If an Event of Default, as defined in the Loan Agreement, shall have occurred and be continuing, the Secured Party may do any or all of the following: (a) declare all Secured Obligations immediately due and payable; (b) enter the Grantor's property where the Collateral is located and take possession of the Collateral without demand or legal process; (c) require the Grantor to assemble and make available the Collateral at a specific time and place designated by the Secured Party; (d) sell, lease, or otherwise dispose of the Collateral at any public or private sale in accordance with the law; and (e) enforce payment of the Secured Obligations and exercise any rights and remedies available to the Secured Party under law, including, but not limited to, those rights and remedies available to the Secured Party under Article 9 of the UCC.

11. SECURED PARTY RIGHTS. Any and all rights of the Secured Party provided by this Agreement are in addition to any and all rights available to the Secured Party by law, and shall be cumulative and may be exercised simultaneously. No delay, omission, or failure on the part of the Secured Party to exercise or enforce any of its rights or remedies, either granted under this Agreement or by law, shall constitute an estoppel or waiver of such right or remedy or any other right or remedy. Any and all rights of the Secured Party provided by this Agreement shall inure to the benefit of its successors and assigns.

12. SEVERABILITY AND MODIFICATION. If any of the provisions in this Agreement is determined to be invalid, illegal, or unenforceable, such determination shall not affect the validity, legality, or enforceability of the other provisions in this Agreement. No waiver, modification or amendment of, or any other change to, this Agreement will be effective unless done so in a separate writing signed by the Secured Party.

13. NOTICES. Any notice or other communication required or permitted to be given under this Agreement, including, without limitation, notices under Section 4 and Section 5 of this Agreement, shall be given and shall become effective in accordance with the Loan Agreement.

14. ENTIRE AGREEMENT. This Agreement (including all documents referred to herein) represents the entire agreement between the Grantor and the Secured Party, and supersedes all previous understandings and agreements between the Grantor and the Secured Party, whether oral or written, regarding the subject matter hereof.

15. JURISDICTION. This Agreement will be interpreted and construed according to the laws of the State of North Dakota, including, but not limited to, the UCC, without regard to choice-of-law rules in any jurisdiction.

IN WITNESS WHEREOF, the undersigned Grantor and Secured Party have executed this Security Agreement as of the date first above written.

GRANTOR  
APLD GPU-01 LLC

/s/David Rench  
By David Rench  
Its Manager



# Guaranty

(Guarantor Name)

This Guaranty ("**Guaranty**"), dated this 28<sup>th</sup> day of February, 2024, is made by [GUARANTOR NAME], a [\_\_\_\_] (the "**Guarantor**"), having an office at 3811 Turtle Creek Blvd., Ste. 2100, Dallas, TX 75219, in favor and for the benefit of CORNERSOTNE BANK, a North Dakota state chartered bank (the "**Lender**"), having an office at 2280 45<sup>th</sup> St. S., Fargo, ND 58104.

## 1. Agreement

1.1. Guaranty. In consideration of the substantial direct and indirect benefits derived by the Guarantor from the loans and other extensions of credit made by the Lender to APLD GPU-01 LLC a Delaware limited liability company (the "**Borrower**"), having an office at 3811 Turtle Creek Blvd., Ste. 2100, Dallas, TX 75219, under the Loan Agreement dated of even date herewith by and between the Lender and the Borrower (the "Loan Agreement"), the parties hereby agree as follows:

- a. The Guarantor absolutely, unconditionally, and irrevocably guarantees, as primary obligor and not merely as surety, the punctual payment, when due, whether at stated maturity, by acceleration, or otherwise, of all indebtedness, obligations, and liabilities of the Borrower to the Lender of every kind and description, direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising, regardless of how the same arose or by what instrument, agreement, or book account that may be evidenced, or whether evidenced by any instrument, agreement, or book account; including, without limitation, all loans (including any loan by renewal or extension), all Indebtedness, all undertakings to take or refrain from taking any action, all indebtedness, liabilities, or obligations owing from the Borrower to others that the Lender may have obtained by purchase, negotiation, discount, assignment, or otherwise and all interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership, or other similar proceeding, regardless of whether allowed or allowable in such proceeding), reimbursement obligations, taxes, fees, indemnities, costs, charges, expenses (including, without limitation, fees and expenses of counsel incurred by the Lender in enforcing any rights with respect to the Obligations or the Guarantor), and attorneys' fees, costs, and expenses, chargeable to the Borrower or incurred by the Lender in connection with any transaction between the Borrower and the Lender or incurred by the Lender in any way related to the enforcement or protection of the Lender's rights hereunder (collectively, the "**Obligations**").
- b. Notwithstanding any provision herein contained to the contrary, the Guarantor's liability with respect to the Obligations shall be limited to an amount not to exceed, as of any date of determination, the amount that could be claimed by the Lender from the Guarantor without rendering such claim voidable or avoidable under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or similar statute or common law.
- c. Guaranty of Payment Absolute and Unconditional; Waivers. This Guaranty is a guaranty of payment and is absolute. The Guarantor agrees that the Lender need not attempt to collect any Obligations from the Borrower or to realize upon any collateral, as defined in the Loan Agreement ("**Collateral**") or any other collateral to enforce the obligations hereunder.

- d. The Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Loan Agreement, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. The obligations of the Guarantor under this Guaranty are independent of the Obligations, and a separate action or actions may be brought and prosecuted against the Borrower or any other guarantors, or the Borrower or any other guarantor may be joined in any such action or actions. The liability of the Guarantor under this Guaranty constitutes a primary obligation and not a contract of surety, and to the extent permitted by law, shall be irrevocable, continuing, absolute, and unconditional.

1.2. Waiver of Defenses. The Guarantor hereby irrevocably waives any defenses it may now or hereafter have in any way relating to any or all of the following:

- a. Any lack of validity or enforceability of the Obligations or any agreement or instrument relating thereto.
- b. Any change in the time, manner, or place of payment of, or in any other term of any of the Obligations, or any other amendment or waiver of, or any consent to depart from, the agreements entered into by the parties, including, without limitation, any increase in the Obligations resulting from the extension of additional credit to the Borrower or otherwise.
- c. Any taking, exchange, release, subordination, or non-perfection of any Collateral, or any taking, release, or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations.
- d. Promptness, diligence, notice of acceptance, and any other notice with respect to any of the Obligations and this Guaranty, and any requirement that the Lender exhausts any right or take any action against the Borrower or any other person or entity or any Collateral. The Guarantor acknowledges that it will receive direct and indirect benefits from the financing arrangements contemplated herein and that the waiver set forth in this Section 1.2 is knowingly made in contemplation of such benefits.
- e. The Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all presently existing and future Obligations.
- f. Any other circumstance (including, without limitation, any statute of limitations) or manner of administering the Obligations or any existence of or reliance on any representation by the Lender that might vary the risk of the Guarantor or otherwise operate as a defense available to, or a legal or equitable discharge of, the Borrower or any other guarantor or surety.

1.3. Reinstatement. This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Lender or any other entity upon the insolvency, bankruptcy, or reorganization of the Borrower or otherwise (and whether as a result of any demand, settlement, litigation, or otherwise), all as though such payment had not been made.

1.4. Subrogation. The Guarantor will not exercise any rights that it may now or hereafter acquire against the Borrower or other guarantors (if any) that arise from the existence, payment, performance, or enforcement of such Guarantor's obligations under this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, or indemnification, whether or not such claim, remedy, or right arises in equity or under contract, statute, or common law, including, without limitation, the right to take or receive from the

Borrower or any other guarantor, directly or indirectly, in cash or other property, or by set-off or in any other manner, payment or security solely on account of such claim, remedy, or right, unless and until all of the Obligations and all other amounts payable under this Guaranty shall have been indefeasibly paid in full.

1.5. Subordination. The Guarantor hereby subordinates any and all obligations owed to the Guarantor by the Borrower (the "**Subordinated Obligations**") to the Obligations to the extent that the Obligations (including post-petition interest) are paid in full in any proceeding under the Bankruptcy Code or similar debtor relief laws or upon any default or event of default to the Lender before the Guarantor receives any payment on account of the Subordinated Obligations.

- a. The Guarantor may receive regularly scheduled payments of principal and interest on the Subordinated Obligations from the Borrower, but shall not accept, demand, or take any action to collect any payment on the Subordinated Obligations during the continuance of a default or event of default without the prior written consent of the Lender.
- b. Any sum paid to the Guarantor in violation of this Section 1.5 shall be held in trust for the benefit of the Lender, segregated from other funds of the Guarantor, and promptly paid or delivered to the Lender in the same form as so received to be credited against the Obligations.

1.6. Representations and Warranties. The Guarantor represents and warrants as to itself that all representations and warranties relating to it contained in the Loan Agreement are true and correct. The Guarantor further represents and warrants that (a) there are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived and (b) the Guarantor has, independently and without reliance upon the Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty, and has established adequate procedures for continually obtaining information pertaining to, and is now and at all times will be completely familiar with, the business, condition (financial or otherwise), operations, performance, properties, and prospects of the Borrower.

1.7. Covenants. The Guarantor covenants and agrees that, until such time as the Obligations shall have been paid in full, the Guarantor will:

- i. Guarantor Tax Returns: As soon as practicable but no later than 30 days after the filing with the United States Internal Revenue Service and applicable state taxing authorities. Guarantor shall provide to Lender its annual Federal Tax Returns. If an extension is filed, the Guarantor is required to provide the bank with a copy of the extension documentation.
- ii. Guarantor Financial Statements: Annually, but in no event later than 90 days after fiscal year end. Guarantor shall provide to Lender its income statement and balance sheet for the fiscal year end certified as accurate by an officer of Guarantor.

## 2. Miscellaneous Terms

2.1. Expenses. The Guarantor shall pay to the Lender, on demand, the amount of any and all reasonable expenses, including, without limitation, attorneys' fees, legal expenses, and brokers' fees, which the Lender may incur in connection with exercise or enforcement of any the rights, remedies, or powers of the Lender hereunder or with respect to any or including all of the Obligations.

2.2. Waivers, Amendments, Remedies. No course of dealing by the Lender and no failure by the Lender to exercise, or delay by the Lender in exercising, any right, remedy, or power hereunder shall operate as a waiver thereof, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right, remedy, or power of the Lender. No amendment, modification, or waiver of any provision of this Guaranty and no consent to any departure by the Guarantor therefrom, shall, in any event, be effective unless contained in a writing signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The rights, remedies, and powers of the Lender, not only hereunder, but also under any instruments and agreements evidencing or securing the Obligations and under applicable law, are cumulative and may be exercised by the Lender from time to time in such order as the Lender may elect.

2.3. Notices. All notices or other communications given or made hereunder shall be in writing and shall be personally delivered or deemed delivered two business days after being deposited in the mail to the party to receive the same at its address set forth below or to such other address as either party shall hereafter give to the other by notice duly made under this Section:

a. If to Guarantor:

APLD Hosting, LLC  
Attn: David Rench  
3811 Turtle Creek Blvd., Ste. 2100  
Dallas, TX 75219

b. If to Lender:

CORNERSTONE BANK  
Attn: Dale Hetland  
2280 45<sup>th</sup> St. S., Fargo, ND 58104  
Fargo, ND 58104

With a copy to:

John M. Krings, Jr.  
Kaler Doeling PLLP  
3429 Interstate Blvd S  
Fargo, ND 58103

2.4. Term; Binding Effect. This Guaranty shall (a) remain in full force and effect until payment and satisfaction in full of all of the Obligations; (b) be binding upon the Guarantor and its successors and permitted assigns; and (c) inure to the benefit of the Lender and its successors and assigns. Upon the payment in full of the Obligations (a) this Guaranty shall terminate automatically and (b) the Lender will, upon the Guarantor's request and at the Guarantor's expense, execute and deliver to the Guarantor such documents as the Guarantor shall reasonably request to evidence such termination, all without any representation, warranty, or recourse whatsoever.

2.5. Satisfaction of Obligations. For all purposes of this Guaranty, the payment in full of the Obligations shall be conclusively deemed to have occurred when the Obligations shall have been indefeasibly paid.

2.6. Counterparties, Execution. This Guaranty may be executed in any number of counterparts and by the different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one



and the same instrument. This Guaranty may be executed by facsimile signature and delivered by facsimile transmission.

2.7. Governing Law. This Guaranty and any claim, controversy, dispute, or cause of action (whether in contract or tort or otherwise) based upon, arising out of, or relating to this Guaranty and the transactions contemplated hereby shall be governed by, and construed in accordance with, the laws of the State of North Dakota.

2.8. Submission to Jurisdiction. The Guarantor irrevocably and unconditionally agrees that it will not commence any action, litigation, or proceeding of any kind whatsoever, whether in law or equity, or whether in contract or tort or otherwise, against the Lender, in any way relating to this Guaranty or the transactions contemplated hereby, in any forum other than the courts of the State of North Dakota sitting in Stutsman County and of the United States District Court of the Eastern District of North Dakota, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the exclusive jurisdiction of such courts and agrees that any such action, litigation, or proceeding may be brought in any such North Dakota State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation, or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing herein or in the Loan Agreement shall affect any right that the Lender may otherwise have to bring any action or proceeding relating to this Guaranty against the Guarantor or its properties in the courts of any jurisdiction.

2.9. Waiver of Venue. The Guarantor irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court referred to in Section 2.8. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

2.10. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY RELATING TO THIS GUARANTY OR THE LOAN AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY. EACH PARTY HERETO (A) CERTIFIES THAT NO AGENT, ATTORNEY, REPRESENTATIVE, OR ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF LITIGATION, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

IN WITNESS WHEREOF, the parties hereto have executed this Guaranty as of the date first above written.

**APLD HOSTING, LLC**

By: /s/ David Rench  
David Rench  
Its: Manager

**CONSENT TO TRANSFER INTEREST IN REAL PROPERTY  
SUBJECT TO MORTGAGE AND SUBORDINATION AGREEMENT**

On this 28<sup>th</sup> day of February, 2024, **Starion Bank** as Mortgagee agrees to the Mortgagor **APLD Hosting, LLC's** request to transfer Mortgagor's interest in the real property which is subject to the Mortgage described below to **APLD GPU-01, LLC**, with a reservation of lien, and agreement to subordinate mortgage priority to Cornerstone Bank.

Mortgagee filed that certain Mortgage and Security Agreement and Fixture Financing Statement with Assignment of Rents and Leases and with Deficiency Rights executed by Mortgagor **APLD Hosting, LLC**, on July 25, 2022, and recorded on August 4, 2022, as Document No. 0241530 in the Recorder's Office of Stutsman County, North Dakota securing a Note in the amount of \$15,000,000.00 made to Mortgagor on the real estate situated in Stutsman County, North Dakota, described as:

**Auditor's Lots 17-2A & 17-2B of Auditor's Lot 17-2, within the Southeast Quarter of Section 17, Township 141 North, Range 63 West of the 5<sup>th</sup> Principal Meridian, Stutsman County, North Dakota, pursuant to the plat filed for record as Document No. 0239414.**

Starion Bank as Mortgagee herein consents to the Mortgagor's transfer to **APLD GPU-01, LLC**, of a portion of the mortgaged property described as:

Auditor's Lot 17-2C, part of Auditor's Lot 17-2A within the Southeast Quarter (SE<sup>1</sup>/<sub>4</sub>) of Section 17, Township 141 North, Range 63 West of the Fifth Principal Meridian, Fried Township, Stutsman County, North Dakota, pursuant to the amended plat filed for record as Document No. \_\_\_\_\_.

Starion Bank as Mortgagee does not herein waive its lien rights to the mortgaged real property. The Mortgage shall continue according to its terms and shall be enforceable against the Mortgagor and any subsequent owners and lienholders of the real property.

Starion Bank as Mortgagee herein also consents to the Mortgagor's grant to **APLD GPU-01, LLC**, of a Transmission Line Easement dated January 31, 2024, over a portion of the mortgaged property to benefit the real property being transferred to **APLD GPU-01, LLC**, which was previously consented to herein.

**Starion Bank Subordination.** Starion Bank agrees that its loan to Borrower **APLD Hosting, LLC**, shall be subordinate to the mortgage **Cornerstone Bank** may now have or

hereafter place upon the property owned by APLD GPU-01, LLC, and described above in this Agreement, and shall be limited to the principal amount of \$16,000,000.00.

**Mortgagee:  
Starion Bank**

/s/Mike Wickham  
**By:** Mike Wickham  
**Its:** Market President

State of North Dakota )  
  )  
County of Cass                                  )

On this 28th day of February, 2024, before me, the undersigned Notary Public, personally appeared Mike Wickham, Market President of Starion Bank, and known to me to be the person who is described in and who executed the within and foregoing instrument, and acknowledged to me that he executed the same

/s/Talley Borns  
Notary Public

\*\*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

**COLLATERAL ASSIGNMENT OF CUSTOMER GPU CONTRACTS  
AND CONSENT**

THIS COLLATERAL ASSIGNMENT OF CUSTOMER GPU CONTRACTS AND CONSENT (“**Assignment and Consent**”), made and entered into as of the 28<sup>th</sup> day of February, 2024 by and among APPLIED DIGITAL CORPORATION, a Nevada corporation, whose address is 3811 Turtle Creek Blvd., Ste 2100, Dallas, TX 75219 (the “**Grantor**”), in favor of CORNERSTONE BANK, a North Dakota state chartered bank, whose address is 2280 45<sup>th</sup> St. S., Fargo, ND 58104 (the “**Lender**”)

**WITNESSETH:**

**WHEREAS**, APLD GPU-01, LLC, a Delaware limited liability company, whose address is 3811 Turtle Creek Blvd., Ste 2100, Dallas, TX 75219 (“**APLD GPU**” or “**Borrower**”), as borrower, has requested that Lender make a loan to Borrower in the maximum aggregate principal amount of up to \$16,000,000.00 (the “**Loan**”) pursuant to a Loan Agreement of even date herewith (the “**Loan Agreement**”);

**WHEREAS**, Grantor is the parent of Borrower and has guaranteed Borrower’s obligations pursuant to the Loan Agreement;

**WHEREAS**, the Loan will be secured, in part, by the Real Property identified in the Loan Agreement and Improvements thereon (the “**Jamestown GPU Facility**”);

**WHEREAS** Grantor is a party to multiple Terms of Service Agreements for High Performance Computing (HPC) based systems related to AI Cloud Computing Services (the “**GPU Customer Contracts**”; copies of which are attached hereto as Exhibit A) with third parties;

**WHEREAS**, the third parties which are initially parties to the GPU Customer Contracts are [ ]\*\*, [ ]\*\*, [ ]\*\* and [ ]\*\* (collectively, the “**GPU Customers**”);

**WHEREAS**, a portion of the GPU Customer Contracts will be serviced at the Jamestown GPU Facility;

**WHEREAS**, the Lender as a condition of the Loan described above requires an assignment of the GPU Customer Contracts which will be processed at the Jamestown GPU Facility;

**WHEREAS**, the GPU Customer Contracts processed at the Jamestown GPU Facility will change from time to time, either in whole or in part;

**WHEREAS**, Grantor has requested that it be allowed to obtain Consent from its current GPU Customers as a post-closing requirement due within 30 days of Closing, as defined in the Loan Agreement;

**NOW, THEREFORE**, in consideration of the mutual agreements between the parties herein, the parties agree as follows:

1. Incorporation of Recitals. The above recitals are incorporated herein and made part of this Assignment and Consent.
2. Assignment of the Customer GPU Contracts. As additional collateral security for the Loan, Grantor sets over and assigns to the Lender, and grants Lender a security interest in all of Grantor's right, title and interest in and to the GPU Customer Contracts processed at the Jamestown GPU Facility (as they may be extended, renewed or replaced), which transfer and assignment will automatically become a present, unconditional assignment, at Lender's option, in the event of a default by Grantor under the Loan Agreement (each, an "**Event of Default**") and the failure of Grantor to cure such Event of Default within any applicable grace period.
3. Grantor is not currently in default under any of the terms and conditions of the Loan Agreement, and Grantor is not currently in default under any terms and conditions of the Customer GPU Contracts.
4. Notwithstanding anything to the contrary in the GPU Customer Contracts, Grantor consents to the assignment of Grantor's rights, for collateral purposes only, to Lender.
5. Lender agrees that if Lender takes title to the Customer GPU Contracts, Lender and its assigns will do so subject to the terms and conditions of the Customer GPU Contracts.
6. Consent. Lender will allow Grantor to use commercially reasonable efforts to obtain Consent from its current GPU Customers within 30 days from Closing, consistent with §6.1(c) of the Loan Agreement. Grantor shall use commercially reasonable efforts to obtain Consent from any new GPU Customers within 30 days of such new GPU Customer's execution of a GPU Customer Contract and shall deliver such Consent with the next quarterly report due to Lender, consistent with §6.1(c) of the Loan Agreement.
7. Security Agreement. This Assignment and Consent is also a security agreement under the Uniform Commercial Code for any of the Customer GPU Contracts which, under applicable law, may be subjected to a security interest under the Uniform Commercial Code. Grantor hereby authorizes Lender to prepare and file financing statements, continuations statements and financing statement amendments in such form as Lender may require to perfect or continue the perfection of this security interest in the Grantor's interest in the Customer GPU Contracts.
8. Attorney-in-fact. Grantor irrevocably constitutes and appoints Lender as Grantor's attorney-in-fact to demand, receive and enforce Grantor's rights with respect to the Customer GPU Contracts and to do any and all acts in Grantor's name or in the name of Lender with the same force and effect as Grantor could do if this Assignment and Consent had not been made. This appointment will be deemed to be coupled with an interest and irrevocable.
9. Termination. Following payment of the Loan in full and the release or assignment of the Security Instrument, as defined in the Loan Agreement, this Assignment and Consent and all of Lender's right, title and interest under this Assignment and Consent will terminate.
10. Notice.
  - a. All notices under or concerning this Assignment and Consent ("**Notice**") will be in writing. Each Notice will be deemed given on the earliest to occur of: (i) the date when the Notice is received by the addressee, (ii) the first Business Day after the Notice is delivered to a recognized overnight courier service, with arrangements made for payment of charges for next Business Day delivery, or (iii) the third Business Day after the Notice is

deposited in the United States mail with postage prepaid, certified mail, return receipt requested. Addresses for Notice are as follows:

If to Lender: Cornerstone Bank  
Attn: Dale Hetland  
2280 45<sup>th</sup> St. S.  
Fargo, ND 58104

If to Grantor: Applied Digital Corporation  
Attn: CEO  
3811 Turtle Creek Blvd. Ste. 2100  
Dallas, TX 75219

- b. Any party to this Assignment and Consent may change the address to which Notices intended for it are to be directed by means of Notice given to the other party in accordance with this section. Each party agrees that it will not refuse or reject delivery of any Notice given in accordance with this section, that it will acknowledge, in writing, the receipt of any Notice upon request by the other party and that any notice rejected or refused by it will be deemed for purposes of this section to have been received by the rejecting party on the date so refused or rejected, as conclusively established by the records of the U.S. Postal Service or the courier service.

11. Governing Law; Consent to Jurisdiction and Venue.

- a. This Assignment and Consent will be construed in accordance with and governed by the laws of the State of North Dakota.
- b. Grantor and Lender agree that any controversy arising under or in relation to this Assignment and Consent may be litigated in the State of North Dakota. The state and federal courts and authorities with jurisdiction in the State of North Dakota will have jurisdiction over all controversies that may arise under or in relation to this Assignment and Consent. Grantor and Lender irrevocably consent to service, jurisdiction and venue of such courts for any such litigation and waive any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing in this section is intended to limit Lender's right to bring any suit, action or proceeding relating to matters under this Assignment and Consent in any court of any other jurisdiction.

12. No partnership. This Assignment and Consent is not intended to, and will not, create a partnership or joint venture among the parties, and no party to this Assignment and Consent will have the power or authority to bind any other party except as explicitly provided in this Assignment and Consent.

13. Severability. The invalidity or unenforceability of any provision of this Assignment and Consent will not affect the validity of any other provision, and all other provisions will remain in full force and effect.

14. Entire Assignment. This Assignment and Consent contains the entire agreement among the parties as to the rights granted and the obligations assumed in this Assignment and Consent.

15. Waiver; No Remedy Exclusive. Any forbearance by a party to this Assignment and Consent in exercising any right or remedy given under this Assignment and Consent or existing at law or in equity will not constitute a waiver of or preclude the exercise of that or any

other right or remedy. Unless otherwise explicitly provided, no remedy under this Assignment and Consent is intended to be exclusive of any other available remedy, but each remedy will be cumulative and will be in addition to other remedies given under this Assignment and Consent or existing at law or in equity.

16. Third Party Beneficiaries. Neither any creditor of any party to this Assignment and Consent, nor any other person, is intended to be a third party beneficiary of this Assignment and Consent.

17. Further Assurance and Corrective Instruments. To the extent permitted by law, the parties will, from time to time, execute, acknowledge, and deliver, or cause to be executed, acknowledged, and delivered, such supplements to this Assignment and Consent and such further instruments as may reasonably be required for carrying out the intention of or facilitating the performance of this Assignment and Consent.

18. Counterparts. This Assignment and Consent may be executed in multiple counterparts, each of which will constitute an original document and all of which together with constitute one agreement.

19. Indemnity. By executing this Assignment and Consent, Grantor agrees to indemnify and hold harmless Lender and its successors and assigns from and against any and all losses, claims, damages, liabilities and expenses including attorney's fees and costs, which may be imposed or incurred in connection with this Assignment and Consent except to the extent caused by the gross negligence or willful misconduct of Lender.

20. Costs and Expenses. Wherever pursuant to this Assignment and Consent it is provided that Grantor will pay any costs and expenses, such costs and expense will include Lender's attorney's reasonable fees and costs.

21. Determinations by Lender. In any instance where the consent or approval of Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Lender under this Assignment and Consent, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision will be made or exercised by Lender (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion and will be final and conclusive absent manifest error, except as may be otherwise expressly and specifically provided in this Assignment and Consent.

22. Successors and Assigns. This Assignment and Consent will be binding upon and inure to the benefit of Grantor, Lender and their respective successors and assigns forever.

23. Secondary Market. Lender may sell, transfer, and deliver the Note, as defined in the Loan Agreement, and assign the Loan Agreement, this Assignment and Consent, and the other loan documents to one or more investors in the secondary mortgage market ("**Investors**"). In connection with such sale, Lender may retain or assign responsibility for servicing the Loan, or may delegate some or all of such responsibility and/or obligations to a servicer including any subservicer or master servicer, on behalf of the Investors. All references to Lender in this Assignment and Consent will refer to and include any such servicer to the extent applicable.

24. This Assignment and Consent may be executed in one or more counterparts, each of which shall be an original and together shall constitute one and the same agreement.

*[Signature pages begin on next page]*

IN WITNESS WHEREOF, the parties have made and executed this COLLATERAL ASSIGNMENT OF CUSTOMER GPU CONTRACTS AND CONSENT as of the day and year first above written.

**APPLIED DIGITAL CORPORATION**

/s/Wesley Cummins  
By: Wesley Cummins  
Its: Chief Executive Officer and Secretary

**CORNERSTONE BANK**

/s/Dale Hetland  
By: Dale Hetland  
Its: Vice President



**EXHIBIT A**  
**GPU Customer Contracts**

**CONSENT TO ASSIGNMENT TO CORNERSTONE BANK**

THIS CONSENT TO ASSIGNMENT TO CORNERSTONE BANK (“**Consent**”) is made this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_, by \_\_\_\_\_, whose address is \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (“**GPU Customer**”).

**WHEREAS**, GPU Customer entered into that certain Terms of Service Agreements for High Performance Computing (HPC) based systems related to AI Cloud Computing Services dated \_\_\_\_\_, (the “**GPU Customer Contract**”; a copy of which is attached hereto as Exhibit A) with Applied Digital Corporation, a Nevada corporation, whose address is 3811 Turtle Creek Blvd., Ste 2100, Dallas, TX 75219 (“**Grantor**”);

**WHEREAS**, APLD GPU-01, LLC, a Delaware limited liability company, whose address is 3811 Turtle Creek Blvd., Ste 2100, Dallas, TX 75219 (“**APLD GPU**” or “**Borrower**”), as borrower, has requested that Cornerstone Bank (“**Lender**”) make a loan to Borrower (the “**Loan**”) pursuant to a Loan Agreement dated on or around February 28, 2024 (the “**Loan Agreement**”);

**WHEREAS**, Grantor is the parent of Borrower and has guaranteed Borrower’s obligations pursuant to the Loan Agreement;

**WHEREAS**, the GPU Customer Contracts, or a portion thereof, will be serviced at the Borrower’s Jamestown GPU Facility;

**WHEREAS**, the Lender as a condition of the Loan described above requires an assignment of the GPU Customer Contract;

**NOW, THEREFORE**, in consideration of the mutual agreements between the parties herein, GPU Customer agrees as follows:

1. **No Default Under the Customer GPU Contract.** Applied Digital Corporation is not currently in default under any of the terms and conditions of the Customer GPU Contract.

2. **Consent.** Notwithstanding anything to the contrary in the Customer GPU Contract, GPU Customer hereby consents to the assignment of Customer GPU Contract to Lender.

3. **Notice of Default.** In the event of Applied Digital Corporation’s default under the terms of the Customer GPU Agreement, GPU Customer will provide notice of the default to Lender at the following address:

Cornerstone Bank  
Attn: Dale Hetland  
2280 45<sup>th</sup> St S  
Fargo, ND 58104

4. **GPU Customers’ Recognition of Lender.**

- a. If GPU Customer receives notice from Lender of Grantor’s default, GPU Customer will confirm in writing that GPU Customer Contract will continue in full force and effect as a direct contract between GPU Customer and Lender or its assigns, subject to the terms and conditions of this Assignment and Consent.
- b. GPU Customer agrees that neither Lender or its assigns will be liable for, subject to, or bound by any of the following:
  - i. Any act or omission or misrepresentation, breach of contract, breach of warranty or other default or negligence of Grantor.

- ii. Claims, counterclaims, offsets or defenses of any nature that GPU Customer might be entitled to assert against Grantor.
- iii. Any modification or amendment of the Customer GPU Contract made after the date of this Assignment and Consent without the prior written consent of the Lender or its assigns.
- iv. Any of Grantor's liabilities or obligations under the Customer GPU Contract which were to be paid or performed (or which accrued or arose) before Lender exercised its rights to assignment of the GPU Customer Contract.
- v. Any obligation to indemnify GPU Customer under the GPU Customer Contract.

**GPU Customer**

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**By:** \_\_\_\_\_  
**Its:** \_\_\_\_\_

## Applied Digital Completes Financing for Jamestown HPC Data Center Campus

**DALLAS, March 5, 2024 -- Applied Digital Corporation (Nasdaq: APLD) ("Applied Digital" or the "Company")**, a designer, builder, and operator of next-generation digital infrastructure designed for High-Performance Computing ("HPC") applications, today announced the Company has closed a previously secured loan agreement with The Bank of North Dakota and Cornerstone Bank for \$16 million in site-level financing for its 10MW Jamestown HPC data center campus. The Company intends to use the loan, which has a 5-year term, to support its operations at the standalone data center, which will house graphics processing units (GPUs) and support various HPC/AI applications.

"The execution of this attractive financing is a testament to the strength and support of our banking relationships," said Applied Digital CFO David Rench. "We're proud to partner with The Bank of North Dakota as they continue to support the development of digital infrastructure across the state."

Applied Digital's next-generation data centers are designed and built for hosting HPC/AI applications that can offer lower-cost, high-efficiency solutions compared to traditional data centers that are typically higher cost and do not have the ability to provide the power-density/cooling required for AI/ML workloads.

### About Applied Digital

Applied Digital (Nasdaq: APLD) designs, develops and operates next-generation data centers across North America to provide digital infrastructure solutions to the rapidly growing high-performance computing (HPC) industry. Find more information at [www.applieddigital.com](http://www.applieddigital.com). Follow us on Twitter at @APLDdigital.

### Forward-Looking Statements

This release contains "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 regarding, among other things, future operating and financial performance, product development, market position, business strategy and objectives. These statements use words, and variations of words, such as "continue," "build," "future," "increase," "drive," "believe," "look," "ahead," "confident," "deliver," "outlook," "expect," and "predict." Other examples of forward-looking statements may include, but are not limited to, (i) statements of Company plans and objectives, including our evolving business model, or estimates or predictions of actions by suppliers, (ii) statements of future economic performance, and (iii) statements of assumptions underlying other statements and statements about the Company or its business. You are cautioned not to rely on these forward-looking statements. These statements are based on current expectations of future events and thus are inherently subject to uncertainty. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from the Company's expectations and projections. These risks, uncertainties, and other factors include: decline in demand for our products and services; the volatility of the crypto asset industry; the inability to comply with developments and changes in regulation; cash flow and access to capital; and maintenance of third party relationships. Information in this release is as of the dates and time periods indicated herein, and the Company does not undertake to update any of the information contained in these materials, except as required by law.

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