

**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**

**April 1, 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:

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

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

As previously disclosed on March 15, 2024, APLD – Rattlesnake Den I LLC (“Rattlesnake Den I”), a Delaware limited liability company and a subsidiary of Applied Digital Corporation, a Nevada corporation (the “Company”), entered into a purchase and sale agreement (the “Purchase and Sale Agreement”) with Mara Garden City LLC (“Mara Garden City”), a Delaware limited liability company and a subsidiary of Marathon Digital Holdings, Inc. (“Marathon”), pursuant to which Rattlesnake Den I agreed to sell to Mara Garden City its data center facility (the “Facility”) located in Garden City, Texas (the “Transaction”) consisting of the ground leasehold estate and interest held under the Ground Lease dated April 13, 2022 between Rattlesnake Den I, as tenant, and EDB, Ltd., a Texas limited liability company, as landlord, related to approximately 50 acres in Glasscock County, Texas and related tangible and intangible property and improvements.

On April 1, 2024, the Transaction was consummated pursuant to the terms of the Purchase and Sale Agreement (the “Closing”). The purchase price payable by Mara Garden City to Rattlesnake Den I under the terms of the Purchase and Sale Agreement is \$87,328,675 (the “Purchase Price”), plus additional consideration of \$9,971,235 received by the Company at Closing in connection with the surrender of Marathon’s security deposits under its existing agreements with the Company.

The Purchase and Sale Agreement contains customary post-Closing obligations. In addition, in the event the full intended additional megawatt energization for the Facility is not conditionally approved by the applicable regulatory authority within 120 days of the Closing, the Purchase Price is subject to a reduction of up to \$34,000,000, depending on the amount of the conditionally approved additional megawatt energization.

The foregoing description of the Purchase and Sale Agreement is qualified in its entirety by reference to the full text of such agreement, a copy of which was previously filed with the Securities and Exchange Commission as Exhibit 10.1 to the Company’s Current Report on Form 8-K filed on March 15, 2024 and is incorporated by reference herein. The representations, warranties and covenants contained in the Purchase and Sale Agreement were made only for purposes of such agreement and as of a specific date, are solely for the benefit of the parties to the Purchase and Sale Agreement and may be subject to limitations agreed upon by the contracting parties.

The unaudited pro forma financial information of the Company, including the unaudited Pro Forma Condensed Consolidated Balance Sheet as of November 30, 2023,

Unaudited Pro Forma Condensed Consolidated Statements of Operations for the Six Months ended November 30, 2023 and Unaudited Pro Forma Condensed Consolidated Statements of Operations for the Year Ended May 31, 2023, in each case giving effect to the Transaction, is attached hereto as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits.**

**(b) Pro Forma financial information**

The unaudited pro forma financial information of the Company giving effect to the Transaction is included as Exhibit 99.1.

**(d) Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Pro Forma Financial Information.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

---

**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: April 5, 2024

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

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

Defined terms included below shall have the same meaning as terms defined and included elsewhere in this Current Report on Form 8-K (the “Form 8-K”) filed with the Securities and Exchange Commission (the “SEC”).

**Transaction Summary**

On April 1, 2024 (“Closing”), APLD – Rattlesnake Den I LLC, a subsidiary of Applied Digital Corporation (the “Company”), completed the previously announced sale of its data center facility (the “Facility”) located in Garden City, Texas (the “Transaction”) pursuant to the purchase and sale agreement (the “Purchase and Sale Agreement”) with Mara Garden City LLC, a subsidiary of Marathon Digital Holdings, Inc. (“Marathon”), consisting of the ground leasehold estate and related tangible and intangible property and improvements (together, the “Property”) for a purchase price of \$87.3 million (the “Purchase Price”), plus additional consideration of approximately \$10.0 million received by the Company at Closing, in connection with the surrender of Marathon’s service prepayments under its existing agreements with the Company.

The Purchase and Sale Agreement contains customary post-Closing obligations. In addition, in the event the full intended additional megawatt energization for the Facility is not conditionally approved by the applicable regulatory authority within 120 days of the Closing, the Purchase Price is subject to a reduction of up to \$34.0 million, depending on the amount of the conditionally approved additional megawatt energization.

**Introduction**

The following unaudited pro forma condensed consolidated financial information is intended to show how the Transaction might have affected the historical financial statements of the Company if the Transaction had been completed at an earlier time indicated therein. The historical financial information of the Company set forth below has been derived from, and should be read in conjunction with, the historical consolidated financial statements included in the Company’s Annual Report on Form 10-K for the year ended May 31, 2023 and its Quarterly Report on Form 10-Q for the quarter ended November 30, 2023.

The unaudited pro forma condensed consolidated financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by final rule, Release No. 33-10786 “Amendments to Financial Disclosures about Acquired and Disposed Businesses”. The pro forma adjustments are described in the accompanying notes and are based upon information and assumptions available at the time of the filing of this Form 8-K. The unaudited pro forma condensed consolidated balance sheet data as of November 30, 2023 gives effect to the Transaction as if it occurred on November 30, 2023. The unaudited pro forma condensed consolidated statements of operations data for the fiscal year ended May 31, 2023 and for the six months ended November 30, 2023 assume that the Transaction was consummated on June 1, 2022.

Beginning in the third quarter of fiscal year 2024, the Company determined the criteria for held for sale was met, and the Company will present the Property and associated liabilities as held for sale in its Quarterly Report on Form 10-Q for the fiscal quarter ended February 29, 2024. The Company believes that the adjustments included in the Transaction Accounting Adjustments columns of the unaudited pro forma condensed consolidated balance sheet and the unaudited pro forma condensed consolidated statements of operations are consistent with the generally accepted accounting principles in the United States of America (“GAAP”). The Company’s current estimates are preliminary and could change as the Company finalizes the transaction impacts to be reflected in the financial statements as of and for the fiscal year ended May 31, 2024 reported in its Annual Report on Form 10-K.

Article 11 of Regulation S-X requires that pro forma financial information include Transaction Accounting Adjustments that reflect only the application of required accounting for the Transaction. There are no Autonomous Entity Adjustments included in this unaudited pro forma condensed consolidated financial information.

In addition, Regulation S-X permits registrants to reflect adjustments that depict synergies and dis-synergies of the acquisitions and dispositions for which pro forma effect is being given in disclosures as Management Adjustments.

The Transaction Accounting Adjustments to reflect the Transaction in the unaudited pro forma condensed consolidated financial information include the following:

- the sale of the assets and liabilities of the Facility pursuant to the Purchase and Sale Agreement;
-

- adjustments required to record the estimated impact of the cash proceeds received in connection with the Transaction, net of transaction costs;
- adjustments to record the Deferred Revenue balance released by Marathon; and
- the recognition of the estimated loss on sale.

The Other Pro Forma Adjustments column in the unaudited pro forma condensed consolidated financial information includes the following:

- the repayment in full of the borrowings under the Company's loan secured by assets of the Facility, including the recognition of loss on extinguishment of debt;
- the removal of the carrying value of finance lease liabilities that are not assumed by Marathon, including a loss on the buyout of the lease liabilities that were not assumed; and
- the removal of the carrying value of Marathon's Deferred Revenue and Customer Deposits balances held by the Company in excess of the amount released by Marathon.

The Company does not expect income tax implications to be material so as to cause tax expense in isolation due to the transaction.

The unaudited pro forma condensed consolidated financial information is provided for informational purposes only and is not necessarily indicative of the operating results of the Company that would have occurred if the Transaction had been completed as of the dates set forth above, nor is it indicative of the future results of the Company. The unaudited pro forma condensed consolidated financial information does not purport to project the future operating results or financial position of the Company following the closing of the Transaction. The unaudited pro forma condensed consolidated statements of operations data and the unaudited pro forma condensed consolidated balance sheet data are based on certain assumptions, described in the accompanying notes, which management believes are reasonable.

---

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Pro Forma Condensed Consolidated Balance Sheets (Unaudited)**  
**As of November 30, 2023**  
(In thousands)

	Historical	Transaction Accounting Adjustments		Other Pro Forma Adjustments		Pro Forma
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 9,217	\$ 61,129	A	(8,998)	G	\$ 36,466
				(13,637)	H	
				(11,245)	I	
Restricted cash	25,416	—		—		25,416
Accounts receivable	307	—		—		307
Prepaid expenses and other current assets	1,517	—		—		1,517
Total current assets	36,457	61,129		(33,880)		63,706
Property and equipment, net	258,508	(80,892)	B	—		177,616
Operating lease right of use assets, net	73,373	—		—		73,373
Finance lease right of use assets, net	95,199	(9,185)	B	—		86,014
Other assets	17,117	—		—		17,117
<b>TOTAL ASSETS</b>	<b>\$ 480,654</b>	<b>\$ (28,948)</b>		<b>\$ (33,880)</b>		<b>\$ 417,826</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>						
Current liabilities:						
Accounts payable	\$ 38,262	\$ —		\$ —		\$ 38,262
Accrued liabilities	10,538	—		(7)	H	10,531
Current portion of operating lease liability	8,887	—		—		8,887
Current portion of finance lease liability	42,805	—	C	(3,784)	G	39,021
Current portion of debt	9,279	—		(2,754)	H	6,525
Customer deposits	36,833	—		(8,547)	I	28,286
Related party customer deposits	3,811	—		—		3,811
Deferred revenue	50,051	(9,971)	D	(2,699)	I	37,381
Related party deferred revenue	1,953	—		—		1,953
Sales and use tax payable	4	—		—		4
Other current liabilities	—	9,000	E	—		9,000
Total current liabilities	202,423	(971)		(17,791)		183,661
Long-term portion of operating lease liability	52,324	—		—		52,324
Long-term portion of finance lease liability	36,748	(3,143)	C	(2,304)	G	31,301
Long-term debt	33,501	—		(10,713)	H	22,788
Total liabilities	324,996	(4,114)		(30,808)		290,074
Stockholders' equity:						
Common stock	123	—		—		123
Treasury stock	(62)	—		—		(62)
Additional paid in capital	278,299	—		—		278,299
Accumulated deficit	(122,702)	(24,834)	F	(2,910)	G	(150,608)
				(162)	H	
Total stockholders' equity attributable to Applied Digital Corporation	155,658	(24,834)		(3,072)		127,752
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 480,654</b>	<b>\$ (28,948)</b>		<b>\$ (33,880)</b>		<b>\$ 417,826</b>

### Pro Forma Adjustments

**A** Adjustment reflects total gross cash proceeds received for the assets, prior to any post-closing adjustments or Company liabilities paid off in closing, calculated as follows:

Purchase price	\$	87,329
Holdover amount		(25,000)
Estimated Selling costs		(1,200)
Net cash received	\$	<u>61,129</u>

**B** Adjustment to remove the historical carrying balances of the Property.

**C** Adjustment to remove the finance lease liabilities assumed by Marathon as part of the Transaction.

**D** Adjustment to remove the deferred revenue assumed by Marathon in connection with the Transaction.

**E** Adjustment to recognize a current liability for the consideration that is contingent upon the Company obtaining regulatory approval of additional energy capacity at the Facility within 120 days of closing.

**F** Adjustment to recognize a loss on the sale of assets as of November 30, 2023, which is recognized through accumulated deficit. The following is a summary of the loss calculation:

Purchase price	\$	87,329
Holdover amount		(25,000)
Holdover liability		(9,000)
Selling costs		(1,200)
Deferred revenue assumed by Marathon		9,971
Lease liability assumed by Marathon		3,143
Total consideration		<u>65,243</u>
Carrying value of the Property as of November 30, 2023		(90,077)
Loss on disposal of assets	\$	<u>(24,834)</u>

**G** Adjustment to remove the carrying value of finance lease liabilities as of November 30, 2023 that are not assumed by Marathon. In conjunction with the Closing, the Company paid off the lease liabilities and paid the lessor a buyout fee to remove all liabilities from the related assets. The Company has presented the fee paid in excess of the outstanding lease liability as a corresponding increase to the loss on disposal of assets through accumulated deficit.

**H** Adjustment to remove the carrying value of debt secured by the Property sold as of November 30, 2023. In conjunction with the Closing, the Company paid off these balances. The Company has presented the corresponding loss on the extinguishment of debt through accumulated deficit.

**I** Adjustment to remove the carrying value of Marathon's deferred revenue and customer deposits balances held by the Company as of November 30, 2023. In conjunction with the Transaction Closing, the Company has entered into an agreement with Marathon to cancel its services agreement that was supported by the Property and refund any amounts in excess of the deferred revenue amount assumed by Marathon as noted in Footnote D.

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Pro Forma Condensed Consolidated Statements of Operations (Unaudited)**  
**For the Six Months Ended November 30, 2023**  
(In thousands, except share and per share data)

	Historical	Transaction Accounting Adjustments	Pro Forma
<b>Revenue:</b>			
Datacenter hosting revenue	\$ 64,106	\$ (1,447) <b>A</b>	\$ 62,659
Cloud services revenue	6,602	—	6,602
Related party datacenter hosting revenue	7,819	—	7,819
Total revenue	78,527	(1,447)	77,080
<b>Costs and expenses:</b>			
Cost of revenues	53,620	(2,168) <b>A</b>	51,452
Selling, general and administrative	38,127	(3,158) <b>A</b>	34,969
Loss from legal settlement	2,380	—	2,380
Total costs and expenses	94,127	(5,326)	88,801
Operating loss	(15,600)	3,879	(11,721)
Interest expense, net	4,430	(808) <b>A</b>	3,622
Loss on extinguishment of debt	2,353	—	2,353
Net loss before income tax expenses	(22,383)	4,687	(17,696)
Income tax expense (benefit)	—	—	—
Net loss	(22,383)	4,687	(17,696)
Net loss attributable to noncontrolling interest	(397)	397 <b>B</b>	—
Net loss attributable to Applied Digital Corporation	\$ (21,986)	\$ 4,290	\$ (17,696)
Basic and diluted net loss per share attributable to Applied Digital Corporation	\$ (0.21)	\$ —	\$ (0.17)
Basic and diluted weighted average number of shares outstanding	105,067,375	—	105,067,375

**Pro Forma Adjustments**

- A** Adjustment to eliminate historical revenues and expenses associated with the Facility.
- B** Adjustment to remove the loss attributable to the noncontrolling interest associated with the Facility.



**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Pro Forma Condensed Consolidated Statements of Operations (Unaudited)**  
**For the Fiscal Year Ended May 31, 2023**  
(In thousands, except share and per share data)

	Historical	Transaction Accounting Adjustments	Other Pro Forma Adjustments	Pro Forma
<b>Revenues:</b>				
Hosting revenue	\$ 55,392	\$ (491) <b>A</b>	\$ —	\$ 54,901
Cost of revenues	44,388	(170) <b>A</b>	—	44,218
Gross profit	11,004	(321)	—	10,683
<b>Costs and expenses:</b>				
Selling, general and administrative	55,059	(3,978) <b>A</b>	—	51,081
Loss on disposal of assets	—	24,834 <b>C</b>	2,910 <b>D</b>	27,744
Total costs and expenses	55,059	20,856	2,910	78,825
Operating loss	(44,055)	(21,177)	(2,910)	(68,142)
<b>Other income (expense):</b>				
Interest Expense	(1,980)	940 <b>A</b>	—	(1,040)
Loss on extinguishment of debt	(94)	—	(162) <b>E</b>	(256)
Total other expense, net	(2,074)	940	(162)	(1,296)
Net loss before income tax expenses	(46,129)	(20,237)	(3,072)	(69,438)
Income tax benefit (expense)	523	—	—	523
Net loss	(45,606)	(20,237)	(3,072)	(68,915)
Net loss attributable to noncontrolling interest	(960)	960 <b>B</b>	—	—
Net loss attributable to Applied Digital Corporation	\$ (44,646)	\$ (21,197)	\$ (3,072)	\$ (68,915)
Basic and diluted net loss per share:	\$ (0.49)	\$ —	\$ —	\$ (0.73)
Basic and diluted weighted average number of shares outstanding	93,976,233	—	—	93,976,233

**Pro Forma Adjustments**

- A** Adjustment to eliminate historical revenues and expenses associated with the Facility.
- B** Adjustment to remove the loss attributable to the noncontrolling interest associated with the Facility.
- C** Adjustment to reflect the recognition of the loss on disposal of assets prior to any lease buyout considerations.
- D** Adjustment to record a loss on disposal of assets as a result of the lease buyout fee paid by the Company related to the lease assets associated with the Facility.
- E** Adjustment to reflect the recognition of the loss on extinguishment of debt.