

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended February 28, 2026

OR

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

For the transition period from \_\_\_\_\_ and \_\_\_\_\_

Commission file number: 001-31968

**APPLIED DIGITAL CORPORATION**

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

95-4863690

(I.R.S. Employer Identification No.)

3811 Turtle Creek Boulevard, Suite 2100, Dallas, Texas

(Address of Principal Executive Offices)

75219

(Zip Code)

(214) 427-1704

Registrant's telephone number, including area code

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, par value \$0.001 per share	APLD	Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of April 7, 2026, 285,769,539 shares of common stock, \$0.001 par value, were outstanding.

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**Part I - Financial Information**
**Item 1. Financial Statements**

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
(In thousands, except share and par value data)

	February 28, 2026	May 31, 2025
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,730,440	\$ 43,950
Restricted cash	198,423	72,368
Accounts receivable	20,753	6,830
Prepaid expenses and other current assets	478,705	9,652
<b>Total current assets</b>	<b>2,428,321</b>	<b>132,800</b>
Property and equipment, net	3,011,751	1,252,287
Operating lease right of use assets, net	77,457	92,335
Finance lease right of use assets, net	135,581	213,315
Other assets	593,708	179,353
<b>TOTAL ASSETS</b>	<b>\$ 6,246,818</b>	<b>\$ 1,870,090</b>
<b>LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 377,429	\$ 251,491
Accrued liabilities	376,985	30,121
Current portion of operating lease liability	18,101	16,785
Current portion of finance lease liability	51,151	147,040
Current portion of debt	98,174	10,331
Customer deposits	16,752	16,125
Deferred revenue	12,550	3,594
Due to customer	2,658	4,807
Other current liabilities	65,518	19,431
<b>Total current liabilities</b>	<b>1,019,318</b>	<b>499,725</b>
Long-term portion of operating lease liability	45,051	58,800
Long-term portion of finance lease liability	20,502	15
Long-term debt	2,594,501	677,825
<b>Total liabilities</b>	<b>3,679,372</b>	<b>1,236,365</b>
Commitments and contingencies (Note 14)		
Temporary equity		
Series E preferred stock, \$0.001 par value, 2,000,000 shares authorized, 301,673 shares issued and 281,673 shares outstanding at February 28, 2026, and 301,673 shares issued and outstanding at May 31, 2025	6,432	6,932
Series E-1 preferred stock, \$0.001 par value, 62,500 shares authorized, 62,500 shares issued and 62,189 shares outstanding at February 28, 2026, and 62,500 shares issued and 62,485 shares outstanding at May 31, 2025	56,728	57,011
Series G preferred stock, \$0.001 par value, 1,030,000 shares authorized, no shares issued and outstanding at February 28, 2026, and 78,000 shares issued and outstanding at May 31, 2025	—	72,094
Redeemable noncontrolling interest	923,065	—
Stockholders' equity:		
Common stock, \$0.001 par value, 600,000,000 shares authorized, 292,549,415 shares issued and 285,384,115 shares outstanding at February 28, 2026, and 234,200,868 shares issued and 224,909,669 shares outstanding at May 31, 2025	293	230
Treasury stock, 7,165,300 shares at February 28, 2026 and 9,291,199 shares at May 31, 2025, at cost	(52,737)	(31,400)
Additional paid in capital	2,216,722	1,009,913
Accumulated deficit	(583,057)	(481,055)
<b>Total stockholders' equity attributable to Applied Digital Corporation</b>	<b>1,581,221</b>	<b>497,688</b>
<b>TOTAL LIABILITIES, TEMPORARY EQUITY AND STOCKHOLDERS' EQUITY</b>	<b>\$ 6,246,818</b>	<b>\$ 1,870,090</b>

See accompanying notes to the unaudited condensed consolidated financial statements

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Operations (Unaudited)**  
(In thousands, except share and per share data)

	Three Months Ended		Nine Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
<b>Revenue:</b>				
Revenue	\$ 126,637	\$ 52,921	\$ 352,562	\$ 175,567
Related party revenue	—	—	—	1,926
Total revenue	126,637	52,921	352,562	177,493
<b>Costs and expenses:</b>				
Cost of revenues <sup>(1)</sup>	72,832	49,141	235,398	162,562
Selling, general and administrative <sup>(2)(3)</sup>	79,723	22,723	166,814	66,852
Loss (gain) on classification of held for sale <sup>(4)</sup>	59,650	—	59,650	(24,616)
Loss on abandonment of assets	99	—	2,343	769
Total costs and expenses	212,304	71,864	464,205	205,567
Operating loss	(85,667)	(18,943)	(111,643)	(28,074)
Interest (income) expense, net	(2,387)	8,897	18,883	23,687
Gain on change in fair value of derivatives	(9,417)	—	(22,543)	—
Gain on change in fair value of investment <sup>(5)</sup>	(3,305)	—	(6,072)	—
Loss on conversion of debt	—	—	—	33,612
Loss on change in fair value of debt	—	—	—	85,439
Loss on extinguishment of debt	—	1,177	—	1,177
Loss on change in fair value of warrants	—	6,421	—	6,421
Net loss before income tax expense	(70,558)	(35,438)	(101,911)	(178,410)
Income tax (benefit) expense	(2)	117	21	118
Net loss	(70,556)	(35,555)	(101,932)	(178,528)
Net loss attributable to redeemable noncontrolling interest	(28,747)	—	(31,910)	—
Preferred dividends	(1,558)	(540)	(4,705)	(1,213)
Net loss attributable to common stockholders	\$ (100,861)	\$ (36,095)	\$ (138,547)	\$ (179,741)
<b>Basic and diluted net loss per share attributable to common stockholders</b>				
	\$ (0.36)	\$ (0.16)	\$ (0.51)	\$ (0.93)
<b>Basic and diluted weighted average number of shares outstanding</b>				
	281,982,553	222,454,578	271,670,830	193,405,721

- <sup>(1)</sup> Includes depreciation and amortization of \$19.5 million and \$17.5 million for the three months ended February 28, 2026 and February 28, 2025, and \$30.4 million and \$75.4 million for the nine months ended February 28, 2026 and February 28, 2025, respectively.
- <sup>(2)</sup> Includes depreciation and amortization of \$1.3 million and \$1.2 million for the three months ended February 28, 2026 and February 28, 2025, and \$3.1 million and \$4.1 million for the nine months ended February 28, 2026 and February 28, 2025, respectively.
- <sup>(3)</sup> Includes related party selling, general and administrative expense of \$0.1 million for each of the three months ended February 28, 2026 and February 28, 2025, and \$0.2 million for each of the nine months ended February 28, 2026 and February 28, 2025, respectively. See Note 5 - Related Party Transactions for further discussion of related party transactions.
- <sup>(4)</sup> Includes \$25 million received in connection with the sale of the Company's Garden City facility upon the achievement of conditional approval requirements and escrowed funds were released during the nine months ended February 28, 2025.
- <sup>(5)</sup> Includes related party gain on change in fair value of investment of \$2.0 million for each of the three and nine months ended February 28, 2026. See Note 5 - Related Party Transactions for further discussion of related party transactions.

See accompanying notes to the unaudited condensed consolidated financial statements

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Unaudited)**  
**For the Three Months ended February 28, 2026**  
**(In thousands, except share data)**

	Temporary Equity			Permanent Equity						
	Preferred Stock <sup>(1)</sup>		Redeemable Noncontrolling Interest	Common Stock		Treasury Stock		Additional Paid in Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount		Shares	Amount	Shares	Amount			
<b>Balance, November 30, 2025</b>	387,183	\$ 105,218	\$ 516,972	286,248,510	\$ 287	(7,165,300)	\$ (52,737)	\$ 2,014,459	\$ (512,380)	\$ 1,449,629
Issuance of common stock from stock compensation plans	—	—	—	651,935	1	—	—	(1)	—	—
Tax payments for restricted stock upon vesting	—	—	—	—	—	—	—	(9,371)	—	(9,371)
Issuance of Preferred Stock, net of costs	154,500	149,927	—	—	—	—	—	—	—	—
Conversion of Preferred Stock	(197,750)	(191,917)	—	5,648,970	5	—	—	191,912	—	191,917
Redemption of Preferred Stock	(71)	(68)	—	—	—	—	—	—	—	—
Preferred Stock dividends	—	—	—	—	—	—	—	(1,558)	—	(1,558)
Contributions from noncontrolling interest, net of costs	—	—	377,104	—	—	—	—	—	—	—
Noncontrolling interest preferred stock dividends	—	—	28,868	—	—	—	—	(28,868)	—	(28,868)
Stock-based compensation	—	—	—	—	—	—	—	50,149	—	50,149
Net income (loss)	—	—	121	—	—	—	—	—	(70,677)	(70,677)
<b>Balance, February 28, 2026</b>	<u>343,862</u>	<u>\$ 63,160</u>	<u>\$ 923,065</u>	<u>292,549,415</u>	<u>\$ 293</u>	<u>(7,165,300)</u>	<u>\$ (52,737)</u>	<u>\$ 2,216,722</u>	<u>\$ (583,057)</u>	<u>\$ 1,581,221</u>

<sup>(1)</sup> See Note 13 - Temporary Equity for further discussion of preferred stock activity.

See accompanying notes to the unaudited condensed consolidated financial statements

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Unaudited)**  
**For the Three Months ended February 28, 2025**  
(In thousands, except share data)

	Temporary Equity		Permanent Equity						
	Preferred Stock <sup>(1)</sup>		Common Stock		Treasury Stock		Additional Paid in Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balance, November 30, 2024</b>	351,032	\$ 55,782	225,846,268	\$ 222	(9,291,199)	\$ (31,400)	\$ 858,713	\$ (392,963)	\$ 434,572
Issuance of common stock from stock compensation plans	—	—	641,585	1	—	—	(1)	—	—
Tax payments for restricted stock upon vesting	—	—	—	—	—	—	(2,970)	—	(2,970)
Issuance of warrants, at fair value	—	—	—	—	—	—	6,471	—	6,471
Conversion of warrants	—	—	1,051,651	1	—	—	(1)	—	—
Issuance of Preferred Stock, net of costs	33,404	30,437	—	—	—	—	—	—	—
Conversion of Preferred Stock	(43,000)	(43,000)	6,142,855	6	—	—	42,994	—	43,000
Preferred Stock Dividends	—	—	—	—	—	—	(540)	—	(540)
Stock-based compensation	—	—	—	—	—	—	9,691	—	9,691
Common stock issuance costs	—	—	—	—	—	—	(21)	—	(21)
Net loss	—	—	—	—	—	—	—	(35,555)	(35,555)
<b>Balance, February 28, 2025</b>	<b>341,436</b>	<b>\$ 43,219</b>	<b>233,682,359</b>	<b>\$ 230</b>	<b>(9,291,199)</b>	<b>\$ (31,400)</b>	<b>\$ 914,336</b>	<b>\$ (428,518)</b>	<b>\$ 454,648</b>

<sup>(1)</sup> See Note 13 - Temporary Equity for further discussion of preferred stock activity.

See accompanying notes to the unaudited condensed consolidated financial statements

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Unaudited)**  
**For the Nine Months ended February 28, 2026**  
(In thousands, except share data)

	Temporary Equity			Permanent Equity						
	Preferred Stock <sup>(1)</sup>		Redeemable Noncontrolling Interest	Common Stock		Treasury Stock		Additional Paid in Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount		Shares	Amount	Shares	Amount			
<b>Balance, May 31, 2025</b>	442,158	\$ 136,037	\$ —	234,200,868	\$ 230	(9,291,199)	\$ (31,400)	\$ 1,009,913	\$ (481,055)	\$ 497,688
Issuance of common stock from stock compensation plans	—	—	—	2,288,154	3	—	—	(3)	—	—
Tax payments for restricted stock upon vesting	—	—	—	—	—	—	—	(24,838)	—	(24,838)
Issuance of Preferred Stock, net of costs	758,550	728,130	—	—	—	—	—	—	—	—
Conversion of Preferred Stock	(836,550)	(800,214)	—	49,231,031	48	—	—	800,166	—	800,214
Redemption of Preferred Stock	(20,296)	(793)	—	—	—	—	—	—	—	—
Preferred Stock dividends	—	—	—	—	—	—	—	(4,705)	—	(4,705)
Shares issued in offering, net of costs	—	—	—	15,320,373	15	—	—	190,402	—	190,417
Issuance of warrants, at fair value, net of costs	—	—	—	—	—	—	—	155,421	—	155,421
Exercise of warrants	—	—	—	800,188	1	—	—	6,264	—	6,265
Treasury Stock repurchase	—	—	—	—	—	(7,165,300)	(52,737)	52,737	—	—
Treasury Stock retirement	—	—	—	(9,291,199)	(4)	9,291,199	31,400	(31,396)	—	—
Contributions from noncontrolling interest, net of costs	—	—	891,015	—	—	—	—	—	—	—
Noncontrolling interest preferred stock dividends	—	—	31,980	—	—	—	—	(31,980)	—	(31,980)
Stock-based compensation	—	—	—	—	—	—	—	94,741	—	94,741
Net income (loss)	—	—	70	—	—	—	—	—	(102,002)	(102,002)
<b>Balance, February 28, 2026</b>	<b>343,862</b>	<b>\$ 63,160</b>	<b>\$ 923,065</b>	<b>292,549,415</b>	<b>\$ 293</b>	<b>(7,165,300)</b>	<b>\$ (52,737)</b>	<b>\$ 2,216,722</b>	<b>\$ (583,057)</b>	<b>\$ 1,581,221</b>

<sup>(1)</sup> See Note 13 - Temporary Equity for further discussion of preferred stock activity.

See accompanying notes to the unaudited condensed consolidated financial statements

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Changes in Temporary Equity and Stockholders' Equity (Unaudited)**  
**For the Nine Months ended February 28, 2025**  
**(In thousands, except share data)**

	Temporary Equity		Permanent Equity						
	Preferred Stock <sup>(1)</sup>		Common Stock		Treasury Stock		Additional Paid in Capital	Accumulated Deficit	Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount			
<b>Balance, May 31, 2024</b>	—	\$ —	144,083,944	\$ 144	(5,032,802)	\$ (62)	\$ 374,738	\$ (249,990)	\$ 124,830
Shares issued in offering, net of costs	—	—	55,506,938	55	—	—	180,762	—	180,818
Issuance of common stock from stock compensation plans	—	—	1,908,764	3	—	—	(3)	—	—
Tax payments for restricted stock upon vesting	—	—	—	—	—	—	(2,970)	—	(2,970)
Conversions of debt	—	—	19,050,204	19	—	—	104,926	—	104,945
Issuance of other common stock	—	—	628,541	1	—	—	518	—	519
Issuance of warrants, at fair value	—	—	—	—	—	—	50,586	—	50,586
Conversion of warrants	—	—	4,905,256	5	—	—	(5)	—	—
Issuance of preferred stock, net of costs	394,627	91,569	—	—	—	—	(4,835)	—	(4,835)
Preferred stock dividends	—	—	—	—	—	—	(1,213)	—	(1,213)
Conversion of preferred stock	(53,191)	(48,350)	7,598,712	7	—	—	53,185	—	53,191
Stock-based compensation	—	—	—	—	—	—	10,233	—	10,233
Share repurchase	—	—	—	(4)	(4,258,397)	(31,338)	—	—	(31,342)
Purchase of capped call options	—	—	—	—	—	—	(51,750)	—	(51,750)
Purchase of prepaid forward contract	—	—	—	—	—	—	(52,736)	—	(52,736)
Reclass of debt conversion option	—	—	—	—	—	—	252,900	—	252,900
Net loss	—	—	—	—	—	—	—	(178,528)	(178,528)
<b>Balance, February 28, 2025</b>	<b>341,436</b>	<b>\$ 43,219</b>	<b>233,682,359</b>	<b>\$ 230</b>	<b>(9,291,199)</b>	<b>\$ (31,400)</b>	<b>\$ 914,336</b>	<b>\$ (428,518)</b>	<b>\$ 454,648</b>

<sup>(1)</sup> See Note 13 - Temporary Equity for further discussion of preferred stock activity.

See accompanying notes to the unaudited condensed consolidated financial statements

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows (Unaudited) (In thousands)**  
**For the Nine Months ended February 28, 2026 and February 28, 2025**

	Nine Months Ended	
	February 28, 2026	February 28, 2025
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (101,932)	\$ (178,528)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	33,552	79,540
Stock-based compensation	94,741	10,233
Lease expense	16,310	23,911
Gain on change in fair value of derivatives	(22,543)	—
Gain on change in fair value of investment	(6,072)	—
Loss on extinguishment of related party debt	—	1,177
Non-cash interest expense	74,989	11,515
Loss (gain) on classification of held for sale	59,650	(24,616)
Loss on conversion of debt	—	33,612
Loss on change in fair value of debt	—	85,439
Loss on abandonment of assets	2,343	769
Loss on change in fair value of warrants issued	—	6,421
Changes in operating assets and liabilities:		
Accounts receivable	(13,923)	(10,722)
Prepaid expenses and other current assets	(88,229)	(4,072)
Customer deposits	627	2,306
Related party customer deposits	—	(1,549)
Deferred revenue	8,956	(32,795)
Related party deferred revenue	—	(1,692)
Accounts payable	(171,583)	(88,378)
Accrued liabilities	64,613	(12,319)
Due to customer	(2,149)	(8,195)
Lease assets and liabilities	14,773	(13,557)
Other assets	(6,983)	(757)
<b>CASH FLOW USED IN OPERATING ACTIVITIES</b>	<b>(42,860)</b>	<b>(122,257)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment and other assets	(1,576,697)	(483,340)
Proceeds from satisfaction of contingency on sale of assets	—	25,000
Finance lease prepayments	—	(4,840)
Investment in companies	(17,000)	(2,498)
<b>CASH FLOW USED IN INVESTING ACTIVITIES</b>	<b>(1,593,697)</b>	<b>(465,678)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of finance leases	(94,455)	(93,992)
Borrowings of long-term debt	2,504,863	650,000
Repayments of long-term debt	(432,536)	(290,535)
Payment of deferred financing costs	(81,168)	(42,903)
Tax payments for restricted stock upon vesting	(24,838)	(2,970)
Noncontrolling interest contributions	900,000	—
Noncontrolling interest issuance costs	(62,018)	—
Proceeds from issuance of common stock	196,366	191,590
Common stock issuance costs	(5,949)	(10,253)
Proceeds from issuance of preferred stock	739,998	100,489
Preferred stock issuance costs	(11,868)	(8,914)
Redemption of preferred stock	(793)	—
Dividends issued on preferred stock	(4,705)	(1,213)
Warrant issuance costs	(8,250)	—
Exercise of warrants	6,265	—
Proceeds from issuance of SAFE agreement included in long-term debt	—	12,000
Repurchase of shares	—	(31,342)
Proceeds from convertible notes	—	450,000
Purchase of capped call options	—	(51,750)
Purchase of prepaid forward contract	—	(52,736)
<b>CASH FLOW PROVIDED BY FINANCING ACTIVITIES</b>	<b>3,620,912</b>	<b>817,471</b>

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Cash Flows (Unaudited) (In thousands)**  
**For the Nine Months ended February 28, 2026 and February 28, 2025**

	Nine Months Ended	
	February 28, 2026	February 28, 2025
<b>NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	1,984,355	229,536
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF PERIOD</b>	123,318	31,688
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF PERIOD</b>	2,107,673	261,224
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 93,455	\$ 54,855
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES</b>		
Operating right-of-use assets obtained by lease obligation	\$ —	\$ 20,280
Finance right-of-use assets obtained by lease obligation	\$ 25,214	\$ 106,754
Property and equipment in accounts payable and accrued liabilities	\$ (564,230)	\$ 142,787
Conversion of debt to common stock	\$ —	\$ 104,945
Consideration for guarantee of an affiliate's obligations	\$ 2,000	\$ —
Conversion of preferred stock to common stock	\$ 800,214	\$ 53,191
Cashless exercise of warrants	\$ 1	\$ 5
Issuance of warrants, at fair value	\$ 104,705	\$ 50,586
Non-cash dividends paid in-kind	\$ (31,980)	\$ —

See accompanying notes to the unaudited condensed consolidated financial statements

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
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**1. Business and Basis of Presentation**

Applied Digital Corporation (the “Company”) is a designer, builder, and operator of high-performance, sustainably engineered data centers and colocation services for artificial intelligence, cloud, networking, and blockchain workloads. The Company has three reportable segments. Financial information for each segment is contained in *Note 16 - Business Segments*. All references to “Applied Digital Corporation,” “we,” “us,” “our” or the “Company” mean Applied Digital Corporation and its subsidiaries.

In the fourth quarter of fiscal year 2025, management determined that the Cloud Services Business, which operates primarily through our wholly-owned subsidiary, Applied Digital Cloud Corporation, met the criteria to be classified as “held for sale.” As a sale would represent a strategic shift for the Company, the Cloud Services Business was classified as discontinued operations.

On December 30, 2025, the Company announced it had entered into a non-binding term sheet for a proposed business combination of the Cloud Services Business with EKSO Bionics Holdings, Inc. (Nasdaq: EKSO) (“EKSO”), which, once closed, will go forward as ChronoScale Corporation (“ChronoScale”), an accelerated compute platform purpose-built to support AI workloads (the “Proposed Transaction”).

On February 15, 2026, APLD Intermediate HoldCo LLC, a Delaware limited liability company (“APLD Intermediate”), APLD ChronoScale HoldCo LLC, a Delaware limited liability company and a wholly owned subsidiary of APLD Intermediate (“Contributor”), each a wholly owned direct or indirect subsidiary of the Company, and Applied Digital Cloud Corporation, which at the time of the closing of the Proposed Transaction, will be a wholly owned subsidiary of Contributor, entered into a Contribution and Exchange Agreement with EKSO (the “Contribution and Exchange Agreement”) for purposes of consummating the Proposed Transaction (the “Business Combination”), as a result of which (i) Applied Digital Cloud Corporation will become a wholly owned subsidiary of Ekso, (ii) Ekso will, immediately after the consummation of the Business Combination, continue as the parent of the combined company, and (iii) Ekso will change its name to ChronoScale.

Upon closing of the Proposed Transaction, the Company expects to initially own approximately 97% of the combined company. The Applied Digital Cloud and EKSO businesses would continue to operate upon consummation of the Proposed Transaction. Closing of the Proposed Transaction is subject to customary regulatory approval and satisfaction of closing conditions.

During the quarter ended February 28, 2026, the Company determined that the Cloud Services Business, which had previously been classified and reported as held for sale in accordance with ASC 360-10 and discontinued operations in accordance with ASC 205-20, no longer met the criteria for classification as held for sale and discontinued operations due to the Company entering into the Contribution and Exchange Agreement.

As a result, effective February 15, 2026, the assets and liabilities of the Cloud Services Business have been reclassified from held for sale to held and used in their respective financial statement lines on the Company’s unaudited condensed consolidated balance sheets for all periods presented. Similarly, the results of the Cloud Services Business have been reclassified from discontinued operations to continuing operations in the Company’s unaudited condensed consolidated statements of operations for all periods presented.

In connection with this change in classification, the long-lived assets of the Cloud Services Business were remeasured in accordance with ASC 360-10-35-44 at the lower of (i) their carrying amounts immediately before classification as held for sale, adjusted for depreciation and amortization that would have been recognized had the assets been continuously classified as held and used, and (ii) their fair values at the date the Company determined that the held-for-sale criteria were no longer met. Management determined that as of February 15, 2026, when the Cloud Services Business no longer met the criteria for held for sale and discontinued operations, the carrying value of the long-lived assets of the Cloud Business was less than the fair value. As such, the Company recorded a loss on classification of held for sale of \$59.7 million for the three and nine months ended February 28, 2026 representing the write down of the Cloud Services Business assets to their carrying value as of February 15, 2026 when it no longer qualified as held for sale.

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The Company has restated its comparative financial statements for prior periods to reflect this change in classification. The statements of operations, cash flows, and segment information for prior periods have been adjusted to include the results of the Cloud Services Business within continuing operations rather than within discontinued operations, and previously classified assets and liabilities of the Cloud Services Business are presented within the respective held-and-used asset and liability line items as of each balance sheet date.

Revenues, income (loss) before income taxes, net income (loss), total assets and liabilities, and cash flows previously reported as related to discontinued operations and asset and liabilities held for sale of the Cloud Services Business are now reported in the corresponding line items within continuing operations and held-and-used asset and liability categories for all periods presented. There was no material impact on the Company's previously reported net income, total assets, or equity as a result of this reclassification.

The reclassification was necessary because the Cloud Services Business no longer met the requirements for held for sale presentation and discontinued operations presentation as set forth in ASC 360-10 and ASC 205-20, respectively, as the planned sale did not occur and the segment remains part of the Company's ongoing operations as of February 28, 2026.

**Principles of Consolidation**

The accompanying interim unaudited condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), including the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in the Company's annual consolidated financial statements on Form 10-K have been condensed or omitted. The unaudited condensed consolidated balance sheet as of May 31, 2025 has been derived from the audited consolidated financial statements as of that date, but does not include all disclosures required for audited annual financial statements.

The unaudited condensed consolidated financial statements include the accounts of the Company and its consolidated subsidiaries and entities that meet the definition of a variable interest entity ("VIE") for which the Company is considered the primary beneficiary. See *Note 9 - Variable Interest Entity* for further discussion.

In the Company's opinion, all necessary adjustments have been made for the fair presentation of the results of the interim periods presented. The results of operations for such interim periods are not necessarily indicative of the results to be expected for the full year. For further information, please refer to and read these interim unaudited condensed consolidated financial statements in conjunction with the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2025 filed with the SEC on July 30, 2025.

**2. Significant Accounting Policies**

**Significant Accounting Policies and Use of Estimates**

**Use of Estimates**

The preparation of the unaudited condensed consolidated financial statements is in conformity with accounting principles generally accepted in the United States of America ("GAAP"). GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ significantly from those estimates.

**Revenue Recognition**

*Data Center Hosting Revenue*

The Company recognizes revenue associated with our data center hosting in accordance with Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. The Company provides energized space to customers who locate their hardware within the Company's co-hosting facility. Performance obligations are achieved simultaneously by providing the hosting environment for the customers' operations. Customers pay a fixed rate to the Company in exchange for a managed hosting environment supported by customer-provided equipment. Revenue is recognized based on the contractual fixed rate, net of any credits for non-performance, over the term of the agreements. Any ancillary revenue

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for other services is generally recognized at a point in time when the services are complete. Customer contracts include advance payment terms. All advanced service payments are recorded as deferred revenue and are recognized as revenue once the related service is provided.

*HPC Hosting Revenue*

We generate the majority of our HPC hosting revenue by leasing our properties to customers under operating lease agreements, which are accounted for under ASC 842, Leases (“ASC 842”). We recognize the total minimum lease payments provided for under the leases on a straight-line basis over the lease term if we determine it is probable that substantially all of the lease payments will be collected over the lease term. We commence recognition of revenue from rentals at the date the property is ready for its intended use by the tenant and the tenant takes possession or controls the physical use of the leased asset. The excess of rents recognized as revenue over amounts contractually due pursuant to the underlying leases is included in Accounts receivable and Other assets on the unaudited condensed consolidated balance sheets. Rental payments received in excess of revenue recognized are classified as Deferred revenue on the unaudited condensed consolidated balance sheets.

Generally, under the terms of our leases, the majority of our rental expenses, including power and security cost, are recovered from our customers. We record amounts reimbursable by customers (“tenant recoveries”) as revenue in the period the applicable expenses are incurred – which is generally on a ratable basis through the term of the lease. We account for and present rental revenue and tenant recoveries as a single component under rental and other services as the timing of recognition is the same, the pattern with which we transfer the right of use of the property and related services to the lessee are both on a straight-line basis and our leases qualify as operating leases.

Interconnection services include port and cross-connect services generally provided on terms that align with the respective lease term. We bill for these services on a monthly basis and recognize the revenue over the period the service is provided. Revenue for cross-connect installations is generally recognized in the period the cross-connect is installed.

Tenant fit-out services include the procurement and installation of customer equipment provided in accordance with the terms of the agreement with the customer. In the course of providing its services, the Company routinely subcontracts for services and incurs other direct costs on behalf of its clients which costs are passed through to the client and is recognized as revenue. The Company recognizes revenue using the percentage of completion model where by total costs incurred are divided by total costs expected to be incurred, which it believes to be the best measure of progress towards completion of the performance obligation.

We utilize the practical expedient in ASC 842 that allows us to account for lease and non-lease components associated with each lease as a single lease component recorded within revenue, instead of accounting for such items separately under Accounting Standards Codification 606, Revenue (“ASC 606”).

The Company began recognizing revenue associated with certain of its data center leases as accounted for under ASC 842 in the second quarter of the current fiscal year. See Note 14 - Leases for further information.

*Cloud Services Revenue*

The Company recognizes revenue associated with its cloud services business in accordance with ASC 606, Revenue from Contracts with Customers. The Company provides managed cloud infrastructure services to customers, such as artificial intelligence and machine learning developers, to help develop their advanced products. Customers pay a fixed rate to the Company in exchange for managed cloud services supported by Company-provided equipment. Revenues are recognized based on the fixed rate, net of any credits for non-performance, over the term of the agreements.

**Segments**

The Company has identified three reportable segments: data center hosting (“Data Center Hosting Business”), cloud services (“Cloud Services Business”), and high-performance compute hosting (“HPC Hosting Business”). These segments represent management’s view of the business for which separate financial information is available and evaluated regularly by the Chief Operating Decision Maker (CODM), which is the Company’s Chief Executive Officer.

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The Company's CODM evaluates performance and makes operating decisions primarily based on revenue and segment profit (loss), on a consolidated basis and for each of the Company's reportable segments. Operating results by segment include costs or expenses directly attributable to each segment, which include selling, general, and administrative expenses, gain on classification of held for sale and loss on abandonment of assets.

The Company does not allocate interest (income) expense, net, gain on change in fair value of derivatives, gain on change in fair value of investment, loss on conversion of debt, loss on change in fair value of debt, loss on extinguishment of debt, loss on change in fair value of warrants or income tax expense to these segments for internal reporting purposes, as the Company does not believe that allocating these expenses is beneficial in evaluating segment performance.

The Data Center Hosting Business operates data centers to provide energized space to crypto mining customers. Customer-owned hardware is installed in the Company's facilities and the Company provides operational and maintenance services for a fixed fee.

The Cloud Services Business primarily operates through our wholly-owned subsidiary, Applied Digital Cloud Corporation, and provides cloud services to customers at third party colocation centers located in Colorado, Minnesota and Utah, such as artificial intelligence and machine learning developers, to develop their advanced products. Customers pay a fixed rate to the Company in exchange for an energized space supported by Company-provided equipment.

The HPC Hosting Business designs, builds, and operates data centers which are designed to support high-compute applications using advanced technologies and sophisticated infrastructures to provide services to customers.

See Note 2 - Significant Accounting Policies to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended May 31, 2025, as filed with the SEC, for additional information regarding the Company's significant accounting policies and use of estimates.

**Investments in equity securities**

The Company's long-term investments include equity securities without readily determinable fair values and equity securities with readily determinable fair values.

Equity securities without readily determinable fair values

The Company invests in equity securities, which are accounted for in accordance with ASC 321, Investments - Equity Securities. Equity securities are measured at fair value, with changes in fair value recognized within gain (loss) on change in fair value of investments on the unaudited condensed consolidated statement of operations. For equity securities without readily determinable fair values, the Company has elected the measurement alternative, recording these investments at cost minus impairment, adjusted for observable price changes. Quarterly, the Company performs a qualitative assessment for impairment of equity securities without readily determinable fair values. If impairment is indicated, the investment is written down to fair value through earnings.

Equity investments with readily determinable fair values

The Company accounts for certain of its investments in equity securities in accordance with ASU 2016-01 Financial Instruments-Overall (Subtopic 825- 10): Recognition and Measurement of Financial Assets and Financial Liabilities ("ASU 2016-01"). In accordance with ASU 2016-01, the Company records all equity investments with readily determinable fair values at fair value calculated by the publicly traded stock price at the close of the reporting period within gain (loss) on change in fair value of investments on the unaudited condensed consolidated statement of operations..

For further discussion of the Company's investments in equity securities, see *Note 5 - Related Party Transactions*, *Note 7 - Balance Sheet Components*, and *Note 8 - Derivative Assets*.

**Variable Interest Entity**

The Company consolidates a VIE where it has been determined that the Company is the primary beneficiary of the entity's operation in accordance with ASC Topic 810, Consolidations. The primary beneficiary is the party that has both the power

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to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. In evaluating whether the Company is the primary beneficiary, the Company evaluates its power to direct the most significant activities of the VIE by considering the purpose and design of the entity and the risks the entity was designed to create and pass through to its variable interest holders. The Company also evaluates its economic interests in the VIE. All intercompany amounts and transactions have been eliminated.

#### Redeemable Noncontrolling Interest

The Company determined for the noncontrolling interest, the initial amount presented in temporary equity should be the initial carrying amount of the noncontrolling interest pursuant to ASC 805-20-30. Under ASC 805-20-30, noncontrolling interests are initially measured at fair value at the acquisition date. However, as the noncontrolling interest has embedded features that require bifurcation, the fair value at issuance must be allocated between the components. The Company initially measured the noncontrolling interest by first allocating the proceeds from the offering to the derivatives and, with the residual net proceeds allocated to the temporary equity classified noncontrolling interest and the warrants based on their respective relative fair values. The Company will not subsequently remeasure the temporary equity classified noncontrolling interest until it is probable that the noncontrolling interest will become redeemable. However, the noncontrolling interest balance will be adjusted for the attribution of net income or loss of the Subsidiary to the noncontrolling interest holder as prescribed by ASC 810.

#### Reclassifications

The Company reclassified certain prior period amounts in its unaudited condensed consolidated balance sheets to conform to our current period presentation. Specifically, we have reclassified certain amounts in "Property and equipment, net" to "Other assets". This reclassification has no impact on total assets or cash flows.

#### Cash, Cash Equivalents, and Restricted Cash

The Company's restricted cash balances consist of debt service reserves and letters of credit. The debt service reserves are held in separate accounts and are to be used to fund interest and principal on the Senior Secured Notes (as defined below) during construction. See further discussion in *Note 6 - Debt*. Additionally, the Company has letters of credit totaling \$16.5 million and \$38.3 million, as of February 28, 2026 and May 31, 2025, respectively, presented on its unaudited condensed consolidated balance sheets within restricted cash. The Company is required to keep these balances, which are held in money market funds, in separate accounts for the duration of the letter of credit agreements, which have terms of up to two years. The letters of credit were issued in lieu of security deposits. The Company considers the money market funds to be Level 1 which the Company believes approximates fair value.

Cash, cash equivalents, and restricted cash within the unaudited condensed consolidated balance sheets that are included in the unaudited condensed consolidated statements of cash flows as of February 28, 2026 and May 31, 2025 were as follows (in thousands):

	February 28, 2026	May 31, 2025
Cash and cash equivalents	\$ 1,730,440	\$ 43,950
Restricted cash	198,423	72,368
Restricted cash included in other assets	178,810	7,000
Total cash, cash equivalents, and restricted cash	<u>\$ 2,107,673</u>	<u>\$ 123,318</u>

#### Recent Accounting Pronouncements

##### *Accounting Pronouncements Adopted*

In August 2023, the FASB issued Accounting Standards Update ("ASU") No. 2023-05, Business Combinations-Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement, which is intended to provide guidance for the formation of a joint venture, including the initial measurement of assets and liabilities, the formation date, and basis of accounting. This new standard became effective for annual reporting periods beginning on or after January 1, 2025, with

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early adoption permitted. The Company adopted the ASU with the execution of the Unit Purchase Agreement (as defined and described below).

In December 2023, the FASB issued ASU 2023-09, Income Taxes ("Topic 740"): Improvements to Income Tax Disclosures. This ASU is intended to enhance the transparency and decision usefulness of income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and can be applied either prospectively or retrospectively. The Company has adopted this ASU for the fiscal year beginning June 1, 2025 and will present updated disclosures in its Form 10-K for the fiscal year ended May 31, 2026.

*Accounting Pronouncements Not Yet Adopted*

In November 2024, the FASB issued ASU 2024-03, Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses. This ASU is intended to enhance transparency of income statement disclosures primarily through additional disaggregation of relevant expense captions. In January 2025, the FASB issued ASU No. 2025-01, which revises the effective date of ASU No. 2024-03, to clarify that all public business entities are required to adopt the guidance in annual reporting periods beginning after December 15, 2026, and interim periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. The ASU allows prospective or retrospective application. The Company is currently evaluating the impact of this ASU on its financial statement presentation and disclosures and plans to adopt this pronouncement beginning with its fiscal year beginning June 1, 2027.

In November 2024, the FASB issued ASU 2024-04, Debt – Debt with Conversion and Other Options (Subtopic 470-20). The amendments in this ASU clarify the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. The amendments in this ASU are effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted for all entities that have adopted the amendments in ASU 2020-06. The amendments in this ASU permit an entity to apply the new guidance on either a prospective or a retrospective basis. The Company is currently evaluating the impact of this ASU on its financial statements and plans to adopt this pronouncement beginning with its fiscal year beginning June 1, 2026.

In September 2025, the FASB issued ASU 2025-06, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. This ASU is intended to simplify the capitalization guidance by removing all references to software development project stages so that the guidance is neutral to different software development methods. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods, with early adoption permitted. The amendments in this update permit an entity to apply the new guidance using a prospective, retrospective or modified transition approach. The Company is currently evaluating the impact of this ASU on its financial statements and plans to adopt this pronouncement beginning with its fiscal year beginning June 1, 2028.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270) Narrow-Scope Improvements, which is intended to improve the navigability of the guidance in ASC 270, Interim Reporting, and clarify when it applies. Under the amendments, an entity is subject to ASC 270 if it provides interim financial statements and notes in accordance with GAAP. ASU 2025-11 also addresses the form and content of such financial statements, interim disclosures requirements, and establishes a principle under which an entity must disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, and early adoption is permitted. The Company is currently evaluating the impact of this ASU on its financial statements and plans to adopt this pronouncement beginning with its fiscal year beginning June 1, 2028.

In December 2025, the FASB issued ASU 2025-12, Codification Improvements. The amendments in this update are to make other incremental improvements to GAAP and facilitate codification updates for a broad range of Topics arising from technical corrections, unintended application of the codification, clarifications, and other minor improvements. The resulting amendments are collectively referred to as Codification improvements. ASU 2025-12 is effective for all entities for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual

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reporting periods. The Company is currently evaluating the impact the adoption of ASU 2025-12 may have on the Company's consolidated financial statements.

### 3. Property and Equipment

Property and equipment consisted of the following as of February 28, 2026 and May 31, 2025 (in thousands):

	Estimated Useful Life	February 28, 2026	May 31, 2025
Networking equipment, electrical equipment, and software	3 years - 5 years	\$ 38,163	\$ 33,611
Mechanical infrastructure	20 years	71,934	—
Electrical infrastructure	15 years	104,238	—
Electric generation and transformers	15 years - 30 years	193,828	9,914
Land and building			
Building	39 years	278,456	109,672
Building improvements	15 years - 25 years	677,001	—
Land		59,713	20,047
Land improvements	15 years	43,729	1,423
Leasehold improvements	3 years - 7 years	1,142	1,142
Construction in progress		1,544,734	1,090,587
Other equipment and fixtures	5 years - 10 years	55,616	12,447
Total cost of property and equipment		3,068,554	1,278,843
Accumulated depreciation		(56,803)	(26,556)
Property and equipment, net		\$ 3,011,751	\$ 1,252,287

Depreciation expense totaled \$17.6 million and \$27.7 million for the three and nine months ended February 28, 2026, respectively, and \$3.2 million and \$9.3 million for the three and nine months ended February 28, 2025, respectively.

### 4. Revenue from Contracts with Customers

Below is a summary of the Company's revenue concentration by major customers for the three and nine months ended February 28, 2026 and February 28, 2025, respectively.

	Three Months Ended		Nine Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Customer A	56 %	— %	52 %	— %
Customer B	30 %	66 %	33 %	54 %
Customer C	14 %	34 %	15 %	29 %
Customer D	— %	— %	— %	11 %

#### Deferred Revenue

Changes in the Company's deferred revenue balances for the nine months ended February 28, 2026 and February 28, 2025, respectively, are shown in the following table (in thousands):

	Nine Months Ended	
	February 28, 2026	February 28, 2025
Balance, beginning of period	\$ 3,593	\$ 39,366
Advance billings	300,141	136,559
Revenue recognized	(295,209)	(177,243)
Other adjustments	4,025	6,197
Balance, end of period	\$ 12,550	\$ 4,879

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*Unbilled Revenue*

Changes in the Company's unbilled revenue balances, which are captured in the unaudited condensed consolidated balance sheets in accounts receivable and other assets for the nine months ended February 28, 2026 and February 28, 2025, respectively, are shown in the following table (in thousands):

	Nine Months Ended	
	February 28, 2026	February 28, 2025
<b>Balance, beginning of period</b>	\$ —	\$ —
Billings	44,727	—
Revenue recognized	(57,352)	—
<b>Balance, end of period</b>	<u>\$ (12,625)</u>	<u>\$ —</u>

*Customer Deposits*

Changes in the Company's customer deposits balances for the nine months ended February 28, 2026 and February 28, 2025, respectively, are shown in the following table (in thousands):

	Nine Months Ended	
	February 28, 2026	February 28, 2025
<b>Balance, beginning of period</b>	\$ 16,125	\$ 15,367
Customer deposits received	627	5,698
Customer deposits refunded	—	(3,373)
Customer deposits applied	—	(1,567)
<b>Balance, end of period</b>	<u>\$ 16,752</u>	<u>\$ 16,125</u>

**5. Related Party Transactions**

*Related Party Revenue*

Previously, related party revenue consisted of revenue from two customers, Customer E and Customer F. During the three months ended February 28, 2026 and 2025, there was no related party revenue. Similarly, during the nine months ended February 28, 2026, there was no related party revenue. During the nine months ended February 28, 2025, there was approximately \$1.2 million of related party revenue from Customer E and approximately \$0.7 million of related party revenue from Customer F, neither of which is currently a customer of the Company.

Customer E is a subsidiary of an entity which, during the first quarter of fiscal year 2025, was deemed to beneficially own over 5% of the Company's outstanding common stock. As of July 25, 2024, the controlling individual of the entity filed a Schedule 13G to report the fact that as of the date thereof, the entity had ceased to be a beneficial owner of more than 5% of such class of securities.

Customer F is 60% owned by an individual who, during the first quarter of fiscal year 2025, was deemed to beneficially own over 5% of the Company's outstanding common stock. As of July 25, 2024, the individual filed a Schedule 13G to report the fact that as of the date thereof, the individual had ceased to be a beneficial owner of more than 5% of such class of securities.

*Base Electron*

Base Electron, Inc., a Nevada corporation, ("Base Electron") is an independent power producer owned and managed by a combination of third parties, as well as certain officers and directors of the Company acting in their individual capacities, for the purpose of developing stabilized power generation and infrastructure to support the broader AI industry.

The Company is party to a Guarantee (the "Guarantee") in favor of The Babcock & Wilcox Company ("B&W"), pursuant to which it has agreed to unconditionally and irrevocably guarantee the full and timely performance by Base Electron, of its obligations under a Design-Build Agreement, dated February 26, 2026, by and between Base Electron and B&W (the

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“Design-Build Agreement”). The Design-Build Agreement contemplates the engineering, procurement, construction and commissioning of a power generation facility with an expected nameplate capacity of approximately 1.2 GW anticipated to expand power and capacity supplied to the grid and utility customers in the Midcontinent Independent System Operator (“MISO”) region.

The Company may, in its sole discretion, terminate the Guarantee and all of its existing and future obligations thereunder upon the occurrence of any one of the following events, (i) the listing of Base Electron’s equity securities on a national securities exchange, (ii) the consummation by Base Electron of a financing transaction resulting in gross proceeds of at least \$50 million (provided that Base Electron is current in its payments to B&W), or (iii) the payment by the Company of a termination fee equal to either \$50 million (if paid by August 1, 2026 and Base Electron is current in its payments to B&W) or \$100 million. As of February 28, 2026, no liability has been recognized in the unaudited condensed consolidated financial statements, as the Company has determined that the likelihood of Base Electron failing to perform or the Company terminating the Guarantee is not probable.

In connection with and as partial consideration for the Company’s entry into the Guarantee, Base Electron issued to the Company approximately 10% of Base Electron’s outstanding equity. The investment in Base Electron will be accounted for at cost under ASC 321 as it is an equity security without a readily determinable fair value and will be evaluated quarterly for impairment indicators. There were no impairment indicators during the quarter. As of February 28, 2026, the Company determined the fair value of the investment was \$2.0 million, which was recorded as an other asset on the unaudited condensed consolidated balance sheets and a gain on change in fair value of investment on the unaudited condensed consolidated statements of operations.

*Other Related Party Transactions*

Related party transactions included within selling, general and administrative expense on the unaudited condensed consolidated statement of operations include software license fees of \$0.1 million during the three months ended February 28, 2026 and 2025, each, respectively, and \$0.2 million during the nine months ended February 28, 2026 and 2025, each, respectively, which were incurred with a company whose chairman is also a member of the Company’s Board of Directors.

**6. Debt**

The Company’s outstanding debt consisted of the following components (in thousands):

	Interest Rate	Maturity Date	February 28, 2026	May 31, 2025
2030 Senior Secured Notes	9.25%	December 2030	\$ 2,350,000	\$ —
Convertible Notes, senior unsecured <sup>(1)</sup>	2.75%	June 2030	450,000	450,000
DevCo Facility	8.00%	December 2027	87,104	—
SMBC Loan <sup>(2)</sup>	<sup>(2)</sup>	August 2026	—	375,000
Starion Ellendale Loan <sup>(3)</sup>	7.48%	February 2028	9,183	12,283
Cornerstone Bank Loan <sup>(4)</sup>	8.59%	March 2029	10,682	12,866
Starion Term Loan <sup>(5)</sup>	6.50%	July 2027	4,711	7,061
Other long-term debt <sup>(6)</sup>			31,439	12,275
Deferred financing costs, net of amortization			(250,444)	(181,329)
Less: Current portion of debt			(98,174)	(10,331)
Long-term debt, net			<u>\$ 2,594,501</u>	<u>\$ 677,825</u>

<sup>(1)</sup> The net carrying amount of the Convertible Notes was \$275.3 million and \$273.3 million and the remaining unamortized deferred financing costs related to the issuance was \$174.7 million and \$176.7 million, each as of February 28, 2026 and May 31, 2025, respectively.

<sup>(2)</sup> The SMBC Loan was guaranteed by APLD HPC TopCo LLC, a wholly-owned subsidiary of the Company, and was secured by a continuing security interest in all of the membership interests of the borrower, APLD HPC Holdings LLC, including a mortgage on certain properties as defined in the collateral agency, security and depositary agreement.

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During the quarter ended February 28, 2026, concurrent with the closing of the 2030 Senior Secured Notes offering (see below), the Company repaid in full the aggregate principal balance plus accrued interest. As of May 31, 2025, there were \$4.4 million of unamortized deferred financing costs. The average SOFR plus the applicable margin for the fiscal year ended May 31, 2025 was 7.82%.

- (3) The Starion Ellendale Loan is guaranteed by APLD ELN-01 LLC, a wholly-owned subsidiary of the Company, and is secured by a security interest in substantially all of the assets of the Ellendale Data Center Hosting facility (as defined in the Starion Ellendale Loan), and a security interest in the form of a collateral assignment of the Company's rights and interests in all master hosting agreements related to APLD ELN-01 LLC.
- (4) The Cornerstone Bank Loan is guaranteed by APLD GPU-01, LLC, a wholly-owned subsidiary of the Company, and is secured by a security interest in multiple Terms of Service Agreements for HPC based systems related to AI Cloud Computing Services, which are to be serviced at the Jamestown hosting facility.
- (5) The Starion Term Loan is guaranteed by APLD Hosting, LLC, a wholly-owned subsidiary of the Company, and is secured by the Jamestown hosting facility, a security interest in substantially all of the assets of APLD Hosting LLC, and interests in all master hosting agreements related to the Jamestown hosting facility. The Starion Term Loan Agreement contains customary covenants, representations and warranties and events of default. The Company is subject to a debt service coverage ratio and is in compliance as of February 28, 2026.
- (6) Inclusive in this number is \$12.0 million of proceeds from the issuance of two SAFE agreements which were accounted for as liabilities as well as two promissory notes the Company entered into during the second fiscal quarter for a total of approximately \$19.0 million.

#### *Remaining Principal Payments*

Below is a summary of the remaining principal payments due over the life of the term loans as of February 28, 2026 (in thousands):

FY26	\$	90,283
FY27		13,184
FY28		100,772
FY29		187,329
FY30		184,158
Thereafter <sup>(1)</sup>		2,367,393
Total	\$	<u>2,943,119</u>

- <sup>(1)</sup> Includes \$12.0 million of proceeds from the issuance of two SAFE agreements which were accounted for as liabilities.

#### *Letters of Credit*

As of February 28, 2026, the Company had letters of credit secured by cash totaling \$16.5 million. The Company has restricted cash related to its letters of credit and is required to keep these balances in separate accounts for the duration of the letter of credit agreements. The Company presents all restricted cash amounts with letter of credit terms of 12 months or less within the Restricted Cash caption within current assets and any amounts with related letter of credit terms of over 12 months in Other Assets.

#### *Revolving Credit Facility*

On November 10, 2025, the Company entered into a loan and security agreement with First National Bank of Omaha, pursuant to which the lender agreed to make one or more revolving loans, and issue letters of credit, from time to time to the Company in an aggregate principal amount of \$65 million. Amounts borrowed and repaid are available for future borrowing. Interest accrues on the outstanding balance at a rate of SOFR plus 2.75% per annum. Additionally, there is an unused facility fee of 0.35% per annum based on the daily average unused amount, payable quarterly in arrears at the end of each quarter. The loan is secured by all of the Company's (but none of its subsidiaries') assets. As of February 28, 2026, approximately \$61.9 million of letters of credit were issued under the revolving credit facility.

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*Promissory Note*

On September 9, 2025, APLD FAR-01 LLC, a subsidiary of the Company, entered into a promissory note (the “Promissory Note”) with Macquarie Equipment Capital, Inc., a Delaware corporation (“MEC”). The Promissory Note provided for an initial principal sum of \$50 million (the “Loan”), which was drawn on the Closing Date.

The Loan bore interest at 8.0% per annum. From the Closing Date and for the succeeding twelve months (the “PIK Period”), accrued interest was to be paid in kind, with such payment in kind being capitalized to principal monthly and at such other times as specified in the Promissory Note. After the PIK Period, accrued interest was to be paid in cash in certain circumstances. The Promissory Note was to mature on the earliest of (i) the date of acceleration of the Loan, (ii) February 1, 2026, if the 200 MW Lease Execution (as defined therein) has not occurred on or before October 31, 2025, or (iii) September 9, 2027.

The Loan could be accelerated and the Company required to prepay the full outstanding principal balance of the Promissory Note, together with accrued interest to the date of prepayment on the principal amount prepaid and any other amounts then due and payable, upon the occurrence of any of the following conditions: (a) a Change of Control (as defined therein), (b) within ninety (The Company may voluntarily prepay all or part of the Promissory Note at any time with no less than three (3) business days’ notice with accrued interest to the date of prepayment on the principal amount prepaid, so long as, with respect to the portion of the Loan then being prepaid, in each case, such prepayment is accompanied by the payment of amounts sufficient to achieve a rate of return that equals or exceeds 1.10 to 1.00. The same 1.10x return hurdle applied to repayment at maturity. Amounts repaid under the Promissory Note are not available to be re-borrowed.

Proceeds of the Loan under the Promissory Note were used, in part, to (i) pay transaction costs, (ii) pay transaction expenses in connection with the Note Documents (as defined therein), (iii) fund the purchase of the financed properties located on the Company’s campus in Harwood, ND (“Polaris Forge 2”), including all associated closing costs, title fees, and legal expenses, (iv) finance improvements to the Polaris Forge 2 properties, (v) fund the purchase of the Transformers (as defined therein) and other equipment expected to be installed and used for the improvements of the Polaris Forge 2 properties, (v) to pay any other costs, fees, expenses, or amounts related to or in connection with the development and construction of Polaris Forge 2, and (vi) for general corporate working capital purposes.

In connection with the Loan, (i) APLD FAR-01 LLC, APLD FAR Holdings LLC (“Intermediate Holdings”), a Delaware limited liability company, as parent of the APLD FAR-01 LLC, and APLD FAR-02 LLC (“FAR-02”), a Delaware limited liability company, as a subsidiary of Intermediate Holdings, entered into a guarantee and collateral agreement, as grantors thereunder, in favor of the Lender (the “Guarantee and Collateral Agreement”).

On November 28, 2025, the Company repaid the Promissory Note in full, including all outstanding and unpaid principal, accrued interest, and rate of return. As a result, the accrued interest and rate of return on the Macquarie Promissory Note of \$1.4 million was capitalized to CIP commensurate with the use of proceeds associated with construction.

*2030 Senior Secured Notes*

On November 20, 2025, APLD ComputeCo LLC (“Issuer”), a subsidiary of the Company, completed a private offering of 9.25% Senior Secured Notes due 2030 (the “2030 Notes”). The 2030 Notes were sold pursuant to the terms of a purchase agreement, dated as of November 13, 2025 and as amended thereafter, entered into by and among the Issuer, the subsidiary guarantors party thereto (the “Subsidiary Guarantors”) and Morgan Stanley & Co. LLC as the representative (the “Representative”) of the several initial purchasers (the “Initial Purchasers”) in a Rule 144A/Regulation S offering. The aggregate principal amount of Notes sold in the offering was \$2.35 billion.

The 2030 Notes were issued at a price equal to 97% of their aggregate principal amount. The Issuer intends to use the net proceeds from the offering to fund a portion of the construction and associated expenses of its 100 MW and 150 MW data centers, ELN-02 and ELN-03, respectively (the “Facilities”), at the Company’s 400MW Ellendale, North Dakota campus (“Polaris Forge 1”), repay the aggregate principal balance plus any accrued and unpaid interest under the SMBC Loan, fund debt service reserves, and pay transaction expenses.

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Also on November 20, 2025, the Issuer, APLD HPC Holdings 2 LLC (the direct parent of the Issuer) and the Subsidiary Guarantors entered into an indenture (the “Indenture”) with respect to the 2030 Notes with Wilmington Trust, National Association, as trustee (the “Trustee”) and collateral agent (the “Collateral Agent”). The 2030 Notes are senior secured obligations of the Issuer and bear interest at a rate of 9.25% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2026. The 2030 Notes will mature on December 15, 2030, unless earlier redeemed or repurchased in accordance with their terms. The principal amount of the 2030 Notes will amortize on a semi-annual basis on June 15 and December 15 of each year, beginning on December 15, 2027, in amounts set forth in the Indenture. Required amortization shall be subject to adjustment in case of partial redemption or repurchase or, in certain circumstances, the issuance of additional notes.

On or after December 15, 2027, the Issuer may redeem the 2030 Notes at its option, in whole at any time or in part from time to time, at the redemption prices set forth in the Indenture. Prior to December 15, 2027, the Issuer may redeem the 2030 Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the 2030 Notes redeemed, plus a “make-whole” premium and accrued and unpaid interest, if any. In addition, prior to December 15, 2027, the Issuer may redeem up to 40% of the aggregate principal amount of the 2030 Notes in an amount not to exceed the amount of the proceeds of certain equity offerings, at the redemption price set forth in the Indenture, plus accrued and unpaid interest.

The Indenture limits the ability of the Issuer and the Subsidiary Guarantors to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments; (iii) make certain investments; (iv) create or incur liens; (v) consummate certain asset sales; (vi) enter into sale and lease back transactions; (vii) hold assets or conduct operations unrelated to the operation of the Facilities and certain additional projects; (viii) engage in certain transactions with its affiliates; and (ix) merge, consolidate or transfer or sell all or substantially all of its assets. These covenants are subject to a number of important qualifications and exceptions as set forth in the Indenture. Additionally, upon the occurrence of specified change of control events, the Issuer must offer to repurchase the 2030 Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the purchase date. The Indenture also provides for customary events of default.

The Company will provide a customary completion guarantee with respect to each Project (as defined in the Indenture) related to the Facilities, which will require the Company to provide the Issuer funds as necessary to ensure the achievement of the applicable Commencement Date (as defined in the Indenture) under the respective data center lease in the event that the proceeds of the 2030 Notes and the available funds (including previous equity contributions from the Company) are insufficient to do so.

As of February 28, 2026, remaining unamortized deferred financing costs related to the issuance of the loan was \$6.4 million.

DevCo Facility

On December 18, 2025, APLD DevCo LLC (the “Borrower”), a subsidiary of the Company, entered into an ongoing credit arrangement with MEC (as defined above), for the purposes of funding the initial sourcing, planning, development and construction costs associated with a new data center project (the “DevCo Facility”) and other potential projects.

The DevCo Facility is evidenced by, among other documents, that certain Promissory Note (as amended, the “Promissory Note”) executed by the Borrower in favor of MEC. The Promissory Note provides for a principal sum of (a) \$45 million (the “First Draw”), which was drawn on the Initial Closing Date, plus (b) \$40 million (the “Second Draw”) which was drawn on February 24, 2026, plus (c) \$15 million (the “Third Draw,” and, together with the First Draw and the Second Draw, collectively, the “Initial Loan” and each, individually, a “Draw”), with the Third Draw to be funded upon the Borrower’s request at any time after the Initial Closing Date subject to satisfaction of or waiver by MEC of certain conditions precedent on or prior to the Third Draw, plus (d) the principal sum of any Additional Loans (as defined below, and, together with the Initial Loan, the “Loan”), if applicable, made by MEC (at the mutual consent of the Borrower and MEC).

In addition, the Promissory Note provides for, upon request of the Borrower occurring prior to the Maturity Date (as defined below), (a) rolling over of the outstanding principal balance of the Loan from time to time into one or more loans

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for one or more new projects (such rollovers, the “Rollover Loans”), or (b) increasing the size of the existing Loan by advancing new loans to the Borrower (such loans, the “Additional Loans”), in either case, for the purpose of financing development activities at new or existing data center projects at direct or indirect, wholly owned domestic subsidiaries of the Borrower, each of which shall become a guarantor with respect to such Additional Loans or Rollover Loans, as applicable, subject to the prior written approval of MEC (in its sole discretion) and the satisfaction of the conditions specified by MEC.

Each Draw is fully committed, but any Additional Loans or Rollover Loans made by MEC under the Promissory Note would be on an uncommitted, discretionary basis (with no specified maximum borrowing limit for any Additional Loans or Rollover Loans).

The Loan shall bear interest at 8.0% per annum, unless an Event of Default (as defined therein) has occurred and is continuing, in which case, the Secured Obligations (as defined therein) shall bear interest at the sum of 8.0% per annum plus an additional 1.50% per month (the “Post-Default Rate”).

The Borrower may voluntarily prepay all or part of the Promissory Note at any time with no less than three (3) business days’ notice with accrued interest to the date of prepayment on the principal amount prepaid, so long as, (a) with respect to the amount outstanding under the First Draw, such prepayment is accompanied by the payment of amounts sufficient to achieve a rate of return that equals 1.25 to 1.00; provided that, such rate of return shall be reduced to (i) on or prior to the date that is four (4) months after the date on which the First Draw is funded, 1.06:1.00 or (ii) after the date that is four (4) months after the date on which the First Draw is funded but prior to the date that is twelve (12) months after the date on which the First Draw is funded, 1.10:1.00; (b) with respect to the amount outstanding under the Second Draw, such prepayment is accompanied by the payment of amounts sufficient to achieve a rate of return that equals 1.25 to 1.00; provided that, (x) if the Second Draw is funded within six (6) months of the date on which the First Draw is funded, and the prepayment occurs at any time thereafter, such rate of return shall be reduced to (i) on or prior to the date that is four (4) months after the date on which the Second Draw is funded, 1.06:1.00 or (ii) after the date that is four (4) months after the date on which the Second Draw is funded but prior to the date that is twelve (12) months after the date on which the Second Draw is funded, 1.10:1.00 and (y) if the Second Draw is funded more than within six (6) months after the date on which the First Draw is funded, and such prepayment occurs at any time thereafter, such rate of return shall be reduced to, after the date that is six (6) months after the date on which the First Draw is funded but prior to the date that is twelve (12) months after the date on which the First Draw is funded, 1.10:1.00; and (c) with respect to the amount outstanding under the Rollover Loans (as defined below) or any Additional Loans, such prepayment is accompanied by the payment of amounts sufficient to achieve a rate of return on capital as determined by mutual agreement of MEC and the Borrower. The same return hurdles apply to repayment at maturity.

The Loan matures on the earliest of (i) the date of acceleration of the Loan, (ii) July 18, 2026, if the Initial Lease Execution (as defined therein) has not occurred on or before April 18, 2026, or (iii) December 18, 2027 (the “Maturity Date”). As such, as of February 28, 2026, the Promissory Note is classified as current portion of debt on the unaudited condensed consolidated balance sheet.

Proceeds from the Loan will be used, in part, to (i) pay transaction expenses, and (ii) fund the purchase, development and improvement of, and the purchase of equipment for, the Company’s latest new project under development.

In connection with the Loan, (i) APLD Intermediate HoldCo LLC, a Delaware limited liability company, as direct parent of the Borrower (“Intermediate Holdings”), the Borrower, and the Borrower’s subsidiaries have entered into a guarantee and collateral agreement, as grantors thereunder, in favor of MEC (the “Guarantee and Collateral Agreement”), and (ii) the Company has entered into a parent guarantee in favor of MEC to guarantee the obligations of the Note Parties under the Promissory Note.

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**7. Balance Sheet Components**

Certain balance sheet components are as follows (in thousands):

	February 28, 2026	May 31, 2025
<b>Prepaid expenses and other current assets</b>		
Short term equipment deposit	\$ 380,824	\$ —
Deferred issuance costs	2,800	5,469
Short term lease incentive	4,380	1,290
Prepaid expenses	14,136	1,421
Other current assets	76,565	1,472
<b>Total Prepaid expenses and other current assets</b>	<b>\$ 478,705</b>	<b>\$ 9,652</b>

	February 28, 2026	May 31, 2025
<b>Other assets</b>		
Long term lease incentive	\$ 201,810	\$ 84,416
Restricted cash	178,810	7,000
Deposits on assets & construction	40,424	69,500
Deferred construction costs	12	45
Deferred lease costs	12,566	7,342
Derivative assets <sup>(1)</sup>	98,833	—
Investments in other companies <sup>(2)</sup>	43,620	6,073
Investment in related party <sup>(3)</sup>	2,000	—
Other	15,633	4,977
<b>Total Other assets</b>	<b>\$ 593,708</b>	<b>\$ 179,353</b>

<sup>(1)</sup> Balance as of February 28, 2026 consists of the fair value of derivative assets related to the preferred units and corresponding common units held by APLD HPC TopCo 2's noncontrolling interest. See *Note 13 - Temporary Equity* and *Note 8 - Derivative Assets* for further discussion.

<sup>(2)</sup> Includes \$20.9 million of warrants and \$4.4 million of common shares issued by B&W to the Company in association with the Company's investment in B&W. See further discussion of the transaction in *Note 8 - Derivative Assets*. The balance also includes a \$15.0 million investment by the Company in Corintis SA ("Corintis") in exchange for Series A1 preferred shares, approximating 6% of Corintis's outstanding equity. The Series A1 preferred shares are convertible preferred shares with no redemption rights. The investment in Corintis will be accounted for at cost under ASC 321 as it is an equity security without a readily determinable fair value and will be evaluated quarterly for impairment indicators. There were no impairment indicators during the quarter.

<sup>(3)</sup> Includes a \$2.0 million investment in Base Electron. See further discussion of the transaction in *Note 5 - Related Party Transactions*.

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	February 28, 2026	May 31, 2025
<b>Accrued liabilities</b>		
Accrued construction payables	\$ 266,709	\$ —
Accrued expenses	42,656	23,354
Accrued interest	64,323	2,694
Other accrued liabilities	3,297	4,073
Total Accrued liabilities	\$ 376,985	\$ 30,121

	February 28, 2026	May 31, 2025
<b>Other current liabilities</b>		
Construction retainer	\$ 65,494	\$ 19,338
Other	24	93
Total Other current liabilities	\$ 65,518	\$ 19,431

### 8. Derivative Assets

#### *APLD HPC TopCo 2's Noncontrolling Interest*

The preferred units and corresponding common units associated with AP LD HPC TopCo 2's noncontrolling interest were determined to have embedded derivative features, the Redemption features and the Contingent Dividend Rate Increase feature, requiring bifurcation and remeasurement at fair value at each reporting date, with the changes in fair value recorded through earnings. The Redemption features are inclusive of the Investor put option upon a Sale, AP LD Holdings call option, and the Distribution Redemptions (all as defined within the A&R UPA). Due to these redemption rights, at each balance sheet date, the Company is required to adjust the carrying value of the derivatives to fair value and record any changes in fair value within earnings. The Company engaged a third party valuation specialist in determining the value of the embedded derivatives using a binomial lattice model, which includes Level 3 unobservable inputs. The key inputs used were the estimated credit spread of the associated preferred stock and corresponding common units, volatility, and risk-free rate of the derivative assets:

	October 6, 2025	December 9, 2025	February 28, 2026
Expected maturity date	October 6, 2032	October 6, 2032	October 6, 2032
Credit spread (annual)	9.00 %	9.50 %	9.62 %
Yield volatility	35.00 %	35.00 %	35.00 %
Put right/trigger event	de minimus	de minimus	de minimus
Risk-free rate	USD Yield Curve	USD Yield Curve	USD Yield Curve
Number of time-steps	100	100	100

As of February 28, 2026, the derivative assets were fair valued at \$98.8 million. During the three and nine months ended February 28, 2026, the Company recorded a gain on change in fair value of derivatives of \$3.3 million for each of the periods on the unaudited condensed consolidated statement of operations.

#### *B&W Warrants*

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On November 4, 2025, the Company and B&W entered into an agreement under which the Company contributed \$2.0 million to B&W in exchange for 500,000 shares of B&W's common stock and a warrant to purchase 2.6 million shares of B&W's common stock with an exercise price of \$4.11 (the "Initial Warrant"). Additionally, under the agreement, to incentivize the Company to execute a definitive agreement with B&W related to B&W designing and installing natural gas technology that will provide one gigawatt of efficient energy for an APLD AI data center, B&W agreed to issue an additional warrant to purchase 7,860,000 shares of common stock for \$4.11 per share (the "Additional Warrant") to the Company upon execution of such a definitive agreement. During the quarter ended February 28, 2026, a definitive agreement was executed between Base Electron and B&W, with the Company as the guarantor. See Note 5 - Related Party Transactions.

The warrants were determined to be derivative assets and were required to be measured at fair value at issuance under ASC 815. They will be remeasured at fair value at each reporting date with changes in fair value reported on the unaudited condensed consolidated statement of operations. To allocate the initial contribution between the common stock and the warrants, the Company determined the fair value of each and utilized the relative fair value allocation method. The B&W warrants are measured at fair value using the Black-Scholes Option Pricing model. Inherent in pricing models are assumptions related to expected share-price volatility, contractual term, risk-free interest rate and dividend yield, which are considered Level 3 inputs. The estimated fair value of the B&W Warrants are based on the following significant inputs:

	<b>November 4, 2025</b>	<b>February 28, 2026</b>
Time to expiry	7 years	6.68 years
Stock price	\$ 3.74	\$ 8.86
Volatility	115.0 %	107.5 %
Risk-free rate	3.84 %	3.65 %
Dividend yield	— %	— %

During the three and nine months ended February 28, 2026, the Company recorded gains of \$6.1 million and \$19.2 million, related to the change in fair value of derivatives, respectively, on the unaudited condensed consolidated statement of operations.

**9. Variable Interest Entity**

Based upon the criteria set forth in ASC 810, *Consolidation*, the Company consolidates variable interest entities ("VIEs") in which it has a controlling financial interest and is therefore deemed the primary beneficiary. A controlling financial interest will have both of the following characteristics: (a) the power to direct the VIE activities that most significantly impact economic performance; and (b) the obligation to absorb the VIE losses and the right to receive benefits that are significant to the VIE. As of November 30, 2025, the Company has determined that it was the primary beneficiary of one VIE, APLD HPC TopCo 2 LLC ("TopCo 2"), as it has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. Additionally, under the A&R UPA (as defined below), the Company is required to fund its portion of the equity to TopCo 2 for the applicable project at the rate of \$750,000 per MW of capacity (less any equity capital previously invested in the project by the Company or any of its subsidiaries).

As previously disclosed, on January 13, 2025, APLD HPC Holdings LLC (formerly, APLD ELN-02 Holdings LLC), an indirect wholly owned subsidiary of the Company, entered into a Unit Purchase Agreement (the "UPA") for its HPC Hosting Business with MIP VI HPC Holdings, LLC, an affiliate of Macquarie Asset Management ("MAM"). On February 11, 2025, APLD HPC Holdings LLC novated and assigned its rights, title and interests and duties, liabilities and obligations under the UPA to APLD HPC TopCo LLC, an indirect wholly-owned subsidiary of the Company ("TopCo 1"). On October 3, 2025, the Company, TopCo 1, APLD HPC TopCo 2 LLC, an indirect wholly-owned subsidiary of the Company, and MIP HPC Holdings, LLC (formerly, MIP VI HPC Holdings, LLC) entered into an Amended and Restated Unit Purchase Agreement (the "A&R UPA").

On October 6, 2025, TopCo 2, completed the initial closing under its A&R UPA, selling 112,500 preferred units for \$112.5 million and issuing 75,000 common units representing 7.5% of its fully diluted common equity. In addition,

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pursuant to the A&R UPA, on October 6, 2025, the Company issued warrants to purchase an aggregate of 2.4 million shares of the Company's common stock as described in *Note 11 - Warrants*. On November 25, 2025, TopCo 2 completed a second closing under its A&R UPA, selling 450,000 preferred units for \$450.0 million. On December 9, 2025, TopCo 2 completed a third closing under its A&R UPA, selling 337,500 preferred units for \$337.5 million and issuing an additional 27,778 common units. This brought the total amount funded to date under the A&R UPA to \$900.0 million as of quarter-end and MIP HPC Holdings, LLC holdings to 10% of TopCo 2's fully diluted common equity. The issuance of the preferred units at closing resulted in a redeemable noncontrolling interest - see *Note 13 - Temporary Equity* for further discussion.

The purpose of TopCo 2 is to design, build and operate high-performance, sustainably engineered data centers and colocation services for artificial intelligence, cloud, and networking workloads in North Dakota. TopCo 2 is a bankruptcy-remote legal entity with separate assets and liabilities. The creditors of TopCo2 have recourse to the Company's assets and general credits. The following table presents the assets and liabilities held by TopCo 2 as of February 28, 2026, which are included in the unaudited condensed consolidated balance sheets (in thousands):

	<b>February 28, 2026</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,364,118
Restricted cash	179,820
Accounts receivable	8,329
Prepaid expenses and other current assets	469,040
Property and equipment, net	2,752,211
Other assets	506,191
Total assets	<u>\$ 5,279,709</u>
<b>Liabilities:</b>	
Accounts payable	\$ 332,849
Accrued liabilities	355,340
Current portion of debt	11
Current deferred revenue	12,293
Other current liabilities	65,489
Long-term debt	2,276,420
Total liabilities	<u>\$ 3,042,402</u>

Third-party equity ownership interests in APLD HPC TopCo 2 LLC represents a noncontrolling interest and is presented as temporary equity in the unaudited condensed consolidated balance sheets separate from the Company's stockholders' equity. The amount of net income (loss) attributable to noncontrolling interests is disclosed in the unaudited condensed consolidated statement of operations.

## 10. Stockholders' Equity

### Common Stock

#### *June 2025 At-the-Market Sales Agreement*

On June 2, 2025, the Company entered into a Sales Agreement with Northland Securities, Inc. and Wells Fargo Securities, LLC (the "June 2025 Sales Agreement"), pursuant to which, up to \$200,000,000 of shares of the Company's common stock may be issued if and when sold. As of the date of this report, the Company has issued and sold approximately 15.3 million shares under the June 2025 Sales Agreement for gross proceeds of approximately \$196.4 million.

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*Increase In Authorized Shares*

On November 5, 2025, at the Annual Stockholders' Meeting, the Company's stockholders approved an amendment to the Second Amended and Restated Articles of Incorporation, increasing the number of shares of common stock authorized for issuance thereunder to 600,000,000 shares, which became effective upon filing on November 6, 2025.

**Treasury Stock**

*Retirement*

On October 7, 2025, the Board of Directors authorized and approved 9,291,199 shares of the Company's capital stock that was currently held in treasury stock to be retired and returned to the authorized but unissued capital stock.

*Settlement of Prepaid Forward Transaction*

On November 3, 2025, the Company's Prepaid Forward Transaction associated with the Convertible Notes matured and the Company received 7,165,300 shares of common stock which are now held in treasury stock as of February 28, 2026.

**11. Warrants**

A summary of warrant activity for the nine months ended February 28, 2026 is presented below:

	Warrants	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (Years)
Outstanding at May 31, 2025	18,097,718	\$ 7.63	8.52
Granted	10,793,611	10.20	8.52
Forfeited	—	—	—
Exercised	(800,300)	7.83	—
Outstanding at February 28, 2026	28,091,029	\$ 8.61	8.11

*AI Warrants*

The Company issued warrants to purchase up to 3,000,000 shares of Common Stock related to the AI Bridge Loan during the fiscal year ended May 31, 2024 (the "AI Warrants"). The AI Warrants are exercisable upon payment of the applicable exercise price in cash or through cashless exercise for a period of five years. 1,500,000 AI Warrants have an exercise price of \$10.00 per share of Common Stock and 1,500,000 AI Warrants have an exercise price of \$7.50 per share of Common Stock. As of February 28, 2026, all of the AI Warrants were outstanding.

*Macquarie Warrants*

On November 27, 2024, as partial consideration for the Macquarie Promissory Note, the Company issued warrants to purchase up to 1,035,197 shares of the Company's common stock. The Macquarie Warrants are exercisable from and after the date that is six months following the date of issuance thereof and will have a five and one-half-year term and an exercise price of \$9.66 per share, which exercise price must be paid in cash. The Macquarie Warrants survived the termination of the Macquarie Promissory Note and remain outstanding as of February 28, 2026.

*STB Warrant*

On February 27, 2025, the Company issued a warrant to STB Applied Holdings LLC to purchase 1,000,000 shares of the Company's common stock at the exercise price of \$7.83 per share (the "STB Warrant") for consideration of \$50,000. The warrant is exercisable upon payment of the applicable exercise price in cash or through cashless exercise for a period of five years from the Initial Exercise Date. As of February 28, 2026, 800,000 of the STB Warrants have been exercised for \$6.3 million.

*CoreWeave Warrants*

On May 28, 2025, in connection with the entry into the data center leases with CoreWeave (the "CoreWeave Leases"), the Company issued to CoreWeave a warrant (the "CoreWeave Warrant") to acquire up to 13,062,521 shares of the Company's

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common stock at an exercise price of \$7.19 per share, subject to adjustment in accordance with the terms and conditions set forth in the CoreWeave Warrant. The CoreWeave Warrant is exercisable upon issuance, upon payment of the applicable exercise price in cash or through cashless exercise for a period of 10 years. As of February 28, 2026, 300 warrant shares have been exercised through cashless exercise.

Additionally, on August 28, 2025, in connection with the entry into the Building 4 Lease, the Company issued to CoreWeave a warrant (the "Building 4 Warrant") to acquire up to 8,393,611 shares of the Company's common stock at an exercise price of \$10.75 per share, subject to adjustment in accordance with the terms and conditions set forth in the Building 4 Warrant. The Building 4 Warrant is on the same Form of Warrant as the initial warrant issued to CoreWeave on May 28, 2025, in connection with the data center leases entered into for Building 2 and Building 3.

The Building 4 Warrant was measured at fair value using the Black-Scholes Option Pricing model. Inherent in pricing models are assumptions related to expected share-price volatility, contractual term, risk-free interest rate and dividend yield, which are considered Level 3 inputs. The estimated fair value of the Building 4 Warrant was based on the following significant inputs:

	<b>Building 4 Warrant</b>
Contractual term	10 years
Volatility	80 %
Risk-free rate	4.18 %
Dividend yield	— %

The resulting fair value of the Building 4 Warrant was \$14.44 per share, totaling \$121.2 million, which was recorded to lease incentive asset and additional paid in capital on the Company's unaudited condensed consolidated balance sheets, and will be amortized over the life of the Building 4 Lease once it commences.

#### *MAM Warrants*

On October 6, 2025, in connection with the Amended and Restated Unit Purchase Agreement dated October 3, 2025 (the "Purchase Agreement"), the Company issued MIP VI REIT AIV, L.P. and MIP VI DC REIT AIV, L.P. two warrants (the "MAM Warrants") to acquire up to 2,400,000 shares of the Company's common stock at an exercise price of \$8.29 per share, subject to adjustment in accordance with the terms and conditions set forth in the warrants.

The MAM Warrants were measured at fair value using the Black-Scholes Option Pricing model. Inherent in pricing models are assumptions related to expected share-price volatility, contractual term, risk-free interest rate and dividend yield, which are considered Level 3 inputs. The estimated fair value of the MAM Warrants are based on the following significant inputs:

	<b>MAM Warrants</b>
Contractual term	5.5 years
Volatility	95 %
Risk-free rate	3.76 %
Dividend yield	— %

The resulting fair value of the MAM Warrants was \$24.47 per share, totaling \$58.7 million. The Company elected a relative fair value approach to record the warrants as part of the overall MAM transaction and as such, \$34.2 million, net of issuance costs, was recorded as additional paid in capital on the Company's unaudited condensed consolidated balance sheets.

## **12. Stock-Based Compensation Plans**

### *2024 Plan*

On October 8, 2024, the Company's Board of Directors approved the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (the "2024 Plan"), which the Company's stockholders approved on November 20, 2024. The 2024 Plan provides for grants of various equity awards for eligible employees, officers, non-employee directors and other service

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providers. Upon stockholder approval of the 2024 Plan, the 2022 Plans (as defined below) were terminated; provided that all awards (as defined in the 2022 Plans) outstanding under the 2022 Incentive Plan and the 2022 Non-Employee Director Stock Plan shall continue in effect in accordance with their terms.

On November 5, 2025, at the Annual Stockholders' Meeting, the Company's stockholders approved an amendment to the 2024 Plan to increase the number of shares of common stock authorized for issuance thereunder by 15,000,000 shares.

*2022 Plans*

On October 9, 2021, the Company's Board of Directors (the "Board") approved two equity incentive plans, which the Company's stockholders approved on January 20, 2022. The two plans consist of the 2022 Incentive Plan, previously referred to in the Company's SEC filings as the 2021 Incentive Plan (the "Incentive Plan"), which provides for grants of various equity awards to the Company's employees and consultants, and the 2022 Non-Employee Director Stock Plan previously referred to in the Company's SEC filings as the 2021 Non-Employee Director Stock Plan (the "Director Plan" and, together with the Incentive Plan, the "2022 Plans"), which provides for grants of restricted stock to non-employee directors and for deferral of cash and stock compensation if such deferral provisions are activated at a future date.

As of February 28, 2026, the Company had issued awards of approximately 23.2 million shares of common stock of the Company under the 2022 Plans, 18.9 million under the 2024 Plan, and 600,000 shares of common stock outside of either plan, related to an employment inducement award. As of February 28, 2026, there are approximately 6.6 million shares of common stock available for issuance under the 2024 Plan. During the three months ended February 28, 2026, under the 2024 Plan, the Company issued 100,000 shares to certain consultants as settlement for work performed.

The Company capitalizes a portion of stock-based compensation costs for employees who work directly on construction and development of the Company's data centers. The Company recognized stock-based compensation associated with the 2022 and 2024 Plans as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Cost of revenue	\$ 1,089	\$ 502	\$ 2,724	\$ 1,990
Selling, general, and administrative	47,932	8,668	88,961	7,415
Capitalized <sup>(1)</sup>	1,128	521	3,056	828
Total stock-based compensation	\$ 50,149	\$ 9,691	\$ 94,741	\$ 10,233

<sup>(1)</sup> Capitalized to CIP in the unaudited condensed consolidated balance sheets.

*Restricted Stock Awards*

The following is a summary of the activity and balances for unvested restricted stock awards granted during the nine months ended February 28, 2026:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding as of May 31, 2025	271,444	\$ 3.55
Granted	—	—
Vested	(15,397)	4.33
Forfeited	—	—
Outstanding as of February 28, 2026	256,047	\$ 3.50

As of February 28, 2026, total remaining expense to be recognized related to these awards was \$0.6 million and the weighted average remaining recognition period for the unvested awards was 1.2 years.

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*Restricted Stock Units*

The following is a summary of the activity and balances for unvested restricted stock units granted during the nine months ended February 28, 2026:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Outstanding as of May 31, 2025	6,659,830	\$ 6.56
Granted	5,532,549	25.16
Vested	(3,337,514)	8.80
Forfeited	(253,713)	8.76
Outstanding as of February 28, 2026	8,601,152	\$ 17.60

As of February 28, 2026, total remaining expense to be recognized related to these awards was \$134.4 million and the weighted average remaining recognition period for the unvested awards was 2.7 years.

*Performance Stock Units*

Performance stock units (“PSUs”) represent a right to receive a certain number of shares of common stock based on the achievement of performance goals and continued employment during the vesting period (provided that the PSUs may remain outstanding and eligible to vest following certain terminations during the vesting period). PSUs granted by the Company vest depending on the achievement of Company and individual performance financial, operational and/or market-price driven measures, which must occur on or prior to the deadline set forth in each applicable PSU award. The fair value of PSUs, except PSUs for which vesting is based on the market price, is based on the closing price on the date of grant. The compensation expense related to these PSUs is recognized over the vesting period when the achievement of the performance conditions becomes probable. The total compensation cost for the PSUs is determined based on the most likely outcome of the performance conditions and the number of awards expected to vest.

PSUs that Vest Based on Market Price

On January 6, 2026, the Company granted the CEO 4.5 million PSUs with market-price based and service-based vesting conditions. The awards vest based on the achievement of certain stock price targets as well as his continued employment with the Company (except that continued employment is not required if his employment is terminated by the Company without “cause,” he resigns for “good reason,” he dies or incurs a “disability,” or the Company elects not to renew his employment term). The total grant date fair value of the awards was determined to be \$122.1 million, with each tranche of the awards representing approximately \$42.7 million, \$40.6 million, and \$38.8 million of the total expense, respectively.

The fair value of the PSUs was calculated on the grant date using a Monte Carlo simulation model. The estimated fair value was based on the following significant inputs:

	<b>January 6, 2026</b>
Valuation date stock price	\$30.26
Simulation term	5.0 years
Expected volatility	100.62 %
Risk free rate	3.69 %
Dividend yield	— %

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The following is a summary of the activity and balances for unvested performance stock units granted during the nine months ended February 28, 2026:

	Number of Shares		Weighted Average Grant Date Fair Value Per Share	
Outstanding as of May 31, 2025	7,207,500	\$	6.59	
Granted	7,485,000		29.42	
Vested	—		—	
Forfeited	—		—	
Outstanding as of February 28, 2026	14,692,500	\$	18.22	

As of February 28, 2026, total remaining expense to be recognized related to these awards was \$202.9 million and the weighted average remaining recognition period for the unvested awards was 2.7 years.

**13. Temporary Equity**

**Preferred Stock**

The following is a summary of the activity and balances for preferred stock during the three and nine months ended February 28, 2025 (in thousands, other than share data):

	Series E Redeemable Preferred Stock		Series F Convertible Preferred Stock		Series E-1 Redeemable Preferred Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding as of November 30, 2024	301,673	\$ 6,932	43,000	\$ 43,000	6,359	\$ 5,850
Issuances, net of costs	—	—	—	—	33,404	30,437
Conversions	—	—	(43,000)	(43,000)	—	—
Redemptions	—	—	—	—	—	—
Outstanding as of February 28, 2025	301,673	\$ 6,932	—	\$ —	39,763	\$ 36,287

	Series E Redeemable Preferred Stock		Series F Convertible Preferred Stock		Series E-1 Redeemable Preferred Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding as of May 31, 2024	—	\$ —	—	\$ —	—	\$ —
Issuances, net of costs	301,673	6,932	53,191	48,350	39,763	36,287
Conversions	—	—	(53,191)	(48,350)	—	—
Redemptions	—	—	—	—	—	—
Outstanding as of February 28, 2025	301,673	\$ 6,932	—	\$ —	39,763	\$ 36,287

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The following is a summary of the activity and balances for preferred stock during the three and nine months ended February 28, 2026 (in thousands, other than share data):

	Series E Redeemable Preferred Stock		Series E-1 Redeemable Preferred Stock		Series G Convertible Preferred Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding as of November 30, 2025	281,673	\$ 6,432	62,260	\$ 56,796	43,250	\$ 41,990
Issuances, net of costs	—	—	—	—	154,500	149,927
Conversions	—	—	—	—	(197,750)	(191,917)
Redemptions	—	—	(71)	(68)	—	—
Outstanding as of February 28, 2026	281,673	\$ 6,432	62,189	\$ 56,728	—	\$ —

  

	Series E Redeemable Preferred Stock		Series E-1 Redeemable Preferred Stock		Series G Convertible Preferred Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Outstanding as of May 31, 2025	301,673	\$ 6,932	62,485	\$ 57,011	78,000	\$ 72,094
Issuances, net of costs	—	—	—	10	758,550	728,120
Conversions	—	—	—	—	(836,550)	(800,214)
Redemptions	(20,000)	(500)	(296)	(293)	—	—
Outstanding as of February 28, 2026	281,673	\$ 6,432	62,189	\$ 56,728	—	\$ —

*Series E Redeemable Preferred Stock*

During the fiscal year ended May 31, 2025, the Company closed on four offerings of the Series E Redeemable Preferred Stock (the "Series E Preferred Stock"). The Company sold total shares of 301,673 for proceeds of \$6.9 million net of issuance costs of \$0.6 million. The Series E Preferred Stock offering was terminated on August 9, 2024.

The shares of Series E Preferred Stock have no voting or conversion rights. Holders of the Series E Preferred Stock are entitled to receive cumulative dividends at a fixed rate of 9.0% per annum. Dividends are calculated based on a 360-day year, declared and accrued monthly, and payable at the discretion of the Board of Directors out of legally available funds. Dividends must be fully paid for all past periods before any distributions can be made to common stockholders or any junior series of equity securities. During the three and nine months ended February 28, 2026, the Company declared and paid approximately \$158,000 and \$498,000, respectively, of dividends related to Series E Preferred Stock as presented on the unaudited condensed consolidated statement of operations while during the three and nine months ended February 28, 2025, approximately \$170,000 and \$440,000, respectively, of dividends were declared and paid.

The Series E Preferred Stock ranks senior to all classes of common stock and junior to all existing and future debt of the Company. Additionally, it is on parity with any future series of preferred stock with substantially identical terms but may rank junior to any future series of preferred stock if the holders of such series are entitled to rights and preferences with priority over the holders of the Series E Preferred Stock. In the event of liquidation, holders are entitled to receive \$25.00 per share (the "Series E Stated Value") plus any accrued but unpaid dividends before any distributions are made to common stockholders. The Series E Preferred Stock has no stated maturity and remains outstanding indefinitely unless redeemed or repurchased by the Company.

Holders may require the Company to redeem any portion of their Series E Preferred Stock at any time for a "Settlement Amount" calculated as the Series E Stated Value plus any unpaid dividends, less a Holder Optional Redemption Fee, equal to a percentage of the Series E Stated Value based on the year when the redemption occurs as follows: 9.00% prior to the first anniversary of the respective tranche closing date (the "Original Issuance Date"); 7.00% on or after the first anniversary but prior to the second anniversary of the Original Issuance Date; 5.00% on or after the second anniversary but

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prior to the third anniversary of the Original Issuance Date: and 0.00% on or after the third anniversary of the Original Issuance Date. The Settlement Amount can be settled in cash or shares of common stock, subject to a share cap, which limits the total shares deliverable upon redemption to 19.99% of the common stock outstanding prior to the Series E Preferred Stock offering (25,475,751 shares, the "Share Cap"). Any portion of the Settlement Amount exceeding the Share Cap will be settled in cash.

The Company may also redeem shares of Series E Preferred Stock after the second anniversary of the original issuance date, with a minimum notice of 10 days, at the Company Optional Redemption Settlement Amount, which is equal to the Series E Stated Value per share plus any unpaid and accrued dividends. If the Company elects to pay the redemption amount in shares, then the number of shares to be delivered will be calculated as the Company Optional Redemption Settlement Amount divided by the closing price per share of the common stock on the date of the Company Optional Redemption exercise, subject to the Share Cap. During the nine months ended February 28, 2026, 20,000 shares of Series E Preferred Stock were redeemed.

*Series E-1 Redeemable Preferred Stock*

On September 23, 2024, the Company entered into a dealer manager agreement for the offering of up to 62,500 shares of Series E-1 Redeemable Preferred Stock, par value \$0.001 per share ("Series E-1 Preferred Stock"), at a price per share of \$1,000 (the "Series E-1 Stated Value"). During the fiscal year ended May 31, 2025, the Company closed on eight offerings in which the Company issued 62,500 shares for gross proceeds of \$62.5 million. The Series E-1 Preferred Stock offering was completed as of May 31, 2025.

The shares of Series E-1 Preferred Stock have no voting or conversion rights. Holders of the Series E-1 Preferred Stock are entitled to receive cumulative dividends at a fixed rate of 9.0% per annum of the Series E-1 Stated Value. Dividends are calculated based on a 360-day year, declared and accrued monthly, and payable at the discretion of the Board of Directors out of legally available funds. Dividends on the shares of Series E-1 Preferred Stock must be fully paid for all past periods before any distributions can be made to common stockholders or any junior series of equity securities. During the three and nine months ended February 28, 2026, the Company declared and paid approximately \$1.4 million and \$4.2 million, respectively of dividends related to the Series E-1 Preferred Stock as presented on the unaudited condensed consolidated statements of operations while during the three and nine months ended February 28, 2025, approximately \$370,000 and \$418,000, respectively, of dividends were declared and paid.

The Series E-1 Preferred Stock ranks senior to all classes or series of common stock and junior to all existing and future debt of the Company. Additionally, the Series E-1 Preferred Stock is on parity with the Series E Preferred Stock and any future series of preferred stock with substantially identical terms but may rank junior to any future series of preferred stock if the holders of such series are entitled to rights and preferences with priority over the holders of the Series E-1 Preferred Stock. In the event of liquidation, holders of the Series E-1 Preferred Stock and holders of shares of any other class or series of capital stock ranking senior to or on a parity with the Series E-1 Preferred Stock, are entitled to receive an amount per share equal to the Series E-1 Stated Value plus an amount per share that is issuable as a result of any accrued but unpaid dividends before any distributions are made to common stockholders. The Series E-1 Preferred Stock has no stated maturity and remains outstanding indefinitely unless redeemed or repurchased by the Company.

Holders may require the Company to redeem any portion of their Series E-1 Preferred Stock at any time for a "Settlement Amount" calculated as the Series E-1 Stated Value plus any unpaid dividends, less a Holder Optional Redemption Fee equal to a percentage of the Series E-1 Stated Value based on the year when the redemption occurs as follows: 9.00% prior to the first anniversary of the respective tranche closing date (the "Original Issuance Date"); 7.00% on or after the first anniversary but prior to the second anniversary of the Original Issuance Date; 5.00% on or after the second anniversary but prior to the third anniversary of the Original Issuance Date; and 0.00% on or after the third anniversary of the Original Issuance Date. The Settlement Amount can be settled in cash or shares of common stock at the sole option of the Company, subject to a share cap (if required by Nasdaq rules and regulations), which limits the total shares deliverable upon redemption to 19.99% of the common stock outstanding immediately prior to the Series E-1 Preferred Stock offering (25,889,470 shares, the "Share Cap"), unless approval by the Company's stockholders is obtained to exceed the Share Cap. Any portion of the Settlement Amount exceeding this cap will be settled in cash. Holders may not redeem any shares of Series E-1 Preferred Stock for common stock prior to the first anniversary of the Original Issuance Date.

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The Company may also redeem shares of the Series E-1 Preferred Stock after the second anniversary of the Original Issuance Date, with a minimum notice of 10 days, at a redemption price equal to the Series E-1 Stated Value plus any accrued but unpaid dividends. If the Company elects to pay the redemption amount in shares, then the number of shares to be delivered will be calculated as the Settlement Amount divided by the closing price per share of the common stock on the last trading day prior to the date upon which notice was provided to the holder, subject to the Share Cap, if applicable. During the nine months ended February 28, 2026, 296 shares of Series E-1 Preferred Stock were redeemed.

*Series G Convertible Preferred Stock*

On April 30, 2025, the Company entered into the Preferred Equity Purchase Agreement (the “PEPA”) with certain investors for the issuance and sale of up to 156,000 shares of Series G Convertible Preferred Stock (the “Series G Preferred Stock”) in a transaction (the “Private Placement”) pursuant to an exemption from registration under Section 4(a) (2) of the Securities Act of 1933, as amended (the “Securities Act”). The shares of the Series G Preferred Stock may be put to the investors from time to time at the Company’s discretion during the period commencing on April 30, 2025 (the “Commitment Date”) and terminating on the earlier of (i) the 36-month anniversary of the Commitment Date or (ii) such date as there ceases to be a sufficient number of authorized but unissued shares of common stock remaining under the Exchange Cap (as defined in the PEPA).

The Series G Preferred Stock became convertible on June 3, 2025, the Registration Effective Date (as defined in the PEPA). Pursuant to the PEPA, the Company filed a registration statement with the SEC, registering the resale of the shares of common stock issuable upon the conversion of the shares of Series G Preferred Stock, on June 3, 2025, as amended the post-effective amendment filed with the SEC on September 23, 2025, each of which was automatically effective upon filing. Conversion of the Series G Preferred Stock is subject to a customary 4.99% beneficial ownership limitation, as well as a 19.99% conversion limitation pursuant to the applicable Nasdaq Listing Rules (the “Exchange Cap”).

The Series G Preferred Stock ranks senior to all classes of common stock and junior to all existing and future debt of the Company. Upon any dissolution, liquidation or winding up, whether voluntary or involuntary, holders of the Series G Preferred Stock will be entitled to receive distributions out of the assets of the Company in an amount per share equal to the then-current Series G Preferred Stock stated value, whether capital or surplus, before any distributions are made on any shares of our common stock. The Series G Preferred Stock is on parity with the Series E Preferred Stock, Series E-1 Preferred Stock and any future series of preferred stock with substantially identical terms.

Holders have the right to require the Company to redeem the Series G Preferred Stock under certain conditions, such as a Trading Failure, as defined in the Series G Preferred Stock certificate of designation. If there is a Trading Failure, the redemption price is the greater of the Series G Preferred Stock stated value or the product of the lowest conversion price during the period beginning on the date immediately preceding the Trading Failure and ending on the date the holder delivers a Redemption Notice, multiplied by the number of shares of common stock into which the preferred stock is convertible at the then-effective conversion price.

If any Investor is prevented from converting any portion of its Series G Preferred Stock because of the Exchange Cap, and such limitation continues for 18 months following the date that is 18 months following the issuance of such Series G Preferred Stock, or, if earlier, the date that is 36 months following the Commitment Date, then the portion of the Series G Preferred Stock held by such Investor at such time shall be redeemed by the Company, within 10 trading days after such earlier date, at a price equal to 110% of the stated value of such Series G Preferred Stock.

On each conversion date, the conversion price for the Series G Preferred Stock being converted (the “Conversion Price”) will equal the greater of (i) 95% of the lowest daily Volume Weighted Average Price for each of the five trading days immediately preceding the conversion date and (ii) the initial floor price of \$4.25, which may be reduced by the Company at any time in its sole discretion, but in no event below \$1.34 (as may be adjusted from time to time, the “Floor Price”). Based on its initial stated value of \$1,000 per share and the \$4.25 initial Floor Price, each share of Series G Preferred Stock would be convertible into an aggregate of 236 shares of common stock. No right of conversion may be exercised by the Investors in excess of \$30 million of stated value, in the aggregate, per month, unless otherwise mutually agreed in writing by the Company and the holders holding a majority of the voting power of the Series G Preferred Stock outstanding at the time.

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On August 14, 2025, the Company entered into the first amendment (the “First Amendment”) to the PEPA to, among other things, (i) increase the aggregate commitment amount of the shares of Series G Preferred Stock from \$150 million to \$300 million, and (ii) increase its access to capital by removing the Put Limitation (as defined in the PEPA) that had previously limited the aggregate purchase price for any Put Issuance (as defined in the PEPA) to no more than \$75 million. In connection with the First Amendment, on August 14, 2025, the Company filed an amendment (the “First CoD Amendment”) to the Series G Certificate of Designation, originally filed with the Secretary of State of the State of Nevada on April 30, 2025. The First CoD Amendment amends the Series G Certificate of Designation to, among other things, (i) increase the initial Floor Price (as set forth in Section 1.5(c)(i) of the Series G Certificate of Designation) to \$12.50 from \$4.25, and (ii) change the limit below which the Floor Price may not be reduced (as set forth in Section 1.5(c)(ii) of the Series G Certificate of Designation) to \$4.33 from \$1.34. The Floor Price sets the minimum floor for the conversion price of the Series G Preferred Stock, which price may not be reduced unless the Company determines to do so in its discretion. The First CoD Amendment further amended the status of converted or repurchased preferred stock such that any shares of Series G Preferred Stock that have been or will be converted will be retired and resume the status of authorized but unissued shares.

On September 11, 2025, the Company entered into the second amendment (the “Second Amendment”) to the PEPA, as amended by the First Amendment, dated August 14, 2025 to, among other things, increase the aggregate commitment amount of the shares of Series G Convertible Preferred Stock from \$300 million to \$450 million. In connection with the Second Amendment, on September 11, 2025, the Company filed an amendment (the “Second CoD Amendment”) to the Series G Certificate of Designation, originally filed with the Secretary of State of the State of Nevada on April 30, 2025, as amended. The Second CoD Amendment amended the Series G Certificate of Designation, as amended, to increase the number of shares authorized for issuance as Series G Preferred Stock from 156,000 to 204,000 shares.

On September 25, 2025, the Company filed an amendment (the “Third CoD Amendment”) to the Series G Certificate of Designation, originally filed with the Secretary of State of the State of Nevada on April 30, 2025, as amended. The Third CoD Amendment amended the Series G Certificate of Designation, as amended, to increase the Floor Price (as set forth in Section 1.5(c)(i) of the Certificate of Designation) to \$22.00 from \$12.50.

On October 7, 2025, the Company entered into the third amendment (the “Third Amendment”) to the PEPA to, among other things, increase the aggregate commitment amount of the shares of the Series G Preferred Stock from \$450.0 million to \$590.0 million. In addition, on October 14, 2025, the Company filed a fourth amendment (the “Fourth CoD Amendment”) to the Series G Certificate of Designation, as amended. The Fourth CoD Amendment amended the Series G Certificate of Designation, as amended, to increase the Floor Price (as set forth in Section 1.5(c)(i) of the Certificate of Designation) to \$34.00 from \$22.00.

On October 21, 2025, the Company entered into the fourth amendment (the “Fourth Amendment”) to the PEPA to, among other things: (i) increase the aggregate commitment amount of the shares of Series G Preferred Stock, from \$590.0 million to \$1.59 billion; (ii) subject to waiver by a majority-in-interest of the investors, (a) set the maximum put issuance amount to \$75.0 million per issuance, (b) set the limit to one put issuance per seven (7) business day period, and (c) set the maximum aggregate stated value of Series G Preferred Stock outstanding at any one time to \$75.0 million; (iii) increase the original discount from 2% to 3%; (iv) eliminate the placement agent fee; and (v) eliminate the prohibition on Variable Rate Transactions (as defined in the PEPA). On October 21, 2025, in connection with the entry into the Fourth Amendment, the the Company filed an amendment (the “Fifth CoD Amendment”) to the Series G Certificate of Designation, originally filed with the Secretary of State of the State of Nevada on April 30, 2025, as amended on each of August 14, 2025, September 11, 2025, September 25, 2025 and October 14, 2025 (as amended, the “Certificate of Designations”). The Fifth CoD Amendment amended the Certificate of Designations to, among other things, (i) increase the authorized shares of Series G Preferred Stock from 204,000 shares to 1,030,000 shares, and (ii) increase the limit below which the Floor Price (as defined in Section 1.5(c)(ii) of the Certificate of Designations) may not be reduced from \$4.33 to \$4.48. In addition, under the Fifth CoD Amendment, the Company’s Board of Directors may increase or decrease the applicable Floor Price with respect to any put, at its sole discretion.

As Series G Preferred Stock may be reissued, during the three and nine months ended February 28, 2026, the Company issued and sold 154,500 and 758,550 shares of Series G Preferred Stock, respectively, for gross proceeds of \$150.0 million and \$740.0 million, respectively. During the three and nine months ended February 28, 2026, 197,750 and 836,550 shares

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of Series G Preferred Stock, respectively, were converted into 5.6 million and 49.2 million shares of the Company's common stock, respectively. As of February 28, 2026, no shares of Series G Preferred Stock were issued and outstanding.

**Redeemable Noncontrolling Interest**

*APLD HPC TopCo 2 LLC*

As discussed within *Note 9 - Variable Interest Entity* above, AP LD HPC TopCo 2 LLC ("TopCo 2") completed three closings under its A&R UPA as of February 28, 2026, issuing 900,000 preferred units and 102,778 corresponding common units for \$900.0 million to MIP HPC Holdings, LLC, which resulted in a redeemable noncontrolling interest.

The preferred units accrue dividends at a rate of 12.75% per annum, which accrue daily and compound semi-annually, and which, if not redeemed by then, will increase by 87.5 basis points on each of October 7, 2030 and October 7, 2031, and by 200 basis points on October 7, 2035 and each one-year anniversary thereof, up to a maximum rate of 16.75%. The dividend rate will be further increased (i) by the amount that the weighted average all-in annual interest rate on certain indebtedness exceeds 8.75% per annum for so long as such indebtedness is outstanding and (ii) for so long as certain significant events of default or other "trigger events" under the A&R LLCA remain uncured, by 200 basis points per annum. Subject to limited exceptions, the dividends are payable (i) from the initial closing through October 6, 2035, at TopCo 2's election, either in cash or in kind, and (ii) after October 6, 2035, in cash only.

Additionally, the preferred units carry a minimum 1.80x multiple of invested capital liquidation preference, inclusive of the value of the common units; provided, that (x) in connection with an initial public offering or a drag-along sale in which the sellers receive highly liquid securities, the minimum multiple of invested capital increases to 2.00x and (y) with respect to any additional equity contributions with respect to the Polaris Forge 1 (other than pursuant to the additional closings under the A&R UPA), the then applicable minimum multiple of invested capital will be reduced by an amount that reflects the time between when MIP HPC Holdings, LLC first committed to make the investment and when the actual contribution is made, calculated as interest at a fixed annual rate of 12.75%, accruing daily, on the amount of such additional equity contribution for such period.

The preferred units and the common units are redeemable after April 6, 2028, in exchange for: (i) from April 6, 2028 up to October 6, 2029, the sum of (x) the applicable minimum multiple of invested capital, plus (y) 120% of the fair market value of such common unit(s); (ii) from October 6, 2029 up to October 6, 2030, the sum of (x) the applicable minimum multiple of invested capital, plus (y) 112.5% of the fair market value of such common unit(s); and (iii) from and after October 6, 2030, the greater of (x) the accreted amount, plus any accrued and unpaid dividend, plus the fair market value of such common units, plus certain indemnity payments by TopCo 2 for breaches of business representations of the TopCo 2 under the A&R UPA, if any, and (y) the applicable multiple of invested capital minus certain indemnity payments by the Company for breaches of fundamental representations of the Company under the A&R UPA (such greater amount, the "Liquidation Preference Amount").

If the preferred units and common units are outstanding on October 6, 2032, or if certain trigger events occurs and are not cured within specified time periods, MIP HPC Holdings, LLC may require TopCo 2 to commence a customary marketed sale process managed by an independent investment bank, where the proceeds of any such sale are to be used to redeem the preferred units and the common units on the terms set forth above.

Distributions of available excess cash will be made in accordance with a multi-tiered waterfall, generally as follows: (i) first, to MIP HPC Holdings, LLC, to pay certain specified losses under the A&R UPA, if any; (ii) second, to MIP HPC Holdings, LLC, to pay any accrued but unpaid dividends on its preferred units; (iii) third, to the MIP HPC Holdings, LLC, until it has received its Liquidation Preference Amount; and (iv) fourth, to the holders of common units, pro rata in accordance with the number of common units held by them.

The preferred units and corresponding common units were determined to have embedded derivative features, the Redemption features and the Contingent Dividend Rate Increase feature, requiring bifurcation and remeasurement at fair value at each reporting date, with the changes in fair value recorded through earnings. The Redemption features are inclusive of the Investor put option upon a Sale, AP LD Holdings call option, and the Distribution Redemptions (all as defined within the A&R UPA). The Company engaged a third party valuation specialist in determining the value of the

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embedded derivatives using a binomial lattice model, which includes Level 3 unobservable inputs. See Note 8 - Derivative Assets for further details. As the noncontrolling interest has embedded features that require bifurcation, the fair value at issuance was allocated between the components. As such, the net proceeds were first allocated to the derivatives at their fair value. The remainder of the proceeds were then allocated to the warrants and noncontrolling interests based on their relative fair values.

The balance sheets and operating activities of TopCo 2 are included in the Company's unaudited condensed consolidated financial statements. The Company adjusts net income in the unaudited condensed consolidated statements of operations to exclude the proportionate share of results that is attributable to the noncontrolling interest. Additionally, the Company presents the proportionate share that is attributable to the noncontrolling interest as temporary equity within the unaudited condensed consolidated balance sheets. This temporary equity presentation is the result of the noncontrolling interest being subject to certain redemption rights that are not entirely within the Company's control. Due to these redemption rights, at each balance sheet date, the Company is required to adjust the carrying value of the derivatives to fair value and record any changes in fair value within earnings. The Company will adjust noncontrolling interest for the attribution of net income (loss) and preferred dividends of TopCo 2 to the noncontrolling interest holder.

Net loss attributable to MIP HPC Holdings, LLC was \$28.7 million and \$31.9 million for the three and nine months ended February 28, 2026, respectively. The proportionate share of net income was accounted for as a reduction in deriving net income attributable to common stock in the Company's unaudited condensed consolidated statements of operations.

The carrying value of the noncontrolling interest was \$923.1 million as of February 28, 2026. There was no noncontrolling interest at May 31, 2025. The change in noncontrolling interest consists of \$891.0 million of contributions from noncontrolling interest, net of costs, \$32.0 million of preferred stock dividends paid in-kind, and \$0.1 million in current year net income attributable to non-controlling interest.

#### **14. Leases**

##### *Lessor Accounting*

On May 28, 2025, APLD ELN-02 LLC and APLD ELN-03 LLC, the Company's subsidiaries, each entered into a data center lease with CoreWeave, Inc. (together, the "CoreWeave Leases") to deliver up to an aggregate of 250 MW of infrastructure to host CoreWeave's HPC operations at Polaris Forge 1. The first lease is for the full capacity of Building 2, our 100 MW data center, which was completed and became operational in November 2025. The second lease is for the full capacity of Building 3, a 150 MW data center that is also under construction and is expected to become operational during the calendar year 2026.

On August 28, 2025, APLD ELN-02 C LLC, a subsidiary of the Company, entered into a third data center lease with CoreWeave to deliver an additional 150MW at Polaris Forge 1, bringing the total capacity under contract at Polaris Forge 1 to 400 MW. The Company has guaranteed the obligations of APLD ELN-02 C LLC under the data center lease. The third lease is for the full capacity of Building 4, which is currently in the design phase and is expected to be service-ready in middle of calendar year 2027.

On October 20, 2025, APLD FAR-01 LLC and APLD FAR-02 LLC, the Company's subsidiaries, entered into a data center lease with a U.S. based investment grade hyperscaler to deliver 200MW of critical IT load to support the hyperscaler's AI and HPC infrastructure at Polaris Forge 2, which is currently under construction. The initial 200 MW are phased within two buildings expected to begin to come online during the calendar year 2026.

A summary of minimum lease payments due from these leases is shown below. These amounts do not reflect future rental revenues from renewal or replacement of existing leases unless the Company is reasonably certain it will exercise the

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option or the lessee has the sole ability to exercise the option. Reimbursements of operating expenses and variable rent increases are excluded from the table below (in thousands):

	<b>Minimum Contracted Payments</b>	
FY26	\$	36,000
FY27		479,540
FY28		855,950
FY29		883,279
FY30		908,393
Thereafter		12,351,943
Total	\$	<u>15,515,105</u>

*Lessee Accounting*

From time to time, the Company enters into leases for equipment and office space. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Company presents operating and finance lease right of use assets and liabilities separately on the unaudited condensed consolidated balance sheets as their own captions, with the liabilities split between current and long-term.

Components of lease expense were as follows (in thousands):

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>February 28, 2026</b>	<b>February 28, 2025</b>	<b>February 28, 2026</b>	<b>February 28, 2025</b>
<b>Operating lease cost:</b>				
Operating lease expense	\$ 1,109	\$ 9,889	\$ 1,457	\$ 27,771
Short-term lease expense	13	166	1,002	251
Total operating lease cost	1,122	10,055	2,459	28,022
<b>Finance lease expense:</b>				
Amortization of right-of-use assets <sup>(1)</sup>	5,455	15,792	11,983	70,443
Interest on lease liabilities	715	5,064	1,735	14,343
Total finance lease cost	6,170	20,856	13,718	84,786
Variable lease cost	588	795	2,018	1,829
Total net lease cost	<u>\$ 7,880</u>	<u>\$ 31,706</u>	<u>\$ 18,195</u>	<u>\$ 114,637</u>

<sup>(1)</sup> Amortization of right-of-use assets is included within cost of revenues and selling, general and administrative expense in the unaudited condensed consolidated statements of operations.

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The following table represents the Company's future minimum lease payments as of February 28, 2026:

	<b>Operating Leases</b>	<b>Finance Leases</b>	<b>Total</b>
FY26	\$ 5,484	\$ 14,951	\$ 20,435
FY27	22,163	51,069	73,232
FY28	22,650	10,968	33,618
FY29	17,152	—	17,152
FY30	3,536	—	3,536
Thereafter	—	—	—
Total lease payments	70,985	76,988	147,973
Less: imputed interest	(7,833)	(5,335)	(13,168)
Total lease liabilities	63,152	71,653	134,805
Less: Current portion of lease liability	(18,101)	(51,151)	(69,252)
Long-term portion of lease liability	\$ 45,051	\$ 20,502	\$ 65,553

Supplemental cash flow and other information related to leases is as follows:

	<b>Nine Months Ended</b>	
	<b>February 28, 2026</b>	<b>February 28, 2025</b>
Weighted-average years remaining (in years):		
Operating leases	2.6 years	2.9 years
Finance leases	2.1 years	3.5 years
Weighted-average discount rate:		
Operating leases	7.6 %	7.7 %
Finance leases	9.9 %	10.5 %

**15. Commitments and Contingencies**

**Commitments**

*Energy Contracts*

As of February 28, 2026, the Company had a minimum commitment of approximately \$26.2 million related to the energy services agreement for its Jamestown, North Dakota co-hosting facility payable over, approximately, the next 0.9 years.

*Construction Contracts*

The Company routinely engages with construction vendors for the construction of our facilities. These engagements are governed by contracts containing standard terms and conditions, including certain milestones that obligate the Company to pay as work is completed. In the event of termination of any of these contracts by the Company, the Company would be liable for all work that has been completed or in process, plus any applicable fees. The Company generally has the right to cancel these open purchase orders prior to delivery or terminate the contracts without cause.

*B&W Guarantee*

The Company is party to a Guarantee (the "Guarantee") in favor of The Babcock & Wilcox Company ("B&W"), pursuant to which it has agreed to unconditionally and irrevocably guarantee the full and timely performance by Base Electron, Inc., a Nevada corporation ("Base Electron"), of its obligations under a Design-Build Agreement, dated February 26, 2026, by and between Base Electron and B&W (the "Design-Build Agreement"). The Design-Build Agreement contemplates the engineering, procurement, construction and commissioning of a power generation facility with an expected nameplate capacity of approximately 1.2 GW anticipated to expand power and capacity supplied to the grid and utility customers in the MISO region.

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The Company may, in its sole discretion, terminate the Guarantee and all of its existing and future obligations thereunder upon the occurrence of any one of the following events, (i) the listing of Base Electron's equity securities on a national securities exchange, (ii) the consummation by Base Electron of a financing transaction resulting in gross proceeds of at least \$50 million (provided that Base Electron is current in its payments to B&W), or (iii) the payment by the Company of a termination fee equal to either \$50 million (if paid by August 1, 2026 and Base Electron is current in its payments to B&W) or \$100 million. As of February 28, 2026, no liability has been recognized in the unaudited condensed consolidated financial statements, as the Company has determined that the likelihood of Base Electron failing to perform or the Company terminating the Guarantee is not probable.

**Claims and Litigation**

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the ordinary course of business.

*Securities Lawsuit*

The Company, Wes Cummins, the Company's Chief Executive Officer, and David Rench, the Company's then Chief Financial Officer, have been named as defendants in a putative securities class action lawsuit in the matter styled, *McConnell v. Applied Digital Corporation, et al.*, Case No. 3:23-cv-1805, filed in August 2023 in the U.S. District Court for the Northern District of Texas (the "Securities Lawsuit"). Specifically, the complaint asserts claims pursuant to Section 10(b) and 20(a) of the Securities and Exchange Act of 1934 based on allegedly false or misleading statements regarding the company's business, operations, and compliance policies, including claims that the Company overstated the profitability of its Data Center Hosting Business and its ability to successfully transition into a low-cost cloud services provider and that the Company's board of directors was not "independent" within the meaning of Nasdaq listing rules. On May 22, 2024, the court appointed lead plaintiff and approved lead counsel, and on July 22, 2024, lead plaintiff filed an amended complaint which asserts the same claims based on similar allegations in the original complaint. On September 20, 2024, the defendants filed a motion to dismiss the amended complaint. On November 19, 2024, lead plaintiff filed his opposition to the Motion to Dismiss. On January 3, 2025, the defendants filed their reply in further support of the Motion to Dismiss. On September 8, 2025, the Court issued an order staying the Securities Lawsuit and administratively closing it pending resolution of the Motion to Dismiss.

The Company is unable to estimate a range of loss, if any, that could result were there to be an adverse final decision in the Securities Lawsuit. If an unfavorable action were to occur, it is possible that the impact could be material to the Company's results of operations in the period(s) in which any such outcome becomes probable and estimable.

*Derivative Lawsuit*

On November 15, 2023, a derivative action was filed in the matter styled, *Weich v. Cummins, et al.*, Case No. A-23-881629-C in the District Court of Clark County, Nevada (the "Derivative Lawsuit"). The Weich complaint named as defendants certain members of the Company's Board of Directors and its Chief Executive Officer Wesley Cummins and purports to name the Company's then Chief Financial Officer David Rench as a defendant. The complaint asserted claims for breach of fiduciary duties, corporate waste and unjust enrichment based upon allegations that the defendants caused or allowed the Company to make materially false and misleading statements regarding the Company's business, operations, and compliance policies. Specifically, the complaint alleged that the Company overstated the profitability of the Data Center Hosting Business and its ability to successfully transition into a low-cost cloud services provider and that the Board was not "independent" within the meaning of Nasdaq listing rules. On February 27, 2024, the derivative plaintiff filed an amended complaint asserting the same claims as the original complaint.

On June 5, 2024, following briefing and argument on the defendants' motion to dismiss the Derivative Lawsuit, the Court entered an order granting the defendants' motion without prejudice and dismissing all claims against all defendants, including the Company, on the grounds that the plaintiff failed to plead (1) demand futility as to each of plaintiff's claims or (2) a claim for breach of fiduciary duty. The order dismissed all claims against all defendants, including the Company. The plaintiff can seek leave to file an amended complaint but to date has not done so.

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The Company is unable to estimate a range of loss, if any, that could result were there to be an adverse final decision in this action. If an unfavorable action were to occur, it is possible that the impact could be material to the Company's results of operations in the period(s) in which any such outcome becomes probable and estimable.

As of February 28, 2026, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no legal proceedings in which any of the Company's management or affiliates is an adverse party or has a material interest adverse to the Company's interest.

**16. Business Segments**

The Company's business is made up of three operating segments: the Data Center Hosting Business, Cloud Services Business, and the HPC Hosting Business. These segments represent management's view of the business for which separate financial information is available and evaluated regularly by the Chief Operating Decision Maker ("CODM"), which is the Company's Chief Executive Officer.

The Company's CODM evaluates performance and makes operating decisions primarily based on revenue and segment profit (loss) on a consolidated basis and for each of the Company's reportable segments. Operating results by segment include costs or expenses directly attributable to each segment, which include selling, general, and administrative expenses, gain on classification of held for sale and loss on abandonment of assets. The Company derives the segment results from its internal management reporting system. The accounting policies the Company uses to derive reportable segment results are the same as those used for external reporting purposes. Segment revenues and segment profit are regularly reviewed by the CODM and compared against historical results, forecast and budget information in order to make decisions about how to allocate capital and other resources to each segment.

The Company does not allocate interest (income) expense, net, gain on change in fair value of derivatives, gain on change in fair value of investment, loss on conversion of debt, loss on change in fair value of debt, loss on extinguishment of debt, loss on change in fair value of warrants or income tax expense to these segments for internal reporting purposes, as the Company does not believe that allocating these expenses is beneficial in evaluating segment performance. The "Other" includes corporate related items not allocated to reportable segments for purposes of making operating decisions or assessing financial performance.

The following tables present segment information, including revenue by segment and segment profit (loss) for the three months ended February 28, 2026 and February 28, 2025 (in thousands):

	<b>Three Months Ended February 28, 2026</b>		
	<b>Data Center Hosting Business</b>	<b>Cloud Services Business</b>	<b>HPC Hosting Business</b>
Revenue	\$ 37,542	\$ 18,087	\$ 71,008
Costs and expenses:			
Cost of revenues	22,992	6,282	43,558
Selling, general and administrative <sup>(1)</sup>	688	4,242	9,885
Loss on classification of held for sale	—	59,650	—
Loss on abandonment of assets	3	107	—
Total costs and expenses	<u>23,683</u>	<u>70,281</u>	<u>53,443</u>
Segment profit (loss)	<u>\$ 13,859</u>	<u>\$ (52,194)</u>	<u>\$ 17,565</u>

<sup>(1)</sup> Does not include selling, general and administrative expense that is not allocated to reportable segments, such as certain amounts of stock-based compensation, personnel expenses, and professional service expenses.

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<b>Three Months Ended February 28, 2025</b>						
	<b>Data Center Hosting Business</b>		<b>Cloud Services Business</b>		<b>HPC Hosting Business</b>	
Revenue	\$	35,167	\$	17,754	\$	—
Costs and expenses:						
Cost of revenues		25,664		23,342		45
Selling, general and administrative <sup>(1)</sup>		723		4,720		177
Total costs and expenses		26,387		28,062		222
Segment profit (loss)	\$	8,780	\$	(10,308)	\$	(222)

<sup>(1)</sup> Does not include selling, general and administrative expense that is not allocated to reportable segments, such as certain amounts of stock-based compensation, personnel expenses, and professional service expenses.

The following tables present segment information, including revenue by segment and segment profit (loss) for the nine months ended February 28, 2026 and February 28, 2025 (in thousands):

<b>Nine Months Ended February 28, 2026</b>						
	<b>Data Center Hosting Business</b>		<b>Cloud Services Business</b>		<b>HPC Hosting Business</b>	
Revenue	\$	117,059	\$	53,207	\$	182,296
Costs and expenses:						
Cost of revenues		78,554		12,690		144,189
Selling, general and administrative <sup>(1)</sup>		2,138		5,188		23,921
Loss on classification of held for sale		—		59,650		—
Loss on abandonment of assets		515		598		1,240
Total costs and expenses		81,207		78,126		169,350
Segment profit (loss)	\$	35,852	\$	(24,919)	\$	12,946

<sup>(1)</sup> Does not include selling, general and administrative expense that is not allocated to reportable segments, such as certain amounts of stock-based compensation, personnel expenses, and professional service expenses.

<b>Nine Months Ended February 28, 2025</b>						
	<b>Data Center Hosting Business</b>		<b>Cloud Services Business</b>		<b>HPC Hosting Business</b>	
Revenue	\$	104,254	\$	71,313	\$	—
Related party revenue		1,926		—		—
Total segment revenue		106,180		71,313		—
Costs and expenses:						
Cost of revenues		70,607		91,359		100
Selling, general and administrative <sup>(1)</sup>		2,290		11,882		8,922
Gain on classification of held for sale		(24,616)		—		—
Loss on abandonment of assets		718		—		—
Total costs and expenses		48,999		103,241		9,022
Segment profit (loss)	\$	57,181	\$	(31,928)	\$	(9,022)

<sup>(1)</sup> Does not include selling, general and administrative expense that is not allocated to reportable segments, such as certain amounts of stock-based compensation, personnel expenses, and professional service expenses.

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The following tables present the reconciliation to net loss before income tax expense (in thousands):

	Three Months Ended		Nine Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
<b>Segment profit</b>				
Data Center Hosting Business	\$ 13,859	\$ 8,780	\$ 35,852	\$ 57,181
Cloud Services Business	(52,194)	(10,308)	(24,919)	(31,928)
HPC Hosting Business	17,565	(222)	12,946	(9,022)
Total segment (loss) profit	(20,770)	(1,750)	23,879	16,231
Other <sup>(1)</sup>	(64,897)	(17,193)	(135,522)	(44,305)
Operating loss	(85,667)	(18,943)	(111,643)	(28,074)
Interest (income) expense, net	(2,387)	8,897	18,883	23,687
Gain on change in fair value of derivatives	(9,417)	—	(22,543)	—
Gain on change in fair value of investment	(3,305)	—	(6,072)	—
Loss on conversion of debt	—	—	—	33,612
Loss on change in fair value of debt	—	—	—	85,439
Loss on change in fair value of warrants	—	6,421	—	6,421
Loss on extinguishment of debt	—	1,177	—	1,177
Net loss before income tax expense	<u>\$ (70,558)</u>	<u>\$ (35,438)</u>	<u>\$ (101,911)</u>	<u>\$ (178,410)</u>

<sup>(1)</sup> Other includes corporate related items not allocated to reportable segments.

We also provide the following additional segment disclosures (in thousands):

	Three Months Ended		Nine Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
<b>Depreciation and amortization:</b>				
Data Center Hosting Business	\$ 3,363	\$ 3,333	\$ 10,101	\$ 9,990
Cloud Services Business	2,289	14,403	2,289	66,355
HPC Hosting Business	14,415	982	19,828	3,056
Other <sup>(1)</sup>	746	60	1,334	183
Total depreciation and amortization <sup>(2)</sup>	<u>\$ 20,813</u>	<u>\$ 18,778</u>	<u>\$ 33,552</u>	<u>\$ 79,584</u>

<sup>(1)</sup> Other includes corporate related items not allocated to reportable segments.

<sup>(2)</sup> Includes amortization of the finance lease right-of-use assets.

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
Notes to the Condensed Consolidated Financial Statements (Unaudited)  
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Information on segment assets and a reconciliation to consolidated assets are as follows (in thousands):

	February 28, 2026	May 31, 2025
Data Center Hosting Business	\$ 119,634	\$ 141,764
Cloud Services Business	255,986	304,466
HPC Hosting Business	5,441,305	1,363,341
Total segment assets	5,816,925	1,809,571
Other <sup>(1)</sup>	429,893	60,519
Total assets	\$ 6,246,818	\$ 1,870,090

<sup>(1)</sup> Other includes corporate related items not allocated to reportable segments.

#### 17. Loss Per Share

Basic net income (loss) per share ("EPS") of common stock is computed by dividing a company's net earnings (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted EPS reflects the potential dilution that could occur if the securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

Potentially dilutive securities are excluded from the computation of diluted net loss per share as their inclusion would be anti-dilutive. The table below shows the calculation for earnings per share:

	Three Months Ended		Nine Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
Net loss	\$ (70,556)	\$ (35,555)	\$ (101,932)	\$ (178,528)
Net loss attributable to redeemable noncontrolling interest	(28,747)	—	(31,910)	—
Preferred dividends	(1,558)	(540)	(4,705)	(1,213)
Net loss attributable to common stockholders	\$ (100,861)	\$ (36,095)	\$ (138,547)	\$ (179,741)
Basic and diluted net loss per share attributable to common stockholders	\$ (0.36)	\$ (0.16)	\$ (0.51)	\$ (0.93)
Basic and diluted weighted average number of shares outstanding	281,982,553	222,454,578	271,670,830	193,405,721

As of February 28, 2026 and February 28, 2025, the Company had approximately 23.5 million and 10.9 million shares, respectively, of granted but unvested restricted stock awards, performance stock units, and restricted stock units that would have a potentially dilutive effect on earnings per share.

As of February 28, 2026 and February 28, 2025, the Company had approximately 2.5 million and 5.9 million shares, respectively, associated with the Company's preferred stock which have been excluded from the calculation of earnings per share because the effect of those shares would be antidilutive. Additionally, the Company had approximately 28.1 million and 4.0 million warrants outstanding as of February 28, 2026 and February 28, 2025, respectively, which have been excluded from the calculations of earnings per share because the effect of those shares would be antidilutive. Lastly, if the Company's Convertible Notes were converted into shares of the Company's common stock as of February 28, 2026, approximately 46.1 million shares were excluded from the calculations of earnings per share because the effect of those shares would be antidilutive.

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
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**18. Subsequent Events**

*2031 Senior Secured Notes*

On March 10, 2026, our subsidiary APLD ComputeCo 2 LLC, closed a \$2.15 billion offering (the “2031 Notes Offering”) of 6.750% senior secured notes due 2031 (the “2031 Notes”) at an issue price of 98.000%. The 2031 Notes were issued and sold in a private offering to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended, and outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. The 2031 Notes are senior secured obligations of APLD ComputeCo 2 LLC and bear interest at a rate of 6.750% per annum, payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2026. The principal amount of the 2031 Notes will amortize on a semi-annual basis on March 15 and September 15 of each year, in amounts set forth in the Indenture. The 2031 Notes will mature on March 15, 2031, unless earlier redeemed or repurchased in accordance with their terms. The 2031 Notes are fully and unconditionally guaranteed by the subsidiary guarantors, all of which are wholly owned subsidiaries of APLD ComputeCo 2. The Company provided a customary completion guarantee for the 2031 Notes Offering. The gross proceeds from the 2031 Notes Offering were deposited into a segregated escrow account pending the execution of an electric service agreement with certain providers on the terms and conditions of a related escrow agreement. Once the escrow release condition thereunder is satisfied, the escrowed funds will be released into the project accounts to fund the development and construction of the facilities. If the escrow release condition is not satisfied on or prior to June 30, 2026, or is deemed incapable of being satisfied by such date, the 2031 Notes will be subject to a special mandatory redemption at a price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest.

*B&W Warrants*

On November 4, 2025, the Company and Babcock & Wilcox Enterprises (“BWE”) entered into an agreement under which the Company contributed \$2.0 million to BWE in exchange for 500,000 shares of BWE’s common stock and warrants to purchase 2,600,000 shares of BWE’s common stock with an exercise price of \$4.11 (the “Initial Warrants”). Additionally, under the agreement, to incentivize the Company to execute a definitive agreement with B&W related to B&W designing and installing natural gas technology that will provide one gigawatt of efficient energy for an APLD AI data center, BWE agreed to issue additional warrants to purchase 7,860,000 shares of common stock for \$4.11 per share (the “Additional Warrants”) to the Company upon execution of such a definitive agreement between B&W and the Company. As described in *Note 5 - Related Party Transactions* and *Note 8 - Derivative Assets*, on February 26, 2026 a definitive agreement was executed between Base Electron and B&W, with the Company as the guarantor. Subsequent to the end of the quarter, the Company entered into an Assignment and Assumption Agreement, by and among the Company, Base Electron, BWE and B&W, pursuant to which the Company partially assigned its rights with respect to the Additional Warrants (such partial assignment representing the right to purchase up to 5,230,000 shares of BWE common stock) to Base Electron. The warrants were assigned by the Company to Base Electron in connection with Base Electron’s entry into a Design-Build Agreement with B&W. On March 18, 2026, the Company received the remaining Additional Warrants (representing the right to purchase up to 2,630,000 shares of BWE common stock). Base Electron is an independent power producer owned and managed by a combination of third parties, as well as certain officers and directors of the Company acting in their individual capacities, for the purpose of developing stabilized power generation and infrastructure to support the broader AI industry.

*CoreWeave Restructuring Agreements*

On March 30, 2026, the Company and CoreWeave amended the lease for Building 2 (the “ELN-02 Parent Lease”) to suspend the term for two of the four data halls covered by the lease (the “ELN-02 Parent Lease Amendment”) and the Company entered into a new data center lease with CoreWeave Compute Acquisition Co. VIII, LLC (“CoreWeave SPV”), a wholly owned subsidiary of CoreWeave, for those same two data halls on substantially the same terms as the ELN-02 Parent Lease (the “ELN-02 SPV Lease”). The ELN-02 SPV Lease is conterminous with the initial term of the ELN-02

**APPLIED DIGITAL CORPORATION AND SUBSIDIARIES**  
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Parent Lease. Upon the expiration or earlier termination of the ELN-02 SPV Lease, the suspended term under the ELN-02 Parent Lease will resume and all four data halls of Building 2 will once again be governed by the ELN-02 Parent Lease.

As further credit enhancement, CoreWeave delivered to APLD ELN-02 LLC an Unconditional Springing Guaranty of Payment and Performance (the “ELN-02 Guaranty”) in connection with CoreWeave SPV’s obligations under the ELN-02 SPV Lease.

CoreWeave is obligated to provide a letter of credit in the amount of \$50,000,000 to secure obligations under the ELN-02 Parent Lease within 30 days of March 30, 2026.

In addition, on March 30, 2026, CoreWeave entered into an Assignment, Assumption and Consent Agreement with CoreWeave SPV and APLD ELN-03 LLC (the “Assignment Agreement”), assigning all of CoreWeave’s rights and obligations under its lease with the Company for Building 3 (the “ELN-03 Parent Lease”) to CoreWeave SPV for the remaining term of the ELN-03 Parent Lease and releasing CoreWeave from the ELN-03 Parent Lease. In addition, CoreWeave also provided an Unconditional Springing Guaranty of Payment and Performance in connection with CoreWeave SPV’s obligations under the ELN-03 Parent Lease (the “ELN-03 Guaranty”), similar to the ELN-02 Guaranty.

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

### Forward-Looking Statements

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. You can identify these forward-looking statements through our use of words such as “will,” “may,” “can,” “anticipate,” “assume,” “should,” “indicate,” “would,” “believe,” “contemplate,” “expect,” “seek,” “estimate,” “continue,” “plan,” “point to,” “project,” “predict,” “could,” “intend,” “target,” “potential” and other similar words and expressions of the future. Statements that contain these words and other statements that are forward-looking in nature should be read carefully because they discuss future expectations, contain projections of future results of operations or of financial positions, or state other “forward-looking” information.

These statements are based on our management’s beliefs and assumptions, which are based on currently available information. Our actual results, and the assumptions on which we relied, could prove materially different from our expectations. You are cautioned not to place undue reliance on forward-looking statements. Except as otherwise may be required by law, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or actual operating results. There are a number of important factors that could cause our actual results to differ materially from those expressed in any forward-looking statement made by us. These factors include, but are not limited to:

- our ability to complete construction of our HPC facilities at each of the Polaris Forge, Polaris Forge 2 and Delta Forge 1 campuses;
- our dependence on principal customers, including our ability to execute leases with key customers, including leases for our data center campuses;
- our ability to close the sale of our Cloud Services Business;
- availability of financing to continue to grow our business;
- labor and other workforce shortages and challenges;
- power or other supply disruptions and equipment failures;
- the addition or loss of significant customers or material changes to our relationships with these customers;
- delays or denials of entitlements or permits, including zoning, siting, utility and other permits, or other delays resulting from requirements of public agencies and utility companies;
- our sensitivity to general economic conditions including changes in disposable income levels and consumer spending trends;
- our ability to timely and successfully build new data center facilities with the appropriate contractual margins and efficiencies;
- our ability to continue to grow sales in our hosting business;
- volatility of cryptoasset prices; and
- uncertainties of cryptoasset regulation policy; and
- our ability to keep up with the use and continued pace of developments in AI and evolving data center requirements and regulatory frameworks for AI.

You should carefully review the risks described in Item 1A of the Company’s Annual Report on Form 10-K for the year ended May 31, 2025, which was filed with the SEC on July 30, 2025, as well as any other cautionary language in this Quarterly Report on Form 10-Q, as the occurrence of any of these events could have an adverse effect, which may be material, on our business, results of operations, financial condition or cash flows.

A comparison of our results of operations and cash flows for the three and nine months ended February 28, 2025 can be found under “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our Quarterly Report on Form 10-Q for the quarter ended February 28, 2025, filed with the SEC on April 14, 2025.

Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time, and it is not possible for our management to predict all risk factors and uncertainties, nor are we able to assess the impact of all of these risk factors on our business or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those contained in any forward-looking statements. These risks are not exhaustive.

### **Executive Overview**

The following discussion and analysis should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q.

### **Business Overview**

We are a U.S. designer, developer, and operator of high-performance, sustainably engineered data centers and colocation services for artificial intelligence (“AI”), networking, and blockchain workloads. Headquartered in Dallas, TX, and founded in 2021, the Company combines hyperscale expertise, proprietary waterless cooling, and rapid deployment capabilities to deliver secure, scalable compute at industry-leading speed and efficiency, while creating economic opportunities in underserved communities through its award-winning Polaris Forge AI Factory model. We operate in three distinct business segments, data center hosting (the “Data Center Hosting Business”), cloud services (the “Cloud Services Business”) and HPC data center hosting (the “HPC Hosting Business”), all of which are included in our consolidated financial statements and continuing operations, as further discussed below. Management considers the Data Center Hosting Business and the HPC Hosting Business to be its core operations for long-run strategic and performance evaluation purposes.

The Company consolidates a Variable Interest Entity (“VIE”) where it has been determined that the Company is the primary beneficiary of the entity's operation in accordance with ASC Topic 810, *Consolidations*. The primary beneficiary is the party that has both the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. In evaluating whether the Company is the primary beneficiary, the Company evaluates its power to direct the most significant activities of the VIE by considering the purpose and design of the entity and the risks the entity was designed to create and pass through to its variable interest holders. The Company also evaluates its economic interests in the VIE.

In the fourth quarter of fiscal year 2025, we determined that the Cloud Services Business, which operates primarily through our wholly-owned subsidiary, Applied Digital Cloud Corporation, met the criteria to be classified as “held for sale.” As a sale would represent a strategic shift for the Company the Cloud Services Business was classified as discontinued operations.

On December 30, 2025, the Company announced it had entered into a non-binding term sheet for a proposed business combination of the Cloud Services Business with EKSO Bionics Holdings, Inc. (Nasdaq: EKSO) (“EKSO”), which, once closed, will go forward as ChronoScale Corporation (“ChronoScale”), an accelerated compute platform purpose-built to support AI workloads (the “Proposed Transaction”).

On February 15, 2026, APLD Intermediate HoldCo LLC, a Delaware limited liability company (“APLD Intermediate”), APLD ChronoScale HoldCo LLC, a Delaware limited liability company and a wholly owned subsidiary of APLD Intermediate (“Contributor”), each a wholly owned direct or indirect subsidiary of the Company, and Applied Digital Cloud Corporation, which at the time of the closing of the Proposed Transaction, will be a wholly owned subsidiary of Contributor, entered into a Contribution and Exchange Agreement with EKSO (the “Contribution and Exchange Agreement”) for purposes of consummating the Proposed Transaction (the “Business Combination”), as a result of which (i) Applied Digital Cloud Corporation will become a wholly owned subsidiary of Ekso, (ii) Ekso will, immediately after the consummation of the Business Combination, continue as the parent of the combined company, and (iii) Ekso will change its name to ChronoScale.

During the quarter ended February 28, 2026, we determined that the Cloud Services Business, which had previously been classified and reported as held for sale in accordance with ASC 360-10 and discontinued operations in accordance with ASC 205-20, no longer met the criteria for classification as held for sale and discontinued operations due to the Company entering into the Contribution and Exchange Agreement.

We have restated our comparative financial statements for prior periods to reflect this change in classification. The statements of operations, cash flows, and segment information for prior periods have been adjusted to include the results of the Cloud Services Business within continuing operations rather than within discontinued operations, and previously classified assets and liabilities of the Cloud Services Business are presented within the respective held-and-used asset and liability line items as of each balance sheet date.

Revenues, income (loss) before income taxes, net income (loss), total assets and liabilities, and cash flows previously reported as related to discontinued operations and asset and liabilities held for sale of the Cloud Services Business are now

reported in the corresponding line items within continuing operations and held-and-used asset and liability categories for all periods presented. There was no material impact on our previously reported net income, total assets, or equity as a result of this reclassification.

The reclassification was necessary because the Cloud Services Business no longer met the requirements for held for sale presentation and discontinued operations presentation as set forth in ASC 360-10 and ASC 205-20, respectively, as the planned sale did not occur and the segment remains part of the Company's ongoing operations as of February 28, 2026.

Management has further determined that the operating characteristics and strategic role of the Cloud Services Business differ meaningfully from the Company's long-run core operations of building and developing data center infrastructure. As a result, while the segment continues to be actively managed and reported as part of consolidated results and continuing operations, management evaluates long-term operating performance and core business trends using financial measures that exclude the results of this segment, as discussed below.

### ***Trends and Other Factors Affecting Our Business***

#### ***Regulatory Environment***

The regulatory landscape surrounding AI and blockchain hosting services is evolving rapidly, and we anticipate increased scrutiny and potential regulation in the near and long term. Any such developments may significantly impact our business and operations in ways that are difficult to predict.

Governments and regulatory bodies are considering measures to ensure the responsible development and deployment of AI systems, including transparency, accountability, and fairness guidelines. For example, in the U.S. Senate, committees of jurisdiction have passed several AI bills that establish industry standards and impose significant obligations in relation to the use of AI systems. On the state level, several U.S. states have considered AI legislation, which aims to reduce risk associated with the use of AI; while certain states have passed comprehensive AI legislation. On September 29, 2025, California passed the Transparency in Frontier Artificial Intelligence Act into law, which requires certain AI companies to fulfill transparency requirements and report AI-related safety incidents, among other things. In Europe, the EU AI Act has been adopted, portions of which have started to take effect this year.

The amount of energy used for AI and crypto mining has also received significant attention. For example, in January 2024, the U.S. Energy Information Administration conducted an emergency survey of electricity consumption data from cryptocurrency mining companies in the U.S. This indicates that more focus is being placed on the energy usage of these activities. It is unclear how the information collected will be used for future regulations, but it is expected that energy efficiency and sustainability will be critical factors regulating both AI data centers and cryptocurrency mining.

As a company operating at the intersection of data center and HPC hosting services, we are committed to maintaining a proactive and adaptive approach to regulatory compliance. We closely monitor legislative and regulatory developments and engage in dialogue with relevant stakeholders to ensure our business practices align with the evolving legal and regulatory framework. Despite the uncertainties posed by the changing regulatory landscape, we remain committed to delivering innovative and responsible solutions in the data center and HPC hosting markets while prioritizing compliance and risk management. However, if we fail to comply with applicable laws and regulations, we may be subject to significant liabilities, including fines and penalties, and our business, financial condition, or results of operations could be adversely affected.

#### ***Critical Accounting Estimates***

Our unaudited condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our unaudited condensed consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. Our critical accounting estimates are identified and described in our annual consolidated financial statements and the related notes included in our Annual Report on Form 10-K and our subsequent Quarterly Reports on Form 10-Q.

### **Fair Value Measurements - Derivative Assets**

In connection with the issuance of the redeemable noncontrolling interest, we evaluated the instrument for any features that must be bifurcated and separately accounted for as embedded derivatives. We determined that the Redemption features and Contingent Dividend Rate Increase feature met all the requirements to be separately accounted for as bifurcated derivatives. The bifurcated derivatives are remeasured to fair value each reporting period with changes in fair value recorded in earnings. We utilized third party valuation specialists to estimate the fair value of the derivative assets using a binomial lattice model. Inherent in a binomial lattice model are unobservable inputs and assumptions. The inputs for the valuation of the derivative assets included the volatility, credit spread, and term. As the noncontrolling interest has embedded features that require bifurcation, the fair value at issuance was allocated between the components. As such, the net proceeds were first allocated to the derivatives at their fair value. The remainder of the proceeds were then allocated to the warrants and noncontrolling interests based on their relative fair values.

### ***Business Update***

#### **Data Center Hosting Business**

Our Data Center Hosting Business provides energized infrastructure services to crypto mining customers. Our custom-designed data centers allow customers to rent space based on their power requirements.

As of February 28, 2026, our 106 MW facility in Jamestown, North Dakota and our 180 MW facility in Ellendale, North Dakota continue to operate at full capacity.

We recognized \$37.5 million and \$117.1 million, in revenue from this business segment during the three and nine months ended February 28, 2026, respectively.

#### **Cloud Services Business**

Our Cloud Services Business provides high-performance computing power for artificial intelligence and machine learning applications. We recognized revenue of \$18.1 million and \$53.2 million from this business segment during the three and nine months ended February 28, 2026, respectively. We currently operate our Cloud Services Business in three states: Colorado, Minnesota, and Utah, by renting space at third party colocation centers and providing our customers with Company-owned equipment to generate revenue. As of February 28, 2026, this business segment had one customer and generated 14% of total revenue for the fiscal quarter ended February 28, 2026.

As previously disclosed, during the fourth quarter of fiscal year 2025, we determined that the Cloud Services Business, which operates primarily through our wholly-owned subsidiary, Applied Digital Cloud Corporation, met the criteria to be classified as “held for sale.” As a sale would represent a strategic shift for the Company the Cloud Services Business was classified as discontinued operations. On December 30, 2025, the Company announced it had entered into a non-binding term sheet for a proposed business combination of the Cloud Services Business with EKSO Bionics Holdings, Inc. (Nasdaq: EKSO) (“EKSO”), which, once closed, will go forward as ChronoScale Corporation (“ChronoScale”), an accelerated compute platform purpose-built to support AI workloads (the “Proposed Transaction”).

On February 15, 2026, APLD Intermediate HoldCo LLC, a Delaware limited liability company (“APLD Intermediate”), APLD ChronoScale HoldCo LLC, a Delaware limited liability company and a wholly owned subsidiary of APLD Intermediate (“Contributor”), each a wholly owned direct or indirect subsidiary of the Company, and Applied Digital Cloud Corporation, which at the time of the closing of the Proposed Transaction, will be a wholly owned subsidiary of Contributor, entered into a Contribution and Exchange Agreement with EKSO (the “Contribution and Exchange Agreement”) for purposes of consummating the Proposed Transaction (the “Business Combination”), as a result of which (i) Applied Digital Cloud Corporation will become a wholly owned subsidiary of Ekso, (ii) Ekso will, immediately after the consummation of the Business Combination, continue as the parent of the combined company, and (iii) Ekso will change its name to ChronoScale.

During the quarter ended February 28, 2026, we determined that the Cloud Services Business, which had previously been classified and reported as held for sale in accordance with ASC 360-10 and discontinued operations in accordance with ASC 205-20, no longer met the criteria for classification as held for sale and discontinued operations due to the Company entering into the Contribution and Exchange Agreement.

As a result, effective February 15, 2026, the assets and liabilities of the Cloud Services Business have been reclassified from held for sale to held and used in their respective financial statement lines on our unaudited condensed consolidated

balance sheets for all periods presented. Similarly, the results of the Cloud Services Business have been reclassified from discontinued operations to continuing operations in our unaudited condensed consolidated statements of operations for all periods presented.

In connection with this change in classification, the long-lived assets of the Cloud Services Business were remeasured in accordance with ASC 360-10-35-44 at the lower of (i) their carrying amounts immediately before classification as held for sale, adjusted for depreciation and amortization that would have been recognized had the assets been continuously classified as held and used, and (ii) their fair values at the date we determined that the held-for-sale criteria were no longer met. Management determined that as of February 15, 2026, when the Cloud Services Business no longer met the criteria for held for sale and discontinued operations, the carrying value of the long-lived assets of the Cloud Business was less than the fair value. As such, we recorded a loss on classification of held for sale on our unaudited condensed consolidated statements of operations of \$59.7 million for the three and nine months ended February 28, 2026 representing the write down of the Cloud Services Business assets to their carrying value as of February 15, 2026 when it no longer qualified as held for sale.

Following the reclassification of the Cloud Services Business into our consolidated and continuing operations results, Management has determined that the segment's operating characteristics and strategic role differ meaningfully from those of the Company's core operations. As a result, Management evaluates long-term performance and core business trends using non-GAAP financial measures that exclude the results of this segment, and the non-GAAP financial measures presented herein exclude the Cloud Services Business.

#### HPC Hosting Business

Our HPC Hosting Business designs, constructs, and operates next-generation data centers, which are designed to provide massive computing power and support HPC applications within a cost-effective model.

We recently commenced operations at our first HPC data center at our Polaris Forge 1 campus with 100MW of capacity. We continue building our second HPC data center at Polaris Forge 1 to provide an additional 150MW of capacity. These facilities are being designed and purpose-built to host high-density graphics processing unit architecture or other HPC applications, such as artificial intelligence, natural language processing, machine learning, and additional HPC developments. Our third HPC focused data center facility at Polaris Forge 1, which is expected to provide an additional 150MW of capacity, is currently under construction, with an anticipated ready for service date in 2027.

On May 28, 2025, APLD ELN-02 LLC and APLD ELN-03 LLC, our subsidiaries, each entered into a data center lease (together, the "Data Center Leases") with CoreWeave, Inc. ("CoreWeave") to deliver an aggregate of 250 MW of infrastructure to host CoreWeave's HPC operations at Polaris Forge 1. The first lease is for the full capacity of our 100 MW data center that was completed and became operational in October 2025, and the second lease is for the full capacity of our 150 MW data center that is also under construction. We have guaranteed the obligations of APLD ELN-02 LLC and APLD ELN-03 LLC under the respective Data Center Lease to which such subsidiary is a party.

On August 28, 2025, APLD ELN-02 C LLC, our subsidiary, entered into a third data center lease, the ("Building 4 Lease") with CoreWeave to deliver an additional 150 MW at Polaris Forge 1, bringing the total capacity under contract at Polaris Forge 1 to 400 MW. We have guaranteed the obligations of APLD ELN-02 C LLC under the Building 4 Lease.

On August 18, 2025, we also announced that we would be breaking ground on our Polaris Forge 2 campus with an initial 200 MW data center near Harwood, North Dakota. The project has begun and we currently anticipate reaching initial capacity in 2026 and reaching full capacity in early 2027. On October 22, 2025, we announced that we entered into an approximately 15-year lease agreement with a U.S. based investment grade hyperscaler for 200 MW of critical IT load at our Polaris Forge 2 campus.

On January 22, 2026 we announced that we broke ground on Delta Forge 1, a 300 MW critical IT load campus located in a strategic southern U.S. market.

We recognized \$71.0 million and \$182.3 million, in revenue from this business segment during the three and nine months ended February 28, 2026, respectively.

Management Update

On January 15, 2026, the Company appointed Jason Zhang, co-founder and Chief Strategy Officer, to serve as the Company's co-founder and President.

Organizational Update

In part to facilitate the 2030 Notes Offering (as defined below), we completed a targeted reorganization of the entities and assets related to the Polaris Forge 1 campus. This reorganization included a series of steps such as renaming certain existing entities and forming new direct and indirect wholly owned subsidiaries of APLD HPC Holdings LLC and APLD HPC Holdings 2 LLC, including APLD ComputeCo LLC, the issuer of the Notes ("APLD ComputeCo LLC"), and additional internal transactions, including equity distributions and contributions and asset transfers, resulting in APLD ELN-02 LLC, APLD ELN-03 LLC, ELN-02 and ELN-03 being owned by APLD ComputeCo. APLD ComputeCo is wholly owned by a joint venture entity, APLD HPC TopCo 2, in which we own 90.0% of fully diluted common equity, and an affiliate of funds and investment vehicles managed by entities within MAM owns 10.0% of fully diluted common equity, as well as preferred equity.

In order to facilitate the 2031 Notes Offering (as defined below), we also completed a targeted reorganization of the entities and assets related to the Polaris Forge 2 campus consistent with the reorganizations completed in connecting with the 2030 Notes Offering. This reorganization includes a series of steps such as renaming certain existing entities and forming new direct and indirect wholly owned subsidiaries of APLD FAR Holdings LLC, including APLD ComputeCo 2 LLC ("APLD ComputeCo 2"), the issuer of the 2031 Notes, and additional internal transactions, including equity distributions and contributions and asset transfers. Under the resulting structure, APLD FAR-01 LLC and APLD FAR-02 LLC are owned by APLD ComputeCo 2. APLD ComputeCo 2 is wholly owned by a joint venture entity, APLD HPC TopCo 2, in which we own 90.0% of fully diluted common equity, and an affiliate of funds and investment vehicles managed by entities within MAM owns 10.0% of fully diluted common equity, as well as preferred equity.

***Debt and Equity Offerings and Changes to Equity***

June 2025 At-the-Market Sales Agreement

On June 2, 2025, the Company entered into a Sales Agreement with Northland Securities, Inc. and Wells Fargo Securities, LLC (the "June 2025 Sales Agreement"), pursuant to which, up to \$200,000,000 of shares of the Company's common stock may be issued if and when sold. As of the date of this report, the Company has issued and sold approximately 15.3 million shares under the June 2025 Sales Agreement for gross proceeds of approximately \$196.4 million.

Series G Preferred Stock

On August 14, 2025, we entered into the first amendment (the "First Amendment") to the Preferred Equity Purchase Agreement (the "PEPA"), dated April 30, 2025, to, among other things, (i) increase the aggregate commitment amount of the shares of Series G Convertible Preferred Stock (the "Series G Preferred Stock") from \$150 million to \$300 million, and (ii) increase our access to capital by removing the Put Limitation (as defined in the PEPA) that had previously limited the aggregate purchase price for any Put Issuance (as defined in the PEPA) to no more than \$75 million. In connection with the First Amendment, on August 14, 2025, we filed an amendment (the "First CoD Amendment") to the Series G Certificate of Designation, originally filed with the Secretary of State of the State of Nevada on April 30, 2025. The First CoD Amendment amends the Series G Certificate of Designation to, among other things, (i) increase the initial Floor Price (as set forth in Section 1.5(c)(i) of the Series G Certificate of Designation) to \$12.50 from \$4.25, and (ii) change the limit below which the Floor Price may not be reduced (as set forth in Section 1.5(c)(ii) of the Series G Certificate of Designation) to \$4.33 from \$1.34. The Floor Price sets the minimum floor for the conversion price of the Series G Preferred Stock, which price may not be reduced unless we determine to do so in our discretion. The First CoD Amendment further amended the status of converted or repurchased preferred stock such that any shares of Series G Preferred Stock that have been or will be converted will be retired and resume the status of authorized but unissued shares.

On September 11, 2025, we entered into the second amendment (the "Second Amendment") to the PEPA, dated April 30, 2025, by and between us and the investors signatory thereto, as amended by the First Amendment, dated August 14, 2025 in order to increase our access to capital to fund the continued construction and development of our Polaris Forge 1 data center campus in Ellendale, North Dakota and other general corporate purposes.

The Second Amendment amends the PEPA to, among other things, increase the aggregate commitment amount of the shares of Series G Preferred Stock from \$300 million to \$450 million. Concurrent with the Second Amendment, the

Company filed an amendment to the Certificate of Designations to increase the number of shares authorized for issuance as Series G Preferred Stock from 156,000 to 204,000 shares.

On September 25, 2025, the Company filed an amendment (the “Third CoD Amendment”) to the Series G Certificate of Designation, originally filed with the Secretary of State of the State of Nevada on April 30, 2025, as amended. The Third CoD Amendment amended the Series G Certificate of Designation, as amended, to increase the Floor Price (as set forth in Section 1.5(c)(i) of the Certificate of Designation) to \$22.00 from \$12.50.

On October 7, 2025, the Company entered into the third amendment (the “Third Amendment”) to the PEPA, dated April 30, 2025, by and between the Company and the investors signatory thereto, as amended by the First Amendment and the Second Amendment, in order to increase its access to capital to fund the continued construction and development of its Polaris Forge 1 data center in Ellendale, North Dakota. The Third Amendment amends the PEPA to, among other things, increase the aggregate commitment amount of the shares of the Series G Preferred Stock from 450.0 million to 590.0 million.

On October 21, 2025, Applied Digital entered into the fourth amendment (the “Fourth Amendment”) to the PEPA in order to increase its access to capital to fund the continued construction and development of its Polaris Forge 1 and Polaris Forge 2 data centers in Ellendale and Harwood, North Dakota, as well as general working capital purposes and for transaction expenses.

The Fourth Amendment amended the PEPA to, among other things: (i) increase the aggregate commitment amount of the shares of Series G Preferred Stock, from \$590.0 million to \$1.6 billion; (ii) subject to waiver by a majority-in-interest of the investors, (a) set the maximum put issuance amount to \$75.0 million per issuance, (b) set the limit to one put issuance per seven (7) business day period, and (c) set the maximum aggregate stated value of Series G Preferred Stock outstanding at any one time to \$75.0 million; (iii) increase the original discount from 2% to 3%; (iv) eliminate the placement agent fee; and (v) eliminate the prohibition on Variable Rate Transactions (as defined in the PEPA). On October 21, 2025, in connection with the entry into the Fourth Amendment, the Applied Digital filed an amendment (the “Fifth Certificate of Designations Amendment”) to the Certificate of the Designations, Powers, Preferences and Rights of Series G Convertible Preferred Stock, originally filed with the Secretary of State of the State of Nevada on April 30, 2025, as amended on each of August 14, 2025, September 11, 2025, September 25, 2025 and October 14, 2025 (as amended, the “Certificate of Designations”). The Fifth Certificate of Designations Amendment amended the Certificate of Designations to, among other things, (i) increase the authorized shares of Series G Preferred Stock from 204,000 shares to 1,030,000 shares, and (ii) increase the limit below which the Floor Price (as defined in Section 1.5(c)(ii) of the Certificate of Designations) may not be reduced from \$4.33 to \$4.48. In addition, under the Fifth Certificate of Designations Amendment, the Applied Digital’s Board of Directors may increase or decrease the applicable Floor Price with respect to any put, at its sole discretion.

As Series G Preferred Stock may be reissued, during the three and nine months ended February 28, 2026, the Company issued and sold 154,500 and 758,550 shares of Series G Preferred Stock, respectively, for gross proceeds of \$150.0 million and \$740.0 million, respectively. During the three and nine months ended February 28, 2026, 197,750 and 836,550 shares of Series G Preferred Stock, respectively, were converted into 5.6 million and 49.2 million shares of the Company’s common stock, respectively. As of February 28, 2026, no shares of Series G Preferred Stock were issued and outstanding.

#### CoreWeave Warrants

On August 28, 2025, in connection with the entry into the Building 4 Lease, the Company issued to CoreWeave a warrant (the “Building 4 Warrant”) to acquire up to 8,393,611 shares of the Company’s common stock at an exercise price of \$10.75 per share, subject to adjustment in accordance with the terms and conditions set forth in the Building 4 Warrant. The Building 4 Warrant is on the same Form of Warrant as the initial warrant issued to CoreWeave on May 28, 2025, in connection with the data center leases entered into for Building 2 and Building 3 on May 28, 2025. In addition, we agreed to file a resale registration statement with the SEC to register the resale of the shares of common stock issuable upon exercise of the Building 4 Warrant pursuant to the Registration Rights Agreement, dated May 28, 2025, between us and CoreWeave (“CoreWeave Registration Rights Agreement”). On October 31, 2025, CoreWeave assigned the Building 4 Warrant and its rights under the CoreWeave Registration Rights Agreement to Jane Street Global Trading, LLC.

#### Promissory Note

On September 9, 2025, APLD FAR-01 LLC, our subsidiary, entered into a promissory note (the “Promissory Note”) with Macquarie Equipment Capital, Inc., a Delaware corporation (the “Lender”). The Promissory Note provides for a principal sum of (a) \$50 million (the “Initial Loan”), which was drawn on the Closing Date, plus (b) subject to the mutual consent of

us and the Lender, additional loans in an aggregate principal amount not to exceed \$25 million (the “Additional Loans” and together with the Initial Loan, the “Loan”).

The Loan shall bear interest at 8.0% per annum, unless an Event of Default (as defined therein) has occurred and is continuing, in which case, the Secured Obligations (as defined therein) shall bear interest at the sum of 8.0% per annum plus an additional 1.50% per month (the “Post-Default Rate”). From the Closing Date until the date that is twelve months following the Closing Date (the “PIK Period”), accrued interest will be paid in kind, with such payment in kind being capitalized to principal monthly and at such other times as may be specified in the Promissory Note. After the PIK Period, accrued interest will be paid in cash, provided that (i) the Post-Default Rate interest is payable in cash on demand and (ii) accrued interest on any principal amount repaid or prepaid is payable on the date of such repayment or prepayment. The Promissory Note matures on the earliest of (i) the date of acceleration of the Loan, (ii) February 1, 2026, if the 200 MW Lease Execution (as defined therein) has not occurred on or before October 31, 2025, or (iii) September 9, 2027. The Loan will accelerate and we must mandatorily prepay the full outstanding principal balance of the Promissory Note, together with accrued interest to the date of prepayment on the principal amount prepaid and any other amounts then due and payable, upon the occurrence of any of the following conditions: (a) a Change of Control (as defined therein), (b) within ninety (90) days following the occurrence of the 200 MW Lease Execution, and (c) within thirty (30) days following a Qualifying Preference Share Issuance (as defined therein).

We may voluntarily prepay all or part of the Promissory Note at any time with no less than three (3) business days’ notice with accrued interest to the date of prepayment on the principal amount prepaid, so long as, with respect to the portion of the Loan then being prepaid, in each case, such prepayment is accompanied by the payment of amounts sufficient to achieve a rate of return that equals or exceeds 1.10 to 1.00. The same 1.10x return hurdle applies to repayment at maturity. Amounts repaid under the Promissory Note will not be available to be re-borrowed.

Proceeds of the Loan under the Promissory Note will be used, in part, to (i) pay transaction costs, (ii) pay transaction expenses in connection with the Note Documents (as defined therein), (iii) fund the purchase of the financed properties located on the Company’s campus in Harwood, ND (“Polaris Forge 2”), including all associated closing costs, title fees, and legal expenses, (iv) finance improvements to the Polaris Forge 2 properties, (v) fund the purchase of the Transformers (as defined therein) and other equipment expected to be installed and used for the improvements of the Polaris Forge 2 properties, (vi) to pay any other costs, fees, expenses, or amounts related to or in connection with the development and construction of Polaris Forge 2, and (vii) for general corporate working capital purposes.

In connection with the Loan, (i) APLD FAR-01 LLC, APLD FAR Holdings LLC (“Intermediate Holdings”), a Delaware limited liability company, as parent of the APLD FAR-01 LLC, and APLD FAR-02 LLC (“FAR-02”), a Delaware limited liability company, as a subsidiary of Intermediate Holdings, have entered into a guarantee and collateral agreement, as grantors thereunder, in favor of the Lender (the “Guarantee and Collateral Agreement”).

On November 28, 2025, the Company repaid the Promissory Note in full, including all outstanding and unpaid principal, accrued interest, and rate of return.

#### Amended and Restated Unit Purchase Agreement

As previously disclosed, on January 13, 2025, APLD HPC Holdings LLC (formerly, APLD ELN-02 Holdings LLC), an indirect wholly owned subsidiary of the Company, entered into a Unit Purchase Agreement (the “Unit Purchase Agreement” or “UPA”) for its HPC Hosting Business with MIP VI HPC Holdings, LLC, which is an affiliate of funds and investment vehicles managed by entities within Macquarie Asset Management (“MAM”). On February 11, 2025, APLD HPC Holdings LLC novated and assigned its rights, title and interests and duties, liabilities and obligations under the UPA to APLD HPC TopCo LLC, an indirect wholly-owned subsidiary of the Company (“TopCo 1”). On October 3, 2025, the Company, TopCo 1, APLD HPC TopCo 2 LLC, an indirect wholly-owned subsidiary of the Company (the “Subsidiary Issuer”), and MIP HPC Holdings, LLC (formerly, MIP VI HPC Holdings, LLC) (the “Purchaser”) entered into an Amended and Restated Unit Purchase Agreement (the “A&R UPA”).

On October 6, 2025, all conditions to the Initial Closing (as defined in the A&R UPA) were satisfied and the Initial Closing occurred. At the Initial Closing, the Subsidiary Issuer sold to the Purchaser 112,500 Preferred Units in the Subsidiary Issuer at a price per Preferred Unit of \$1,000, for an aggregate purchase price of \$112.5 million, and for no additional consideration, the Subsidiary Issuer agreed to issue to the Purchaser such number of Common Units of the Subsidiary Issuer representing, in the aggregate, seven and a half percent (7.5%) of the fully diluted common equity of the Subsidiary Issuer as of immediately following the Initial Closing. The proceeds of the Initial Closing will be used to pay, among other

things, construction and development costs of Polaris Forge 1 and transaction expenses. MAM has the right to invest up to an additional \$4.9 billion under the A&R UPA.

In addition, pursuant to the A&R UPA, on October 6, 2025, the Company issued to the designated affiliates of the Purchaser, warrants to purchase an aggregate of 2.4 million shares of the Company's common stock. The warrants will become exercisable upon the Purchaser funding the full \$450 million in Polaris Forge 1. Also on October 6, 2025, the Company entered into a registration rights agreement with the Purchaser, pursuant to which the Company agreed to file with the SEC a registration statement registering the resale of the shares of common stock issuable upon exercise of the warrants within 60 days of the execution of the registration rights agreement. On November 25, 2025, the Subsidiary Issuer sold to the Purchaser 450,000 Preferred Units in the Subsidiary Issuer at a price per Preferred Unit of \$1,000, for an aggregate purchase price of \$450.0 million.

On December 9, 2025, the Subsidiary Issuer sold to the Purchaser an additional 337,500 Preferred Units in the Subsidiary Issuer at a price per Preferred Unit of \$1,000, for an aggregate purchase price of \$337.5 million, bringing the total amount funded to date under the A&R UPA to \$900.0 million. Additionally, 27,778 common units were issued.

#### Retirement of Treasury Stock

On October 7, 2025, the Board of Directors approve and authorized 9,291,199 shares of the Company's capital stock that was currently held in treasury stock to be retired and returned to the authorized but unissued capital stock.

#### STB Warrant

During the quarter ended February 28, 2026, 800,000 of the STB Warrants were exercised for \$6.3 million.

#### Settlement of Prepaid Forward Transaction

On November 3, 2025, the Company's Prepaid Forward Transaction associated with the Convertible Notes matured and the Company received 7,165,300 shares of common stock which are now held in treasury stock as of February 28, 2026.

#### Increase In Authorized Shares

On November 5, 2025, at the Annual Stockholders' Meeting, the Company's stockholders approved an amendment to the Second Amended and Restated Articles of Incorporation, increasing the number of shares of common stock authorized for issuance thereunder to 600,000,000 shares, which became effective upon filing on November 6, 2025.

#### Increase in 2024 Plan Authorized Shares

On November 5, 2025, at the Annual Stockholders' Meeting, the Company's stockholders approved an amendment to the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan to increase the number of shares of common stock authorized for issuance thereunder by 15,000,000 shares.

#### Revolving Credit Facility

On November 10, 2025, we entered into a loan and security agreement with First National Bank of Omaha, pursuant to which the lender agreed to make one or more revolving loans, and issue letters of credit, from time to time to the Company in an aggregate principal amount of \$65 million. Amounts borrowed and repaid are available for future borrowing. Interest accrues on the outstanding balance at a rate of SOFR plus 2.75% per annum. The loan is secured by all of the Company's (but none of its subsidiaries') assets. As of February 28, 2026, approximately \$61.9 million of letters of credit were issued under the revolving credit facility.

#### Senior Secured Notes

On November 20, 2025, our subsidiary APLD ComputeCo, closed a \$2.35 billion offering (the "2030 Notes Offering") of 9.250% senior secured notes due 2030 (the "2030 Notes") at an issue price of 97.000%. The 2030 Notes were issued and sold in a private offering to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended, and outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. The 2030 Notes are senior secured obligations of APLD ComputeCo and bear interest at a rate of 9.250% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2026. The principal amount of the 2030 Notes will amortize on a semi-annual basis on June 15 and December 15 of each year, beginning on December 15, 2027, in amounts set forth in the Indenture. The 2030 Notes will mature on December 15, 2030, unless earlier redeemed or repurchased in accordance with their terms. The 2030 Notes are fully and unconditionally

guaranteed by the subsidiary guarantors, all of which are wholly owned subsidiaries of APLD ComputeCo. Other than a customary completion guarantee, the Company is not providing credit support for the 2030 Notes Offering.

SMBC Loan Extinguishment

Concurrently with the closing of the 2030 Notes Offering, we repaid in full the aggregate principal balance plus accrued interest under the Credit and Guaranty Agreement, dated as of February 11, 2025, by and among APLD HPC Holdings LLC, the Subsidiary Guarantors thereunder (as defined therein), the lenders party thereto and Sumitomo Mitsui Banking Corporation (“SMBC”), as administrative agent.

DevCo Facility

On December 18, 2025, APLD DevCo LLC (the “Borrower”), a subsidiary of the Company, entered into an ongoing credit arrangement with MEC, for the purposes of funding the initial sourcing, planning, development and construction costs associated with a new data center project (the “DevCo Facility”) and other potential projects.

The DevCo Facility is evidenced by, among other documents, that certain Promissory Note, dated as of December 18, 2025 (such date, the “Initial Closing Date”) (as amended and restated by that certain Amendment No. 1 to Promissory Note dated as of February 24, 2026 and as may be further amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “Promissory Note”) executed by the Borrower in favor of MEC. The Promissory Note provides for a principal sum of (a) \$45 million (the “First Draw”), which was drawn on the Initial Closing Date, plus (b) \$40 million (the “Second Draw”) which was drawn on February 24, 2026, plus (c) \$15 million (the “Third Draw,” and, together with the First Draw and the Second Draw, the “Initial Loan,” and each, individually, a “Draw”) with the Third Draw to be funded upon the Borrower’s request at any time after the Initial Closing Date subject to satisfaction of or waiver by MEC of certain conditions precedent on or prior to the Third Draw, plus (d) the principal sum of any Additional Loans (as defined below, and, together with the Initial Loan, the “Loan”), if applicable, made by MEC (at the mutual consent of the Borrower and MEC).

In addition, the Promissory Note provides for, upon request of the Borrower occurring prior to the Maturity Date (as defined below), (a) rolling over of the outstanding principal balance of the Loan from time to time into one or more loans for one or more new projects (such rollovers, the “Rollover Loans”), or (b) increasing the size of the existing Loan by advancing new loans to the Borrower (such loans, the “Additional Loans”), in either case, for the purpose of financing development activities at new or existing data center projects at direct or indirect, wholly owned domestic subsidiaries of the Borrower, each of which shall become a guarantor with respect to such Additional Loans or Rollover Loans, as applicable, subject to the prior written approval of MEC (in its sole discretion) and the satisfaction of the conditions specified by MEC.

Each Draw is fully committed, but any Additional Loans or Rollover Loans made by MEC under the Promissory Note would be on an uncommitted, discretionary basis (with no specified maximum borrowing limit for any Additional Loans or Rollover Loans).

The Loan shall bear interest at 8.0% per annum, unless an Event of Default (as defined therein) has occurred and is continuing, in which case, the Secured Obligations (as defined therein) shall bear interest at the sum of 8.0% per annum plus an additional 1.50% per month (the “Post-Default Rate”).

The Loan matures on the earliest of (i) the date of acceleration of the Loan, (ii) July 18, 2026, if the Initial Lease Execution (as defined therein) has not occurred on or before April 18, 2026, or (iii) December 18, 2027 (the “Maturity Date”).

Proceeds from the Loan will be used, in part, to (i) pay transaction expenses, and (ii) fund the purchase, development and improvement of, and the purchase of equipment for, our latest new project under development.

In connection with the Loan, (i) APLD Intermediate as direct parent of the Borrower, and the Borrower’s subsidiaries (the “Note Parties”) have entered into a guarantee and collateral agreement, as grantors thereunder, in favor of MEC (the “Guarantee and Collateral Agreement”), and (ii) the Company has entered into a parent guarantee in favor of MEC to guarantee the obligations of the Note Parties under the Promissory Note.

## Recent Developments

### 2031 Senior Secured Notes

On March 10, 2026, our subsidiary APLD ComputeCo 2 LLC, closed a \$2.15 billion offering (the “2031 Notes Offering”) of 6.750% senior secured notes due 2031 (the “2031 Notes”) at an issue price of 98.000% of par. The 2031 Notes were issued and sold in a private offering to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended, and outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. The 2031 Notes are senior secured obligations of APLD ComputeCo 2 LLC and bear interest at a rate of 6.750% per annum, payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2026. The principal amount of the 2031 Notes will amortize on a semi-annual basis on March 15 and September 15 of each year, in amounts set forth in the Indenture. The 2031 Notes will mature on March 15, 2031, unless earlier redeemed or repurchased in accordance with their terms. The 2031 Notes are fully and unconditionally guaranteed by the subsidiary guarantors, all of which are wholly owned subsidiaries of APLD ComputeCo 2. The Company provided a customary completion guarantee for the 2031 Notes Offering. The gross proceeds from the 2031 Notes Offering were deposited into a segregated escrow account pending the execution of an electric service agreement with certain providers on the terms and conditions of a related escrow agreement. Once the escrow release condition thereunder is satisfied, the escrowed funds will be released into the project accounts to fund the development and construction of the facilities. If the escrow release condition is not satisfied on or prior to June 30, 2026, or is deemed incapable of being satisfied by such date, the 2031 Notes will be subject to a special mandatory redemption at a price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest.

### B&W Guarantee

On February 26, 2026, the Company entered into a Guarantee (the “Guarantee”) in favor of The Babcock & Wilcox Company (“B&W”), pursuant to which Applied Digital has agreed to unconditionally and irrevocably guarantee the full and timely performance by Base Electron, Inc., a Nevada corporation (“Base Electron”), of its obligations under that certain Design-Build Agreement, dated February 26, 2026, by and between Base Electron and B&W (the “Design-Build Agreement”). The Design-Build Agreement contemplates the engineering, procurement, construction and commissioning of a power generation facility with an expected nameplate capacity of approximately 1.2 GW anticipated to expand power and capacity supplied to the grid and utility customers in the Midcontinent Independent System Operator (“MISO”) region.

The Company’s obligations under the Guarantee are absolute and unconditional and continue until all obligations under the Design-Build Agreement have been fully performed or otherwise discharged. However, the Company may, in its sole discretion, terminate the Guarantee and all of its existing and future obligations thereunder upon the occurrence of any one of the following events, (i) the listing of Base Electron’s equity securities on a national securities exchange, (ii) the consummation by Base Electron of a financing transaction resulting in gross proceeds of at least \$50 million (provided that Base Electron is current in its payments to B&W), or (iii) the payment by the Company of a termination fee equal to either \$50 million (if paid by August 1, 2026 and Base Electron is current in its payments to B&W) or \$100 million.

### B&W Warrants

On November 4, 2025, the Company and Babcock & Wilcox Enterprises, Inc. (“BWE”), B&W’s parent, entered into an agreement under which the Company contributed \$2.0 million to BWE in exchange for 500,000 shares of BWE’s common stock and warrants to purchase 2,600,000 shares of BWE’s common stock with an exercise price of \$4.11 (the “Initial Warrants”). Additionally, under the agreement, to incentivize the Company to execute a definitive agreement with B&W related to B&W designing and installing natural gas technology that will provide on gigawatt of efficient energy for an APLD AI data center, BWE agreed to issue additional warrants to purchase 7,860,000 shares of common stock for \$4.11 per share (the “Additional Warrants”) to the Company upon execution of such a definitive agreement between B&W and the Company. As described in Note 5 - Related Party Transaction and Note 8 - Derivative Assets, on February 26, 2026 a definitive agreement was executed between Base Electron and B&W, with the Company as the guarantor. Subsequent to the end of the quarter, the Company entered into an Assignment and Assumption Agreement, by and among the Company, Base Electron, BWE and B&W, pursuant to which the Company partially assigned its rights with respect to the Additional Warrants (such partial assignment representing the right to purchase up to 5,230,000 shares of BWE common stock) to Base Electron. The warrants were assigned by the Company to Base Electron in connection with Base Electron’s entry into a Design-Build Agreement with B&W. On March 18, 2026, the Company received the remaining Additional Warrants (representing the right to purchase up to 2,630,000 shares of BWE common stock). Base Electron is an independent power producer owned and managed by a combination of third parties, as well as certain officers and directors of the Company

acting in their individual capacities, for the purpose of developing stabilized power generation and infrastructure to support the broader AI industry.

CoreWeave Restructuring Agreements

On March 30, 2026, the Company and CoreWeave amended the lease for Building 2 (the “ELN-02 Parent Lease”) to suspend the term for two of the four data halls covered by the lease (the “ELN-02 Parent Lease Amendment”) and the Company entered into a new data center lease with CoreWeave Compute Acquisition Co. VIII, LLC (“CoreWeave SPV”), a wholly owned subsidiary of CoreWeave, for those same two data halls on substantially the same terms as the ELN-02 Parent Lease (the “ELN-02 SPV Lease”). The ELN-02 SPV Lease is conterminous with the initial term of the ELN-02 Parent Lease. Upon the expiration or earlier termination of the ELN-02 SPV Lease, the suspended term under the ELN-02 Parent Lease will resume and all four data halls of Building 2 will once again be governed by the ELN-02 Parent Lease.

As further credit enhancement, CoreWeave delivered to APLD ELN-02 LLC an Unconditional Springing Guaranty of Payment and Performance (the “ELN-02 Guaranty”) in connection with CoreWeave SPV’s obligations under the ELN-02 SPV Lease.

CoreWeave is obligated to provide a letter of credit in the amount of \$50,000,000 to secure obligations under the ELN-02 Parent Lease within 30 days of March 30, 2026.

In addition, on March 30, 2026, CoreWeave entered into an Assignment, Assumption and Consent Agreement with CoreWeave SPV and APLD ELN-03 LLC (the “Assignment Agreement”), assigning all of CoreWeave’s rights and obligations under its lease with the Company for Building 3 (the “ELN-03 Parent Lease”) to CoreWeave SPV for the remaining term of the ELN-03 Parent Lease and releasing CoreWeave from the ELN-03 Parent Lease. In addition, CoreWeave also provided an Unconditional Springing Guaranty of Payment and Performance in connection with CoreWeave SPV’s obligations under the ELN-03 Parent Lease (the “ELN-03 Guaranty”), similar to the ELN-02 Guaranty.

**Results of Operations**
**Comparative Results for the Three and Nine Months Ended February 28, 2026 and February 28, 2025:**

The following table sets forth key components of the results of operations (in thousands) during the three and nine months ended February 28, 2026 and February 28, 2025.

	Three Months Ended		Nine Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
<b>Revenue:</b>				
Revenue	\$ 126,637	\$ 52,921	\$ 352,562	\$ 175,567
Related party revenue	—	—	—	1,926
Total revenue	126,637	52,921	352,562	177,493
<b>Costs and expenses:</b>				
Cost of revenues <sup>(1)</sup>	72,832	49,141	235,398	162,562
Selling, general and administrative <sup>(2)(3)</sup>	79,723	22,723	166,814	66,852
Loss (gain) on classification as held for sale <sup>(4)</sup>	59,650	—	59,650	(24,616)
Loss on abandonment of assets	99	—	2,343	769
Total costs and expenses	212,304	71,864	464,205	205,567
Operating loss	(85,667)	(18,943)	(111,643)	(28,074)
Interest (income) expense, net	(2,387)	8,897	18,883	23,687
Gain on change in fair value of derivatives	(9,417)	—	(22,543)	—
Gain on change in fair value of investment <sup>(5)</sup>	(3,305)	—	(6,072)	—
Loss on conversion of debt	—	—	—	33,612
Loss on change in fair value of debt	—	—	—	85,439
Loss on extinguishment of debt	—	1,177	—	1,177
Loss on change in fair value of warrants	—	6,421	—	6,421
Net loss before income tax expense	(70,558)	(35,438)	(101,911)	(178,410)
Income tax (benefit) expense	(2)	117	21	118
Net loss	(70,556)	(35,555)	(101,932)	(178,528)
Net loss attributable to redeemable noncontrolling interest	(28,747)	—	(31,910)	—
Preferred dividends	(1,558)	(540)	(4,705)	(1,213)
Net loss attributable to common stockholders	\$ (100,861)	\$ (36,095)	\$ (138,547)	\$ (179,741)
<b>Basic and diluted net loss per share attributable to common stockholders</b>				
	\$ (0.36)	\$ (0.16)	\$ (0.51)	\$ (0.93)
<b>Basic and diluted weighted average number of shares outstanding</b>				
	281,982,553	222,454,578	271,670,830	193,405,721
<b>Adjusted Amounts <sup>(6)</sup></b>				
Adjusted revenue	\$ 108,550	\$ 35,167	\$ 299,355	\$ 106,180
Adjusted operating income	\$ 25,615	\$ 1,883	\$ 33,614	\$ 5,462
Adjusted operating margin	24 %	5 %	11 %	5 %
Adjusted net income (loss)	\$ 33,156	\$ (2,590)	\$ 22,607	\$ (4,899)
Diluted weighted average number of shares outstanding	382,306,393	222,454,578	371,994,670	193,405,721
Adjusted net income (loss) per diluted share	\$ 0.09	\$ (0.01)	\$ 0.07	\$ (0.03)
<b>Other Financial Data <sup>(6)</sup></b>				
EBITDA	\$ (2,227)	\$ (11,858)	\$ (26,846)	\$ (109,565)
as a percentage of adjusted revenue	(2)%	(34)%	(9)%	(103)%

Adjusted EBITDA	\$	44,139	\$	6,258	\$	64,877	\$	18,647
as a percentage of adjusted revenue		41 %		18 %		22 %		18 %

- (1) Includes depreciation and amortization of \$19.5 million and \$17.5 million for the three months ended February 28, 2026 and February 28, 2025, and \$30.4 million and \$75.4 million for the nine months ended February 28, 2026 and February 28, 2025, respectively.
- (2) Includes depreciation and amortization of \$1.3 million and \$1.2 million for the three months ended February 28, 2026 and February 28, 2025, and \$3.1 million and \$4.1 million for the nine months ended February 28, 2026 and February 28, 2025, respectively.
- (3) Includes related party selling, general and administrative expense of \$0.1 million for each of the three months ended February 28, 2026 and February 28, 2025, and \$0.2 million for each of the nine months ended February 28, 2026 and February 28, 2025, respectively. See Note 5 - Related Party Transactions for further discussion of related party transactions.
- (4) Includes \$25 million received in connection with the sale of our Garden City facility once conditional approval requirements were met and escrowed funds were released during the nine months ended February 28, 2025.
- (5) Includes related party gain on change in fair value of investment of \$2.0 million for each of the three and nine months ended February 28, 2026. See Note 5 - Related Party Transactions for further discussion of related party transactions.
- (6) Adjusted Amounts and Other Financial Data are non-GAAP performance measures. These non-GAAP measures exclude the results of the Cloud Services Business. A reconciliation of reported amounts to adjusted amounts can be found in the "Non-GAAP Measures and Reconciliation" section of Management's Discussion and Analysis.

***Commentary on Results of Operations Comparative Results for the Three Months Ended February 28, 2026 compared to the Three Months Ended February 28, 2025***

**Revenue**

Revenue increased \$73.7 million, or 139%, from \$52.9 million for the three months ended February 28, 2025 to \$126.6 million for the three months ended February 28, 2026. Approximately \$71.0 million of the increase was due to revenue generated related to our HPC Hosting Business, with approximately \$44.1 million related to base rent, \$18.9 million related to tenant fit-out services and \$8.1 million related to power pass through arrangements and other ancillary revenue streams as our first HPC data center at our Polaris Forge 1 campus was fully operating during the current quarter. The remaining increase in revenue was due to performance improvements in our other segments during the three months ended February 28, 2026 compared to the three months ended February 28, 2025.

**Cost of revenues**

Cost of revenues increased \$23.7 million, or 48%, from \$49.1 million for the three months ended February 28, 2025 to \$72.8 million for the three months ended February 28, 2026. The increase in cost of revenues was categorized as follows:

- approximately \$18.0 million increase in expenses associated with tenant fit-out services for our HPC Hosting Business;
- approximately \$4.8 million increase in personnel expenses due to the increases in headcount as well as other related costs directly supporting revenue;
- approximately \$4.1 million increase in energy costs associated with our Data Center Hosting Business; and
- approximately \$2.0 million increase in depreciation and amortization expense due to an increase in owned and leased assets in-service directly supporting revenue.

These increases were partially offset by a decrease of \$5.2 million in lease and lease related expenses due to the renegotiations of certain of our leases during fiscal year 2026.

Selling, general and administrative expense

Selling, general and administrative expense increased \$57.0 million, or 251%, from \$22.7 million for the three months ended February 28, 2025 to \$79.7 million for the three months ended February 28, 2026. The change in selling, general and administrative expense was categorized as follows:

- approximately \$39.3 million increase in stock based compensation primarily due to an increase in shares awarded related to the increase in headcount and performance stock awards granted during the three months ended February 28, 2026 compared to the three months ended February 28, 2025;
- approximately \$8.6 million increase in professional service expense primarily related to legal services provided on discrete transactions and projects, as well as general support of the business;
- approximately \$5.1 million increase in personnel expenses related to the increase in headcount; and
- approximately \$8.0 million increase in other selling, general, and administrative expense such as travel, computer and software expenses.

These increases were partially offset by a decrease of \$3.9 million in lease and lease related expense due to the renegotiations of certain of our leases during fiscal year 2026.

Loss on classification as held for sale

Loss on classification of held for sale was \$59.7 million for the three months ended February 28, 2026, due to the write down of the Cloud Services Business assets to their carrying value as of February 15, 2026 when it no longer qualified as held for sale. See further discussion above. There was no such loss recorded in the prior year comparative period.

Loss on abandonment of assets

Loss on abandonment of assets was \$0.1 million for the three months ended February 28, 2026, driven by the write down of assets to their fair value upon disposal. There was no such loss recorded in the prior year comparative period.

Interest (income) expense, net

Interest (income) expense, net decreased \$11.3 million, or 127%, from interest expense, net of \$8.9 million for the three months ended February 28, 2025, to interest income, net of \$2.4 million for the three months ended February 28, 2026. The change was due to an increase of \$19.3 million in interest income due to an increase in funds held in interest-bearing demand deposit accounts and a decrease of \$3.0 million in finance lease interest associated with the renegotiation of the majority of our finance leases during the three months ended February 28, 2026. This decrease was partially offset by increases of \$9.9 million in loan interest expense and \$1.1 million in issuance costs amortization as we entered into more debt arrangements during the three months ended February 28, 2026.

Gain on change in fair value of derivatives

Gain on the change in fair value of derivatives was \$9.4 million for the three months ended February 28, 2026, due an increase of \$6.1 million in the fair value of our Babcock & Wilcox Enterprises, Inc. (“B&W”) common stock warrant and an increase of \$3.3 million in the fair value of the derivative assets related to the preferred units and corresponding common units held by APLD HPC TopCo 2’s noncontrolling interest. There was no such gain recorded in the prior year comparative period.

Gain on change in fair value of investment

Gain on change in fair value of investment was \$3.3 million for the three months ended February 28, 2026, due to an increase of \$1.3 million in the fair value of our investment in B&W common stock and an increase of \$2.0 million in fair value of our investment in Base Electron, a related party. There was no such gain recorded in the prior year comparative period.

***Commentary on Results of Operations Comparative Results for the Nine Months Ended February 28, 2026 compared to the Nine Months Ended February 28, 2025***

Revenue

Revenue increased \$177.0 million, or 101%, from \$175.6 million for the nine months ended February 28, 2025 to \$352.6 million for the nine months ended February 28, 2026. Our HPC Hosting Business commenced operations at our first HPC data center at our Polaris Forge 1 campus resulting in the recognition of approximately \$182.3 million, with

approximately \$118.2 million related to tenant fit-out services, \$55.7 million related to base rent and \$8.4 million related to power pass through arrangements and other ancillary revenue streams as our first HPC data center at our Polaris Forge 1 campus became fully operational during the current fiscal year. Additionally, there was an increase of \$12.8 million in revenue generated by our Data Center Hosting Business due to performance improvements compared to the nine months ended February 28, 2025. These increases were offset by a decrease of \$18.1 million in revenue from our Cloud Services Business during the nine months ended February 28, 2026 due to a decrease in the fixed rate per GPU compared to the nine months ended February 28, 2025.

#### Cost of revenues

Cost of revenues increased by \$72.8 million, or 45%, from \$162.6 million for the nine months ended February 28, 2025 to \$235.4 million for the nine months ended February 28, 2026. The increase was primarily driven by the growth in the business as more facilities were energized and more services were provided to customers compared to the nine months ended February 28, 2025. The increase in cost of revenues was categorized as follows:

- approximately \$112.5 million increase in expenses associated with tenant fit-out services for our HPC Hosting Business which we began providing during the current fiscal year;
- approximately \$14.3 million increase in energy costs associated with our Data Center Hosting Business; and
- approximately \$5.7 million increase in other expenses such as personnel expenses directly attributable to generating revenue.

These increases were partially offset by a decrease of \$45.0 million in depreciation and amortization expense and a decrease of \$14.7 million in lease and related expenses for the nine months ended February 28, 2026 compared to the nine months ended February 28, 2025, primarily due to the Cloud Services Business being classified as held for sale until February 15, 2026, as well as due to the renegotiations of certain of our leases during fiscal year 2026.

#### Selling, general and administrative expense

Selling, general and administrative expense increased by \$100.0 million, or 150%, from \$66.9 million for the nine months ended February 28, 2025 to \$166.8 million for the nine months ended February 28, 2026. The increase was primarily due to the overall growth in the business. The change in selling, general and administrative expense was categorized as follows:

- approximately \$81.5 million increase in stock based compensation primarily due to an increase in shares awarded related to the increase in headcount and performance stock awards granted during the nine months ended February 28, 2026 compared to the nine months ended February 28, 2025 as well as the lack of PSU cancellations during the nine months ended February 28, 2026 compared to the nine months ended February 28, 2025;
- approximately \$11.6 million increase in other selling, general, and administrative expense such as travel, computer and software expenses;
- approximately \$10.4 million increase in professional service expense primarily related to legal services provided on discrete transactions and projects, as well as general support of the business; and
- approximately \$8.1 million increase in personnel expenses, related to the increase in headcount period over period.

These increases were partially offset by a decrease of \$10.7 million in lease and related expenses and a decrease of \$1.0 million in depreciation and amortization expense for the nine months ended February 28, 2026 compared to the nine months ended February 28, 2025, primarily due to the Cloud Services Business being classified as held for sale until February 15, 2026, which resulted in decreased depreciation and amortization recorded as well as due to the renegotiations of certain of our leases during fiscal year 2026.

#### Loss (gain) on classification of held for sale

Loss (gain) on classification of held for sale changed by \$84.3 million, or 342%, from a gain of \$24.6 million for the nine months ended February 28, 2025 to a loss of \$59.7 million for the nine months ended February 28, 2026. The loss during the nine months ended February 28, 2026 was due to the write down of the Cloud Services Business assets to their carrying value as of February 15, 2026 when it no longer qualified as held for sale. See further discussion above. Comparatively, the gain during the nine months ended February 28, 2025 was due to the receipt of \$25.0 million of funds received in

connection with the sale of our Garden City facility as conditional approval requirements were met and escrowed funds were released.

**Loss on abandonment of assets**

Loss on abandonment of assets increased by \$1.6 million, or 205%, from \$0.8 million for the nine months ended February 28, 2025 to \$2.3 million for the nine months ended February 28, 2026, driven by the write down of assets to their fair value upon disposal.

**Interest expense, net**

Interest expense, net decreased \$4.8 million, or 20%, from \$23.7 million for the nine months ended February 28, 2025 to \$18.9 million for the nine months ended February 28, 2026. The decrease was primarily driven by a \$22.1 million increase in interest income due to an increase in funds held in interest-bearing demand deposit accounts and a decrease of \$6.0 million in finance lease interest due to renegotiations of certain of our leases during the fiscal year 2026. This decrease was partially offset by increases of \$21.4 million in loan interest expense and \$1.9 million in issuance costs amortization as we entered into more debt arrangements during the nine months ended February 28, 2026.

**Gain on change in fair value of derivatives**

Gain on change in fair value of derivatives was \$22.5 million for the nine months ended February 28, 2026, due an increase of \$19.2 million in fair value of our Babcock & Wilcox Enterprises, Inc. (“B&W”) common stock warrant and an increase of \$3.3 million in fair value of the derivative assets related to the preferred units and corresponding common units held by APLD HPC TopCo 2’s noncontrolling interest. There was no such gain recorded in the prior year comparative period.

**Gain on change in fair value of investment**

Gain on change in fair value of investment was \$6.1 million for the nine months ended February 28, 2026, due to an increase of \$4.1 million in fair value of our investment in B&W common stock and an increase of \$2.0 million in fair value of our investment in Base Electron, a related party. There was no such gain recorded in the prior year comparative period.

***Comparative Segment Data for the Three and Nine Months Ended February 28, 2026 and February 28, 2025:***

The following table sets forth the operating (loss) profit for each of our segments for the three and nine months ended February 28, 2026 and February 28, 2025 (in thousands):

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>February 28, 2026</b>	<b>February 28, 2025</b>	<b>February 28, 2026</b>	<b>February 28, 2025</b>
<b>Segment (loss) profit</b>				
Data Center Hosting Business	\$ 13,859	\$ 8,780	\$ 35,852	\$ 57,181
Cloud Services Business	(52,194)	(10,308)	(24,919)	(31,928)
HPC Hosting Business	17,565	(222)	12,946	(9,022)
<b>Total segment (loss) profit</b>	<b>\$ (20,770)</b>	<b>\$ (1,750)</b>	<b>\$ 23,879</b>	<b>\$ 16,231</b>

***Commentary on Segment Data Comparative Results for the Three Months Ended February 28, 2026 compared to the Three Months Ended February 28, 2025***

**Data Center Hosting Business**

**Operating Profit**

Data Center Hosting Business operating profit increased \$5.1 million, or 58%, from \$8.8 million for the three months ended February 28, 2025 to \$13.9 million for the three months ended February 28, 2026 primarily due to site performance improvements. Additionally, for the three months ended February 28, 2026, there was a decrease of \$2.7 million in cost of revenues due to more advantageous power pricing when compared to the to the three months ended February 28, 2025.

## **Cloud Services Business**

### **Operating Loss**

Cloud Services Business operating loss increased \$41.9 million, or 406%, from \$10.3 million for the three months ended February 28, 2025 to \$52.2 million for the three months ended February 28, 2026. This increase was primarily due to the write down of the Cloud Services Business assets to their carrying value as of February 15, 2026 when it no longer qualified as held for sale.

## **HPC Hosting Business**

### **Operating Profit**

HPC Hosting Business operating profit increased \$17.8 million, or 8012%, from a loss of \$0.2 million for the three months ended February 28, 2025 to a profit of \$17.6 million for the three months ended February 28, 2026. The change is primarily due to revenue generated related to tenant fit-out services, net of expenses, as well as rental revenues at our first HPC data center at our Polaris Forge 1 campus as it was fully operational during the three months ended February 28, 2026.

## **Commentary on Segment Data Comparative Results for the Nine Months Ended February 28, 2026 compared to the Nine Months Ended February 28, 2025**

## **Data Center Hosting Business**

### **Operating Profit**

Data Center Hosting Business operating profit decreased \$21.3 million, or 37%, from \$57.2 million for the nine months ended February 28, 2025 to \$35.9 million for the nine months ended February 28, 2026. This decrease in operating profit is primarily due to the recognition of a \$25.0 million gain on classification of held for sale during the nine months ended February 28, 2025 due to the release of escrowed funds related to the sale of the Garden City facility. There was no such gain recorded during the nine months ended February 28, 2026.

## **Cloud Services Business**

### **Operating Loss**

Cloud Services Business operating loss decreased \$7.0 million, or 22%, from \$31.9 million for the nine months ended February 28, 2025 to \$24.9 million for the nine months ended February 28, 2026. This decrease in operating loss is primarily due to a decrease in finance lease amortization expense as we renegotiated the duration of the lease agreements during fiscal year 2026.

## **HPC Hosting Business**

### **Operating Profit**

HPC Hosting Business operating profit increased \$22.0 million, or 243%, from a loss of \$9.0 million for the nine months ended February 28, 2025 to a profit of \$12.9 million for the nine months ended February 28, 2026. The change is primarily due to revenue generated related to tenant fit-out services, net of expenses, as well as rental revenues from our first HPC data center at our first HPC data center at our Polaris Forge 1 campus as it became fully operational during the nine months ended February 28, 2026.

## **Non-GAAP Measures**

To supplement our unaudited condensed consolidated financial statements presented under GAAP, we are presenting certain non-GAAP financial measures. We are providing these non-GAAP financial measures to disclose additional information to facilitate the comparison of past and present operations by providing perspective on results absent one-time or significant non-cash items. We utilize these measures in the business planning process to understand expected operating performance and to evaluate results against those expectations. We believe that these non-GAAP financial measures, when considered together with our GAAP financial results, provide management and investors with an additional understanding of our core business operating results regarding factors and trends affecting our business and provide a reasonable basis for comparing our ongoing results of operations. Management considers the Data Center Hosting Business and the HPC Hosting Business to be its core operations for long-run strategic and performance evaluation purposes. Accordingly, these non-GAAP financial measures exclude the results of our Cloud Services Business. The Cloud Services Business is included in our consolidated financial statements and results of continuing operations. Due to its strategic role relative to

the Company's core business, Management believes the Cloud Services Business results may obscure underlying trends in the performance of core operations when included in certain non-GAAP measures.

These non-GAAP financial measures are provided as supplemental measures to our performance measures calculated in accordance with GAAP and therefore, are not intended to be considered in isolation or as a substitute for comparable GAAP measures. Excluding the results of the Cloud Services Business in our non-GAAP financial measures removes revenues and expenses that are part of the Company's consolidated results and continuing operations and should not be viewed as measures or reflections of liquidity or profitability in accordance with U.S. GAAP. Further, these non-GAAP financial measures have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. Because of the non-standardized definitions of non-GAAP financial measures, we caution investors that the non-GAAP financial measures as used by us in this Quarterly Report on Form 10-Q have limits in their usefulness to investors and may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by other companies. Further, investors should be aware that when evaluating these non-GAAP financial measures, these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. In addition, from time to time in the future there may be items that we may exclude for purposes of our non-GAAP financial measures and we may in the future cease to exclude items that we have historically excluded for purposes of our non-GAAP financial measures. Likewise, we may determine to modify the nature of the adjustments to arrive at our non-GAAP financial measures. Investors should review the non-GAAP reconciliations provided below and not rely on any single financial measure to evaluate our business.

#### ***Adjusted Revenue***

"Adjusted revenue" is a non-GAAP financial measure that represents revenue excluding the Cloud Services Business. Adjusted revenue is Total Revenue excluding Total Revenue from the Cloud Services Business.

#### ***Adjusted Operating Income, Adjusted Net Income (Loss), and Adjusted Net Income (Loss) per Diluted Share***

"Adjusted operating income" and "Adjusted net income (loss)" are non-GAAP financial measures that represent operating income (loss) and net income (loss) from operations excluding the Cloud Services Business, respectively. Adjusted operating income (loss) is Operating income (loss) excluding operating income (loss) from the Cloud Services Business, and stock-based compensation, non-recurring repair expenses, diligence, acquisition, disposition and integration expenses, litigation expenses, (gain) loss on abandonment of assets, gain on classification of held for sale, accelerated depreciation and amortization, restructuring expenses and other non-recurring expenses that Management believes are not representative of our expected ongoing costs. Adjusted net income (loss) is Adjusted operating income further adjusted for interest expense directly attributable to the Cloud Services Business, gain on change in fair value of derivative, gain on change in fair value of investment, loss on change in fair value of warrants, loss on conversion of debt, loss on change in fair value of debt, loss on extinguishment of related party debt and interest expense on convertible debt. We define "Adjusted net income (loss) per diluted share" as Adjusted net income (loss) divided by weighted average diluted share count.

#### ***EBITDA and Adjusted EBITDA***

"EBITDA" is defined as earnings before interest expense, net, income tax expense, and depreciation and amortization and excluding results of the Cloud Services Business. "Adjusted EBITDA" also excludes results of the Cloud Services Business and is defined as EBITDA adjusted for stock-based compensation, non-recurring repair expenses, diligence, acquisition, disposition and integration expenses, litigation expenses, gain on classification of held for sale, gain on change in fair value of derivative, gain on change in fair value of investment, (gain) loss on abandonment of assets, loss on conversion of debt, loss on change in fair value of debt, loss on change in fair value of warrants, loss on extinguishment of related party debt, restructuring expenses and other non-recurring expenses that Management believes are not representative of our expected ongoing costs.

**Reconciliation of GAAP to Non-GAAP Measures**  
(In thousands, except percentage data)

	Three Months Ended		Nine Months Ended	
	February 28, 2026	February 28, 2025	February 28, 2026	February 28, 2025
<b>Adjusted revenue</b>				
Total Revenue (GAAP)	\$ 126,637	\$ 52,921	\$ 352,562	\$ 177,493
Less: Cloud Services Business revenue	(18,087)	(17,754)	(53,207)	(71,313)
Adjusted revenue (Non-GAAP)	<u>\$ 108,550</u>	<u>\$ 35,167</u>	<u>\$ 299,355</u>	<u>\$ 106,180</u>
<b>Adjusted operating income</b>				
Operating loss (GAAP)	\$ (85,667)	\$ (18,943)	\$ (111,643)	\$ (28,074)
Operating loss from the Cloud Services Business	52,194	10,308	24,919	31,928
Stock-based compensation	48,946	9,035	91,444	10,935
Non-recurring repair expenses <sup>(1)</sup>	107	3	280	173
Diligence, acquisition, disposition and integration expenses <sup>(2)</sup>	6,145	992	20,904	12,360
Litigation expenses <sup>(3)</sup>	320	174	872	1,341
(Gain) loss on abandonment of assets	(7)	—	1,744	769
Gain on classification of held for sale	—	—	—	(24,616)
Accelerated depreciation and amortization <sup>(4)</sup>	—	—	—	45
Restructuring expenses <sup>(5)</sup>	358	43	1,093	43
Other non-recurring expenses <sup>(6)</sup>	3,219	271	4,001	558
Adjusted operating income (Non-GAAP)	<u>\$ 25,615</u>	<u>\$ 1,883</u>	<u>\$ 33,614</u>	<u>\$ 5,462</u>
Adjusted operating margin	24 %	5 %	11 %	5 %
<b>Adjusted net income (loss)</b>				
Net loss (GAAP)	\$ (70,556)	\$ (35,555)	\$ (101,932)	\$ (178,528)
Operating loss from the Cloud Services Business	52,194	10,308	24,919	31,928
Interest expense directly attributable to the Cloud Services Business	2,058	4,541	7,897	13,444
Stock-based compensation	48,946	9,035	91,444	10,935
Non-recurring repair expenses <sup>(1)</sup>	107	3	280	173
Diligence, acquisition, disposition and integration expenses <sup>(2)</sup>	6,145	992	20,904	12,360
Litigation expenses <sup>(3)</sup>	320	174	872	1,341
(Gain) loss on abandonment of assets	(7)	—	1,744	769
Gain on classification of held for sale	—	—	—	(24,616)
Accelerated depreciation and amortization <sup>(4)</sup>	—	—	—	45
Gain on change in fair value of derivative	(9,417)	—	(22,543)	—
Gain on change in fair value of investment	(3,305)	—	(6,072)	—
Loss on change in fair value of warrants	—	6,421	—	6,421
Loss on conversion of debt	—	—	—	33,612
Loss on change in fair value of debt	—	—	—	85,439
Loss on extinguishment of debt	—	1,177	—	1,177
Restructuring expenses <sup>(5)</sup>	358	43	1,093	43
Interest expense on convertible debt <sup>(7)</sup>	3,094	—	—	—
Other non-recurring expenses <sup>(6)</sup>	3,219	271	4,001	558
Adjusted net income (loss) (Non-GAAP)	<u>\$ 33,156</u>	<u>\$ (2,590)</u>	<u>\$ 22,607</u>	<u>\$ (4,899)</u>
<sup>(8)</sup> Diluted weighted average number of shares outstanding (Non-GAAP)	382,306,393	222,454,578	325,850,275	193,405,721

Adjusted net income (loss) per diluted share (Non-GAAP)	\$	0.09	\$	(0.01)	\$	0.07	\$	(0.03)
<b>EBITDA and Adjusted EBITDA</b>								
Net loss (GAAP)	\$	(70,556)	\$	(35,555)	\$	(101,932)	\$	(178,528)
Operating loss from the Cloud Services Business		52,194		10,308		24,919		31,928
Interest (income) expense, net		(2,387)		8,897		18,883		23,687
Income tax (benefit) expense		(2)		117		21		118
Depreciation and amortization <sup>(4)</sup>		18,524		4,375		31,263		13,230
EBITDA (Non-GAAP)	\$	(2,227)	\$	(11,858)	\$	(26,846)	\$	(109,565)
Stock-based compensation		48,946		9,035		91,444		10,935
Non-recurring repair expenses <sup>(1)</sup>		107		3		280		173
Diligence, acquisition, disposition and integration expenses <sup>(2)</sup>		6,145		992		20,904		12,360
Litigation expenses <sup>(3)</sup>		320		174		872		1,341
Gain on classification of held for sale		—		—		—		(24,616)
Gain on change in fair value of derivative		(9,417)		—		(22,543)		—
Gain on change in fair value of investment		(3,305)		—		(6,072)		—
(Gain) loss on abandonment of assets		(7)		—		1,744		769
Loss on conversion of debt		—		—		—		33,612
Loss on change in fair value of debt		—		—		—		85,439
Loss on change in fair value of warrants		—		6,421		—		6,421
Loss on extinguishment of debt		—		1,177		—		1,177
Restructuring expenses <sup>(5)</sup>		358		43		1,093		43
Other non-recurring expenses <sup>(6)</sup>		3,219		271		4,001		558
Adjusted EBITDA (Non-GAAP)	\$	44,139	\$	6,258	\$	64,877	\$	18,647

<sup>(1)</sup> Represents costs incurred for the non-recurring repair and replacement of equipment at our data center facilities.

<sup>(2)</sup> Represents legal, accounting and consulting costs incurred in association with certain discrete transactions and projects.

<sup>(3)</sup> Represents non-recurring litigation expense associated with our defense of class action lawsuits and legal fees related to matters with certain former employees. We do not expect to incur these expenses on a regular basis.

<sup>(4)</sup> Represents the acceleration of expense related to assets that were abandoned by us due to operational failure or other reasons. Depreciation and amortization in this amount is included in Depreciation and Amortization expense within our calculation of EBITDA, and therefore is not added back as a management adjustment in our calculation of Adjusted EBITDA.

<sup>(5)</sup> Represents non-recurring expenses associated with employee separations.

<sup>(6)</sup> Represents expenses that are not representative of our expected ongoing costs.

<sup>(7)</sup> Represents interest expense excluded from the calculation of Adjusted net income (loss) per diluted share (Non-GAAP) that would occur if the Convertible Notes had been converted into stock at the beginning of the period. This adjustment is only present in periods where its effect would be dilutive.

<sup>(8)</sup> Includes shares that would be issued upon conversion of our outstanding Convertible Notes totaling 46,144,395 shares.

### Sources of Liquidity

As of February 28, 2026, we had unrestricted cash and cash equivalents of \$1.7 billion and restricted cash of \$377.2 million. Historically, we have incurred losses and have relied on equity and debt financings to fund our operations. We have primarily generated cash in the last 12 months from the proceeds of our term loans, issuances of common stock, preferred stock, convertible promissory notes, senior unsecured convertible notes, senior secured notes (issued by our subsidiaries) debt facilities and the receipt of contractual deposits and revenue payments from customers.

We believe that existing cash balances, cash flows from operations, existing debt facilities, and access to capital markets will provide sufficient liquidity to meet our debt obligations, including any repayment of debt or refinancing of debt, working capital needs, planned capital expenditures, and other contractual obligations, for at least the next twelve months.

Given the project development nature of our business, we raise capital through public and private debt and equity issuances, as well as commercial borrowings, to fund this development activity. We are and expect to be constantly exploring, negotiating and consummating financing transactions, which may include refinancing existing capital arrangements as well as new issuances.

#### Recent Financing Activities

See Note 6 - Debt in the notes to the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for more information on our term loans and other debt instruments.

#### *June 2025 At-the-Market Sales Agreement*

On June 2, 2025, the Company entered into a Sales Agreement with Northland Securities, Inc. and Wells Fargo Securities, LLC (the “June 2025 Sales Agreement”), pursuant to which, up to \$200,000,000 of shares of the Company's common stock may be issued if and when sold. As of the date of this report, the Company has issued and sold approximately 15.3 million shares under the June 2025 Sales Agreement for gross proceeds of approximately \$196.4 million.

#### *Series G Convertible Preferred Stock*

During the three and nine months ended February 28, 2026, the Company issued and sold 154,500 and 758,550 shares of Series G Preferred Stock, respectively, for gross proceeds of \$150.0 million and \$740.0 million, respectively. During the three and nine months ended February 28, 2026, 197,750 and 836,550 shares of Series G Preferred Stock, respectively, were converted into 5.6 million and 49.2 million shares of the Company's common stock, respectively. As of February 28, 2026, no shares of Series G Preferred Stock were issued and outstanding.

During the nine months ended February 28, 2026, we received \$119.3 million in payments for future data center hosting.

#### *Promissory Note*

On September 9, 2025, APLD FAR-01 LLC, our subsidiary, entered into a promissory note with Macquarie Equipment Capital, Inc. (“MEC”). The Promissory Note provides for a principal sum of (a) \$50 million, which was drawn on the Closing Date, plus (b) subject to the mutual consent of us and the Lender, additional loans in an aggregate principal amount not to exceed \$25 million. On November 28, 2025, the Company repaid the Promissory Note in full, including all outstanding and unpaid principal, accrued interest, and rate of return.

#### *Amended and Restated Unit Purchase Agreement*

On October 6, 2025, as described above, the Subsidiary Issuer sold to the Purchaser 112,500 Preferred Units in the Subsidiary Issuer at a price per Preferred Unit of \$1,000, for an aggregate purchase price of \$112.5 million. On November 25, 2025, the Subsidiary Issuer sold to the Purchaser 450,000 Preferred Units in the Subsidiary Issuer at a price per Preferred Unit of \$1,000, for an aggregate purchase price of \$450.0 million. On December 9, 2025, the Subsidiary Issuer sold to the Purchaser an additional 27,778 common units and 337,500 Preferred Units in the Subsidiary Issuer at a price per Preferred Unit of \$1,000, for an aggregate purchase price of \$337.5 million, bringing the total amount funded to date under the A&R UPA to \$900.0 million.

#### *Revolving Credit Facility*

On November 10, 2025, we entered into a loan and security agreement with First National Bank of Omaha, pursuant to which the lender agreed to make one or more revolving loans, and issue letters of credit, from time to time to the Company in an aggregate principal amount of \$65 million. As of February 28, 2026, approximately \$61.9 million of letters of credit were issued under the revolving credit facility.

#### *2030 Senior Secured Notes*

On November 20, 2025, our subsidiary, APLD ComputeCo LLC, closed a \$2.35 billion offering of 9.25% Senior Secured Notes due 2030 at an issue price of 97.0%. The net proceeds from the 2030 Notes after issuance costs and repayment of the SMBC loan were approximately \$1.9 billion.

*DevCo Facility*

On December 18, 2025, Borrower and MEC entered into the DevCo Facility. The Promissory Note provides for a principal sum of (a) the First Draw, plus (b) the Second Draw, plus (c) the Third Draw, with the Third Draw to be funded upon the Borrower’s request at any time after the Initial Closing Date subject to satisfaction of or waiver by MEC of certain conditions precedent on or prior to the Third Draw, plus (d) the principal sum of any Additional Loans, if applicable.

Loans under the DevCo Facility bear interest at 8.0% per annum, unless an Event of Default (as defined therein) has occurred and is continuing, in which case, the Secured Obligations (as defined therein) shall bear interest at the sum of 8.0% per annum plus an additional 1.50% per month (the “Post-Default Rate”). As of February 28, 2026, \$85 million has been drawn.

Material Contractual Obligations

In the ordinary course of business, we enter into contractual arrangements that require future cash payments. The following table sets forth information regarding our anticipated future cash payments under our contractual obligations as of February 28, 2026 (in thousands):

	<b>Payments Due by Period</b>						
	<b>Total</b>	<b>Remainder of FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>	<b>FY 2030</b>	<b>Thereafter</b>
Debt obligations <sup>(1)</sup>	\$ 2,943,119	\$ 90,283	\$ 13,184	\$ 100,772	\$ 187,329	\$ 184,158	\$ 2,367,393
Interest on debt obligations <sup>(2)</sup>	1,104,009	18,996	232,386	253,289	221,730	204,828	172,780
Operating lease obligations <sup>(3)</sup>	70,985	5,484	22,163	22,650	17,152	3,536	—
Financing lease obligations <sup>(4)</sup>	76,988	14,951	51,069	10,968	—	—	—
Power commitments <sup>(5)</sup>	26,236	7,058	19,178	—	—	—	—
Preferred share dividends <sup>(6)</sup>	482,713	1,558	6,231	6,231	6,231	6,231	456,231

<sup>(1)</sup> Debt obligations presented in the table reflect scheduled principal payments related to our outstanding debt as described in Note 6 to the unaudited condensed consolidated financial statements for further discussion.

<sup>(2)</sup> Estimated interest payments on our debt obligations include estimated future interest payments based on the terms of the debt agreements. See Note 6 to the unaudited condensed consolidated financial statements for further discussion.

<sup>(3)</sup> Operating lease obligations include future minimum payments for our operating leases.

<sup>(4)</sup> Financing lease obligations include future minimum payments for our finance leases.

<sup>(5)</sup> Power commitments represents our obligation related to the energy services agreement for our Jamestown, North Dakota co-hosting facility payable. See Note 14 to the unaudited condensed consolidated financial statements for further discussion.

<sup>(6)</sup> Preferred share dividends represent estimated future dividend payments per year in accordance with preferred stock that has been issued. The estimated future dividend payments will continue until preferred stock is redeemed.

Funding Requirements

We have experienced net losses through the period ended February 28, 2026. Our transition to profitability is dependent on the successful operation of our business.

We expect to have sufficient liquidity, including cash on hand, payments from customers, access to debt financing, and access to public capital markets, to support ongoing operations and meet our working capital needs for at least the next 12 months and all of our known requirements and plans for cash. We expect that our general and administrative expenses and our operating expenditures will continue to increase as we continue to expand our operations. We believe that the significant investments in property and equipment will remain throughout fiscal year 2026 as we continue construction of our HPC hosting facilities.

## Summary of Cash Flows

The following table provides information about our net cash flow for the nine months ended February 28, 2026 and February 28, 2025, respectively.

\$ in thousands	Nine Months Ended	
	February 28, 2026	February 28, 2025
Net cash used in operating activities	\$ (42,860)	\$ (122,257)
Net cash used in investing activities	(1,593,697)	(465,678)
Net cash provided by financing activities	3,620,912	817,471
Net increase in cash, cash equivalents, and restricted cash	1,984,355	229,536
Cash, cash equivalents, and restricted cash at beginning of period	123,318	31,688
Cash, cash equivalents, and restricted cash at end of period	\$ 2,107,673	\$ 261,224

### *Commentary on the change in cash flows between the Nine Months Ended February 28, 2026 and Nine Months Ended February 28, 2025*

#### Operating Activities

The net cash used in operating activities changed by \$79.4 million, or 65%, from \$122.3 million for the nine months ended February 28, 2025 to \$42.9 million for the nine months ended February 28, 2026. Activities that positively impacted operating cash flows during the nine months ended February 28, 2026 included stock-based compensation, loss on classification of held for sale and non-cash interest expense as well as a decrease in net loss between comparative periods. These positive impacts were partially offset by prior period activities which were not present in the current period, including losses on the conversion and fair value of debt. Other impacts included changes in operating assets and liabilities associated with energizing our first HPC data center at our Polaris Forge 1 campus during the current fiscal year.

#### Investing Activities

The net cash used in investing activities increased by \$1.1 billion, or 242%, from \$465.7 million for the nine months ended February 28, 2025, to \$1.6 billion for the nine months ended February 28, 2026. This increase was primarily due to an increase of approximately \$1.1 billion in investments in property and equipment during the nine months ended February 28, 2026 as our payments in the current period for construction of each of our Polaris Forge 1, Polaris Forge 2, and Delta Forge 1 campus data center facilities increased as well as an increase in investments in other companies. Additionally, there were no proceeds from sale of assets during the nine months ended February 28, 2026, compared to the nine months ended February 28, 2025 to offset the increase in cash used in investing activities.

#### Financing Activities

The net cash provided by financing activities increased by \$2.8 billion, or 343%, from \$817.5 million for the nine months ended February 28, 2025 to \$3.6 billion for the nine months ended February 28, 2026. The primary reason for the change was an increase in the net borrowings of long-term debt of \$1.9 billion from the issuance of our 2030 Notes as well as an increase in receipt of net proceeds from offerings of our common and preferred stock of approximately \$645.6 million during the nine months ended February 28, 2026. Also contributing to the increase was a capital contribution from our noncontrolling interest partners of \$900.0 million. These increases were partially offset by a decrease of \$450.0 million in borrowings under our Convertible Notes which occurred during the nine months ended February 28, 2025 as well as an increase of \$142.0 million in repayments of long-term debt during the nine months ended February 28, 2026 compared to the nine months ended February 28, 2025.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

There have been no material changes in our exposure to market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk of our Annual Report on Form 10-K for the fiscal year ended May 31, 2025.

### **Item 4. Controls and Procedures**

#### *Management's Evaluation of Disclosure Controls and Procedures*

We maintain a system of disclosure controls and procedures that is designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported

within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to the our management, including our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer and principal accounting officer), as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Our Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of February 28, 2026, have concluded that our disclosure controls and procedures were effective at the reasonable assurance level.

*Changes in Internal Control over Financial Reporting*

There were no changes in internal control over financial reporting that occurred during the three months ended February 28, 2026, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II - Other Information

### Item 1. Legal Proceedings

From time to time, we may become involved in legal proceedings.

The Company, Wes Cummins, the Company's Chief Executive Officer, and David Rench, the Company's then Chief Financial Officer, have been named as defendants in a putative securities class action lawsuit in the matter styled, *McConnell v. Applied Digital Corporation, et al.*, Case No. 3:23-cv-1805, filed in August 2023 in the U.S. District Court for the Northern District of Texas (the "Securities Lawsuit"). Specifically, the complaint asserts claims pursuant to Section 10(b) and 20(a) of the Securities and Exchange Act of 1934 based on allegedly false or misleading statements regarding the company's business, operations, and compliance policies, including claims that the Company overstated the profitability of its Data Center Hosting Business and its ability to successfully transition into a low-cost cloud services provider and that the Company's board of directors was not "independent" within the meaning of Nasdaq listing rules. On May 22, 2024, the court appointed lead plaintiff and approved lead counsel, and on July 22, 2024, Lead Plaintiff filed an amended complaint which asserts the same claims based on similar allegations in the original complaint. On September 20, 2024, the defendants filed a motion to dismiss the amended complaint. On November 20, 2024, Lead Plaintiff filed his opposition to the Motion to Dismiss. On January 3, 2025, the defendants filed their reply in further support of the Motion to Dismiss. On September 8, 2025, the Court issued an order staying the Securities Lawsuit and administratively closing it pending resolution of the Motion to Dismiss. See discussion in "Note 15 - Commitments and Contingencies".

The Company is unable to estimate a range of loss, if any, that could result were there to be an adverse final decision in the Securities Lawsuit. If an unfavorable action were to occur, it is possible that the impact could be material to the Company's results of operations in the period(s) in which any such outcome becomes probable and estimable.

#### *Derivative Lawsuit*

On November 15, 2023, a derivative action was filed in the matter styled, *Weich v. Cummins, et al.*, Case No. A-23-881629-C in the District Court of Clark County, Nevada (the "Derivative Lawsuit"). The Weich complaint named as defendants certain members of the Company's Board of Directors and its Chief Executive Officer Wesley Cummins and purports to name the Company's then Chief Financial Officer David Rench as a defendant. The complaint asserted claims for breach of fiduciary duties, corporate waste and unjust enrichment based upon allegations that the defendants caused or allowed the Company to make materially false and misleading statements regarding the Company's business, operations, and compliance policies. Specifically, the complaint alleged that the Company overstated the profitability of the Data Center Hosting Business and its ability to successfully transition into a low-cost cloud services provider and that the Board was not "independent" within the meaning of Nasdaq listing rules. On February 27, 2024, the derivative plaintiff filed an amended complaint asserting the same claims as the original complaint.

On June 5, 2024, following briefing and argument on the defendants' motion to dismiss the Derivative Lawsuit, the Court entered an order granting the defendants' motion without prejudice and dismissing all claims against all defendants, including the Company, on the grounds that the plaintiff failed to plead (1) demand futility as to each of plaintiff's claims or (2) a claim for breach of fiduciary duty. The order dismissed all claims against all defendants, including the Company. The plaintiff can seek leave to file an amended complaint but to date has not done so.

The Company is unable to estimate a range of loss, if any, that could result were there to be an adverse final decision in this action. If an unfavorable action were to occur, it is possible that the impact could be material to the Company's results of operations in the period(s) in which any such outcome becomes probable and estimable.

There are no other pending lawsuits that could reasonably be expected to have a material adverse effect on the results of the Company's consolidated operations.

### Item 1A. Risk Factors

As of the date of this filing, there have been no material changes to the risk factors associated with our business previously disclosed in the "Risk Factors" section in Part I, Item 1A, of our Annual Report on 2025 Form 10-K for the fiscal year ended May 31, 2025.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds***Series G Preferred Stock Offering*

On October 21, 2025, we entered into the fourth amendment (the “Fourth Amendment”) to the PEPA, dated April 30, 2025, by and between the Company and the investors signatory thereto, as amended by the First Amendment, the Second Amendment, and the Third Amendment, in order to increase its access to capital to fund the continued construction and development of its Polaris Forge I data center in Ellendale, North Dakota.

The Fourth Amendment amended the PEPA to, among other things: (i) increase the aggregate commitment amount of the shares of Series G Preferred Stock, from \$590.0 million to \$1.6 billion; (ii) subject to waiver by a majority-in-interest of the investors, (a) set the maximum put issuance amount to \$75.0 million per issuance, (b) set the limit to one put issuance per seven (7) business day period, and (c) set the maximum aggregate stated value of Series G Preferred Stock outstanding at any one time to \$75.0 million; (iii) increase the original discount from 2% to 3%; (iv) eliminate the placement agent fee; and (v) eliminate the prohibition on Variable Rate Transactions (as defined in the PEPA).

The offer and sale of the Series G Preferred Stock pursuant to the Fourth Amendment, and the shares of common stock issuable upon the conversion of the Series G Preferred Stock, is and will be made in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended. During the nine months ended February 28, 2026, we have issued and sold 231,750 shares of Series G Preferred Stock pursuant to the Fourth Amendment, all of which have been converted to shares of common stock of the Company.

The foregoing description of the Fourth Amendment is qualified in its entirety by reference to the full text of the Fourth Amendment, a form of which is attached hereto as Exhibit 10.1 and is incorporated in its entirety by reference herein.

**Item 3. Defaults Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description of Document
4.1	<a href="#"><u>Indenture, dated as of March 10, 2026, among APLD ComputeCo 2 LLC, the Subsidiary Guarantors as defined therein and Wilmington Trust, National Association, as trustee and collateral agent, relating to the 6.750% senior secured notes (Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the SEC on March 10, 2026).</u></a>
4.2	<a href="#"><u>Form of Note representing the 6.750% Senior Secured Notes due 2031 (included as Exhibit A to Exhibit 4.1).</u></a>
10.1 <sup>^</sup>	<a href="#"><u>Fourth Amendment to Preferred Equity Purchase Agreement, dated October 21, 2025, by and between the Company and the investors signatory thereto (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 21, 2025).</u></a>
10.2 <sup>^†</sup>	<a href="#"><u>Promissory Note, dated December 18, 2025, issued by APLD DevCo LLC and payable to Macquarie Equipment Capital, Inc. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 22, 2025).</u></a>
10.3 <sup>†</sup>	<a href="#"><u>Parent Guarantee, dated December 18, 2025, issued by Applied Digital Corporation in favor of Macquarie Equipment Capital, Inc. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on December 22, 2025).</u></a>
10.4 <sup>^†</sup>	<a href="#"><u>Guarantee and Collateral Agreement, dated December 18, 2025, by APLD DevCo LLC, APLD Intermediate HoldCo LLC, and the other Grantors defined therein in favor of Macquarie Equipment Capital, Inc. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on December 22, 2025).</u></a>
10.5#	<a href="#"><u>Performance Stock Unit Award, dated January 6, 2026, by and between Applied Digital Corporation and Wes Cummins (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 8, 2026).</u></a>
10.6#	<a href="#"><u>Restricted Stock Unit Award, dated January 6, 2026, by and between Applied Digital Corporation and Wes Cummins (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on January 8, 2026).</u></a>
10.7#	<a href="#"><u>Amendment No. 1, effective as of January 14, 2026, to the Employment Agreement, dated August 1, 2025, by and between Applied Digital Corporation and Jason Zhang (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 16, 2026).</u></a>
10.8#	<a href="#"><u>Performance Stock Unit Award, dated February 6, 2026, by and between Applied Digital Corporation and Jason Zhang (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2026).</u></a>
10.9#	<a href="#"><u>Performance Stock Unit Award, dated February 6, 2026, by and between Applied Digital Corporation and Saidal Mohmand (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2026).</u></a>
10.10#	<a href="#"><u>Restricted Stock Unit Award, dated February 6, 2026, by and between Applied Digital Corporation and Jason Zhang (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2026).</u></a>
10.11#	<a href="#"><u>Restricted Stock Unit Award, dated February 6, 2026, by and between Applied Digital Corporation and Saidal Mohmand (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on February 9, 2026).</u></a>
10.12 <sup>^</sup>	<a href="#"><u>Contribution and Exchange Agreement, dated February 15, 2026, by and among Ekso Bionics Holdings, Inc., APLD ChronoScale Holdco LLC, APLD Intermediate Holdco LLC, and Applied Digital Cloud Corporation (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on February 17, 2026).</u></a>
10.13	<a href="#"><u>Form of Investor Rights Agreement by and between ChronoScale Corporation and APLD ChronoScale Holdco LLC (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on February 17, 2026).</u></a>
10.14	<a href="#"><u>Guarantee, dated February 26, 2026, by Applied Digital Corporation in favor of the Babcock &amp; Wilcox Company (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 4, 2026).</u></a>
10.15#	<a href="#"><u>Amended and Restated Performance Stock Unit Award, by and between Applied Digital Corporation and Jason Zhang (Incorporated by reference to the Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed with the SEC on March 13, 2026).</u></a>
10.16*	<a href="#"><u>Amendment No. 1, effective as of February 24, 2026, to the Promissory Note, dated December 18, 2025, issued by APLD DevCo LLC and payable to Macquarie Equipment Capital, Inc.</u></a>

10.17 <sup>^†</sup>	<a href="#"><u>Unconditional Springing Guaranty of Payment and Performance, dated March 30, 2026, by and between APLD ELN-02 LLC and CoreWeave, Inc. (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 1, 2026).</u></a>
10.18 <sup>^†</sup>	<a href="#"><u>Unconditional Springing Guaranty of Payment and Performance, dated March 30, 2026, by and between APLD ELN-03 LLC and CoreWeave, Inc. (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 1, 2026).</u></a>
10.19 <sup>^</sup>	<a href="#"><u>Assignment, Assumption and Consent, dated March 30, 2026, by and among APLD ELN-03 LLC, CoreWeave, Inc. and CoreWeave Compute Acquisition Co. VIII, LLC. (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on April 1, 2026).</u></a>
31.1*	<a href="#"><u>Chief Executive Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2*	<a href="#"><u>Chief Financial Officer's Certificate Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1**	<a href="#"><u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
32.2**	<a href="#"><u>Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith.

<sup>^</sup> The schedules to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company hereby agrees to furnish supplementally a copy of any omitted schedule to the SEC upon request.

<sup>†</sup> Portions of this exhibit have been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

# Management compensatory agreement.

## SIGNATURES

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, in the City of Dallas, Texas on April 8, 2026.

### APPLIED DIGITAL CORPORATION

By: /s/ Wes Cummins  
Name: Wes Cummins  
Title: Chief Executive Officer, Secretary and Treasurer  
(Principal Executive Officer)

By: /s/ Saidal Mohmand  
Name: Saidal Mohmand  
Title: Chief Financial Officer (Principal Financial Officer  
and Principal Accounting Officer)

## AMENDMENT NO. 1 TO PROMISSORY NOTE

This Amendment No. 1 to Promissory Note (this “Amendment”) is entered into as of February 24, 2026, by and among APLD DEVCO LLC, a Delaware limited liability company (the “Borrower”), the other Credit Parties party hereto, and MACQUARIE EQUIPMENT CAPITAL, INC., as the Lender (in such capacity, the “Lender”).

### RECITALS

A. The Borrower is party to that certain Promissory Note, dated as of December 18, 2025 (as heretofore amended, supplemented or otherwise modified, the “Note”).

B. The Borrower has requested that the Lender agree to amend certain terms and conditions of the Note, and the Lender is willing to agree to such amendment on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the premises and the other mutual covenants contained herein, the receipt and sufficiency of which hereby are acknowledged, the parties hereto agree as follows:

1. **Definitions.** Capitalized terms used in this Amendment without definition shall have the meanings set forth in the Note.
2. **Amendments to Note.** Upon the Effective Date, the Note is hereby amended as follows:
  - (a) the Note (excluding all Annexes and Exhibits thereto) shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of the amended Note attached to this Amendment as Exhibit A; and
  - (b) Annex A to the Note shall be amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the double-underlined text (indicated textually in the same manner as the following example: double-underlined text) as set forth in the pages of Annex A to the Note attached to this Amendment as Exhibit B (together with the amended Note attached to this Amendment as Exhibit A, the “Amended Note”)
3. **Costs and Expenses.** The Borrower shall pay all reasonable and documented out-of-pocket costs and expenses incurred or sustained by the Lender in connection with this Amendment (including the reasonable and documented fees, charges and disbursements of counsel for the Lender) (the “Costs and Expenses”).
4. **Conditions Precedent.** This Amendment shall become effective upon the satisfaction of each of the following conditions (such date, the “Effective Date”):
  - (a) the Lender shall have received an executed counterpart of this Amendment executed on behalf of the Borrower, the other Credit Parties and the Lender;

- (b) the Lender shall have received an executed Borrowing Request and Certificate meeting the requirements of Section 2(i)(i) of the Amended Note;
  - (c) the Lender shall have received the Costs and Expenses; and
  - (d) the representations and warranties of the Borrower contained herein shall be true and correct in all material respects (unless already qualified by materiality, in which case such applicable representation and warranty are true and correct), except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties were true and correct in all material respects (unless already qualified by materiality, in which case such applicable representation and warranty were true and correct) as of such earlier date).
5. **Reference to and Effect on the Note and the Other Note Documents.** Upon the effectiveness of this Amendment, each reference in the Note to “this Note,” “hereunder,” “hereof,” “herein” or words of like import referring to the Note, and each reference in the other Note Documents to “the Note,” “thereunder,” “thereof,” “therein” or words of like import referring to the Note, shall mean and be a reference to the Note, as amended hereby. Except as expressly set forth herein, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lender under the Note or any other Note Documents, constitute a waiver of any provision of the Note or any other Note Documents, or serve to effect a novation of the Secured Obligations.
6. **Representations and Warranties.** The Borrower and each Credit Party party hereto represents and warrants, for the benefit of the Lender, as follows: (a) the execution, delivery and performance of the Amendment and performance of the Note, in each case, to which any Credit Party is a party, and the transactions contemplated thereby are within each Credit Party’s corporate, limited partnership, limited liability company or other organizational powers, as applicable, and have been duly authorized by all necessary corporate, limited partnership, limited liability company or other organizational, as applicable, and, if required, shareholder, partner or member action, as applicable (including any action required to be taken by any class of directors of any Credit Party or any other Person, whether interested or disinterested, in order to ensure the due authorization of the Amendment); (b) all consents, approvals, registrations, filings or other action necessary or appropriate for it to execute, deliver and perform this Amendment, and to perform the Note, in each case as amended hereby, have been taken and/or received; (c) this Amendment and the Note, as amended by this Amendment, to which any Credit Party is a party has been duly executed and delivered by such Credit Party and constitutes a legal, valid and binding obligation of such Credit Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law; (d) the execution, delivery and performance of this Amendment, and the performance of the Note, in each case as amended hereby, will not (i) (a) violate in any material respect, any applicable law or regulation, or (b) violate any organizational document of any Credit Party or any order of any Governmental Authority, (ii) violate or constitute a material default under or result in any material breach of any indenture, agreement or other instrument binding upon any Credit Party or any of



its Properties (including the material contracts relating to the development, construction and operation of the data center facilities owned by the Company or any of its Subsidiaries (if any) and agreements evidencing Indebtedness of the Company or any of its Subsidiaries (if any)), or give rise to a right thereunder to require any payment to be made by such Credit Party, or (iii) result in the creation or imposition of any Lien on any Collateral or any other Property of any Credit Party (other than the Liens created by the Note Documents); (e) after giving effect to this Amendment, the representations and warranties contained in the Note and each other Note Document, and the representations and warranties contained in each certificate or other writing delivered to the Lender by the Borrower in connection with the Note prior to or on the Effective Date, except to the extent such representations and warranties expressly relate to an earlier date, are correct in all material respects (unless already qualified by materiality, in which case such applicable representation and warranty are true and correct), except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties were true and correct in all material respects (unless already qualified by materiality, in which case such applicable representation and warranty were true and correct) as of such earlier date) on and as of the Effective Date; (f) no Default or Event of Default has occurred and is continuing; and (g) no event has occurred and is continuing, and no condition exists, which has had or would reasonably be expected to have a Material Adverse Effect since the Closing Date.

7. **Counterparts; Integration; Effectiveness.** This Amendment may be executed in counterparts, each of which shall constitute an original, but all taken together shall constitute a single contract. This Amendment constitutes the entire contract between the parties hereto with respect to the subject matter hereof and supersedes all previous agreements and understandings, oral or written, with respect thereto. This Amendment may be executed by means of (a) an electronic signature that complies with the federal Electronic Signatures in Global and National Commerce Act, state enactments of the Uniform Electronic Transactions Act, or any other relevant and applicable electronic signatures law; (b) an original manual signature; or (c) a faxed, scanned, or photocopied manual signature. Each electronic signature or faxed, scanned, or photocopied manual signature shall for all purposes have the same validity, legal effect, and admissibility in evidence as an original manual signature.
8. **Reaffirmation.** Each of Borrower and the Credit Parties agrees and acknowledges that the Note Documents to which it is a party are and shall remain in full force and effect and are valid, binding, and enforceable against Borrower and each Credit Party, as applicable, upon the terms and conditions set forth therein, as amended hereby, and each agrees that its respective obligations and liabilities under such agreements, as amended hereby, shall continue without impairment or limitation by reason of this Amendment. Each of the Borrower and the Credit Parties hereby reaffirm the Note Documents (other than the Parent Loan Guarantee) to which it is a party, and its respective liabilities, waivers, agreements, covenants, and obligations under each applicable Note Document (other than the Parent Loan Guarantee). The Parent hereby reaffirms the Parent Loan Guarantee, and its respective liabilities, waivers, agreements, covenants, and obligations under the Parent Loan Guarantee. Each of the Borrower and the Credit Parties has had the opportunity to



review this Amendment and is entering into this Amendment with full knowledge of each of the foregoing.

9. **Governing Law.** THIS AMENDMENT AND ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS AMENDMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.
10. **Headings.** Section headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.
11. **Incorporation by Reference.** The terms and provisions of the second sentence of the first paragraph of Section 8(e) and the fourth and fifth paragraphs of Section 8(e) of the Amended Note are hereby incorporated herein by reference, *mutatis mutandis*, with the same force and effect as if fully set forth herein, and the parties hereto agree to such terms. This Amendment constitutes a “Note Document” under and as defined in the Note and is subject to the terms and provisions therein regarding Note Documents.

[Signatures follow]



**IN WITNESS WHEREOF**, the parties have executed this Amendment as of the day and year first above written.

**APLD DEVCO LLC**, as the Borrower

Signed by:  
By: SAIDAL MOHMAND  
E3DE7D79239F4F4...  
Name: Saidal Mohmand  
Title: Chief Financial Officer

**APPLIED DIGITAL CORPORATION**, as a Credit Party

Signed by:  
By: SAIDAL MOHMAND  
E3DE7D79239F4F4...  
Name: Saidal Mohmand  
Title: Chief Financial Officer

**APLD INTERMEDIATE HOLDCO LLC**, as a Credit Party

Signed by:  
By: SAIDAL MOHMAND  
E3DE7D79239F4F4...  
Name: Saidal Mohmand  
Title: Chief Financial Officer

**APLD AEX HOLDINGS LLC**, as a Credit Party

Signed by:  
By: SAIDAL MOHMAND  
E3DE7D79239F4F4...  
Name: Saidal Mohmand  
Title: Chief Financial Officer

**APLD AEX-01 LLC**, as a Credit Party

Signed by:  
By: SAIDAL MOHMAND  
E3DE7D79239F4F4...  
Name: Saidal Mohmand  
Title: Chief Financial Officer

**APLD AEX-02 LLC**, as a Credit Party

Signed by:  
By: SAIDAL MOHMAND  
E3DE7D79239F4F4...  
Name: Saidal Mohmand  
Title: Chief Financial Officer



**MACQUARIE EQUIPMENT CAPITAL, INC.,** as  
the Lender

By:   
Name: Joshua Stevens  
Title: Division Director

By:   
Name: Michael Greenblatt  
Title: Authorized Signatory



EXHIBIT A  
AMENDED NOTE  
[see attached]



*Execution Version*

Composite Copy reflecting amendments made pursuant to Amendment No. 1 to Promissory Note, dated as of February 24, 2026

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATIONS REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

**PROMISSORY NOTE**

\$100,000,000.00

Date: December 18, 2025

APLD DevCo LLC, a Delaware limited liability company (the “Company”) hereby unconditionally promises to pay to Macquarie Equipment Capital, Inc. (together with any permitted assignee or transferee of this Note, “Lender”) at the principal office of Lender located at 660 Fifth Avenue, New York, NY 10103 the principal sum of (a) FORTY FIVE MILLION DOLLARS (\$45,000,000.00) in the lawful currency of the United States of America (the “First Draw”) plus (b) ~~FIFTY FIVE~~ FORTY MILLION DOLLARS (~~\$55,000,000.00~~40,000,000.00) in the lawful currency of the United States of America (the “Second Draw”); **plus (c) FIFTEEN MILLION DOLLARS (\$15,000,000.00) in the lawful currency of the United States of America (the “Third Draw”** and, together with the First Draw and Second Draw, each a “Draw” and, collectively, the “Initial Loan”) plus (c) the principal sum of any Additional Loans (as defined below), if applicable, made by the Lender (at the mutual consent of the Company and the Lender) to the Company pursuant to Section 2(j) below in the lawful currency of the United States of America (such Additional Loans, if any, together with the Initial Loan, collectively, the “Loan”), together with (i) any amounts necessary to achieve the Base Return with respect to the portion of the Loan being repaid from time to time, (ii) interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until the date on which this Note (the “Note”) is paid in full in cash, at the rate set forth in Section 2 below and (iii) any other amounts then due and payable hereunder.

Section 1. Definitions. As used in this Note, the terms set forth in Annex A have the meanings herein as specified in Annex A.

Section 2. Note Terms.

(a) Initial Loan. Subject to the terms and conditions set forth in this Note and in reliance upon the representations and warranties of the Credit Parties set forth herein and in the other Note Documents, the Lender agrees to advance to the Company (a) on the Closing Date, the First Draw, ~~and~~ (b) upon the Company’s request and at the Lender’s sole discretion, at any time after the Closing Date, the Second **Draw and (c) upon the Company’s request and at the Lender’s sole discretion, at any time after the Closing Date, the Third** Draw. Any amounts extended under this Note and repaid or prepaid may not be re-extended or reborrowed, except as permitted by Section 2(j) hereunder. For the avoidance of doubt, the uncommitted term loan



facility contemplated by Section 2(j) hereunder shall remain available for consideration by the Lender in its sole discretion notwithstanding that, from time to time, the outstanding principal balance of the Loan may be \$0.00 following a voluntary prepayment permitted hereunder.

(b) Maturity Date. All principal and accrued interest on the unpaid principal of this Note will be due and payable in immediately available funds upon the earliest of (i) the date of acceleration of the Loan hereunder, (ii) July 18, 2026, to the extent the Initial Lease Execution has not occurred on or before April 18, 2026, or (iii) December 18, 2027 (the "Maturity Date"). For the avoidance of doubt, in connection with Section 2(j) hereunder, so long as no Event of Default shall have occurred and be continuing, the Maturity Date shall not be deemed to have occurred to the extent that the Company elects to voluntarily prepay all of this Note as permitted by Section 2(f)(i) hereunder, even if the outstanding principal balance of this Note shall be \$0.00 following such voluntary prepayment.

(c) Withholding.

- (i) Any and all payments made by the Company under this Note shall be made free and clear of and without deduction or withholding for any Taxes or Other Taxes. If the Company shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable under this Note, then (i) unless such Taxes are Excluded Taxes, the sum payable shall be increased by such additional amounts as may be necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section 2(c)), the Lender receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) the Company shall make such deductions or withholdings and (iii) the Company shall pay the full amount deducted or withheld to the relevant taxation authority or other Governmental Authority in accordance with applicable law.
- (ii) The Company shall timely pay to the relevant Governmental Authority in accordance with applicable law, or at the option of the Lender timely reimburse it for the payment of, any Other Taxes.
- (iii) On or about the date on which any Lender becomes a Lender under this Note, such Lender shall provide to the Company a valid and duly executed Internal Revenue Service Form W-9 or W-8, as applicable. At any time thereafter, the Lender shall provide updated documentation when any documentation previously delivered to the Company has expired or becomes obsolete or invalid or otherwise upon the reasonable request of the Company.

(d) [Reserved].

(e) Interest. The Loan shall bear interest at a rate equal to the Applicable Margin. Interest shall be calculated on the basis of a 360-day year and 30-day months for actual days



elapsed. The Secured Obligations shall automatically bear interest, after as well as before judgment, from the date of occurrence of any Event of Default until such Event of Default is no longer continuing, at a rate per annum equal to the sum of the rate of interest applicable to the Loan plus an additional one and one half percent (1.5%) per month, on such amount (the “Post-Default Rate”). In no event shall the interest rate applicable at any time to this Note exceed the maximum rate permitted by law. Accrued interest on the Loan shall be payable in arrears on each Monthly Date (x) from the Closing Date until the date that is twelve (12) months following the Closing Date (the “PIK Period”), in kind, with such paid in kind payment being capitalized to principal on each Monthly Date and at such other times as may be specified herein (each such payment in kind capitalized to principal pursuant to this Section 2(e), a “Principal Increase”) and such Principal Increase shall be considered principal of the applicable Loans for all purposes, including, without limitation, the calculation of interest on subsequent Monthly Dates, and (y) following the expiration of the PIK Period, in cash; provided that (i) Post-Default Rate interest accrued pursuant to this Section shall be payable in cash on demand and (ii) in the event of any repayment or prepayment of the Loan (including on the Maturity Date, upon acceleration or otherwise), accrued interest on the principal amount repaid or prepaid and all accrued commitment fees shall be payable on the date of such repayment or prepayment.

(f) Prepayments.

- (i) The Company may prepay all or part of this Note at any time with no less than three (3) Business Days’ notice with accrued interest to the date of prepayment on the principal amount prepaid.
- (ii) Immediately upon the receipt of net cash proceeds by, or on behalf of, the Company or any of its Subsidiaries (if any) in respect of the issuance or incurrence of Indebtedness not permitted under the Note Documents, the Company shall apply such net cash proceeds received from such issuance or incurrence of Indebtedness upon receipt thereof to prepay the outstanding principal balance of this Note with accrued interest to the date of prepayment on the principal amount prepaid.
- (iii) Upon a Change of Control, the Company shall prepay the full outstanding principal balance of this Note together with (A) accrued interest to the date of prepayment on the principal amount prepaid and (B) any other amounts then due and payable hereunder.
- (iv) Within ninety (90) days following the occurrence of the Initial Lease Execution, the Company shall prepay the full outstanding principal balance of this Note together with (A) accrued interest to the date of prepayment on the principal amount prepaid and (B) any other amounts then due and payable hereunder.
- (v) Within thirty (30) days following the issuance of a Qualifying Preference Share Issuance, the Company shall prepay the full outstanding principal balance of this Note together with (A) accrued interest to the date of



prepayment on the principal amount prepaid and (B) any other amounts then due and payable hereunder.

- (vi) Within twenty (20) Business Days following the consummation of an SPV Sale, the Company shall prepay the full outstanding principal balance of this Note together with (A) accrued interest to the date of prepayment on the principal amount prepaid and (B) any other amounts then due and payable hereunder, including, for the avoidance of doubt, any amounts necessary to achieve the Base Return with respect to the portion of the Loan being prepaid; provided that, upon the Company's request, the Lender may elect, in its sole discretion, to have the amounts due pursuant to this clause (vi) to instead be reinvested by the Company to another project on terms and conditions reasonably satisfactory to the Lender.
- (vii) Prepayments pursuant to this Section 2(f) shall, with respect to the portion of the Loan then being prepaid, in each case, be accompanied by the payment of amounts sufficient to achieve the Base Return with respect to the amount of the Loan being prepaid.

(g) Application of Payments. Except as otherwise provided herein with respect to prepayments, all payments on this Note shall be applied to the payment of accrued interest before being applied to the payment of principal (including in respect of amounts sufficient to achieve the Base Return with respect to the portion of the Loan related thereto). Any payment which is required to be made on a day which is not a Business Day shall be payable on the next succeeding Business Day and such additional time shall be included in the computation of interest.

(h) Base Return. Prepayments permitted or required under this Section 2 (including, for avoidance of doubt, any prepayments of the Loan occurring after acceleration of the Loan pursuant to Section 6 and any other prepayments of the Loan), shall be accompanied by an amount sufficient to achieve the Base Return with respect to the portion of the Loan being prepaid.

(i) Condition Precedent to Second Draw. Following the Closing Date and prior to the occurrence of the Maturity Date, upon the Company's request, at the Lender's sole discretion, the Lender may fund the Second Draw to the Company upon the satisfaction (or waiver by the Lender) of the following condition precedent on or prior to the proposed date of such Second Draw:

- (i) The Company shall have delivered to the Lender a duly executed Borrowing Request and Certificate identifying the proposed date and other details of such Second Draw and certifying that, as of the date on which such Second Draw is funded:
  - (A) No Event of Default shall have occurred and be continuing;
  - (B) All representations and warranties contained in this Note shall be



true and correct in all material respects (unless already qualified by materiality, in which case such applicable representation and warranty are true and correct), except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties were true and correct in all material respects (unless already qualified by materiality, in which case such applicable representation and warranty were true and correct) as of such earlier date); and

- (C) No event, development or circumstance has occurred or existed that has resulted in, or could reasonably be expected to have, a Material Adverse Effect.

(j) Uncommitted Rollovers of Loan/Additional Loans for Alternate Data Center. Prior to the occurrence of the Maturity Date, the Company may request to (A) roll over the outstanding principal balance of the Loan from time to time into one or more loans for one or more new projects (such rollovers, the “Rollover Loans”) or (B) otherwise increase the size of the existing Loan by advancing new loans to the Company (such loans, the “Additional Loans”), in either case, for the purpose of financing development activities at new or existing data center projects at direct or indirect, wholly owned domestic Subsidiaries of the Company, each of which shall become a Guarantor with respect to such Additional Loans, or a Guarantor with respect to such Rollover Loans, as applicable, concurrent with the incurrence of Indebtedness with respect thereto (the “New Facility”), subject to the prior written approval of the Lender (in its sole discretion) and the satisfaction of conditions to be specified by the Lender, including the following:

- (i) Conditions Precedent to Rollover Loans/Additional Loans. The Lender may permit any Rollover Loans or extend any Additional Loans upon the satisfaction (or waiver by the Lender) of conditions precedent on or prior to the proposed rollover or extension date, each in form and substance satisfactory to the Lender in its sole discretion, including, but not limited to, the following:
  - (A) The Company has delivered to the Lender a duly executed letter of intent evidencing its commitment to transition operations to the New Facility;
  - (B) The Company has delivered to the Lender all fiber, water, environmental, and land diligence reports, studies, and related non-privileged and non-confidential documentation reasonably requested by the Lender;
  - (C) The Company has delivered to the Lender a draft or executed Phase I environmental site assessment for the applicable property;
  - (D) The Company has delivered to the Lender either (i) an executed land purchase agreement or (ii) an executed land purchase option



agreement, in each case with respect to the contemplated project;

- (E) Amounts of principal in respect of any Rollover Loans or any Additional Loans shall be as mutually agreed by the Lender and the Company;
  - (F) The Lender has received evidence satisfactory to it that no Material Adverse Effect has occurred or is reasonably likely to occur as a result of the transition;
  - (G) Any Rollover Loans and any Additional Loans may be subject to a Base Return and Multiple of Invested Capital as may be mutually agreed by the Lender and the Company;
  - (H) All representations and warranties contained in this Note shall be true and correct in all material respects as of the date on which such Rollover Loan is rolled over or such Additional Loan is funded;
  - (I) No Event of Default shall have occurred and be continuing; and
  - (J) Any Rollover Loans and any Additional Loans shall be documented under terms substantially similar to this Note (or by way of an amendment to this Note), except as modified to reflect the New Facility and shall include additional terms and conditions as may be mutually agreed by the Lender and the Company, including, but not limited to, interest rate, maturity and/or covenants, as applicable.
- (ii) Conditions Subsequent to Rollover Loans/Additional Loans. Within one hundred twenty (120) days of the date on which each such Rollover Loan is rolled over or each such Additional Loan is funded (or such longer period as agreed by the Lender in its reasonable discretion), the Company shall have delivered, or cause to have been delivered, to the Lender the following with respect to the New Facility:
- (A) The deliverables set forth in Section 4(h); and
  - (B) Such other deliverables, documents, and other instruments as the Lender shall reasonably require in connection therewith.

Notwithstanding anything to the contrary in this Note, any Rollover Loans and any Additional Loans constitute an uncommitted term loan facility. The Lender has no obligation to provide, commit to provide, or continue to make available any Rollover Loans or Additional Loans unless and until the Lender, in its sole discretion, has approved such Rollover Loan or Additional Loans in writing and all applicable conditions specified by the Lender have been satisfied or waived. For the avoidance of doubt, (x) any Rollover Loans and any Additional Loans may be requested and considered even if the outstanding principal balance of the Loan is



\$0.00 following a voluntary prepayment permitted hereunder and (y) neither the Payment in Full of this Note nor any prepayment in full of the Loan shall, by itself, terminate the uncommitted facility contemplated by this Section 2(j).

**(k) Condition Precedent to Third Draw. Following the Closing Date and prior to the occurrence of the Maturity Date, upon the Company's request, at the Lender's sole discretion, the Lender may fund the Third Draw to the Company upon the satisfaction (or waiver by the Lender) of the following condition precedent on or prior to the proposed date of such Third Draw:**

**(i) The Company shall have delivered to the Lender a duly executed Borrowing Request and Certificate identifying the proposed date and other details of such Third Draw and certifying that, as of the date on which such Third Draw is funded:**

**(A) No Event of Default shall have occurred and be continuing;**

**(B) All representations and warranties contained in this Note shall be true and correct in all material respects (unless already qualified by materiality, in which case such applicable representation and warranty are true and correct), except to the extent such representations and warranties expressly relate to an earlier date (in which case, such representations and warranties were true and correct in all material respects (unless already qualified by materiality, in which case such applicable representation and warranty were true and correct) as of such earlier date); and**

**(C) No event, development or circumstance has occurred or existed that has resulted in, or could reasonably be expected to have, a Material Adverse Effect.**

Section 3. **Representations and Warranties of the Company.** To induce Lender, in its sole discretion, to make the Loan, the Company represents, warrants and covenants to Lender and the other Secured Parties the following, and pursuant to the other Note Documents (including the Parent Loan Guarantee) to which a Credit Party is a party, such Credit Party represents, warrants and covenants to Lender, the following as of the date of this Note, and any other date such representations, warranties and covenants are required to be made:

(a) **Organization; Powers.** Each Credit Party (a) is a legal entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority, and has all governmental licenses, authorizations, consents and approvals necessary, to own its assets and to carry on its business as now conducted, and (c) is qualified to do business in, and is in good standing in, every jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except in the case of this clause (c) where the failure to do so could not reasonably be expected to have a Material Adverse Effect.



(b) Authority; Enforceability. The execution, delivery and performance of the Note Documents to which it is a party and the transactions contemplated thereby are within each Credit Party's corporate, limited partnership, limited liability company or other organizational powers, as applicable, and have been duly authorized by all necessary corporate, limited partnership, limited liability company or other organizational, as applicable, and, if required, shareholder, partner or member action, as applicable (including any action required to be taken by any class of directors of any Credit Party or any other Person, whether interested or disinterested, in order to ensure the due authorization of the Note Documents). Each Note Document to which any Credit Party is a party has been duly executed and delivered by such Credit Party and constitutes a legal, valid and binding obligation of such Credit Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(c) Approvals; No Conflicts. Neither the execution and delivery of this Note or the other Note Documents by any Credit Party, nor the consummation of the transactions herein or therein contemplated or compliance with the terms and provisions hereof or thereof by any of them, (a) require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other third Person (including holders of its Equity Interests or any class of directors or managers, whether interested or disinterested, of any Credit Party or any other Person), nor is any such consent, approval, registration, filing or other action necessary for the validity or enforceability of any Note Document or the consummation of the transactions contemplated thereby, except such as have been obtained or made and are in full force and effect other than the recording and filing of the Security Documents as required by the Note Documents, (b) will violate (i) in any material respect, any applicable law or regulation or (ii) any organizational document of any Credit Party or any order of any Governmental Authority, (c) will not violate or constitute a material default under or result in any material breach of any indenture, agreement or other instrument binding upon any Credit Party or any of its Properties (including the material contracts relating to the development, construction and operation of the data center facilities owned by the Company or any of its Subsidiaries (if any) and agreements evidencing Indebtedness of the Company or any of its Subsidiaries (if any)), or give rise to a right thereunder to require any payment to be made by such Credit Party and (d) will not result in the creation or imposition of any Lien on any Collateral or any other Property of any Credit Party (other than the Liens created by the Note Documents).

(d) No Material Adverse Effect. Since September 30, 2025, there has been no event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect. Each of the Credit Parties has disclosed to the Lender all material agreements, instruments and corporate or similar restrictions to which it or any of its Subsidiaries (if any) is subject to the extent such agreements, instruments or restrictions relate to the Note Documents and the transactions contemplated thereby or the Initial Project, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect.

(e) Litigation. There are no material actions, suits, investigations or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Credit Party, threatened by, against or affecting any Credit Party, the Initial Project or their



respective Properties or revenues (a) which, either individually or in the aggregate, could reasonably be expected to result in liability exceeding (i) \$15,000,000 in the case of the Note Parties or (ii) \$50,000,000 in the case of the Parent, or (b) that involve any Note Document, Material Project Document or the transactions contemplated thereby.

(f) Compliance with Law. Each of the Credit Parties is in compliance with all Governmental Requirements applicable to it or its Property and all agreements and other instruments binding upon it or its Property, and is in the process of obtaining all licenses, permits, franchises, exemptions, approvals and other governmental authorizations necessary for the ownership of its Property and the conduct of its business as currently operated, in each case other than where the failure to do so could reasonably be expected to result in a Material Adverse Effect. All permits for the Initial Project that are required for the current stage of development, construction and operation of the Initial Project by the date this representation is made are in the process of being duly obtained and no appeal of such permits are pending and such permits are not subject to any unsatisfied conditions that would reasonably be expected to allow for material modification or revocation or otherwise have a material and adverse effect on the Initial Project.

(g) Investment Company Act. No Credit Party is an “investment company” or a company “controlled” by an “investment company,” within the meaning of, or subject to regulation under, the Investment Company Act of 1940, as amended.

(h) Ownership; Properties. The ownership chart set forth in Annex B sets forth the true, complete and accurate structure and ownership of Parent, Intermediate Holdings, the Company, and each Subsidiary of the Company (if any) as of the Closing Date. Each Credit Party has good title to all of the Equity Interests it purports to own, free and clear in each case of any Lien. All Equity Interests of the Note Parties have been validly issued, and all such Equity Interests are fully paid and non-assessable and were offered and issued in compliance with applicable laws. There are no options, warrants or other rights outstanding to purchase any Equity Interests of the Company or any of its Subsidiaries (if any). Each of the Note Parties has (i) good and marketable fee simple title in its real property (if any) and (ii) good title to all of its personal Property, and Intermediate Holdings has good title to all the Collateral pledged by it under the Note Documents.

(i) Security Documents. Each Security Document, upon execution and delivery thereof, is effective to create in favor of the Lender, legal, valid and enforceable Liens on, and security interests in, all of the Collateral thereunder, and when all appropriate filings or recordings are made in the appropriate offices as may be required under applicable Governmental Requirements or upon the taking of possession or control by the Lender of Equity Interests and other Collateral, if any, with respect to which a security interest may be perfected by possession or control, such Security Documents will constitute fully perfected Liens on, and security interests in, all right, title and interest of the Credit Parties in such Collateral.

(j) Use of Proceeds. The Credit Parties are not engaged principally, or as one of its or their important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying margin stock (within the meaning of Regulation T, U or X of the Board). No part of the proceeds of the Loan will be used by any



Credit Party or any of their Subsidiaries for any purpose which violates the provisions of Regulation T, U or X of the Board.

(k) Solvency. After giving effect to the issuance of this Note and the transactions contemplated by the Note Documents on the Closing Date, (a) the Company and its Subsidiaries (if any), on a consolidated basis, are Solvent and (b) the Parent and its Subsidiaries, on a consolidated basis, are Solvent.

(l) No Default. None of the Credit Parties or any of their Subsidiaries is in material default nor has any event or circumstance occurred which would constitute a default under any Material Project Document or indenture, note, credit agreement or instrument by which any Credit Party or any of their Properties is bound. No Default or Event of Default has occurred and is continuing both before and after giving effect to the transactions contemplated by the Note Documents.

(m) [Reserved].

(n) Operations. More than two fiber carriers maintain long-haul fiber lines connected to the Initial Project site, which fiber lines have sufficient capacity to fully service the Letter of Intent. The Credit Parties are in the process of obtaining all insurance policies sufficient for the compliance by them with all material Governmental Requirements and all material agreements, including all Material Project Documents and in at least amounts and against such risk (including public liability insurance) that are usually insured against by companies similarly situated and engaged in the same or a similar business for the assets and operations of the Company and its Subsidiaries (if any).

(o) Environmental. The Initial Project and other Properties of the Company and its Subsidiaries (if any), are in compliance with all applicable environmental laws in all material respects, the Company and each of its Subsidiaries (if any) has operated the Initial Project and other Properties in compliance with all applicable environmental laws in all material respects, and to the knowledge of the Credit Parties, the Initial Project and other real property Properties of the Company and each of its Subsidiaries (if any) were operated in compliance with applicable environmental laws and not subject to a required remediation of an environmental condition in accordance with applicable environmental laws prior to the acquisition thereof. There are no written notices, claims, orders, proceedings, or investigations or requests for information concerning any actual or alleged material violation of, or any material liability or obligation (including as a potentially responsible party) under, any environmental law that is pending or, to the knowledge of the Credit Parties, threatened against the Company or any of its Subsidiaries (if any), or the Initial Project or any other Properties, or as a result of any operations at the Initial Project or any other Properties, and to the knowledge of the Credit Parties' there are no conditions or circumstances that would reasonably be expected to result in the receipt of notices, claims, orders, proceedings, investigations, requests for information or proceedings in any material respect. There has been no discharge, release or, to the knowledge of the Credit Parties, threatened release, of any Hazardous Material by the Company or any of its Subsidiaries (if any) or any Person at, on, under or from the Initial Project or any other Properties owned, leased or operated by the Company or any of its Subsidiaries (if any), and there are no remediations,



abatement, removals, or monitorings of Hazardous Materials, as required under applicable environmental laws at the Initial Project or such Properties.

Section 4. Covenants. Until Payment in Full:

(a) Financial and Other Information.

- (i) Promptly after the furnishing thereof, the Company shall, and shall cause the Parent and the Company to, provide copies of any audited or unaudited financial statement (including segment reporting to the extent not already included in the financial statements of the Parent), report, compliance certificates or default notice furnished to or by any Person pursuant to the terms of any indenture, loan or credit or other similar material agreement of any Credit Party.
- (ii) [Reserved].
- (iii) Promptly upon request of the Lender, drafts of letters of intent, term sheets and lease agreement with any potential tenant at the Initial Project, including, without limitation, the Initial Lease.
- (iv) Phase I environmental site assessment (“ESA”) reports, and if such Phase I ESA revealed (or reveals) any condition that so warranted (or warrants), a Phase II ESA, and any other environmental reports relating to the Initial Project.

(b) Material Notices. Promptly (but, in any event, no later than five (5) Business Days) after obtaining knowledge thereof or following the delivery thereof, as applicable, the Company will:

- (i) provide written notice of the occurrence of any Default or Event of Default,
- (ii) provide written notice of any material casualty event relating to the Initial Project,
- (iii) provide written notice of the filing or commencement of, or the threat in writing of, any action, suit, proceeding, investigation or arbitration by or before any arbitrator or Governmental Authority against or affecting any Credit Party not previously disclosed in writing to the Lender or any material adverse development in any action, suit, proceeding, investigation or arbitration (whether or not previously disclosed to the Lender) that, in either case, if adversely determined, could reasonably be expected to (A) result in potential liability of \$10,000,000, individually or in the aggregate, or more or (B) have a Material Adverse Effect,
- (iv) provide written notice of (A) any material default or event or condition that constitutes a material default or event of default or a termination



event or event or condition that permits termination under any Material Project Document or agreement evidencing material Indebtedness of the Company and its Subsidiaries (if any), (B) any notice of termination or assignment (or notice of intent to terminate or assign) or notice of material default or waiver received or given, under, or in connection with, any Material Project Document, or any other material notice under, or in connection with, any Material Project Document, (C) any termination or material amendment, change order or modification of, or material waiver or consent under, any Material Project Document, and in each case, a copy of such termination, amendment, change order, modification, waiver or consent, (D) any material amendment, modification, waiver or other change to any agreement evidencing material Indebtedness of any Note Party and (E) any new material project agreement entered into in respect of the Initial Project (together with full, correct and complete copies of all such agreements),

- (v) upon the actual knowledge of any of the Chief Executive Officer, Chief Administrative Officer or Chief Financial Officer of the Company of any material workers' health and safety incident, provide written notice of such incident no later than fifteen (15) Business Days following obtaining such knowledge, and
- (vi) provide written notice of any other development or circumstance that results in, or could reasonably be expected to result in, a Material Adverse Effect.

(c) Other Requested Information. Promptly following any request therefor, such other information regarding the operations, business affairs, prospects and financial condition of the Credit Parties and their Subsidiaries (including with respect to beneficial ownership of the Company and its parent companies) or compliance with the terms of this Note or any other Note Document, Material Project Document, existing debt document as the Lender, acting reasonably, may request.

(d) Existence; Conduct of Business. The Company will, and will cause each of other Credit Party to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect (i) its legal existence and (ii) the rights, licenses, permits, privileges and franchises material to the conduct of its business and maintain, if necessary, its qualification to do business in each other jurisdiction in which its Properties are located or the ownership of its Properties requires such qualification. The Company, at its own expense, will, and will cause each of its Subsidiaries (if any) to, (A) keep the Initial Project, or cause the same to be kept, in good condition consistent in all material respects with prudent industry practice and Material Project Documents, and make or cause to be made all repairs (ordinary wear and tear excepted) necessary to keep the Initial Project in such condition and (B) at all times construct or operate the Initial Project, or cause the same to be constructed or operated, as applicable, in all material respects in a manner consistent with the Material Project Documents relating to the Initial



Project and prudent industry practice and in compliance with all permits and Governmental Requirements in all material respects.

(e) Compliance with Laws. The Company will, and will cause each other Credit Party to, comply with its Organizational Documents and all laws, rules, regulations and orders of any Governmental Authority applicable to it or its Property in all material respects. Without limiting the generality of the foregoing, the Company will, and will cause each of its Subsidiaries (if any) to, obtain and maintain permits that are required for the current stage of development, construction and operation of the Initial Project as and when required under applicable Governmental Requirements and comply in all material respects with all such permits.

(f) Use of Proceeds.

(i) The Company shall use the proceeds of the Loan (i) to pay transaction expenses in connection with the Note Documents, (ii) to fund the purchase of the Initial Properties, including all associated closing costs, title fees, and legal expenses, (iii) to finance improvements to the Initial Properties, (iv) to fund the purchase of the Transformers and other equipment expected to be installed and used for the improvements of the Initial Properties ~~and~~, (v) to pay any other costs, fees, expenses, or amounts related to or in connection with the development and construction of the Initial Project, and (vi) to reimburse Parent in an amount equal to \$8,891,619.44 for amounts advanced by the Parent on behalf of the Company on or prior to the funding of the Second Draw.

(ii) The Company will not use, directly or indirectly, the proceeds of the Loan, or lend, contribute or otherwise make available such proceeds to any Credit Party, joint venture partner or other Person, (A) to its knowledge, in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any applicable Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, in each case in violation of applicable Sanctions or (C) in any manner that would result in the violation of Sanctions by any Person participating in the transactions contemplated hereunder, whether as underwriter, advisor, lender, investor or otherwise.

(g) Further Assurances. The Company, at its sole expense, will, and will cause each other Credit Party to, promptly execute and deliver to the Lender all such other documents, agreements and instruments reasonably requested by the Lender to comply with or accomplish the conditions precedent, covenants and agreements of the Credit Parties in the Note Documents, or to further evidence and more fully describe the Collateral intended as security for the Secured Obligations, or to correct any omissions in the Security Documents, or to state more fully the obligations secured therein, or to perfect, protect or preserve any Liens created pursuant to the Security Documents or the priority thereof, or to make any recordings, file any notices or obtain



any consents, all as may be reasonably necessary or appropriate, in the reasonable discretion of the Lender, in connection therewith.

(h) Credit and Collateral Related Covenants.

(i) Mortgages; Title. By April 18, 2026 (or such longer period as agreed by the Lender in its reasonable discretion), the Company shall have delivered, or cause to have been delivered, to the Lender the following with respect to each of the Initial Properties:

- (A) One or more Mortgages and, to the extent required by Lender, a UCC-1 filing to be filed at the Parish level;
- (B) A Louisiana Local Counsel Opinion with respect to the Mortgages and other real estate matters;
- (C) the Title Insurance Policies along with (i) evidence reasonably acceptable to the Lender of payment by the Company of all applicable premiums, search and examination charges, escrow charges and expenses required for the recording of the Mortgages and issuance of the Title Insurance Policies; and (ii) such affidavits, certificates, information (including financial data) and instruments of indemnification (including a so-called “gap” indemnification) as shall be required to induce the Title Company to issue the Title Insurance Policies;
- (D) a survey of each of the Initial Properties (a) prepared by a licensed surveyor reasonably acceptable to Lender (each of Ulteig, Neset Land Surveys, and Lodestone LLC are hereby deemed acceptable), (b) dated or re-certificated not earlier than four (4) months prior to the date of such delivery or such other date as may be reasonably satisfactory to the Lender, together with a “no change” affidavit or certification to Lender and the Title Company in sufficient form to permit the Title Company to delete the standard survey exception and provide such survey related endorsements as Lender shall require, (c) certified to the Lender and the Title Company, which certification shall be reasonably acceptable to the Lender and (d) complying with current “Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys,” jointly established and adopted by American Land Title Association, and the National Society of Professional Surveyors (except for such deviations as are reasonably acceptable to the Lender), provided that surveys including Items 1, 3, 4, 6(a), 7(c), 8, 9, 11(a), 13, 17, 18 and 19 of Table A of the current “Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys” shall be deemed sufficient for purposes of this requirement, and with respect to the Initial Project under active construction, such survey may not depict



improvements that are not completed as of the date of the field work provided that such field work was completed not earlier than four (4) months prior to the date of such certification or re-certification or such other date as may be reasonably satisfactory to the Lender; and

- (E) (i) “Life-of-Loan” Federal Emergency Management Agency Standard Flood Hazard Determination with respect to each of the Initial Properties; and (ii) in the event any such property is located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a Special Flood Hazard Area, (A) a notice about special flood hazard area status and flood disaster assistance, duly executed by the applicable Credit Party, (B) prior to commencement of construction of the Initial Project, evidence of flood insurance with a financially sound and reputable insurer, naming the Lender, as mortgagee, in an amount and otherwise in form and substance reasonably satisfactory to the Lender, and (C) evidence of the payment of premiums in respect thereof in form and substance reasonably satisfactory to the Lender.

- (ii) Purchase Orders. The Company shall, and shall cause each other Credit Party to, ensure that all purchase orders in respect of the Initial Project are made by the Company and equipment purchased for the purposes of the Initial Project are purchased by the Company or its Subsidiaries (if any).

(i) Indebtedness. The Company will not incur, create, assume or suffer to exist, or permit any other Note Party to incur, create, assume or suffer to exist, any Indebtedness, except: (i) the Secured Obligations arising under the Note Documents or any guarantee of the Secured Obligations arising under the Note Documents; (ii) subject to Section 4(p) below, intercompany Indebtedness; and (iii) other Indebtedness approved by the Lender; provided that the Note Parties may incur Indebtedness where the proceeds thereof are primarily used for the ordinary course operation of the business of the Company and not to exceed, in the aggregate at any time outstanding, \$2,000,000.

(j) Liens. The Company will not permit any Note Party to incur, create, assume or suffer to exist, any Lien on any of their respective Properties (now owned or hereafter acquired), except:

- (i) Liens securing Secured Obligations pursuant to the Security Documents;
- (ii) Excepted Liens; and
- (iii) Liens purportedly arising from precautionary Uniform Commercial Code financing statement filings made in respect of operating leases of



personal property entered into by the Company in the ordinary course of business.

(k) Dispositions. The Company will not permit any other Note Party to sell, assign, convey or otherwise transfer or dispose of any Property except for: (i) the sale of spare parts in the ordinary course of business (other than any spare parts relating to transformers) and where such spare parts are not useful or necessary for the operation of any data center or that are replaced by assets of equal suitability, quality and value; (ii) assets that are worthless or obsolete or worn out, or are no longer used or useful in the conduct of its business, in each case in the ordinary course of business; (iii) to the extent constituting dispositions, settlements of accounts receivable pursuant to bona fide collection efforts, (iv) dispositions in the ordinary course of business; provided that the aggregate book value of all property disposed of, conveyed, assigned or otherwise transferred pursuant to this clause (k)(iv) in any fiscal year shall not exceed \$2,000,000 and (v) an SPV Sale.

(l) Subsidiaries. The Company will not establish or maintain any Subsidiaries, other than Subsidiaries owned by the Company, each which will become a Credit Party hereto, including by executing and delivering joinder agreements satisfactory to the Lender.

(m) Restricted Payments; Other Payment Restrictions. Neither the Company nor any Subsidiary of the Company (if any) shall declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except for (i) other than Permitted Tax Distributions, Restricted Payments which do not exceed \$2,000,000 in the aggregate until the Maturity Date and (ii) Permitted Tax Distributions.

The Company shall not, and shall not permit any other Note Party to, direct any payments under master services agreements, leases or similar customer agreements that are, in each case, for the Initial Project to be made to any entity other than the Company, or, if approved by the Lender, a Subsidiary of the Company.

(n) Organizational Documents; Material Project Documents. The Company will not, and will not permit any of its Subsidiaries (if any) to, amend or otherwise modify (or permit to be amended or modified) its Organizational Documents, or take any action that would impair its rights under its Organizational Documents, in each case, in a manner that would be adverse to such Note Party or adverse to the Lender (as reasonably determined by the Lender); provided that any amendment or other modification to any Organizational Documents of any Note Party that changes the provisions relating to permissibility or terms of the pledge, transfer and foreclosure rights of the Lender, or any other rights or limitations in any Organizational Documents with respect to which a change would require consent of a secured creditor, shall be deemed adverse to the Lender (it being understood that any amendment, modification or revocation of any resolution or other documentation that implements such provisions, to the extent implementing such provisions, shall be deemed an amendment to such Organizational Documents). The Company will not, and will not permit any of its Subsidiaries (if any) to, terminate (or consent to be terminated) or amend, waive or otherwise modify (or permit to be amended, waived or modified) in any material and adverse manner, any lease agreement (or equivalent agreement) entered into with any tenant in respect of the Initial Project or any electric services agreement or



other agreement for material utility services related to the Initial Project, in each case without the consent of the Lender (not to be unreasonably withheld or delayed).

(o) Deposit Account Control Agreement. The Company shall deliver a deposit account control agreement over the bank account listed in Annex C hereof, duly executed by the parties thereto, in a form reasonably satisfactory to the Lender within thirty (30) days (or such later date as the Lender may agree) of the Closing Date.

(p) Transactions with Affiliates. The Company will not, and will not permit any of its Subsidiaries (if any) to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except for (i) transactions conducted in the ordinary course of business at prices and on terms and conditions no less favorable to the Company or any of its Subsidiaries than those obtainable on an arm's-length basis from unrelated third parties, including transactions on less than arm's-length terms provided they (a) serve a legitimate business purpose related to the development, construction, or operation of the Initial Project, (b) are fully disclosed to and approved by all necessary governing bodies of the transaction parties, (c) comply with applicable industry-specific regulations, and (d) will result in a substantial benefit to the Company or any of its Subsidiaries, as determined by the Company or any such Subsidiary in its sole but reasonable discretion; (ii) any disposition permitted under Section 4(k) hereof; (iii) any Restricted Payment permitted under Section 4(m) hereof; and (iv) the subdivision of parcels and the transfer of such parcels or property thereon to one or more Subsidiaries of the Company that become Note Parties pursuant to Section 4(l) hereunder.

(q) Initial Project Development. The Company shall use commercially reasonable efforts to, and to cause its Subsidiaries to, develop the Initial Project in a timely manner.

Section 5. Closing Date. On or prior to the date hereof (the "Closing Date"), the Company certifies that it has satisfied the conditions precedent listed in Annex D hereof.

Section 6. Events of Default. One or more of the following events shall constitute an "Event of Default":

(a) default in payment when due and payable, upon redemption, acceleration or otherwise, of principal (including in respect of the Base Return with respect to the portion of the Loan related thereto) of, or premium, on this Note or any other Note Document and such default shall continue unremedied for a period of two (2) Business Days;

(b) default in the payment when due of interest (other than with respect to any interest paid in the form of a Principal Increase) on or with respect to this Note or any other amount in respect of or in connection with this Note and such default shall continue unremedied for a period of three (3) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of any Credit Party in or in connection with any Note Document or any amendment or modification of any Note Document or waiver under such Note Document, or in any certificate, financial statement or other document required to be delivered in connection with any Note Document or



any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) any Note Party shall fail to observe or perform any covenant, condition or agreement applicable to it (i) contained in Section 4(b)(i), Section 4(d), Section 4(f), Section 4(h)(iv) and (v), Section 4(i), Section 4(j), Section 4(k), Section 4(m), Section 4(n), Section 4(o) and Section 4(p) of this Note, or (ii) contained in the Parent Loan Guarantee;

(e) any Note Party shall fail to observe or perform any covenant, condition or agreement contained in this Note (other than those specified in clauses (a) through (d) above) or any other Note Document and such failure shall continue unremedied for a period of thirty (30) days following the earlier of (i) any Note Party's knowledge of the failure and (ii) the receipt by the Company of written notice thereof from the Lender;

(f) (i) any Note Party shall fail to make any payment in respect of Indebtedness (except Indebtedness referenced in clause (d) of the definition thereof) in an aggregate principal amount of \$30,000,000 or more, in the case of any Note Party when and as the same shall become due and payable, after taking any applicable grace periods and any written waivers of the requisite lenders of such Indebtedness with respect to thereto into account, (ii) any event or condition occurs that results in Indebtedness (except Indebtedness referenced in clause (d) of the definition thereof) in an aggregate principal amount of \$30,000,000 or more, in the case of the Company or any of its Subsidiaries (if any) becoming due prior to its scheduled maturity or that enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of such Indebtedness or any trustee or agent on its or their behalf to cause such Indebtedness to become due, or to require the redemption thereof or any offer to redeem to be made in respect thereof, prior to its scheduled maturity or require any Note Party or to make an offer in respect thereof, after taking any written waivers of the requisite lenders of such Indebtedness with respect to thereto into account.

(g) (i) any settlement or judgment (or order by a Governmental Authority) for the payment of money (as reduced by any insurance proceeds covering such settlements or judgments which are received or as to which the insurance carriers do not dispute coverage) in excess of \$30,000,000 or more, in the case of the Note Parties in the aggregate shall be rendered against any Note Party or paid, unless in the case of any such judgments or orders, within a thirty (30)-day period thereof unless a stay of enforcement of such judgment or order shall be put in and remain in effect and no action is legally taken by a judgment creditor or judgment creditors to attach or levy upon any assets of any Note Party to enforce any such judgment; and (ii) any non-monetary judgment or order shall be rendered against any Note Party that could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, and there shall be a period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect;

(h) any Credit Party pursuant to or within the meaning of the Bankruptcy Code: (A) commences a voluntary case, (B) consents to the entry of an order for relief against it in an involuntary case, (C) consents to the appointment of a custodian of it or for all or substantially all of its property, or (D) makes a general assignment for the benefit of its creditors;



(i) a court of competent jurisdiction enters an order or decree under any provision of the Bankruptcy Code that: (A) is for relief against any Credit Party in an involuntary case; (B) appoints a custodian of any Credit Party for all or substantially all of the property of any Credit Party; or (C) orders the liquidation of any Credit Party; and the order or decree remains unstayed and in effect for sixty (60) consecutive days;

(j) any Note Document is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect (other than in accordance with the terms of any Note Document), or any Credit Party, or any Person acting on behalf of any Credit Party, denies or disaffirms its obligations under any Note Document;

(k) the Note Documents cease to create a valid and perfected Lien of the priority required thereby on any material portion of the collateral purported to be covered thereby, except to the extent permitted by the terms of the Note Documents, or any Credit Party shall so state in writing;

(l) a Change of Control occurs;

(m) (i) a material breach by any party to or material default under any Material Project Document has occurred after taking any applicable grace periods into account or (ii) a Material Project Document shall terminate or cease for any reason to be in full force and effect; and

(n) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred and are continuing, has resulted in, or could reasonably be expected to result in, a Material Adverse Effect.

In the case of an Event of Default other than one described in Section 6(h) or Section 6(i), at any time thereafter during the continuance of such Event of Default, the Lender may, by notice to the Company, (i) declare the Loan and this Note to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loan so declared to be due and payable (together with accrued interest thereon), including an amount sufficient to achieve the Base Return with respect to the portion of the Loan related thereto, and all fees and other obligations of the Company accrued hereunder and under the other Note Documents, shall become due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by the Company; and in case of an Event of Default described in Section 6(h) or Section 6(i), the principal of the Loan then outstanding (together with accrued interest thereon), including an amount sufficient to achieve the Base Return then applicable with respect to the portion of the Loan related thereto then applicable and all fees and the other obligations of the Company accrued hereunder and under the other Note Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

In the event the Secured Obligations are reinstated for any reason, it is understood and agreed that the Secured Obligations shall be subject to the Base Return Principle and the Company are required to pay amounts necessary to achieve the Base Return with respect to the



portion of the Loan related thereto in accordance with the Note Documents. For avoidance of doubt, the obligations of the Company to pay amounts to achieve the Base Return with respect to the portion of the Loan related thereto shall also be payable in the event the Secured Obligations (and/or this Note) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other similar means.

THE COMPANY WAIVES (TO THE FULLEST EXTENT IT MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF ANY AMOUNT DUE TO ACHIEVE THE BASE RETURN WITH RESPECT TO THE PORTION OF THE LOAN RELATED THERETO.

The Company expressly agrees (to the fullest extent that it may lawfully do so) that: (i) the Base Return Principle is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (ii) as established by the Base Return Principle, the obligation of the Company to pay amounts necessary to achieve the Base Return with respect to the portion of the Loan related thereto in accordance with the Note Documents is incurred on the date hereof (subject to subsequent extensions of credit by the Lender) and part of the Secured Obligations on the date hereof (as increased by subsequent extensions of credit by the Lender) and in all events shall be part of the Secured Obligations; (iii) the amounts payable to achieve the Base Return with respect to the portion of the Loan related thereto shall be payable notwithstanding the then-prevailing market rates at the time payment is made; (iv) there has been a course of conduct between the Lender and the Company giving specific consideration in this transaction for such agreement to achieve the Base Return with respect to the portion of the Loan related thereto; and (v) the Company shall each be estopped hereafter from claiming differently than as agreed to in this paragraph.

The Company expressly acknowledges that its agreement to pay amounts to the Lender necessary to achieve the Base Return with respect to the portion of the Loan related thereto to the Lender as herein described is a material inducement to the Lender to provide the extensions of credit under this Note.

In the case of the occurrence of an Event of Default, the Lender will have all other rights and remedies available at law and equity.

Section 7. Indemnity; Expenses. The Company shall indemnify Lender, and Lender's affiliates, directors, officers, employees, agents, partners and advisors (each such person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the reasonable and documented fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (a) the execution or delivery of this Note, the Note Documents, the performance by the parties hereto of their respective obligations under this Note, the Note Documents or the consummation of the transactions or any other transactions contemplated by this Note, the Note Documents or (b) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the



extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (y) result from a claim brought by the Company or its Subsidiaries or Parent against such Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Note Document, if the Company or its Subsidiaries or Parent thereof has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (z) result from a claim not involving an act or omission of the Company, Parent or any Affiliate therefore and that is brought by such Indemnitee against another Indemnitee. The obligations of the Company under this paragraph shall survive the Payment in Full of the Note.

The Company shall (regardless of whether the Closing Date occurs), pay (a) all reasonable and documented out-of-pocket expenses incurred by the Lender and its Affiliates, including the reasonable and documented fees, charges and disbursements of their counsel and other consultants, the reasonable travel, photocopy, mailing, courier, telephone and other similar expenses, and the cost of environmental audits and surveys and appraisals, in connection with the extensions of credit provided for herein, the preparation, negotiation, execution, delivery and administration (both before and after the execution hereof and including advice of counsel to the Lender as to the rights and duties of the Lender with respect thereto) of this Note and the other Note Documents and any amendments, modifications or waivers of or consents related to the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (b) all costs, expenses, assessments and other similar charges incurred by the Lender in connection with any filing, registration, recording or perfection of any security interest contemplated by this Note or any Note Documents or any other document referred to therein and (c) all out-of-pocket expenses incurred by the Lender, including the fees, charges and disbursements of any counsel or other consultants for agents or Lender, in connection with the enforcement or protection of their rights in connection with this Note or any other Note Document, including their rights under this Section 7, or in connection with the Loan made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or similar negotiations in respect of such Loan (it is understood that, if any Credit Party fails to perform any covenant or agreement contained herein or in any other Note Document, the Lender may itself, but shall have no obligation to do so, perform or cause performance of such covenant or agreement, and the expenses of the Lender incurred in connection therewith shall be reimbursed on demand by the Company).

Section 8. Miscellaneous.

(a) The Company, for itself and its successors and assigns, hereby waives presentment, notice of dishonor, protest and notice of protest, and any or all other notices or demands (other than demand for payment) in connection with the delivery, acceptance, performance, default, endorsement or guarantee of this Note. The liability of the Company hereunder shall be unconditional and shall not be in any manner affected by any indulgence whatsoever granted or consented to by the holder hereof, including, but not limited to any extension of time, renewal, waiver or other modification. Any failure of the holder to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other right at any time and from time to time thereafter. Any waiver of any provision of this Note or any other Note Document or consent to any departure by any Note Party therefrom shall



be effective only in the specific instance and for the purpose for which given. Lender or any holder may accept late payments, or partial payments, even though marked “payment in full” or containing words of similar import or other conditions, without waiving any of its rights.

(b) This Note and the other Note Documents may only be changed, modified or terminated or have any of its provisions waived by an agreement in writing signed by the parties hereto or thereto. In addition, notwithstanding the foregoing, the Lender, with the written consent of the Company (not to be unreasonably withheld, conditioned or delayed), may amend, modify or supplement any Note Document in order to (a) grant, perfect, protect, expand or enhance any security interest in any Collateral or additional Property to become Collateral, (b) add, supplement or modify any collateral agency provisions to the extent needed in connection with the appointment of a collateral agent after the Closing Date and (c) correct, amend or cure any ambiguity, inconsistency or defect or correct any typographical error or other manifest error in any Note Document.

(c) This Note shall remain in full force and effect for all purposes, including the consideration of any Rollover Loans or Additional Loans pursuant to Section 2(j) hereunder, notwithstanding any prepayment in full of the Loan or the Payment in Full of this Note. Upon Payment in Full of this Note, this Note may be terminated by delivery of a written notice from either the Company or the Lender to the other party; provided that such termination shall not affect any rights or obligations that expressly survive the Payment in Full of this Note (including, without limitation, indemnification and expense reimbursement obligations) or, unless otherwise specified by the Company or the Lender, the uncommitted nature of any Rollover Loans or Additional Loans that the Lender may, in its sole discretion, elect to approve thereafter.

(d) All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile or electronic communication at the address set forth herein or at such other addresses as any party shall have specified to the other parties in writing. All notices and other communications given to any party hereto in accordance with the provisions of this Note or the other Note Documents shall be deemed to have been given on the date of receipt.

(e) This Note shall be governed by and construed in accordance with the laws of the State of New York applicable to instruments made and to be performed wholly within that state. If any provision of this Note is held to be illegal or unenforceable for any reason whatsoever, such illegality or unenforceability shall not affect the validity of any other provision hereof. This Note shall bind the Company and its successors and assigns. This Note may not be assigned or transferred by the Company without the prior written consent of the Lender. The Lender reserves the right to assign or sell participations in the Note to any entity (including to any Federal Reserve Bank in accordance with applicable law) and to provide any assignee or participant or prospective assignee or participant with information of the Company previously received by Lender, subject to confidentiality requirements. The Company’s consent to such assignment or participation is hereby deemed granted. Lender and each of its assigns shall be an express third party beneficiary under this Note with direct rights to enforce, or exercise rights, make claims or seek remedies under, this Note.



The Company shall maintain at one of its offices at 3811 Turtle Creek Blvd., Suite 2100, Dallas, TX 75219 a copy of each assignment of the Note delivered to it and a register for the recordation of the names and addresses of the Lender, and the commitments of, and principal amounts (and stated interest) of the Loan owing to, the Lender pursuant to the terms hereof from time to time (the “Register”). The entries in the Register shall be conclusive absent manifest error, and the Company and the Lender shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Note. The Register shall be available for inspection by the Company and the Lender, at any reasonable time and from time to time upon reasonable prior notice.

If Lender sells a participation, Lender, acting solely for this purpose as a non-fiduciary agent of the Company, shall maintain a register on which it enters name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loan or other obligations under the Note Documents (the “Participant Register”); provided that Lender shall not have any obligation to disclose all or any portion of the Participant Register (including the identity of any participant or any information relating to a participant's interest in any commitments, loans or its other obligations under any Note Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Note notwithstanding any notice to the contrary.

**THE COMPANY AGREES THAT ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS NOTE MAY BE INITIATED AND PROSECUTED IN THE STATE OR FEDERAL COURTS, AS THE CASE MAY BE, LOCATED IN NEW YORK COUNTY, NEW YORK AND ANY ARBITRATION PROCEEDING PURSUANT HERETO SHALL BE CONDUCTED IN NEW YORK, NEW YORK. THE COMPANY CONSENTS TO AND SUBMITS TO THE EXERCISE OF JURISDICTION OVER ITS PERSON BY ANY SUCH COURT HAVING JURISDICTION OVER THE SUBJECT MATTER, WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS UPON IT AND CONSENTS THAT ALL SUCH SERVICE OF PROCESS BE MADE BY REGISTERED MAIL DIRECTED TO THE COMPANY AT ITS ADDRESS SET FORTH BELOW OR TO ANY OTHER ADDRESS AS MAY APPEAR IN LENDER’S RECORDS AS THE ADDRESS OF THE COMPANY.**

**IN ANY ACTION, SUIT OR PROCEEDING IN RESPECT OF OR ARISING OUT OF THIS NOTE, LENDER AND THE COMPANY WAIVE TRIAL BY JURY, AND COMPANY ALSO WAIVES (I) THE RIGHT TO INTERPOSE ANY SET-OFF OR COUNTERCLAIM OF ANY NATURE OR DESCRIPTION, (II) ANY OBJECTION BASED ON FORUM *NON CONVENIENS* OR VENUE, AND (III) ANY CLAIM FOR CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES.**

(f) The Company hereby authorizes Lender and any other holder of an interest in this Note to disclose confidential information relating to the financial condition or operations of the Company and/or its Subsidiaries and/or the Parent (i) to any director, officer, employee, affiliate,



permitted actual or prospective participant, permitted assignee or transferee of Lender or any such holder, (ii) to legal counsel, accountants, insurer, re-insurer, insurance broker and other professional advisors to Lender or any such holder, (iii) to regulatory officials, (iv) as requested or required by law, regulation, or legal process or (v) in connection with any legal proceeding to which Lender or any such holder is a party.

**Section 9. Non-Recourse. Lender acknowledges and agrees that Lender's sole right of recovery pursuant to this Note shall be limited to the Credit Parties solely to the extent set forth in the Note Documents defined therein, and Lender shall not have any right, remedy, claim or any other recourse against any Non-Recourse Party.**

*{signature pages follow}*



~~IN WITNESS WHEREOF, the undersigned has caused this Note to be duly executed.~~

[Remainder of Page Intentionally Left Blank; Signature Pages Intentionally Omitted]



**COMPANY:**

By: \_\_\_\_\_  
Name:  
Title:

**NOTICES:**

**If to the Company, to:**

~~APLD-DevCo-LLC  
3811 Turtle Creek Blvd., Suite 2100  
Dallas, TX 75219  
Attention: Saidal Mohmand  
Phone: (214) 556-2465  
Email: saidal@applieddigital.com  
with a copy (which shall not constitute notice) to:-~~

~~Applied Digital Corporation  
3811 Turtle Creek Blvd., Suite 2100  
Dallas, TX 75219  
Attention: General Counsel  
and  
Lowenstein Sandler LLP  
1251 Avenue of the Americas  
New York, New York 10020  
Attention: Steven Siesser, Esq.  
Phone: (212) 204-8688  
Email: ssiesser@lowenstein.com  
If to Lender, to:~~

~~Macquarie Equipment Capital, Inc.  
660 Fifth Avenue  
New York, New York 10103  
Attention: SAF Operations; Aaron Jenkins and Joshua Stevens  
Phone: Aaron Jenkins: (904) 304-2396; Joshua Stevens: (646) 533-5737  
Email: Safresopsna@macquarie.com; Joshua.stevens@macquarie.com~~



**ANNEX B—OWNERSHIP CHART**

**{To be attached}.**



**ANNEX C -- ACCOUNT**

<b>GL Acct #</b>	<b>Name</b>	<b>Bank</b>	<b>Bank Account #</b>	<b>Bank Routing #</b>	<b>Type</b>	<b>Active?</b>	<b>Street Address</b>	<b>City State Zip</b>
<b>N/A yet</b>	<b>APLD DevCo-LLC</b>	<b>First National Bank of Omaha</b>	<b>734989060</b>	<b>104000016</b>	<b>Deposit</b>	<b>Yes</b>	<b>1620 Dodge St.</b>	<b>Omaha, NE 68102</b>



**ANNEX D – CLOSING DATE CONDITIONS PRECEDENT**

- 1. Officer's Certificate**
- 2. Resolutions; Certified Charters; Incumbency Certificates**
- 3. Good Standings**
- 4. Lowenstein Opinion (re Note Documents)**
- 5. Snell & Wilmer LLP Opinion (re Note Documents)**
- 6. Solvency Certificate**
- 7. Satisfactory documentation for formation of the Company, Intermediate Holdings, and Parent, including limited liability company agreements, operating agreements, bylaws, or other organizational documents, as applicable, and satisfactory resolutions or amendments to such organizational documents**
- 8. UCC-1 filings required by Security Documents; Lien searches**
- 9. Borrowing Request and Closing Certificate (re Reps and Warranties and Material Project Documents)**
- 10. Certified copies of all Material Project Documents**
- 11. All representations and warranties being true**
- 12. No Default or Event of Default**



**EXHIBIT A**  
**See attached.**



EXHIBIT B

ANNEX A TO AMENDED NOTE



## ANNEX A: DEFINITIONS

### **1. Definitions**

“AEX-01” means APLD AEX-01 LLC, a Delaware limited liability and an indirect Subsidiary of the Company.

“Additional Loans” has the meaning assigned to such term in Section 2(j).

“Affiliate” means, with respect to a specified Person, (a) another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified, (b) another Person that directly or indirectly owns or holds ten percent (10.0%) or more of any class of Equity Interests with voting power in the specified Person or (c) any officer, director, manager or partner of the specified Person. It is understood that no Lender or any of its Affiliates shall be considered to be an Affiliate of the Company.

“AML Laws” means all laws, rules, and regulations of any jurisdiction concerning the prevention of money laundering, including the USA PATRIOT Act.

“Anti-Corruption Laws” means all laws, rules and regulations of any jurisdiction concerning or relating to bribery or corruption, including the U.S. Foreign Corrupt Practices Act of 1977, as amended.

“Applicable Margin” means a rate equal 8.0% per annum.

“Base Return” means, as of any date of determination,

(a) in respect of the First Draw, the return on capital of the Lender as calculated pursuant to clause (a) of the definition of “Multiple on Invested Capital” with respect to the First Draw (or, in the case of any partial repayment, the portion thereof then being repaid) and will be achieved if the Multiple on Invested Capital with respect to the First Draw (or, in the case of any partial repayment, the portion thereof then being repaid) as of such date equals 1.25:1.00; provided that if a prepayment or Payment in Full of this Note occurs, the Multiple on Invested Capital required to achieve the Base Return with respect to the First Draw shall be reduced to (i) on or prior to the date that is four (4) months after the date on which the First Draw is funded, then with respect to the amount prepaid or the prepayment achieving Payment in Full, 1.06:1.00 or (ii) after the date that is four (4) months after the date on which the First Draw is funded but prior to the date that is twelve (12) months after the date on which the First Draw is funded, then with respect to the amount prepaid or the prepayment achieving Payment in Full, 1.10:1.00;

(b) in respect of the Second Draw, the return on capital of the Lender as calculated pursuant to clause (a) of the definition of “Multiple on Invested Capital” with respect to the Second Draw (or, in the case of any partial repayment, the portion thereof then being repaid) and will be achieved if the Multiple on Invested Capital with respect to the Second Draw (or, in the case of any partial repayment, the portion thereof then being repaid) as of such date equals 1.25:1.00; provided that (1) if the Second Draw is funded within six (6) months of the date on which the First Draw is funded and a prepayment or Payment in Full of this Note occurs at any time thereafter, the Multiple on Invested Capital required to achieve the Base Return with respect



to the Second Draw shall be reduced to (i) on or prior to the date that is four (4) months after the date on which the Second Draw is funded, then with respect to the amount prepaid or the prepayment achieving Payment in Full, 1.06:1.00 or (ii) after the date that is four (4) months after the date on which the Second Draw is funded but prior to the date that is twelve (12) months after the date on which the Second Draw is funded, then with respect to the amount prepaid or the prepayment achieving Payment in Full, 1.10:1.00, and (2) if the Second Draw is funded more than six (6) months after the date on which the First Draw is funded and a prepayment or Payment in Full of this Note occurs at any time thereafter, the Multiple on Invested Capital required to achieve the Base Return with respect to the Second Draw shall be reduced to, after the date that is six (6) months after the date on which the First Draw is funded but prior to the date that is twelve (12) months after the date on which the First Draw is funded, then with respect to the amount prepaid or the prepayment achieving Payment in Full, 1.10:1.00;

(c) in respect of the Third Draw, the return on capital of the Lender as calculated pursuant to clause (a) of the definition of “Multiple on Invested Capital” with respect to the Third Draw (or, in the case of any partial repayment, the portion thereof then being repaid) and will be achieved if the Multiple on Invested Capital with respect to the Third Draw (or, in the case of any partial repayment, the portion thereof then being repaid) as of such date equals 1.25:1.00; provided that (1) if the Third Draw is funded within six (6) months of the date on which the First Draw is funded and a prepayment or Payment in Full of this Note occurs at any time thereafter, the Multiple on Invested Capital required to achieve the Base Return with respect to the Third Draw shall be reduced to (i) on or prior to the date that is four (4) months after the date on which the Third Draw is funded, then with respect to the amount prepaid or the prepayment achieving Payment in Full, 1.06:1.00 or (ii) after the date that is four (4) months after the date on which the Third Draw is funded but prior to the date that is twelve (12) months after the date on which the Third Draw is funded, then with respect to the amount prepaid or the prepayment achieving Payment in Full, 1.10:1.00, and (2) if the Third Draw is funded more than six (6) months after the date on which the First Draw is funded and a prepayment or Payment in Full of this Note occurs at any time thereafter, the Multiple on Invested Capital required to achieve the Base Return with respect to the Third Draw shall be reduced to, after the date that is six (6) months after the date on which the First Draw is funded but prior to the date that is twelve (12) months after the date on which the First Draw is funded, then with respect to the amount prepaid or the prepayment achieving Payment in Full, 1.10:1.00;

(ed) in respect of any Rollover Loans or any Additional Loans, the return on capital of the Lender shall be determined by mutual agreement of the Lender and the Company.

“Base Return Principle” has the meaning set forth in the definition of “Secured Obligations”.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America or any successor Governmental Authority.

“Business Day” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.



“Change of Control” means (i) Intermediate Holdings shall fail to own and control, directly or indirectly, beneficially and of record, Equity Interests in the Company or any Guarantor representing 100% on a fully diluted basis of (A) the aggregate ordinary voting power and economics interests and (B) the aggregate equity value represented by the issued and outstanding Equity Interests of the Company or such Guarantor or (ii) Parent shall fail to own and control, directly or indirectly, beneficially and of record, Equity Interests in Intermediate Holdings, the Company or any Guarantor representing 100% on a fully diluted basis of (A) the aggregate ordinary voting power and economics interests and (B) the aggregate equity value represented by the issued and outstanding Equity Interests of Intermediate Holdings, the Company or such Guarantor.

“Closing Date” has the meaning assigned in Section 5.

“Collateral” has the collective meaning assigned thereto in the Guarantee and **Security Collateral** Agreement.

“Company” means APLD DevCo LLC, a Delaware limited liability company.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, including the power to elect a majority of the directors, managers, trustees or equivalent of a Person, as the case may be.

“Controlling” and “Controlled” have meanings correlative thereto.

“Controlled Affiliates” means, with respect to Lender, any fund, investment vehicle or other Person (other than a natural person) that (i) is organized by Lender or an Affiliate of Lender for the purpose of making equity investments in one or more companies and (ii) is controlled by or is under common control with Lender or such Affiliate of Lender. For purposes of this definition, “control” means the power to direct or cause the direction of management and policies of a Person, whether by contract or otherwise.

“Credit Parties” means the Parent, Intermediate Holdings, the Company, and each Subsidiary of the Company (if any) or any of the foregoing as the context requires.

“Default” means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“Disqualified Capital Stock” means any Equity Interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event, matures or is mandatorily redeemable for any consideration other than other Equity Interests (which would not constitute Disqualified Capital Stock), pursuant to a sinking fund obligation or otherwise, or is convertible or exchangeable for Indebtedness or redeemable for any consideration other than other Equity Interests (which would not constitute Disqualified Capital Stock) at the option of the holder thereof, in whole or in part, on or prior to the date that is one (1) year after the earlier of (a) the Maturity Date and (b) the date on which there is no portion of the Loan or other obligations hereunder outstanding.



“Equity Interests” means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, including both preferred and common equity, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such Equity Interest.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, the regulations promulgated thereunder, and any successor statute.

“ERISA Affiliate” means each trade or business (whether or not incorporated) which together with the Company or any Credit Party would be deemed to be a “single employer” within the meaning of Section 4001(b)(1) of ERISA or subsections (b), (c), (m) or (o) of Section 414 of the Code.

“ERISA Event” means (a) any “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Credit Party or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any Credit Party or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Credit Party or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by any Credit Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Credit Party or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“Events of Default” has the meaning assigned in Section 6.

“Excepted Liens” means:

(a) Liens for taxes, assessments or other governmental charges or levies which are (i) not delinquent or (ii) being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(b) Liens in connection with workers’ compensation, unemployment insurance or other social security, old age pension or public liability obligations which are not delinquent or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP;

(c) in the case of the Company, statutory landlord’s liens, operators’, vendors’, carriers’, warehousemen’s, repairmen’s, mechanics’, suppliers’, workers’, materialmen’s, construction or other like Liens arising by operation of law in the ordinary course of business or incident to the construction, operation, repair, restoration or improvement of the Initial Project, each of which is in respect of obligations that are not



delinquent or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP or in respect of which bonds otherwise in an amount sufficient to repay the underlying obligation of such Liens shall have been obtained and remain in full force and effect;

(d) Liens arising solely by virtue of any statutory or common law provision or customary deposit account terms (pursuant to a depository institution's standard documentation that is provided to its customers generally) relating to banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution; provided that no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board and no such deposit account is intended by any Credit Party to provide collateral to the depository institution; and

(e) in the case of the Company, encumbrances consisting of zoning restrictions, easements or other restrictions on the use of real property, none of which materially impairs the use or operation of such property in the ordinary course of business of the Company and its Subsidiaries (if any) or the value thereof or the validity, perfection or priority of the Liens granted under the Security Documents;

provided, further, that (x) Liens described in clauses (a) through (d) shall remain "Excepted Liens" only for so long as no action to enforce such Lien has been commenced and no intention to subordinate the Lien granted in favor of the Lender is to be hereby implied or expressed by the permitted existence of such Excepted Liens and (y) in no event shall "Excepted Liens" secure Indebtedness of the type specified in clauses (a) and (b) of the definition of "Indebtedness".

"Excluded Taxes" means any of the following Taxes imposed on or with respect to Lender or required to be withheld or deducted from a payment to Lender, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case imposed as a result of Lender having a present or former connection to the jurisdiction imposing such Tax (other than connections arising from Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Notes Document, or sold or assigned an interest in this Note or any Note Documents); (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in the Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or (ii) such Lender changes its lending office, (c) Taxes attributable to Lender's failure to comply with Section 2(c)(iii) and (d) any U.S. federal withholding Taxes imposed under FATCA.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Note (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory



legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“GAAP” means generally accepted accounting principles in the United States of America as in effect from time to time.

“Governmental Authority” means the government of the United States of America or any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Governmental Requirement” means any international, foreign, federal, state and local law, treaties, statute, code, ordinance, order, determination, rule, rule of common law, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other directive or requirement, whether formerly, now or hereinafter in effect, including environmental laws and occupational, safety and health standards or controls, of any Governmental Authority, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof.

“Guarantee and Collateral Agreement” means the Guarantee and Collateral Agreement executed by the Company, Intermediate Holdings, and each Subsidiary of the Company (if any), dated as of the date hereof, in form and substance satisfactory to the Lender.

“Guarantor” shall have the meaning assigned to such term in the Guarantee and Collateral Agreement.

“Hazardous Material” shall mean any substances or materials (a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants or toxic substances under any environmental law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to public health or the environment and are regulated by any Governmental Authority, (c) the presence of which require investigation or remediation under any environmental law, or (d) the discharge or emission or release of which requires a permit or license under any environmental law or other governmental approval, or which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic.

“Indebtedness” means, for any person, the sum of the following (without duplication): (a) all obligations of such person for borrowed money or evidenced by bonds, bankers’ acceptances, debentures, notes or other similar instruments; (b) all obligations of such person (whether contingent or otherwise) in respect of letters of credit (other than letters of credit where the Company or any of its Affiliates are named as applicants or co-applicants, provided that neither the Company nor any other Note Party has any liability, obligation or reimbursement responsibility in respect of drawings thereunder, whether direct or contingent, nor grants any Lien nor provides any guarantee in connection therewith), bank guarantees, surety or other bonds



and similar instruments; (c) all accounts payable and other accrued expenses, liabilities or other obligations of such person to pay the deferred purchase price of Property or services (other than trade accounts payable in the ordinary course of business that are not past due for more than ninety (90) days after the date of invoice); (d) in respect of any capital lease of any person, the capitalized amount thereof that would appear on a balance sheet of such person prepared as of such date in accordance with GAAP; (e) all Indebtedness (as defined in the other clauses of this definition) of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on any Property of such person, whether or not such Indebtedness is assumed by such Person, provided that, if such person has not assumed or become liable for the payment of such obligation, the amount of such Indebtedness shall be limited to the greater of (i) the principal amount of the obligations being secured and (ii) the fair market value of the encumbered Property; (f) all Indebtedness (as defined in the other clauses of this definition) of others guaranteed by such person or in which such person otherwise assures a creditor against loss of the Indebtedness (howsoever such assurance shall be made) to the extent of the lesser of the amount of such Indebtedness and the maximum stated amount of such guarantee or assurance against loss; (g) all obligations or undertakings of such person to maintain or cause to be maintained the financial position or covenants of others or to purchase the Indebtedness or Property of others; (h) obligations to deliver commodities, goods or services in consideration of one or more advance payments; (i) obligations to pay for goods or services, even if such goods or services are not actually received or utilized by such person, i.e., take-or-pay and similar obligations; (j) any Indebtedness of a partnership for which such person is liable either by agreement, by operation of law or by a Governmental Requirement but only to the extent of such liability; (k) Disqualified Capital Stock (for purposes hereof, the amount of any Disqualified Capital Stock shall be its liquidation value and, without duplication, the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase in respect of Disqualified Capital Stock); and (l) net obligations under hedging agreements. The Indebtedness of any person shall include all obligations of such person of the character described above to the extent such person remains legally liable in respect thereof notwithstanding that any such obligation is not included as a liability of such person under GAAP.

“Initial Lease” means a commercial lease agreement between the Company or one of its Subsidiaries and an investment grade tenant that is rated at least BBB- by S&P or an equivalent Moody’s rating as of the time of execution of such commercial lease agreement and is not an Affiliate of the Parent.

“Initial Lease Execution” means the date on which the Initial Lease is duly executed by the parties thereto.

“Initial Project” means the hyperscale data center facility being developed and constructed by the Company and its Subsidiaries on the Initial Properties for the Letter of Intent Party.

“Initial Properties” means those certain parcels of real property as described in Exhibit A attached hereto.



“Intermediate Holdings” means APLD Intermediate HoldCo LLC, a Delaware limited liability company.

“Letter of Intent” means that certain Exclusivity Agreement, dated as of October 3, 2025 and as amended from time to time, by and between the Parent and a U.S.-based investment grade hyperscaler (the “Letter of Intent Party”).

“Letter of Intent Party” has the meaning set forth in the definition of “Letter of Intent”.

“Lien” means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent, and including (a) the lien or security interest arising from a mortgage, deed of trust, encumbrance, adverse ownership interest, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and any filed financing statement or other notice of any of the foregoing (whether or not a lien or other encumbrance is created or exists at the time of the filing).

“Material Adverse Effect” means a material adverse change in, or material adverse effect on, (a) the business, operations, Property, liabilities (actual or contingent) or financial condition of the Note Parties, taken as a whole, or the Initial Project, (b) the ability of any Credit Party to perform its obligations under any Note Document to which it is a party, (c) the validity or enforceability of any Note Document or (d) the rights and remedies of or benefits available to the Lender under any Note Document.

“Material Project Document” means any lease agreement (or equivalent agreement) entered into in respect of the Initial Project by the Note Parties, any electric services agreement entered into by the Note Parties with a utility relating to power services at the Initial Project, any other material agreement for utilities entered into by the Note Parties, and any material construction contract related to the Initial Project entered into by the Note Parties, including any GMP contract and any purchase orders relating to power supply equipment.

“Monthly Date” means the last Business Day of each calendar month.

“Mortgage” means, with respect to each of the Initial Properties, a first priority Construction Mortgage, Security Agreement, Fixture Filing, Financing Statement and Assignment of Rents and Leases with Deficiency Rights executed and delivered by the Company to the Lender, as security for the Secured Obligations and encumbering each parcel of real property, the improvements thereon and all personal property owned by the Company and encumbered by a Mortgage.

“Multiemployer Plan” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“Multiple on Invested Capital” means, as of the date of any determination, the ratio of (a) the sum, without duplication, of (i) the aggregate amount of principal payments and amounts



previously paid in cash, in each case in respect of the Note, in order to achieve the Base Return from the Closing Date through the date of determination by the Company in respect of the Loan, (ii) the aggregate amount of interest payments and commitment fees paid in cash, in each case in respect of the Note, from the Closing Date through the date of determination by the Company in respect of the Loan (other than any Post-Default Rate interest), and (iii) the aggregate amount of any upfront fees received by the Lender in cash in each respect of the Loan on the Closing Date or thereafter to (b) the aggregate principal amount of the Loan (including any Principal Increase) funded and/or made available by the Lender from the Closing Date through such date of determination (without giving effect to any net funding in respect of any such Loan). For the avoidance of doubt, the calculation of Multiple on Invested Capital shall, in no event, take into account (x) any fees (other than the upfront fees as specified above) payable to the Lender, any syndication, co-investment, administration and similar fees or any other costs, fees, or third-party costs associated with any agent and/or the Lender's evaluation, negotiation, or execution of the Note Documents or the monitoring or performance of any obligations under such Note Documents, regardless of whether such costs, fees or third-party costs are net funded from the proceeds of the Loan funded to the Company and (y) any Post-Default Rate interest. For purposes of determining whether the Base Return is achieved with respect to any repayment of any portion of the Loan (including any Draw), the Multiple on Invested Capital shall be calculated by including in clause (a) only amounts attributable to such portion of the Loan (or such Draw) and by including in clause (b) only the corresponding principal amount of the Loan (or such Draw) funded in respect of such portion.

“New Facility” has the meaning set forth in Section 2(j).

“Non-Recourse Party” means, with respect to the Note Parties, any of the Note Parties' former, current and future equity holders, controlling persons, directors, officers, employees, agents, representatives, Affiliates (other than a Note Party), members, managers, general or limited partners, or assignees (or any former, current or future equity holder, controlling person, director, officer, employee, agent, representative, Affiliate (other than a Note Party), member, manager, general or limited partner, or assignee of any of the foregoing).

“Note” has the meaning assigned in the preamble hereto.

“Note Documents” means this Note, the Security Documents, the Parent Loan Guarantee, any agreement, instrument or certificate required to be delivered under this Note or the other Note Documents by or on behalf of the Parent, Intermediate Holdings, or the Note Parties and each other document designated as a Note Document thereunder.

“Note Parties” means Intermediate Holdings, the Company and the Subsidiaries of the Company (if any).

“Organizational Documents” means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws and any shareholders agreement; (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its



formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity and (d) any equivalent or comparable constitutive documents with respect to such entities in the jurisdiction of its formation or organization.

“Other Taxes” means any present or future stamp or documentary taxes and any other excise, property or value added taxes, or similar charges or levies which arise from any payment made under this Note.

“Parent” means Applied Digital Corporation, a Nevada corporation.

“Parent Loan Guarantee” means the Parent Guarantee made by the Parent in favor of the Lender, in form and substance satisfactory to the Lender.

“Participant Register” has the meaning set forth in Section 8(d).

“Payment in Full” means (a) the principal of the Loan (including amounts sufficient to achieve the Base Return) and premium (if any) on and interest on each Loan and all fees payable under the Note Documents and all other amounts then due and payable under the Note Documents shall have been paid in full in cash (other than contingent indemnification obligations for which notice of a potential claim has not been given) and (b) all other Secured Obligations (other than contingent indemnification obligations for which notice of a potential claim has not been given) shall have been paid in full in cash.

“Permitted Tax Distributions” means, for any taxable year (or portion thereof) beginning after the Closing Date for which the Company is treated as a pass-through entity or a member of a consolidated, unitary or combined group for federal, state and/or local income Tax purposes, distributions by the Company to its owner in an amount equal to the lesser of (A) the product of (i) the cumulative aggregate net taxable income attributable to the Company and its Subsidiaries’ assets and operations for all Tax periods of the Company through the date of determination and (ii) the combined, marginal U.S. federal, state, and local income tax rate applicable to a corporation that does business for Tax purposes in a jurisdiction in which the Company does business, separately determined with respect to each amount described in clause (i) for each fiscal year of the Company with respect to which such amount was incurred (taking into account any carryovers and carrybacks of tax attributes, such as net operating losses, attributable to the Company and its Subsidiaries’ assets and operations) and (B) the net amount of the relevant Tax that the Company’s owner actually owes to the appropriate Tax authority; provided that, any amounts distributed hereunder shall be without duplication of any such taxes paid or withheld by the Company with respect to the same taxable income. Permitted Tax Distributions may be made in a manner that reflects estimated Tax payments dates. Where Permitted Tax Distributions are made in a manner that reflects estimated Tax payment dates, such payments shall be based upon a reasonable estimate of the assumed Tax liability, and where such estimate varies from what the actual assumed Tax liability would have been for a tax year, subsequent Permitted Tax Distributions will be adjusted to reflect such variance.

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.



“Plan” means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Company or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Post-Default Rate” has the meaning assigned in Section 2(e).

“Property” means any interest in any kind of property, right or asset, whether real, personal or mixed, or tangible or intangible (including cash, securities, accounts, contract rights, intellectual property and Equity Interests or other ownership interests of any Person), whether now in existence or owned or hereafter acquired, which shall include, upon acquisition thereof, the Initial Properties.

“Qualifying Preference Share Issuance” means the issuance of preference shares by the Company or any of its Subsidiaries in respect of which the Company or any of its Subsidiaries shall receive net cash proceeds in an aggregate amount not less than \$100,000,000 for purposes of developing the Initial Project.

“Register” has the meaning set forth in Section 8(d).

“Restricted Payment” means (a) the payment of any dividend or making of any other payment or distribution (whether in cash, securities or other property) on account of the Company’s Equity Interests or to the direct or indirect holders of the Company’s Equity Interests in their capacity as such, (b) the purchase, redemption, acquisition, retirement for value, acquisition, cancellation or termination of the Company’s Equity Interests, (c) any payment or distribution (whether in cash, securities or other property) on account of any return of capital to the Company’s stockholders, partners or members (or the equivalent Person thereof), (d) any payment (in cash, property or obligations other than any Equity Interests in the Company) with respect to principal or interest on or any other payment or distribution on account of or any payment for, the purchase, redemption, retirement or other acquisition of, shareholder loans or (e) any management fee or equivalent and any bonus or premium or other amount payable by or on behalf of the Company and its Subsidiaries (if any) to any affiliate of the Company (other than the Company or its Subsidiaries (if any)).

“Rollover Amount” has the meaning set forth in Section 2(j).

“Rollover Loans” has the meaning set forth in Section 2(j).

“Sanctioned Country” means at any time, a country or territory which is itself the subject or target of any comprehensive country-wide or territory-wide Sanctions (as of the date hereof, Cuba, Iran, North Korea, Syria, the Crimea Region of Ukraine, the so-called Donetsk People’s Republic, Kherson, the so-called Luhansk People’s Republic and Zaporizhzhia regions of Ukraine).

“Sanctioned Person” means at any time, any Person (a) identified on any Sanctions-related list of designated persons, (b) operating, organized or resident in a Sanctioned



Country, or (c) directly or indirectly owned fifty percent (50%) or more or controlled by one or more Persons described in the foregoing clause (a) or (b).

“Sanctions” means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including the Office of Foreign Assets Control of the U.S. Department of the Treasury and the U.S. Department of State or (b) the United Nations Security Council, the European Union, any European Union member state, or His Majesty’s Treasury of the United Kingdom.

“Secured Obligations” means (a) any and all amounts owing or to be owing (including any Principal Increase and any interest accruing at any post-default rate and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Credit Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) by the Company or the Parent (whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising) to the Lender under any Note Document or paid on behalf of any Note Party by the Lender or any of their Affiliates and (b) all renewals, restatements, extensions and/or rearrangements of any of the above. Without limitation of the foregoing, the term “Secured Obligations” shall include the unpaid principal or premium (if any) of and interest on the Loan (including, without limitation, interest accruing at the then-applicable rate provided in this Note after the maturity of the Loan and interest accruing at the then-applicable rate provided in this Note after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Credit Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), reimbursement obligations and unpaid amounts, fees, expenses, indemnities, costs, and all other obligations and liabilities of every nature of the Company or any other Note Party, whether absolute or contingent, due or to become due, now existing or hereafter arising under this Note and the other Note Documents. It is understood that “Secured Obligations” shall include, without limitation, the obligation of the Note Parties to pay amounts under the Note Documents necessary for the Lender to achieve the Base Return and that such obligation exists as of the date of this Note and in all events prior to the time when the Loan is accelerated by operation of law or otherwise become due as a result of bankruptcy or insolvency related event, Event of Default or similar event (this sentence, the “Base Return Principle”).

“Secured Parties” means the Lender and each Indemnitee.

“Security Documents” means the Guarantee and Collateral Agreement, all account control agreements for the benefit of the Secured Parties with respect to the accounts of the Note Parties, the Mortgages, each other security agreement and guaranty, in form and substance reasonably satisfactory to the Lender, entered into or made by the Company, the Parent, Intermediate Holdings, or any other Note Party in favor of the Lender for the benefit of the Secured Parties securing the Secured Obligations and/or guaranteeing all or part of the Secured Obligations.

“Solvent” means, with respect to any Person(s) as of any date, that (a) the value of the assets of such Person(s) (both at fair value and present fair saleable value) is, on the date of determination, greater than the total amount of liabilities (including contingent and unliquidated



liabilities) of such Person(s) as of such date, (b) as of such date, such Person(s) is able to pay all liabilities of such Person(s) as such liabilities mature, and (c) as of such date, such Person(s) does not have unreasonably small capital given the nature of its business. In computing the amount of contingent or unliquidated liabilities at any time, such liabilities shall be computed at the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“SPV Sale” means the sale, transfer or disposition of all of the Equity Interests in AEX-01 to an Affiliate of the Parent (other than the Company or any Subsidiary thereof); provided that (i) such disposition occurs within 7 months following the Closing Date, (ii) the proceeds of such sale are to be deposited promptly upon consummation of the sale in the bank account listed in Annex C until applied in accordance with Section 2(f)(vi) and (iii) either (A) the consideration for such disposition shall consist solely of cash in an amount equal to 100% of the purchase price and all net cash proceeds from such disposition are applied in the manner and within time periods described in Section 2(f)(vi) and shall be in at least an amount sufficient to achieve Payment in Full or (B) if approved in the sole discretion of Lender, the proceeds of any such disposition, may be concurrently invested in an another wholly owned domestic Subsidiary of the Company for the purpose of financing operations at a New Facility, subject to satisfaction of the conditions with respect to any Rollover Loans set forth in Section 2(j) hereof, and such other conditions as the Lender may require.

“Subsidiary” means, with respect to any Person (the “parent”) at any date, any other Person the accounts of which would be consolidated with those of the parent in the parent’s consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other Person (a) of which Equity Interests representing more than 50% of the equity or more than 50% of the ordinary voting power (irrespective of whether or not at the time Equity Interests of any other class or classes of such Person shall have or might have voting power by reason of the happening of any contingency) or, in the case of a partnership, any general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. Unless the context otherwise requires, Subsidiary means a Subsidiary of the Company.

“Taxes” means any and all present and future taxes, duties, levies, imposts, deductions, charges or withholdings of any nature with respect to any payment by the Company pursuant to this Note imposed by any Governmental Authority. For the avoidance of doubt “Taxes” as defined in this paragraph do not include net income taxes imposed on the Lender by reason of this Note.

“Title Company” means a nationally-recognized title insurance company reasonably acceptable to the Lender.

“Title Insurance Policy” means one or more policies of title insurance (or marked up unconditional title insurance commitments having the effect of a policy of title insurance) for which all applicable premiums, search and examination charges, escrow charges and expenses required for the recording of the Mortgages and issuance of the such policy have been paid insuring the Lien of each such Mortgage as a valid first mortgage on the Initial Properties and



fixtures described therein in an aggregate amount across the Initial Properties, at all times, equal to 100% of the consolidated Indebtedness of the Company and its Subsidiaries (if any), which policies (or such marked up unconditional title insurance commitments) shall (w) effect coverage against insurable losses from existing mechanics' or materialmen's liens and subsequent mechanics' and materialmen's liens which may gain priority over the Mortgages, either without exception for mechanics' and materialmen's liens or containing future endorsements pursuant to ALTA 32-06 and 33-06 title endorsements, as applicable, (x) be issued by the Title Company, (y) have been supplemented by such endorsements as shall be reasonably requested by the Lender (including, but not limited to, endorsements on matters relating to zoning, usury, first loss, doing business, public road access, survey, contiguity, policy authentication, variable rate, environmental lien, subdivision, policy aggregation, mortgage recording tax, street address, separate tax lot, revolving credit, and so-called comprehensive coverage over covenants, conditions and restrictions (to the extent applicable and available at commercially reasonable rates)), and (z) contain no exceptions to title other than Liens permitted hereunder.

"Transformers" shall mean the two (2) 345/34.5 kV, 263 MVA Power Transformers manufactured, assembled, and warranted by Siemens.

"Withdrawal Liability" means shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part 1 of Subtitle E of Title IV of ERISA.

## **2. Terms Generally; Rules of Construction.**

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", and the word "or" is not exclusive. The word "will" shall be construed to have the same meaning and effect as the word "shall". The use of the words "repay" and "prepay" and the words "repayment" and "prepayment" herein shall each have identical meanings hereunder. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth in the Note Documents), (b) except as otherwise provided herein, any reference herein to any law shall be construed as referring to such law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference herein to any person shall be construed to include such person's successors and assigns (subject to the restrictions contained in the Note Documents), (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Note in its entirety and not to any particular provision hereof, (e) with respect to the determination of any time period, the word "from" means "from and including" and the word "to" means "to and including", (f) unless otherwise specified, any reference herein to Articles, Sections, Annexes, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Note, (g) any reference to amounts "deposited" into or "on deposit" in any account shall be construed to include any cash equivalents or other amounts credited to such account, (h) the term "documents" includes any and all instruments, documents,



agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form, (i) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights, and (j) all references to currencies and to amounts payable, requested or funded hereunder and under the other Note Documents shall be to United States dollars. The use of the phrase “subject to” as used in connection with Excepted Liens or otherwise and the permitted existence of any Excepted Liens or any other Liens shall not be interpreted to expressly or impliedly subordinate any Liens granted in favor of the Lender and the other Secured Parties as there is no intention to subordinate the Liens granted in favor of the Lender and the other Secured Parties. No provision of this Note or any other Note Document shall be interpreted or construed against any person because such person or its legal representative drafted such provision.





**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT  
TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

I, Wes Cummins, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Applied Digital Corporation for the quarter ended February 28, 2026;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 8, 2026

By: /s/ Wes Cummins

Name: Wes Cummins

Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT  
TO SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

I, Saidal Mohmand, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Applied Digital Corporation for the quarter ended February 28, 2026;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 8, 2026

By: /s/ Saidal Mohmand

Name: Saidal Mohmand

Chief Financial Officer (Principal Financial and Accounting Officer)

**SECTION 906 CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2026 of Applied Digital Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Wes Cummins, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 8, 2026

By: /s/ Wes Cummins  
Name: Wes Cummins  
Chief Executive Officer  
(Principal Executive Officer)

**SECTION 906 CERTIFICATION OF CHIEF FINANCIAL OFFICER**

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

In connection with the Quarterly Report on Form 10-Q for the quarter ended February 28, 2026 of Applied Digital Corporation (the "Company") as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Saidal Mohmand, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 8, 2026

By: /s/ Saidal Mohmand  
Name: Saidal Mohmand  
Chief Financial Officer  
(Principal Financial and Accounting Officer)