

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 30, 2025

APPLIED DIGITAL CORPORATION

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

001-31968
(Commission
File Number)

95-4863690
(IRS Employer
Identification No.)

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

75219
(Zip Code)

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

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

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

Emerging growth company ☐

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

Item 8.01 Other Events.

As previously disclosed, Applied Digital Corporation (the "Company") announced in its Form 10-Q for the quarter ended February 28, 2025, filed with the Securities and Exchange Commission (the "SEC") on April 14, 2025, that the Company had previously begun discussions for the possible sale of the Cloud Services Business and on February 26, 2025, the Board of Directors approved the negotiation of a potential transaction. Consequently, on April 10, 2025, the Company determined that the Cloud Services Business met the criteria for being classified as "held for sale," as the Board of Directors approved further plans for the sale of the segment.

Beginning with the Company's fourth quarter of fiscal year ended May 31, 2025, the Company will report the Cloud Services Business as discontinued operations in accordance with ASC 205-20, *Discontinued Operations*, as the potential disposition reflects a strategic shift in the Company's operations and financial results.

In order to assist investors in understanding the impact of the potential sale of the Cloud Services Business on the Company's financial results, the Company is filing as Exhibit 99.1 to this Current Report unaudited pro forma condensed consolidated statements of operations for the nine-month period ended February 28, 2025 and the fiscal years ended May 31, 2024 and 2023 and the unaudited pro forma condensed consolidated balance sheet as of February 28, 2025 (the "Pro Forma Financial Statements"). The unaudited pro forma condensed consolidated statements of operations for the nine-month period ended February 28, 2025 and the fiscal years ended May 31, 2024 and 2023 give effect to the sale of the Cloud Services Business as if it had occurred on June 1, 2022, the first day of fiscal year 2023. The unaudited pro forma condensed consolidated

balance sheet gives effect to the sale of the Cloud Services Business as if it had occurred on February 28, 2025, our latest balance sheet date. All adjustments and disclosures have been prepared in accordance with Article 11 of Regulation S-X.

The sale of the Cloud Services Business is subject to adjustments as the sale has not yet been finalized. Accordingly, the transaction accounting adjustments are preliminary, and have been made solely for the purpose of providing the Pro Forma Financial Statements as may be required by SEC rules and regulations. Differences between these preliminary estimates and the final sale accounting may be material. The unaudited pro forma condensed consolidated financial information has been provided for informational purposes only and does not purport to project the future or historical financial position or results of operations, cash flows, liquidity or financial condition of the Company, or the Cloud Services Business on a stand-alone basis. The actual results of the Company may differ significantly from those reflected herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Supplemental Financial Information.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

APPLIED DIGITAL CORPORATION

Date: May 30, 2025

By: /s/ Saidal L. Mohmand
Name: Saidal L. Mohmand
Title: Chief Financial Officer

APPLIED DIGITAL CORPORATION
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements consist of the unaudited pro forma condensed consolidated statements of operations for the nine-month period ended February 28, 2025 and the fiscal years ended May 31, 2024 and 2023 and the unaudited pro forma condensed consolidated balance sheet as of February 28, 2025. The unaudited pro forma condensed consolidated financial statements are based on, and should be read in conjunction with, the audited consolidated financial statements of the Company included in the Company's Annual Report on Form 10-K for the fiscal year ended May 31, 2024, as well as the unaudited condensed consolidated financial statements of the Company included in the Company's Quarterly Report on Form 10-Q for the nine months ended February 28, 2025, as filed with the Securities and Exchange Commission. The unaudited pro forma condensed consolidated financial statements are included to illustrate the potential effect of the sale of the Company's Cloud Services Business.

The unaudited pro forma condensed consolidated statements of operations for the nine-month period ended February 28, 2025 and the fiscal years ended May 31, 2024 and 2023 give effect to the sale of the Cloud Services Business as if it had occurred on June 1, 2022, the first day of fiscal year 2023. The unaudited pro forma condensed consolidated balance sheet gives effect to the sale of the Cloud Services Business as if it had occurred on February 28, 2025, the Company's latest balance sheet date. All adjustments and disclosures have been prepared in accordance with Article 11 of Regulation S-X.

The sale of the Cloud Services Business is subject to adjustments as the sale has not yet been finalized. Accordingly, the transaction accounting adjustments are preliminary, and have been made solely for the purpose of providing pro forma financial statements as required by Securities and Exchange Commission rules. Differences between these preliminary estimates and the final sale accounting may be material. The unaudited pro forma condensed consolidated financial information has been provided for informational purposes only and does not purport to project the future or historical financial position or results of operations, cash flows, liquidity or financial condition of the Company, or the Cloud Services Business on a stand-alone basis. The actual results of the Company may differ significantly from those reflected herein.

APPLIED DIGITAL CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
(In thousands, except share and par value data)

	As of February 28, 2025			
	APLD Total	Potential Sale of Cloud Segment Adjustments	APLD Proforma	
ASSETS				
Current assets:				
Cash and cash equivalents	68,742	(13)	(2)	68,729
Restricted cash	185,482	—		185,482
Accounts receivable	14,619	(12,918)	(2)	1,701
Prepaid expenses and other current assets	5,416	(669)	(2)	4,747
Current assets held for sale	—	386,608		386,608
Total current assets	274,259			647,267
Property and equipment, net	1,002,206	(12,742)	(2)	989,464
Operating lease right of use assets, net	153,434	(152,328)	(2)	1,106
Finance lease right of use assets, net	235,203	(209,658)	(1)	25,545
Other assets	42,243	1,720	(2)	43,963
TOTAL ASSETS	1,707,345			1,707,345
LIABILITIES, TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	170,517	(7,170)	(2)	163,347
Accrued liabilities	19,268	(417)	(2)	18,851
Current portion of operating lease liability	27,496	(26,827)	(2)	669
Current portion of finance lease liability	140,135	(126,372)	(2)	13,763
Current portion of debt	10,138	—		10,138
Current customer deposits	16,125	—		16,125
Current deferred revenue	4,879	(4,252)	(2)	627
Current liabilities held-for-sale	—	301,008		301,008
Due to customer	4,807	—		4,807
Other current liabilities	216	—		216
Total current liabilities	393,580			529,550
Long-term portion of operating lease liability	104,679	(104,117)	(2)	562
Long-term portion of finance lease liability	32,232	(31,853)	(2)	379
Long-term debt	678,988	—		678,988
Total liabilities	1,209,478			1,209,478
Commitments and contingencies				
Temporary equity				
Series E preferred stock, \$0.001 par value, 2,000,000 shares authorized, 301,673 shares issued and outstanding at February 28, 2025	6,932	—		6,932
Series E-1 preferred stock, \$0.001, 62,500 shares authorized, 39,763 shares issued and outstanding at February 28, 2025	36,287	—		36,287
Shareholders' equity				
Common stock, \$0.001 par value, 400,000,000 shares authorized, 233,682,359 shares issued and 224,391,160 shares outstanding at February 28, 2025	229	—		229
Treasury stock, 9,291,199 shares at February 28, 2025	(31,400)	—		(31,400)
Additional paid in capital	914,336	—		914,336
Accumulated deficit	(428,518)	—		(428,518)

Total stockholders' equity attributable to Applied Digital Corporation	454,648	454,648
TOTAL LIABILITIES, TEMPORARY EQUITY AND SHAREHOLDERS' EQUITY	1,707,345	1,707,345

APPLIED DIGITAL CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except share and per share data)

	Nine months ended February 28, 2025		
	APLD Total	Potential Sale of Cloud Segment Adjustments	APLD Proforma
Revenues:			
Revenue	175,567	(71,313) (3)	104,254
Related party revenue	1,926	—	1,926
Total revenue	177,492		106,179
Costs and expenses:			
Cost of revenues	162,562	(91,359) (3)	71,204
Selling, general and administrative	66,851	(21,890) (3)	44,962
Loss/(gain) on classification of held for sale	(24,616)	—	(24,616)
Loss on sale of assets	769	—	769
Total costs and expenses	205,567	(113,248)	92,319
Operating income (loss)	(28,075)	(41,935)	13,861
Interest Expense	23,687	(13,444) (3)	10,244
Loss on conversion of debt	33,612	—	33,612
Loss on change in fair value of debt	85,439	—	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 expenses	(178,410)		(123,031)
Income tax expense	118	—	118
Net loss from continuing operations	(178,528)		(123,150)
Net loss from discontinued operations		(55,379)	(55,379)
Net loss	(178,528)		(178,528)
Preferred dividends paid	(1,213)	—	(1,213)
Net loss attributable to common stockholders	(179,741)		(179,741)
Basic and diluted net loss per share attributable to continuing operations	\$ (0.93)		\$ (0.64)
Basic and diluted weighted average number of shares outstanding	193,405,721		193,405,721

APPLIED DIGITAL CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except share and per share data)

	Fiscal year ended May 31, 2024		
	APLD Total	Potential Sale of Cloud Segment Adjustments	APLD Proforma
Revenues:			
Revenue	150,814	(28,957) (4)	121,857
Related party revenue	14,761	—	14,761
Total revenue	165,574		136,617
Costs and expenses:			
Cost of revenues	148,340	(41,687) (4)	106,653
Selling, general and administrative	97,776	(52,756) (4)	45,020
Loss/(gain) on classification of held for sale	15,417	—	15,417
Loss from legal settlement	2,380	—	2,380
Total costs and expenses	263,913	(94,443)	169,470
Operating income (loss)	(98,339)	(65,486)	(32,853)
Interest Expense	27,515	(9,809) (4)	17,707
Loss on change in fair value of debt	7,401	—	7,401
Loss on change in fair value of related party debt	8,116	—	8,116
Loss on change in fair value of warrants issued to related parties	5,696	—	5,696
Loss on extinguishment of debt	2,507	—	2,507
Net loss before income tax expenses	(149,574)		(74,279)
Income tax expense	96	—	96
Net loss from continuing operations	(149,670)		(74,375)
Net loss from discontinued operations	—	(75,295)	(75,295)
Net loss	(149,670)		(149,670)
Net loss attributable to noncontrolling interest	(397)	—	(397)
Net loss attributable to common stockholders	(149,273)		(149,273)

Basic and diluted net loss per share attributable to continuing operations	\$	(1.31)	\$	(0.65)
Basic and diluted weighted average number of shares outstanding		114,061,414		114,061,414

APPLIED DIGITAL CORPORATION AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except share and per share data)

	Fiscal year ended May 31, 2023			
	APLD Total	Potential Sale of Cloud Segment Adjustments		APLD Proforma
Revenues:				
Revenue	55,392	—		55,392
Total revenue	55,392			55,392
Costs and expenses:				
Cost of revenues	44,388	—		44,388
Selling, general and administrative	55,006	(1,091)	(5)	53,915
Total costs and expenses	99,394	(1,091)		98,303
Operating income (loss)	(44,002)	(1,091)		(42,911)
Interest Expense	2,034	(27)	(5)	2,007
Loss on extinguishment of debt	94	—		94
Net loss before income tax expenses	(46,129)			(45,012)
Income tax expense	(523)	—		(523)
Net loss from continuing operations	(45,607)			(44,489)
Net loss from discontinued operations	—	(1,117)		(1,117)
Net loss	(45,607)			(45,607)
Net loss attributable to noncontrolling interest	(960)	—		(960)
Net loss attributable to common stockholders	(44,646)			(44,646)
Basic and diluted net loss per share attributable to continuing operations	\$	(0.48)	\$	(0.47)
Basic and diluted weighted average number of shares outstanding		93,976,233		93,976,233

NOTES TO PRO FORMA FINANCIAL STATEMENTS

Transaction Accounting Adjustments and Assumptions

The adjustments are based on currently available information and certain estimates and assumptions, and therefore the actual effects of these transactions will differ from the transaction accounting adjustments. A general description of these transactions and adjustments is provided as follows:

- (1) Reflects the removal of finance lease right of use assets associated with the Cloud Services Business.
- (2) Reflects the removal of assets and liabilities associated with the Cloud Services Business.
- (3) Reflects the removal of revenues, cost of revenues, selling, general and administrative expense, and interest expense related to the Cloud Services Business for the period presented, assuming the business segment met the criteria as held for sale and discontinued operations as of June 1, 2024.
- (4) Reflects the removal of revenues, cost of revenues, selling, general and administrative expense, and interest expense related to the Cloud Services Business for the period presented, assuming the business segment met the criteria as held for sale and discontinued operations as of June 1, 2023.
- (5) Reflects the removal of selling, general and administrative expense and interest expense related to the Cloud Services Business for the period presented, assuming the business segment met the criteria as held for sale and discontinued operations as of June 1, 2022.