

APPLIED DIGITAL



COMPANY OVERVIEW

Applied Digital (APLD) is a U.S.-based operator of next-generation digital infrastructure, providing solutions to the fields of High-Performance Computing (HPC) and Artificial Intelligence (AI). APLD has three business segments: Blockchain colocation services, HPC datacenter colocation services and GPU cloud services (under Applied Digital Cloud Corporation).

Applied Digital seeks to develop and operate ultra-low-cost digital infrastructure purpose built for high performance computing applications, by bringing datacenters directly to the point of power. This allows the company to build infrastructure that largely uses renewable energy and encourages the build-out of more renewables by providing a higher return on investment for sustainable projects.

MANAGEMENT TEAM



Wes Cummins, Chairman & CEO

Wes Cummins currently serves as the CEO and Chairman of Applied Digital and is one of the company's co-founders. Wes has been a technology investor for over 20 years and held various positions in capital markets including positions at investment banks and institutional asset management firms.



David Rench, CFO

David Rench is a Senior Financial Executive with experience leading the full spectrum of accounting, budgets, financial analysis, forecast planning, IT strategy, and reporting processes to achieve and exceed corporate financial goals.



Michael Maniscalco, CTO

Michael Maniscalco is a recognized speaker and technology leader across numerous industries. Mr. Maniscalco is a serial entrepreneur with multiple startups and exits and previously served as an Entrepreneur In Residence with StanleyX. Michael has been involved with software and network engineering for Fortune 1000 companies in the web3, IoT, financial, telecommunications, and healthcare industries for over 20 years.

BUSINESS OVERVIEW

AI CLOUD SERVICES



Rent AI/ML (machine learning) companies access to accelerated cloud compute (GPU servers) to train and run applications

HPC DATA CENTERS



Provide hosting infrastructure through purpose build HPC data centers for the new wave of technological platforms and services

BLOCKCHAIN DATA CENTERS



Provide hosting infrastructure (power and maintenance) to blockchain infrastructure companies

■ ARTIFICIAL INTELLIGENCE BASED CLOUD SERVICES



What We Offer

Rent AI/ML companies access to accelerate cloud compute (GPU servers) to train and run applications

Who Are Our Customers

Artificial Intelligence and Machine Learning companies

Key Segment Stats

30,000+
NVIDIA GPUs ordered

Applied Digital Cloud Corporation

Applied Digital Cloud Corporation a wholly-owner subsidiary of Applied Digital, offers GPU compute solutions to help customers cost-effectively execute critical AI, ML rendering, and other HPC workloads. Our infrastructure is purpose-build for high performance at low cost. Customers pay a fixed rate to the Company in exchange for a managed hosting environment supported by Company-provided equipment.

KEY DIFFERENTIATORS

Competitive Pricing: Around 30% lower cost than AWS(Amazon Web Service), GCP (Google Cloud Service), and Azure, delivering cost-efficient cloud compute without sacrificing quality.

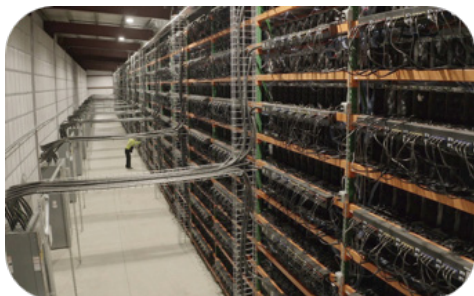
Availability: Access to NVIDIA H100 GPUs and InfiniBand with a lead time of just 8-10 weeks

Performance: Leveraging NVIDIA H100 SXM GPUs and 3.2Tbps InfiniBand per node for unmatched speed and data handling capabilities.

Customized Compute: Offering flexible solutions, from bare metal to managed services for Slurm, Kubernetes, and containers, tailored to project's demands.

■ Blockchain Data Centers

Applied Digital operates Data Centers to provide energized space to blockchain customers. The Company has two Blockchain Data Centers with a combined capacity of 280MWs. These data centers are dedicated to third-party hosting; Applied Digital does not own any equipment and solely focuses on the infrastructure and supporting services.



Jamestown, North Dakota
Blockchain Facility
100MWs



Ellendale, North Dakota
Blockchain Facility
180MWs

■ HIGH PERFORMANCE COMPUTING DATA CENTERS



What We Offer

Hosting infrastructure through purpose build HPC data centers for the new wave of technological platforms and services

Who Are Our Customers

AI Foundational Models and Cloud Service Providers

Key Segment Stats

400MW+
In Development

TRADITIONAL DATA CENTERS

- Low-Power Density Design not Optimal for HPC Demands
- Often Located Near Major Cities with High Power Costs & Expensive Real Estate
- Optimized for High-Speed, Ultra-Low Latency Connectivity built to Support Streaming but not Efficient for Artificial Intelligence and Machine Learning

NOT efficient to convert legacy to next-gen due to design layout and power demands



HPC DATA CENTERS

- Better Suited for More Remote Geographies
- Do not Require Low Latency Connection, Purpose-Built for HPC Applications

Traditional Centers Purpose Built for These Markets

Web 1.0

- Internet Backbone
- Individual Servers
- Buffering and Waiting

Web 2.0

- Internet Backbone
- Centralized Data
- Streaming Apps - Instantaneous

HPC Data Centers

High Performance Compute

- Artificial Intelligence
- Machine Learning
- Language Processing
- Drug Discovery
- Graphics Rendering
- Blockchain Applications

Ellendale Data Center Tenant

Applied Digital has Entered into exclusivity and executed a letter of intent (the "LOI") with a US-based hyperscaler for a 400 MW capacity lease, inclusive of this current 100 MW facility and two forthcoming buildings.

QUICK CAMPUS FACTS:

Campus Size: Campus consists of over 260,000 SF

Capacity: Access to 225MW of power with opportunity to grow to 480MWS

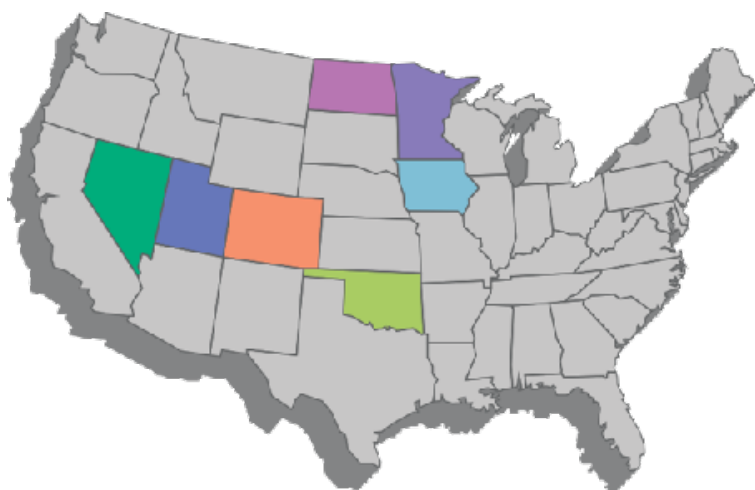
Connectivity: Access to Robust Connectivity Ranging from 100Mbps to 1000bps with carrier diversity

Rack Density: Up to 120kW per rack

Renewable Energy: Roughly 70% renewable - site is at the corner of 3 wind farms & one solar farm



DATA CENTER LOCATIONS



CUSTOM BUILT HPC DATA CENTERS

REGION	TOTAL POWER	INITIAL ENERGIZATION
NORTH DAKOTA JAMESTOWN	9MWs	Energized
NORTH DAKOTA ELLENDALE	Up to 600MWs	Q4 2024
IOWA	Up to 200MWs	Q3 2025
OKLAHOMA	Up to 500MWs	Q3 2025

AI SPECIFIC MODEL TRAINING

COLORADO, DENVER	7.5MWs
MINNESOTA, MINNEAPOLIS-SAINT PAUL	1.5MWs
NEVADA, LAS VEGAS	2.2MWs
UTAH, SALT LAKE CITY	12.5MWs

SERIES E REDEEMABLE PREFERRED STOCK OFFERING¹

Offering Size[*]	\$50,000,000.00
Share Price	\$25.00 per share
Dividend^{**}	9% annualized cumulative dividend <i>Intended to be paid monthly</i>
Senior Position²	Senior on the capital stack to the common stock
Liquidity³	Liquidation senior to all classes of Common Stock and any other class or series of equity securities
Redemption Schedule	Liquidity from Day 1 - with a 3 year declining redemption fee: 9%, 7%, 5% <i>Issuer may elect to redeem in cash or common stock</i>

^{*} The Company may, in its sole discretion, increase the maximum amount of Series E Preferred Stock to be sold in this Offering up to \$100,000,000 of Series E Preferred Stock.

^{**} Dividends are not guaranteed and are intended to be paid out of funds legally available, as authorized by the Board of Directors. If not so paid, dividends will accrue automatically. The stated dividend rate on the Series E Preferred Stock is 9% per annum of the Stated Value.



1. This is not an offer to sell nor a solicitation of an offer to buy securities of Applied Digital (Company). Only the Company's Prospectus makes such an offer. The information contained herein is qualified in its entirety by the Prospectus. There is no assurance the stated Company objectives will be met. Past Company Performance is not indicative of future Company performance. This offering of Company Securities includes certain risks and charges and are not suitable for all investors.

2. Senior securities, including our Preferred Stock, are exposed to the typical risks associated with an investment in us, including the risks related to our business, industry, and operational results. Please review the "Risk Factors" Section of the Prospectus for details on the risks associated with an investment in the Company.

3. The amount of Preferred Stock liquidation preference is fixed and you will have no right to receive any greater payment regardless of the circumstances. Our obligations to pay dividends or make distributions and, in the event of our liquidation, to make liquidation payments in respect of the Preferred Stock, your position will be subordinate to existing and future debt indebtedness or to a future class or series of equity securities which is senior to our Preferred Stock.

Information as of May 2024. An investment in our securities involves a high degree of risk and uncertainty. There is no assurance that our investment objectives will be met and you could lose part or all of your investment. Investors will be indirectly subject to the following fees and expenses paid by the Company as part of the offering: selling commissions, dealer manager fees, and other offering expenses. Investors should consider the investment objectives, risks, charges and expenses of the Company carefully before investing. This information is not legal or tax advice. Investors should discuss the tax risks associated with this offering with their qualified tax professional.

Important Risk Factors: You should carefully consider the information set forth in the "Risk Factors" section of the Prospectus for a discussion of material risk factors relevant to an investment in the Company, including but not limited to the following:

- **Liquidity Risk.** There is no public market for the Company's Series E Preferred Stock (the "Preferred Stock"), and we do not expect one to develop. There is limited liquidity and there are restrictions on transfer on the Preferred Stock
- **Best Efforts Offering Risk.** The dealer manager is Preferred Capital Securities, LLC, member FINRA/SIPC. The dealer manager is not required to sell any specific number or dollar amount of the Series E Preferred Stock but will use its "best efforts" to sell the Series E Preferred Stock offered. There is no minimum offering requirement for this offering.
- **Company Risk.** Senior securities, including our Preferred Stock, are exposed to the typical risks associated with associated with an investment in us, including the risks related to our business, the digital asset and data infrastructure industry, and operational results. Please the "Risk Factors" Section of the Prospectus entitled "Risks Related to the Company" for details on the risks associated with an investment in the Company. We are at an early stage of development of our digital infrastructure and hosting business, currently have limited sources of revenue, and may not become profitable in the future. There is no assurance the stated Company objectives will be met. Past Company performance is not indicative of future Company performance.
- **Dividend Risk.** The Preferred Stock pays dividends at a fixed rate. The stated divided rate on our Series E Preferred Stock is currently 9.0%. Dividends on our preferred stock, including the Series E Preferred Stock, are discretionary by our board of directors. There is no guarantee that the Company will be able to pay dividends in the future at any particular rate or otherwise. Holders of the Preferred Stock will bear dividend risk. We may be unable to pay dividends on the Preferred Stock under some circumstances. In addition, the terms of any future indebtedness we may incur could preclude the payment of dividends in respect of equity securities, including the Preferred Stock, under certain conditions.
- **Dilution Risk.** Your Preferred Stock interests could be diluted by the issuance of additional preferred stock, including additional shares of Preferred Stock, and by other transactions.
- **Conflicts of Interest Risk.** Various actual and potential conflicts of interest exist with management and certain service providers which may be detrimental to stockholders. Such conflicts may involve compensation arrangements, the payment of fees or engagement of affiliated service providers on our behalf. The Company has retained Preferred Shareholder Services, LLC, an affiliate of the Dealer Manager, to act as its agent to procure or otherwise deliver certain administrative services for the benefit of the Company for a Servicing Fee.
- **Company Redemption Risk.** The Preferred Stock will be subject to a risk of early redemptions at our option and holders may not be able to reinvest their proceeds.
- **Economic Risk.** Prices of fixed income investments tend to vary inversely with changes in market yields. The market yields on securities comparable to the Preferred Stock may increase, which would likely result in a decline in the value of the Preferred Stock. Additionally, if interest rates rise, securities comparable to the Preferred Stock may pay higher dividend rates and holders of the Preferred Stock may not be able to sell the Preferred Stock at the Liquidation Preference and reinvest the proceeds at market rates.
- **Rating Risk.** The Preferred Stock has not been rated and there is no guarantee it will ever be rated.
- **Early Redemption Risk.** If the holder elects to redeem their Preferred Stock, the Preferred Stock may be redeemed in either cash or Company Common Stock and, such redemption is subject to an early redemption fee of 9%, 7%, or 5% as a percentage of the \$25.00 per share stated value of the Preferred Stock if it is redeemed by its holder within three years of its issuance.
- **Common Stock Redemption Risk.** Preferred Stock may be redeemed for shares of Common Stock, which rank junior to the Series E Preferred Stock with respect to dividends and upon liquidation, dissolution or winding up of our affairs. The price of our common stock may fluctuate significantly during calculation and settlement of a holder redemption and this may make it difficult for you to resell the Preferred Stock or common stock issuable upon redemption of the Preferred Stock when you want or at prices you find attractive.
- **Liquidation Risk.** The amount of Preferred Stock liquidation preference is fixed and you will have no right to receive any greater payment regardless of the circumstances. Our obligations to pay dividends or make distributions and, in the event of our liquidation, to make liquidation payments in respect of the Preferred Stock, your position will be subordinate to existing and future debt indebtedness or to a future class or series of equity securities which is senior to our Preferred Stock.
- **Forward Looking Statement Risk.** This material contains forward-looking statements relating to the business and financial outlook of the Company, that are based on the Company's current expectations, estimates, forecasts, and projections, and are not guarantees of future performance. Actual results may differ materially from those expressed in these forward-looking statements, and you should not place undue reliance on any such statements. A number of important factors could cause actual results to differ materially from the forward-looking statements contained in this material. Investors should not place undue reliance on forward-looking statements. Forward-looking statements in this material speak only as of the date on which such statements were made, and the company undertakes no obligation to update or revise any such statements whether as a result of new information, future events or otherwise.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED ANY OFFERING OF THE COMPANY. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN. AN OFFERING IS MADE ONLY BY THE PROSPECTUS. THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS. YOU SHOULD READ THE PROSPECTUS IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING OF SECURITIES TO WHICH IT RELATES. AN INVESTMENT IN THE PREFERRED STOCK SHOULD BE MADE ONLY AFTER CAREFUL REVIEW OF THE PROSPECTUS.



Preferred Capital Securities, LLC
(Member FINRA/SIPC) is the
Dealer Manager for
Applied Digital
3290 Northside Parkway, NW
Suite 800, Atlanta, GA 30327
Sales Desk: 855.330.6594